

U.S. Equal Employment Opportunity Commission
Office of the Inspector General

FY 2021 Annual Report
on the
U.S. Equal Employment Opportunity
Commission's Compliance with the
Payment Integrity Information Act of 2019



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Abbreviations

AFR	Agency Financial Report
CIGIE	Council of the Inspectors General on Integrity and Efficiency
EEOC	Equal Employment Opportunity Commission or the agency
FY	Fiscal Year
IPERIA	Improper Payment Elimination and Recovery Improvement Act of 2012
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
PIIA	The Payment Integrity Information Act of 2019 (PIIA) (Public Law No. 116-117)

Executive Summary



WHY WE DID THIS INSPECTION

On March 2, 2020, PIIA was enacted to improve efforts to identify and reduce government-wide improper payment. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by OMB. Agency's Inspectors General are to review payment integrity reporting for compliance and issue an annual report.

WHAT WE FOUND

We reviewed the EEOC's payment integrity section of its FY 2021 AFR to assess the agency's compliance with the requirements of PIIA, OMB guidance, and information on PaymentAccuracy.gov. We found that EEOC was not compliant with PIIA for FY 2021. The agency included a payment integrity section in the FY 2021 AFR in accordance with IPERIA. EEOC completed a risk assessment in FY 2020 and was not required to conduct a risk assessment in FY 2021. However, the agency did not conduct its annual OMB payment integrity review and data call resulting in our finding of non-compliance with PIIA.

WHAT WE RECOMMEND

OCFO should: (1) annually conduct an improper payment review in accordance with PIIA and follow the guidance outlined in OMB Circular A-136, section II.4.5 [Payment Integrity Information Act Reporting]; (2) complete the annual data call, and if necessary, contact OMB via email at MBX.OMB.OFFM.PaymentIntegrity@omb.eop.gov to obtain access to the annual data call; and (3) report the OIG's finding of non-compliance with the FY 2021 PIIA requirements, as outlined in OMB

Memorandum M-21-19, Section VI.D, "Agency Responsibility When a Program is Non-Compliant".

Introduction

The Equal Employment Opportunity Commission is the federal agency responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (40 or older), disability or genetic information.

The EEOC is a bipartisan commission composed of five presidentially appointed members, which include a Chair, a Vice Chair, and three Commissioners. The Chair is responsible for the administration and implementation of policy and the EEOC's financial management and organizational development. The Vice Chair and the Commissioners equally participate in developing and approving EEOC policies, issuing charges of discrimination where appropriate, and authorizing the filing of lawsuits. Also, the President appoints a General Counsel to support the Commission and provide direction, coordination, and supervision to the EEOC's litigation program.

Background

PIIA (Public Law 116-117) aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the OMB. Payment integrity information is published with the agency's annual financial statement in accordance with payment integrity guidance in OMB Circular A-136.

The agency must also publish applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying material to the annual financial statements is the payment integrity information published on paymentaccuracy.gov¹. Agency's Inspectors General are to review payment integrity reporting for compliance and issue an annual report.

Guidance

An important part of financial management for every federal agency is to ensure that improper payments are prevented and reduced. On March 2, 2020, PIIA repealed three previous Public Laws for payment² integrity and other related laws. PIIA, in part, sets forth reporting requirements for an annual compliance review to be conducted by Inspectors General.

¹ FY 2021 OMB [Paymentaccuracy.gov](https://paymentaccuracy.gov) Data Call Instruction. Section II.4.5. Payment Integrity Information Act Reporting on OMB Circular-A-136 Revised Aug. 10, 2021.

² PIIA defines an improper payment as any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement. If a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment.

On March 5, 2021, OMB issued a revised version of Appendix C to OMB Circular A-123 Memorandum M-21-19, “Requirements for Payment Integrity Improvement,” which provides guidance on PIIA implementation. The goal of this revised version is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements.

OMB Circular A-123, Appendix C also sets forth guidance on the annual OIG compliance reviews.

Objective

To determine whether EEOC complied with PIIA of 2019 for FY 2021.

Scope

We conducted this inspection from February 2022 through June 2022. The scope was limited to the compliance for FY 2021.

Methodology

We used CIGIE’s Guidance for Payment Integrity Information Act Compliance Reviews, dated October 26, 2021, for the methodology and field work steps to determine compliance with PIIA. We took the following steps to accomplish the objective:

- Reviewed and gained an understanding of OMB Circular A-123, Appendix C (M-21-19, March 2021), OMB Circular A-136 (August 10, 2021), OMB Annual Data Call Instructions, the OMB Payment Integrity Question and Answer Platform, and other background information applicable to the objective.
- Identified and reviewed applicable internal EEOC policies and procedures.
- Reviewed prior reviews related to the objective.
- Interviewed selected OCFO personnel responsible for payment integrity and financial reporting.
- Reviewed EEOC’s Fiscal Year 2021 AFR for improper payment and payment integrity information. We compared the information to the requirements set forth in PIIA and implementing guidance and verified posting of the FY 2021 AFR to the agency website.
- Identified and reviewed the FY 2020 risk assessments for improper payment.
- Summarized compliance ratings for the applicable sections of payment integrity requirements.

Quality Standards for Inspection and Evaluation

The inspection was performed in accordance with the CIGIE’s *Quality Standards for Inspection and Evaluation*, dated December 2020.

Results

Published in the AFR and Accompanying Materials

The agency did not assess improper payments for FY 2021 and according to the agency, “results were not reported for FY 2021 due to management turnover.” EEOC posted its FY 2021 AFR on November 15, 2021, on the agency’s website that included the annual financial statement and payment integrity section in accordance with IPERIA and OMB Memorandum M-20-18, but not in accordance with PIIA and OMB Memorandum M-21-19. The agency did not submit the payment integrity information through the OMB FY 2021 Annual Data Call, and therefore, the agency’s payment integrity information was not published on PaymentAccuracy.gov.

Conduct a Risk Assessment

OMB Memorandum M-21-19 requires the agency to conduct an improper payment risk assessment at least once every three years, for each program with annual outlays greater than \$10,000,000 to determine whether the program is likely to make improper payments that would be in total above the statutory threshold. EEOC conducted a risk assessment in FY 2020, which met the requirement, the next risk assessment will be conducted in FY 2023. Therefore, a risk assessment was not required for FY 2021. Per the CIGIE Guidance for Payment Integrity Information Act Compliance Reviews, this requirement is not applicable (N/A).

The below table summarizes EEOC’s compliance with FY 2021 PIIA requirements.

PIIA Compliance Requirements	Program Name	
	Vendor Payments*	Travel Payments
1. Published payment integrity information with the annual financial statement and post the annual financial statement and accompanying materials on the agency website.	Non-Compliant	Non-Compliant
2. Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years. Adequately concluded whether the program is likely to make improper payment and unknown payments above or below the statutory threshold.	N/A	N/A

3. Published improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.	N/A	N/A
4. Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A	N/A
5. Published 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 annual financial statement.	N/A	N/A
6. Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate	N/A	N/A
7. Has developed a plan to meet the improper payment and unknown payment reduction target.	N/A	N/A
8. Reported an improper payment and unknown payment estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement	N/A	N/A

*Vendor payments include rental payments, state and local payments, contractual services, and commercial payments.

Other Issues

The agency stated a payment recapture audit program for vendor payments “is not cost-effective because the EEOC considered its low improper payment rate based on testing conducted in fiscal year 2021”. However, the agency conducted testing in FY 2020, not FY 2021 as stated in the AFR.

Conclusions

We determined EEOC was not compliant with PIIA for FY 2021 in accordance with OMB Memorandum M-21-19. The agency did not conduct its annual OMB payment integrity review. The agency published payment integrity information in the AFR and posted the annual financial statement and accompanying materials on the agency website. However, it was in accordance with IPERIA and OMB Memorandum M-18-20, but not in accordance with PIIA and OMB Memorandum M-21-19. In addition, the agency did not provide the payment integrity

information through the FY 2021 OMB Annual Data Call, nor include the required link to paymentaccuracy.gov.

The agency completed a risk assessment in FY 2020 and was not required to conduct a risk assessment in FY 2021.

Recommendations

OCFO should:

- 1) Annually conduct an improper payment review in accordance with PIIA and follow the guidance outlined in OMB Circular A-136, section II.4.5 [Payment Integrity Information Act Reporting];
- 2) Complete the OMB Annual Data Call reporting, and if necessary, contact OMB via email at MBX.OMB.OFFM.PaymentIntegrity@omb.eop.gov to obtain access to the annual data call.
- 3) Report the OIG's finding of non-compliance with the FY 2021 PIIA requirements, as outlined in OMB Memorandum M-21-19, Section VI.D, "Agency Responsibility When a Program is Non-Compliant".

Appendix A: Agency's Comments



U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Washington, D.C. 20507

Office of the Chief Financial Officer

Date: 6 July 2022
To: Nina Murphy, Assistant Inspector General for Audit
From: Elisa M. Krobot, Chief Financial Officer ELISA KROBOT Digitally signed by ELISA KROBOT
Date: 2022.07.06 09:40:46 -0400
Subject: Management Response to Payment Integrity Information Act of 2019 Review FY 2022

Background

The Office of the Inspector General (OIG) reviewed the EEOC's payment integrity section of its FY 2021 AFR to assess the agency's compliance with the requirements of PIIA, OMB guidance, and information on PaymentAccuracy.gov. You found that EEOC was not compliant with PIIA for FY 2021. The agency included a payment integrity section in the FY 2021 AFR in accordance with IPERIA. The EEOC completed a risk assessment in FY 2020 and was not required to conduct a risk assessment in FY 2021. However, the agency did not conduct its annual OMB payment integrity review and data call resulting in our finding of non-compliance with PIIA.

Recommendations

The OCFO should: (1) annually conduct an improper payment review in accordance with PIIA and follow the guidance outlined in OMB Circular A-136, section II.4.5 [Payment Integrity Information Act Reporting]; (2) complete the annual data call, and if necessary, contact OMB via email at MBX.OMB.OFFM.PaymentIntegrity@omb.eop.gov to obtain access to the annual data call; and (3) report the OIG's finding of non-compliance with the FY

2021 PIIA requirements, as outlined in OMB Memorandum M-21-19, Section VI.D, "Agency Responsibility When a Program is Non-Compliant".

Agency Response

The agency did not receive the OMB Annual Data Call during FY 2021 due to management turnover; therefore, the agency was unaware of the requirement to report the results of any testing. The agency will review the OMB Circular A-136 and OMB Memorandum M-21-19 for compliance as applicable for compliance. OMB has been contacted and all applicable personnel have been added to the distribution list. Additionally, the agency has updated the standard operating procedures to include the PIIA and OMB Annual Data Call requirements. The next iteration of testing will be conducted during FY 2022.