



Report in Brief

June 23, 2022

Background

As mandated by the Payment Integrity Information Act of 2019 (PIIA) and in accordance with guidance issued by the Office of Management and Budget (OMB), we initiated this review to determine whether the U.S. Department of Commerce (the Department) complied with PIIA, which is intended to improve efforts to identify and reduce government-wide improper payments.

Broadly defined, *improper payments* are those the federal government has made for the wrong amount, to the wrong entity, or for the wrong reason. PIIA set forth improper payment requirements for executive agencies including, but not limited to, (1) conducting program-specific risk assessments for each program or activity, (2) publishing improper payment estimates for programs susceptible to significant improper payments, and (3) reporting on corrective actions to reduce improper payments. To meet improper payment requirements, the Department followed *OMB Circular A-123, Appendix C*, and *OMB Annual Data Call Instructions*. It also performed procedures to detect and prevent improper payments and unknown payments, including (1) risk assessments of selected programs and activities and (2) routine monitoring and minimization activities, such as post-payment reviews. During fiscal year (FY) 2021, the Department identified approximately \$5.11 million in overpayments and recaptured approximately \$3.09 million in overpayments.

Why We Did This Review

Our objective was to determine the Department's compliance with PIIA. To determine FY 2021 compliance, we reviewed the "Payment Integrity" section of its *FY 2021 Agency Financial Report (AFR)*, accompanying materials to the *AFR*, and other improper payment-related documentation. We also assessed the Department's efforts related to preventing and reducing improper payments and unknown payments.

OFFICE OF THE SECRETARY

FY 2021 Compliance with Improper Payment Requirements

OIG-22-024-I

WHAT WE CONCLUDED

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

1. Publish payment integrity 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 and unknown payments above or below the statutory threshold.
3. Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the *AFR*.
4. Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the *AFR*.
5. Publish an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the *AFR*, demonstrate payment integrity improvements or reach a tolerable improper payment and unknown payment rate, and develop a plan to meet the improper payment and unknown payment reduction target(s).
6. Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the *AFR*.

We performed our FY 2021 annual compliance review based on a combination of the requirements in *OMB Circular A-123, Appendix C*, as revised by *OMB Memorandum M-21-19*, dated March 5, 2021; *OMB Circular A-136*, revised, dated August 10, 2021; the *OMB Annual Data Call Instructions* dated October 5, 2021; the *OMB Payment Integrity Question and Answer Platform*; and the Council of the Inspectors General on Integrity and Efficiency's *Guidance for Payment Integrity Information Act Compliance Reviews*, dated October 26, 2021.

Based on our review, we concluded that the Department complied with the PIIA criteria for FY 2021. Additionally, as part of our review, we evaluated the adequacy of the Department's efforts to prevent and reduce improper payments and unknown payments. We did not identify any actions needed to further improve prevention and reduction measures within the Department.