OFFICE OF THE SECRETARY

FY 2020 Compliance with Improper Payment Requirements

OIG-21-026-I

WHAT WE FOUND

To comply with PIIA, the Department must adhere to the following criteria:

1. Publish improper payment information with the agency’s AFR for the most recent FY and post the AFR and accompanying materials required by OMB on the agency’s website.
2. Conduct improper payment risk assessments for each program with annual outlays greater than $10 million at least once in the last 3 years and adequately conclude whether the program is likely to make improper payments above or below the statutory threshold.
3. Publish improper payment estimates for programs susceptible to significant improper payments in the accompanying materials to the AFR.
4. Publish corrective action plans for each program for which an estimate was above the statutory threshold.
5. Publish improper payment reduction targets and meet improper payment targets (published in FY 2019) for each program for which an estimate was above the statutory threshold and develop a plan to meet the improper payment reduction targets.
6. Report an improper payment estimate of less than 10 percent for each program for which an estimate was published.

We found that the Department did not conduct risk assessments for all required programs. Risk assessments for two programs under the U.S. Census Bureau were not performed as frequently as required. PIIA requires agencies to conduct risk assessments for covered programs and activities at least once every 3 years. Risk assessments play an important role in determining whether the program is susceptible to significant improper payments and, consequently, are important for reasonably ensuring that payment integrity information reported by the Department is complete and accurate.

Risk assessments for the Census Bureau’s Working Capital Fund and Geographic Support programs were last performed during FY 2017 and, therefore, should have been performed during FY 2020, but were not. The FY 2020 gross outlays for the Working Capital Fund and Geographic Support programs were approximately $850 million and $60 million, respectively. As a result, the Department did not comply with criterion 2 above, and is therefore noncompliant with PIIA. The Department explained that it made an error updating its risk assessment schedule, resulting in the oversight, and communicated plans to revise its scheduling process to reduce the risk of future errors.

WHAT WE RECOMMEND

We recommend that the Deputy Chief Financial Officer and Director for Financial Management do the following:

1. Include the Census Bureau’s Geographic Support and Working Capital Fund programs in the next risk assessment during FY 2021.
2. Implement a revised risk assessment scheduling process so the Department can ensure risk assessments are completed at least once every 3 years.