U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of Inspector General

May 3, 2018

MEMORANDUM

TO: Honorable Victoria A. Lipnic, Acting Chair
U.S. Equal Employment Opportunity Commission
131 M St. NE
Washington, DC 20507

Committee on Homeland Security & Government Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

House Committee on Oversight and Government Reform
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

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FROM: Nina Murphy
Assistant Inspector General for Audits Nina Murphy

SUBJECT**:** U.S. Equal Employment Opportunity Commission's FY 2017 Compliance with the Improper Payments Information Act (IPIA), as amended by the Improper Payments Elimination and Recovery Act P.L. 111-204 (IPERA), and the

Improper Payments Elimination and Recovery Improvement Act P.L. 112-248 (IPERIA) (2018-03-AOIG)

The IPERIA[1] requires agencies and entities, such as the U.S. Equal Employment Opportunity Commission (EEOC), with improper payment estimates that do not meet the statutory thresholds to report an estimate of the annual amount and rate of improper payments, as well as reduction targets in their annual Agency Financial Reports (AFRs) or Performance and Accountability Reports (PARs) per M-15-02 Part IA 9 Step 4c (page 16). These agencies also are required to conduct a risk assessment to identify programs/activities that may be susceptible to significant improper payments. If an agency determines that it is not at high risk for significant improper payments, then risk assessments are required at least every 3 years. For programs reporting improper payment estimates that do not meet the statutory threshold, the other requirements on annual reduction targets, corrective action plans, etc. are not applicable. Additionally, small agencies should have a payment recapture program in place.

Based on our review, we determined the Agency has complied with the Improper Payments Information Act (IPIA), as amended by IPERIA. To satisfy our reporting requirements[2], we communicated with the Agency's Chief Financial Officer (CFO) to determine whether a risk assessment was conducted to identify programs/activities in the Agency that may be susceptible to significant improper payments and whether the Agency has a payment recapture program in place. The CFO stated that the Agency conducted an agency-wide risk assessment via a statistical sampling of vendor and travel payments in FY 2017. Additionally, the Agency relied on the results of the FY 2017 financial statement audit, which did not uncover duplicate/improper payments. The Agency also tested internal controls in place relating to improper payments. The CFO concluded that the Agency is not at risk for significant improper payments and determined that there were no significant improper payments made during FY 2017. The Agency plans to continue performing in house-risk assessments. As a result, of the CFO's response, the requirement for annual reduction targets, corrective action plans, etc., is not applicable. Additionally, in regard to having a payment recapture program in place, the CFO indicated that if any improper payments arise in the future, the Agency will establish an account receivable and follow the procedure of collection. The Agency has a process in place to refer all valid debts for collection through the U.S. Department of Treasury's FedDebt system. Further, both the FY 2017 Financial Statement Audit and the Agency's PAR are posted on the Agency's website.

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[1] The IPERIA, which was signed into law on January 10, 2013, amends the Improper Payments Elimination and Recovery Act (IPERA; P.L.111-204) of 2010 and the Improper Payments Information Act (IPIA; P.L. 107-300) of 2002, and directed the Office of Management and Budget (OMB) to issue implementing guidance to agencies. On October 20, 2014, OMB issued revised government-wide implementation guidance, OMB Memorandum, M-15-02, Appendix C to Circular A-123 *Requirements for Effective Estimation and Remediation of Improper Payments.*

[2] OMB Memorandum 15-02 Appendix C to Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments* states that Inspectors General should review the agency's AFR or PAR (and any accompanying information) for the most recent fiscal year to determine compliance under IPERA. There are six requirements that an agency must meet to be in compliance with the IPIA. Among these are that agencies must publish an AFR or PAR and conduct program specific risk assessments if required.

To comply with IPIA, the Agency must adhere to six requirements, four of which relate specifically to programs and activities susceptible to significant improper payments[3]. We determined that the Agency met the OMB criteria for compliance as described in the table:

OMB Requirements for IPERA Compliance	Complied
Published an AFR or PAR for the most recent fiscal year and posted that report required by OMB on the agency website	✓
Conducted a program specific risk assessment for each program that conforms with Section 3321 note of Title 31 U.S.C.	✓
Published Improper payment estimates for all programs identified as susceptible to significant improper payments under its risk assessment	N/A[3]
Published programmatic corrective action plans in AFR or PAR	N/A[3]
Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments	N/A[3]
Reported a gross improper payment rate of less than 10 percent for each program for which an improper payment estimate was obtained and published in the AFR or PAR	N/A[3]

If there are any questions regarding our review please contact LaTesha L. Goode, auditor, at (202)-663-4344 or by email at latesha.goode@eeoc.gov.

cc:

Germaine Roseboro, Chief Financial Officer
Cynthia Pierre, Chief Operating Officer
Mona Papillon, Deputy Chief Operating Officer
Jim Paretti, Chief of Staff & Senior Counsel to Acting Chair Lipnic

[3] Criteria is not applicable. The EEOC risk assessment concluded its programs were not susceptible to significant improper payments, as defined by OMB guidance. Therefore, reporting of statistics estimates of improper payments corrective actions and reductions targets in the PAR were not required (M-15-02 Per I.A.9, Step 2 to 4).