

**Department of Homeland
Security's FY 2019
Compliance with the
Improper Payments
Elimination and Recovery
Act of 2010 and Executive
Order 13520, Reducing
Improper Payments**





DHS OIG HIGHLIGHTS

Department of Homeland Security's FY 2019 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments

May 8, 2020

Why We Did This Audit

Our objective was to determine whether DHS complied with IPERA and Executive Order 13520. Additionally, we evaluated the accuracy and completeness of DHS' improper payment reporting.

What We Recommend

We recommend DHS properly follow the DHS *Improper Payment Reduction Guidebook*.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

The Department of Homeland Security complied with the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and Executive Order 13520 but did not adequately oversee component testing and reporting of improper payment rates. Specifically, DHS complied with IPERA in fiscal year 2019 by meeting all six of the IPERA requirements.

We further determined DHS complied with Executive Order 13520, *Reducing Improper Payments*, by properly compiling and making available to the public the Department's FY 2019 Quarterly High-Dollar Overpayment reports.

Additionally, we reviewed DHS' processes and procedures for estimating its annual improper payment rates. Based on our review, DHS did not adequately oversee the components' testing and reporting supporting their improper payment rates. This occurred because DHS' Risk Management and Assurance Division did not consistently review and reconcile the components' risk assessments in accordance with the requirements of DHS' FY 2019 *Improper Payments Reduction Guidebook*.

DHS Response

DHS concurred with our recommendation and has already begun implementing corrective actions. DHS indicated it is committed to responsible stewardship of its resources; ensuring proper controls are in place to eliminate fraud, waste, and abuse of taxpayer dollars; and continuing its focus on reducing improper payments.



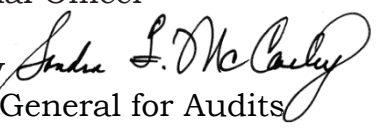
OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

May 8, 2020

MEMORANDUM FOR: Stacy Marcott
Acting Chief Financial Officer

FROM: Sondra F. McCauley 
Assistant Inspector General for Audits

SUBJECT: *Department of Homeland Security's FY 2019
Compliance with the Improper Payments Elimination
and Recovery Act of 2010 and Executive Order 13520,
Reducing Improper Payments*

Attached for your action is our final report, *Department of Homeland Security's FY 2019 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments*. We incorporated the formal comments provided by your office.

The report contains one recommendation aimed at improving the overall effectiveness of the improper payment reduction program. Your office concurred with the recommendation. Based on information provided in your response to the draft report, we consider the recommendation administratively closed since it is a repeat recommendation from our FY 2016–2018 reports on the Department's compliance with the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). See appendix D for the status of all prior year recommendations related to IPERA.

Please send your response or closure request to
OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions at (202) 981-6000, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Table of Contents

Background 1

Results of Audit 3

DHS Complied with IPERA and Executive Order 13520 But Did Not Adequately
Oversee Component Testing and Reporting of Improper Payment Rates 3

 DHS Complied with IPERA..... 5

 DHS Complied with Executive Order 13520 8

 DHS Did Not Adequately Oversee Component Testing and Reporting of
 Improper Payments..... 8

Recommendation 9

Management Response and OIG Analysis 9

Appendixes

Appendix A: Objective, Scope, and Methodology 11

Appendix B: IPERA Component Risk Assessment Process 13

Appendix C: Management Comments to the Draft Report..... 14

Appendix D: Recommendations and the Status of Each 17

Appendix E: Office of Audits Major Contributors to This Report 23

Appendix F: Report Distribution 24

Abbreviations

AFR	Agency Financial Report
CBP	U.S. Customs and Border Protection
CISA	Cybersecurity and Infrastructure Security Agency
FEMA	Federal Emergency Management Agency
ICE	U.S. Immigration and Customs Enforcement
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPIA	<i>Improper Payments Information Act of 2002</i>
OIG	Office of Inspector General
OMB	Office of Management and Budget
RM&A	Risk Management and Assurance



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Department of Homeland Security

Background

The *Improper Payments Information Act of 2002*, Public Law Number 107-300, 116 Stat 2350 (IPIA), as amended by the *Improper Payments Elimination and Recovery Act of 2010*, Public Law Number 111-204, 124 Stat. 2224 (IPERA), requires agency heads to annually report information on improper payments to the President and Congress through the Agency's Financial Report (AFR).¹ IPERA requires agency heads to periodically review all programs and activities administered and identify those that may be susceptible to significant improper payments.

IPERA defines an improper payment as one that should not have been made or one that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. An improper payment includes any payment to an ineligible recipient, payment for an ineligible good or service, duplicate payment, payment for a good or service not received (except for such payments authorized by law), and payment that does not account for credit for applicable discounts. For each program identified as susceptible to significant improper payments,² the agency is required to produce a statistically valid or otherwise appropriate estimate of the improper payments made by each program and activity. The agency is also required to include those estimates in the materials accompanying the agency's annual financial statements.

On April 14, 2011, the Office of Management and Budget (OMB) issued a revised Circular A-123, Appendix C, as guidance for agencies to implement the requirements of IPERA.³ This guidance also describes the responsibilities of Inspectors General for determining their respective agencies' compliance with IPERA. OMB has revised this guidance twice since 2011. On June 26, 2018, OMB issued its most recent version of Circular A-123, Appendix C, with the goal of transforming the improper payment compliance framework to create a more unified, comprehensive, and less burdensome set of requirements.⁴ In accordance with OMB's guidance, the Inspector General should review

¹ OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement* (OMB Memo M-18-20)

² OMB Memo M-18-20 defines "significant improper payments" as "gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays)." See also IPERA § 2 (a)(3)(A)(ii)(I-II).

³ OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, revised parts I and II (OMB Memo M-11-16)

⁴ OMB Memo M-18-20



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Department of Homeland Security

improper payment reporting in the AFR and any accompanying information to ensure compliance with IPERA. As part of that review, the Inspector General should also evaluate the accuracy and completeness of agency reporting, and evaluate agency performance in reducing and recapturing improper payments.

Among other requirements, the agency must conduct risk assessments, and report and publish the results of selected program testing in its AFR to comply with IPERA. The agency must also achieve and report gross improper payment rates of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR. In 2019, the Department conducted risk assessments for nearly \$96 billion of FY 2018 disbursements made by 97 DHS programs in which total payments exceeded \$10 million. Five of those programs are deemed susceptible to significant improper payments.

Executive Order 13520, *Reducing Improper Payments* (November 20, 2009), was issued in the interest of reducing payment errors and eliminating waste, fraud, and abuse in Federal programs. The order contains a comprehensive set of policies, including transparency and public scrutiny of significant payment errors throughout the Federal Government. It requires that at least once every quarter, the head of each agency submit to the agency's Inspector General and the Council of the Inspectors General on Integrity and Efficiency, and make available to the public, a report on any high-dollar improper payments identified by the agency.

OMB Circular A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*, October 20, 2014, clarifies what agencies are required to report in their quarterly high-dollar overpayments report.⁵ It states that only agencies with programs susceptible to significant improper payments under IPIA, as amended, are required to report quarterly on high-dollar overpayments that occurred within those specific programs. A high-dollar overpayment is any overpayment in excess of 50 percent of the correct amount of the intended payment under the following circumstances:

- a. where the total payment to an individual exceeds \$25,000 as a single payment or in cumulative payments for the quarter, or

⁵ OMB Circular A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments* (OMB M-15-02), revised Appendix C to implement requirements from IPIA, IPERA, *Improper Payments Elimination and Recovery Improvement Act of 2012*, Public Law No. 112-248, 126 Stat.2390, and Executive Order 13520. Following the issuance of OMB M-18-20, the only aspects of OMB M-15-02 that remain valid pertain to high-dollar overpayment reporting. All other IPERA guidance is contained in OMB Memo M-18-20.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

- b. where the total payment to an entity exceeds \$100,000 as a single payment or in cumulative payments for the quarter.

Results of Audit

DHS Complied with IPERA and Executive Order 13520 But Did Not Adequately Oversee Component Testing and Reporting of Improper Payment Rates

An agency must meet six specific requirements to comply with IPERA.⁶ If the agency does not meet one or more of these requirements, it is not compliant. In fiscal year 2019, DHS complied with IPERA by meeting all six of the requirements. Table 1 shows the components' compliance with IPERA requirements.

Table 1. IPERA Compliance Reporting Table, FY 2019

Component	Correctly Published an AFR and OMB-Required Accompanying Materials	Conducted Risk Assessment	Published Improper Payment Estimate	Published Corrective Action Plans	Published and Is Meeting Reduction Targets	Reported Improper Payment Rate of Less than 10%
Countering Weapons of Mass Destruction	N/A	Yes	N/A	N/A	N/A	N/A
Customs and Border Protection (CBP) Note 1	N/A	Yes	N/A	N/A	N/A	N/A

⁶ The six requirements are: (1) publish an AFR for the most recent fiscal year and post it and required accompanying materials on the agency website; (2) conduct a program-specific risk assessment for each program or activity susceptible to significant improper payments; (3) publish improper payment estimates for all such programs and activities (if required); (4) publish programmatic corrective action plans in the AFR (if required); (5) publish and meet annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable); and (6) report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate is published in the AFR. See IPERA § 3 (a)(3)(A-F).



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Component	Correctly Published an AFR and OMB-Required Accompanying Materials	Conducted Risk Assessment	Published Improper Payment Estimate	Published Corrective Action Plans	Published and Is Meeting Reduction Targets	Reported Improper Payment Rate of Less than 10%
Cybersecurity and Infrastructure Security Agency (CISA) Note 2	Yes	Yes	Yes	N/A	N/A Note 3	Yes
Departmental Management and Operations	N/A	Yes	N/A	N/A	N/A	N/A
Federal Emergency Management Agency (FEMA) Note 1 and Note 2	Yes	Yes	Yes	N/A	Yes	Yes
Federal Law Enforcement Training Center	N/A	Yes	N/A	N/A	N/A	N/A
Immigration and Customs Enforcement (ICE) Note 1	N/A	Yes	N/A	N/A	N/A	N/A
Office of Intelligence and Analysis	N/A	Yes	N/A	N/A	N/A	N/A
Office of Operations Coordination	N/A	Yes	N/A	N/A	N/A	N/A
Office of Inspector General (OIG) Note 4	N/A	Yes	N/A	N/A	N/A	N/A
Science and Technology Directorate	N/A	Yes	N/A	N/A	N/A	N/A
Transportation Security Administration	N/A	Yes	N/A	N/A	N/A	N/A
U.S. Citizenship and Immigration Services	N/A	Yes	N/A	N/A	N/A	N/A



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Component	Correctly Published an AFR and OMB Required Accompanying Materials	Conducted Risk Assessment	Published Improper Payment Estimate	Published Corrective Action Plans	Published and Is Meeting Reduction Targets	Reported Improper Payment Rate of Less than 10%
United States Secret Service	N/A	Yes	N/A	N/A	N/A	N/A
United States Coast Guard	N/A	Yes	N/A	N/A	N/A	N/A

Source: OIG analysis of the FY 2019 DHS AFR and component data

Notes:

1. *CBP Refund and Drawback Program, FEMA Assistance to Firefighter Grants and Homeland Security Grant Program, and ICE Enforcement and Removal Operations Program* received OMB relief from reporting.
2. DHS identified five programs susceptible to significant improper payments within two of its components (CISA and FEMA).
3. Since FY 2019 was the first year CISA Federal Protective Service's Payroll conducted IPIA sampling and reporting, it was not required to have a reduction target percent. OMB Memo M-18-20 does not expect the program to publish a reduction target until a full baseline has been established and reported. If a program has a 24-month reporting cycle in which no changes occur, the program will most likely be considered to have established a baseline.
4. OIG was not subject to the review.

We further determined DHS complied with Executive Order 13520 by properly compiling and making available to the public its FY 2019 Quarterly High-Dollar Overpayment reports.

We reviewed DHS' processes and procedures for estimating its annual improper payment rates. Based on our review, we determined DHS did not adequately oversee the components' testing and reporting supporting their improper payment rates because DHS' Risk Management and Assurance (RM&A) Division did not consistently review and reconcile the components' risk assessments in accordance with the requirements of DHS' *FY 2019 Improper Payments Reduction Guidebook*.

DHS Complied with IPERA

The Department reported it had made significant progress to improve its IPERA processes. DHS' efforts resulted in the Department being compliant with IPERA by meeting all six statutory requirements.



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Department of Homeland Security

We reviewed DHS' FY 2019 AFR to determine whether DHS met IPERA requirements. The specific results of our review of DHS' compliance with IPERA requirements are as follows:

1. Did DHS publish an AFR for the most recent fiscal year and post that report and any accompanying materials required by OMB on the agency website?

Yes. DHS published its AFR on its website and accompanying information required by OMB on the agency website.

2. Did DHS conduct a program-specific risk assessment for each program or activity that may be susceptible to significant improper payments (if required)?

Yes. DHS conducted a program-specific risk assessment for each program or activity that may be susceptible to significant improper payments, when required.

3. Did DHS publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required)?

Yes. DHS published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment.

4. Did DHS publish programmatic corrective action plans in the AFR (if required)?

Not Applicable. DHS was not required to publish programmatic corrective action plans as no programs met the OMB Memo M-18-20 definition of "significant improper payments." Significant improper payments are defined as gross annual improper payments in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported, or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays). See IPERA § 2 (a)(3)(A)(ii)(I-II).

5. Did DHS publish, and is it meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable)?

Yes. DHS published and met reduction targets for each program assessed to be at risk. Table 2 identifies the programs that met the improper payment reduction targets.



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Table 2. Improper Payment Reduction Targets, FY 2019

Component	Program	Reduction Target Met?
FEMA	Flood Hazard Mapping & Risk Analysis Program	Yes
	National Flood Insurance Program	Yes
	Public Assistance Program	Yes
	Vendor Payments Program	Yes
CISA	Federal Protection Service -Payroll	NA ⁷

Source: OIG analysis of the FY 2019 DHS AFR and its accompanying support

6. Did DHS report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR?

Yes. DHS reported gross improper payment rates of less than 10 percent for each required program. Table 3 identifies each component's gross improper payment rates.

Table 3. Gross Improper Payment Rate, FY 2019

Component	Program	Gross Improper Payment Rate	Less than 10%?
FEMA	Flood Hazard Mapping & Risk Analysis Program	0.005%	Yes
	National Flood Insurance Program	0.003%	Yes
	Public Assistance Program	0.71%	Yes
	Vendor Payments Program	1.02%	Yes
CISA	Federal Protective Service Payroll	2.40%	Yes

Source: OIG analysis of the FY 2019 DHS AFR

⁷ Since FY 2019 was the first year CISA Federal Protective Service's Payroll conducted IPIA sampling and reporting, it was not required to have a reduction target percent. OMB Memo M-18-20 does not expect the program to publish a reduction target until a full baseline has been established and reported. If a program has a 24-month reporting cycle in which no changes occur, the program will most likely be considered to have established a baseline. The Federal Protective Service Payroll is not a new program to DHS. However, this is the first year that it meets IPERA testing requirements, and so, it has yet to establish a baseline. See OMB Memo 18-20; see also e.g., IPERA §2 (a)(3)(B)(i).



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Department of Homeland Security

DHS' compliance is due, in part, to RM&A Division's implementation of a component-specific SharePoint web page for the component completion of IPERA documentation, including the risk assessments. RM&A noted the information in the SharePoint web pages assisted with RM&A's data validation, thus reducing the need for follow-up with components. Specifically, the SharePoint web page identified programs requiring risk assessment, eliminated version control issues with templates, and validated prior-year program information. Overall, utilizing SharePoint resulted in fewer errors and inconsistencies and facilitated a more efficient review process for the components and RM&A.

DHS Complied with Executive Order 13520

We reviewed DHS' FY 2019 Quarterly High-Dollar Overpayment reports to determine whether DHS met the requirements of Executive Order 13520, *Reducing Improper Payments*. We found DHS complied with Executive Order 13520, by properly compiling and making available to the public its FY 2019 Quarterly High-Dollar Overpayment reports.

DHS Did Not Adequately Oversee Component Testing and Reporting of Improper Payments

DHS did not adequately oversee components' improper payment testing and reporting. Specifically, DHS' RM&A did not consistently review and reconcile the components' risk assessments in accordance with requirements of DHS' *FY 2019 Improper Payments Reduction Guidebook* (Guidebook). Our audit reports from prior years included similar conclusions and recommendations aimed at correcting this recurring problem.

DHS designed a detailed risk assessment process, required by IPERA, as outlined in its Guidebook and appendix B to this report. The Comprehensive Risk Assessment assists components with determining whether programs are susceptible to making improper payments. In response to prior OIG recommendations, RM&A revised the Guidebook to clarify further component risk assessment processes and requirements. However, RM&A continues to experience difficulty adhering to the Guidebook requirements. Specifically, in 2019, RM&A did not consistently review and reconcile the components' risk assessments. During our review, we found RM&A did not identify errors and changes to the components' documentation supporting their risk assessment processes.⁸

⁸ Appendix B, Steps 2–3, 6



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Department of Homeland Security

RM&A did not perform its review of risk assessments consistently due to a number of factors, including some components not timely providing deliverables and RM&A not adhering to its own review procedures. RM&A attempted to follow up with components that had outstanding deliverables past the IPERA due dates RM&A had set. However, some components delayed significantly submitting their deliverables, resulting in a shortened timeframe for RM&A's review. Consequently, there is elevated risk DHS may not identify programs susceptible to significant improper payments or disclose improper payments accurately within the AFR. Since FY 2016, OIG has made recommendations to address DHS' oversight of the components' improper payment testing and reporting. Although RM&A has made progress, it needs to continue its remediation efforts to close these recommendations.

Recommendation

Recommendation: We recommend the Chief Financial Officer, Department of Homeland Security, ensure the Risk Management and Assurance Division properly follows the existing DHS *Improper Payments Reduction Guidebook*. (Recommendation remains open from report OIG-17-59: *Department of Homeland Security's FY 2016 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments*.)

Management Response and OIG Analysis

DHS concurred with our recommendation. A copy of DHS' response is included in appendix C. DHS also provided technical comments and suggested revisions to our report in a separate document. We reviewed the technical comments and made changes to the report where appropriate. A summary of our analysis follows.

DHS' Comments to the Recommendation: Concur. The DHS Office of the Chief Financial Officer, RM&A Division has seen success with development of automated functionality to assist in collecting and reviewing component IPERA deliverables. Going forward, RM&A will continue to regularly review and update the DHS IPERA Guidance as necessary, while continuing to work with components to ensure the Department's processes meet the intent and objectives of the guidance. DHS requests that OIG consider the recommendation resolved and closed, as implemented.

OIG Analysis: DHS' corrective action is responsive to the recommendation. As such, we will administratively close this current year recommendation. However, the original recommendation from report OIG-17-59, *Department of*



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Department of Homeland Security

Homeland Security's FY 2016 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments, will remain open and resolved until we have determined that RM&A is properly following existing DHS IPERA Guidance. We will evaluate and report on this during our FY 2020 IPERA audit of DHS' progress in closing this recommendation.



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Appendix A

Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law No. 107-296) by amendment to the *Inspector General Act of 1978* (5 U.S.C. App. 3 §1 et seq).

The audit objective was to determine whether DHS complied with the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and Executive Order 13520, *Reducing Improper Payments* in FY 2019. We also evaluated the accuracy and completeness of DHS' improper payment reporting.

To understand DHS' requirements under IPERA, and DHS policies and procedures to meet those requirements, we obtained and reviewed relevant authorities and guidance and interviewed officials in DHS' Office of the Chief Financial Officer.

We reviewed DHS' FY 2019 AFR to determine whether DHS met the following IPERA requirements:

1. published an AFR for the most recent fiscal year and posted that report and any accompanying materials required by OMB, on the agency website;
2. conducted a program-specific risk assessment for each program or activity susceptible to significant improper payments (if required);
3. published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required);
4. published programmatic corrective action plans in the AFR (if required);
5. published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable); and
6. reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR.

We reviewed DHS' FY 2019 Quarterly High-Dollar Overpayment reports to determine whether DHS met the requirements of Executive Order 13520. Specifically, we determined whether DHS properly compiled and made available to the public DHS' FY 2019 Quarterly High-Dollar Overpayment reports.

We reviewed DHS' oversight of components' improper payment testing and reporting. We interviewed DHS' RM&A personnel, reviewed components' risk assessments, and examined RM&A's documented reviews of those assessments. We performed a limited review of the reliability of the data in



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Department of Homeland Security

DHS' FY 2019 AFR and believe that data to be sufficiently reliable to support our audit conclusions.

We conducted this audit between November 2019 and February 2020, pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

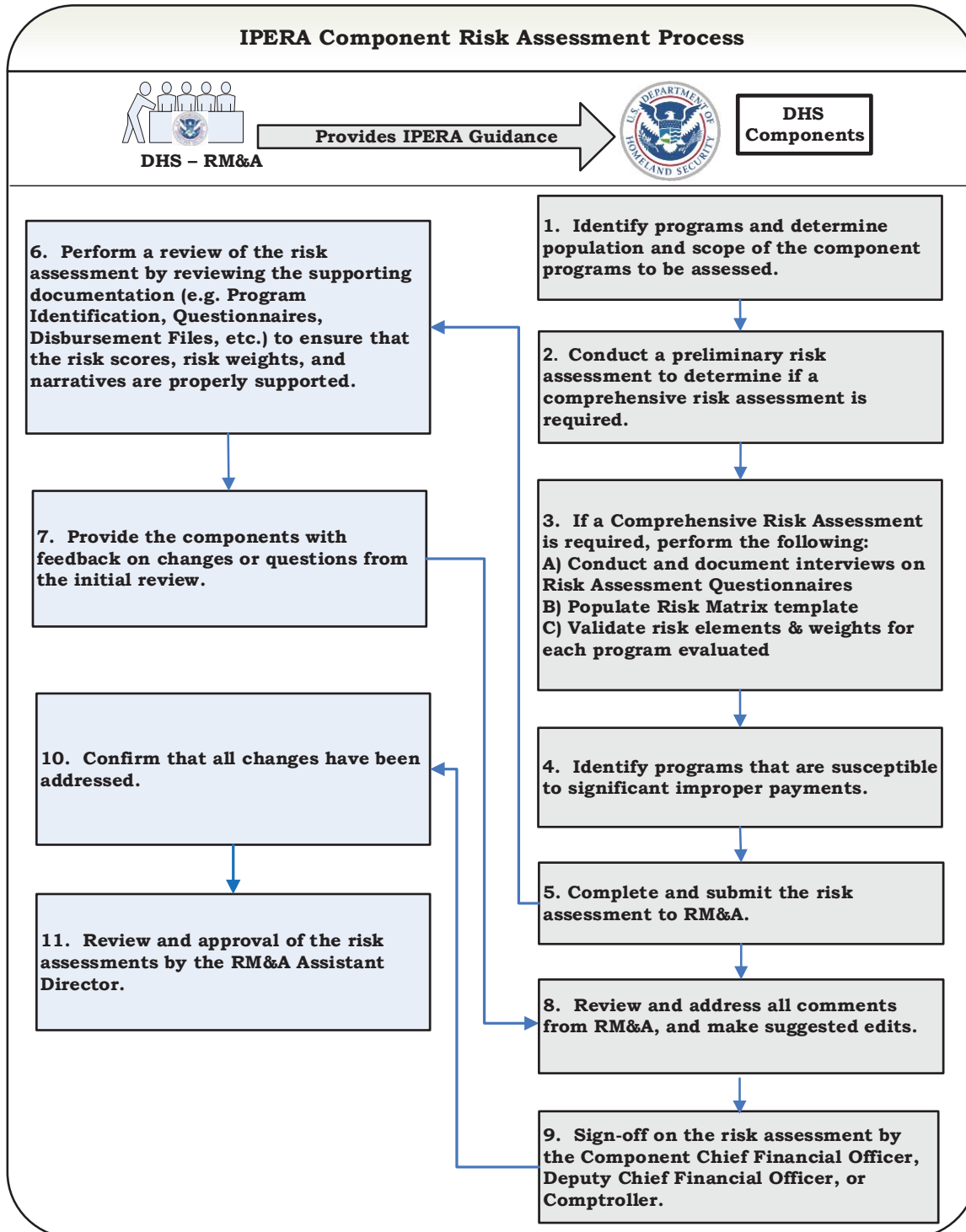


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Appendix B

IPERA Component Risk Assessment Process



Source: OIG analysis of the *DHS Improper Payments Reduction Guidebook*



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Appendix C
Management Comments to the Draft Report

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

April 15, 2020

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.
Inspector General

FROM: Jim H. Crumpacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

JIM H
CRUMPACKER

Digitally signed by JIM H
CRUMPACKER
Date: 2020.04.15 20:02:15
+0400

SUBJECT: Management Response to Draft Report: "Department of
Homeland Security's FY 2019 Compliance with the Improper
Payments Elimination and Recovery Act of 2010 and Executive
Order 13520, Reducing Improper Payments"
(Project No. 19-073-AUD-DHS)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

The Department is pleased to note OIG's positive recognition that in fiscal year 2019, DHS was compliant with all six key requirements of the "Improper Payments Elimination and Recovery Act of 2010 (IPERA):

- 1) Publishing an Agency Financial Report (AFR) and accompanying materials for the most recent fiscal year and posting that report on the agency website;
- 2) Conducting a program-specific risk assessment for each program or activity, as applicable;
- 3) Publishing improper payment estimates for all programs and activities identified as susceptible to significant improper payments;
- 4) Publishing programmatic corrective actions in the AFR, if required;
- 5) Publishing, and meeting, annual reduction targets; and
- 6) Reporting a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate is published in the AFR.

DHS remains committed to the responsible stewardship of taxpayer-provided resources and ensuring proper controls are in place to eliminate fraud, waste, abuse, and mismanagement. As part of this, DHS continues to focus on reducing improper



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Department of Homeland Security

payments. Specifically, the DHS Office of the Chief Financial Officer's (OCFO) Risk Management and Assurance (RM&A) Division ensures that: (1) resources are effectively and efficiently managed; (2) applicable laws, regulations, and policies are complied with; (3) processes are established to effectively and efficiently meet the objectives of operations; and (4) program performance is measured and assessed.

The draft report contained one recommendation, with which the Department concurs. Attached find our detailed response to the recommendation. DHS previously submitted technical comments under a separate cover for OIG's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Attachment



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Attachment: Management Response to Recommendation Contained in 19-073-AUD-DHS

The OIG recommended that the DHS Chief Financial Officer:

Recommendation: Ensure that the Risk Management and Assurance Division properly follows existing DHS Improper Payment Reduction Guidebook.

Response: Concur. The DHS OCFO RM&A Division has seen success with the automated functionality developed to assist in collecting and reviewing Component IPERA deliverables. Going forward, RM&A will continue to regularly review and update the DHS IPERA Guidance as necessary, while continuing to work with Components to ensure the Department's processes meet the intent and objectives of the guidance.

DHS requests that OIG consider the recommendation resolved and closed, as implemented.



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Department of Homeland Security

Appendix D

Recommendations and the Status of Each

Report Number	FY	#	Recommendation	Status
OIG-15-94	2014	1	Ensure that the Risk Management and Assurance Division has adequate personnel succession plans to ensure the Department's compliance with IPERA requirements.	Closed
		2	Ensure that the Risk Management and Assurance Division strengthens its oversight and review procedures to ensure components' IPERA risk matrixes include all programs.	Closed
		3	Ensure that FEMA strengthens its preparation, review, and oversight processes to ensure compliance with risk assessment and risk matrix requirements and to ensure that responsible program officials are properly identified.	Closed
		4	Ensure that the DHS' Risk Management and Assurance Division follows OMB requirements for agencies not compliant with IPERA, as stated in Appendix C of OMB Circular No. A-123. DHS should also focus its resources on corrective actions that will help meet the OMB-approved reduction targets.	Closed

Source: Analysis of OIG report, *Department of Homeland Security's FY 2014 Compliance with the Improper Payments Elimination and Recovery Act of 2010 (Revised)*, OIG-15-94, February 22, 2016.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Report Number	FY	#	Recommendation	Status
OIG-16-88	2015	1	Ensure that the Risk Management and Assurance Division strengthens its oversight to ensure proper documentation of its review of the components' risk assessments.	Closed
		2	Ensure that the Risk Management and Assurance Division timely confirms its review and approval of the components' risk assessments.	Closed
		3	Ensure that the Risk Management and Assurance Division has adequate personnel to ensure the Department's compliance with IPERA requirements.	Closed
		4	Ensure that the Risk Management and Assurance Division clearly designates contract deliverables for the risk assessment reviews.	Closed
		5	Ensure that the Risk Management and Assurance Division follows Office of Management and Budget's requirements for agencies not compliant with IPERA, as stated in Appendix C of OMB Circular No. A-123. DHS should also focus its resources on corrective actions that will help meet the OMB-approved reduction targets.	Closed

Source: Analysis of OIG report, *Department of Homeland Security's FY 2015 Compliance with the Improper Payments Elimination and Recovery Act of 2010*, OIG-16-88, May 11, 2016



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Report Number	FY	#	Recommendation	Status
OIG-17-59	2016	1	Ensure that the FY 2017 Agency Financial Report properly reports prior year IPERA disbursements in a consistent manner.	Closed
		2	Ensure that the Risk Management and Assurance Division strengthen its oversight to ensure proper documentation of its review of the components' risk assessments.	Closed
		3	Ensure that the Risk Management and Assurance Division has adequate personnel to ensure the Department's compliance with IPERA requirements.	Closed
		4	Ensure that the Risk Management and Assurance Division is properly following existing DHS IPERA Guidance.	Open - Resolved
		5	Ensure that the Risk Management and Assurance Division issues guidance that (1) strengthens RM&A's authority over the components' risk assessments process, and (2) requires components' to properly respond to RM&A's questions and concerns.	Closed

Source: Analysis of OIG report, *Department of Homeland Security's FY 2016 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments*, OIG-17-59, May 12, 2017



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Report Number	FY	#	Recommendation	Status
OIG-17-59	2016	6	Ensure that the Risk Management and Assurance Division follows Office of Management and Budget's requirements for agencies not compliant with IPERA as stated in Appendix C of OMB Circular No. A-123. DHS should also focus its resources on corrective actions that will help meet the OMB-approved reduction targets.	Closed
OIG 18-72	2017	1	Ensure that the most recent Agency Financial Report properly presents prior-year IPERA disbursements in a consistent manner.	Closed
		2	Ensure that the Risk Management and Assurance Division strengthens its oversight to ensure proper documentation of its review of the components' risk assessments.	Closed
		3	Ensure that the Risk Management and Assurance Division properly follows existing DHS IPERA Guidance.	Administratively Closed – Refer to reissued OIG-17-59 Recommendation 4
		4	Ensure that the Risk Management and Assurance Division strengthens its enforcement of the requirements of the DHS <i>Improper Payments Reduction Guidebook</i> .	Closed

Source: Analysis of OIG report, *Department of Homeland Security's FY 2016 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments*, OIG-17-59, May 12, 2017; and *Department of Homeland Security's FY 2017 Compliance with the Improper Payments Elimination and Recovery Act of 2010*, OIG-18-72, August 9, 2018



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Report Number	FY	#	Recommendation	Status
OIG 18-72	2017	5	Ensure that the Risk Management and Assurance Division follows Office of Management and Budget's requirements for agencies not compliant with IPERA as stated in Appendix C of OMB Circular No. A-123. DHS should also focus its resources on corrective actions that will help meet the OMB-approved reduction targets.	Closed
		6	Ensure that Risk Management and Assurance Division has adequate personnel to ensure the Department's compliance with IPERA requirements.	Closed
OIG 19-43	2018	1	Ensure that Risk Management and Assurance Division properly correct disclosure errors in its AFR to comply with requirements of OMB Circular A-136, <i>Financial Reporting Requirements</i> .	Closed
		2	Ensure that Risk Management and Assurance Division follows Office of Management and Budget's requirements for agencies not compliant with IPERA, as stated in Appendix C of OMB Circular No. A-123. DHS should also focus its resources on corrective actions that will help meet the OMB-approved reduction targets.	Closed

Source: Analysis of OIG report, *Department of Homeland Security's FY 2017 Compliance with the Improper Payments Elimination and Recovery Act of 2010*, OIG-18-72, August 9, 2018; and *Department of Homeland Security's FY 2018 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments*, OIG-19-43, May 24, 2019



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Report Number	FY	#	Recommendation	Status
OIG 19-43	2018	3	Ensure that Risk Management and Assurance Division correctly publishes its High-Dollar Overpayment reports in accordance with Executive Order 13520, <i>Reducing Improper Payments</i> .	Closed
		4	Ensure that Risk Management and Assurance Division strengthens its oversight to ensure proper documentation of its review of the components' risk assessments.	Closed
		5	Ensure that the Risk Management and Assurance Division is properly following existing DHS IPERA Guidance.	Administratively Closed – Refer to reissued OIG-17-59 Recommendation 4
		6	Ensure that the Risk Management and Assurance Division strengthens its enforcement of the requirements of the DHS <i>Improper Payments Reduction Guidebook</i> .	Closed
		7	Ensure that Risk Management and Assurance Division has adequate personnel to bring the Department into compliance with IPERA requirements.	Closed

Source: Analysis of OIG report, *Department of Homeland Security's FY 2018 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and Executive Order 13520, Reducing Improper Payments*, OIG-19-43, May 24, 2019



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Department of Homeland Security

Appendix E

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Appendix F

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