United States
Election Assistance Commission
Office of Inspector General

U.S. Election Assistance Commission's Compliance with the Improper Payments Information Act of 2002 (as amended) in Fiscal Year 2019

Report No. I-MA-EAC-07-20

U.S. ELECTION ASSISTANCE COMMISSION
1335 EAST-WEST HIGHWAY, SUITE 4300
SILVER SPRING, MD 20910
OFFICE OF THE INSPECTOR GENERAL

May 15, 2020

To: Benjamin Hovland, Chairman
Mona Harrington, Acting Executive Director

Patricia L. Layfield

From: Patricia L. Layfield
Inspector General

Subject: U.S. Election Assistance Commission's Compliance with the *Improper Payments Information Act of 2002* (as amended) in Fiscal Year 2019 (Assignment No. I-MA-EAC-07-20)

EXECUTIVE SUMMARY

In the EAC's Fiscal Year 2019 Annual Financial Report (AFR), dated November 19, 2019, EAC management reported that EAC believed the Agency did not have any programs where the erroneous payments could exceed thresholds that would require more detailed analysis and reporting on improper payments. Those thresholds require reporting on programs for which improper payments could exceed 1.5 percent of the program payments and $10 million or $100 million dollars without regard to the percentage.

We reviewed the agency's most recent risk assessment, the AFR, and the results of compliance testing performed by the independent public accountants who audited the EAC 2019 financial statements. We also obtained and independently totaled a list of all payments EAC made in 2019. Based on our review, the Office of Inspector General found no exceptions in (1) the EAC's presentation of the agency's Fiscal Year 2019 AFR as it relates to reporting of improper payments or (2) the EAC's compliance with the limited requirements for analyzing improper payments applicable to EAC.

BACKGROUND, SCOPE, METHODOLOGY

Since 2002, Congress has passed a series of laws to prevent, control, identify, and ultimately recover improper payments. Those laws include IPIA, the *Improper Payments Elimination and Recovery Act of 2010* (IPERA, P. L. 111-204), the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA, P. L. 112-248) and the *Federal Improper Payments Coordination Act of 2015* (FIPCA, P. L. 114-109). The Office of Management and Budget (OMB) publishes updated government-wide guidance on the implementation of requirements regarding improper payments as needed in OMB Circular A-123, Appendix C.

The head of each agency must periodically review and identify all programs and activities it administers that may be susceptible to significant improper payments based on guidance provided by the Director of OMB. Significant improper payments are defined 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). For each program and activity identified as susceptible to significant improper payments, the agency is required to produce a statistically valid estimate or an estimate improper payments and include such estimates in the materials accompanying the annual financial statements of the agency. Within 180 days from the issuance of the AFR, the IG is required to report on compliance with IPIA to the agency head, OMB, the Government Accountability Office, the Senate Committee on Homeland Security and Government Affairs, and the House Committee on Oversight and Government Reform.

Due to the limited responsibilities EAC had for reporting on improper payments, we reviewed the agency's most recent risk assessments, the AFR and the results of IPIA compliance testing performed by the independent public accountants who audited the EAC 2019 financial statements. We obtained a report from EAC, generated from the EAC's financial management system, showing that the total of payments made to all payees during 2019 was $8.7 million, which is less than the reportable threshold even though it included non-reportable intragovernmental payments. Our procedures were not designed to comply with, and we did not apply, *Government Auditing Standards* or any other recognized auditing, evaluation, or inspection standards. Rather, we performed our engagement solely for the purposes of advising management and those charged with governance of the results of the performance of our limited procedures. Had we performed additional procedures or conducted the engagement in accordance with generally accepted standards, we might have identified other issues or concerns that our limited procedures did not reveal.

cc: The Honorable Carolyn B. Maloney, Chair, House Committee on Oversight and Reform
The Honorable James D. "Jim" Jordan, Ranking Member, House Committee on Oversight and Reform
The Honorable Ronald Harold "Ron" Johnson, Chair, Senate Committee on Homeland Security and Government Affairs
The Honorable Lt. Cdr. Gary C. Peters, Ranking Member, Senate Committee on Homeland Security and Government Affairs
Donald Palmer, Vice Chair, U. S. Election Assistance Commission
Ashley Williams, Financial Manager, Election Assistance Commission
Timothy F. Soltis, Deputy Controller, Office of Management and Budget

Heather Pajak, Senior Policy Analyst, Office of Management and Budget
Lance Kvetko, White House Fellow, Office of Management and Budget
Beryl H. Davis, Director, Financial Management and Assurance, Government Accountability Office

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Inspector General

U.S. Election Assistance Commission

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