Payment Integrity X ] all pgs please

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# Department of Commerce Payment Integrity Website

## Background

The Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012, requires agencies to periodically review all programs and activities and identify those that may be susceptible to significant improper payments, take multiple actions when programs and activities are identified as susceptible to significant improper payments, and annually report information on their improper payments monitoring and minimization efforts. The Office of Management and Budget's (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control (July 15, 2016), Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments* (October 20, 2014), defines an improper payment ~~(1)~~ and provides guidance to agencies to comply with IPIA, as amended, and for agency improper payments efforts. The Department of Commerce (Department) has not itself identified any programs or activities susceptible to significant improper payments.

not italics

(see footnote (1))

On January 29, 2013, the President signed into law the Disaster Relief Appropriations Act (Act), which provides a total of $50.5 billion government-wide in aid for Hurricane Sandy disaster victims and their communities. The National Oceanic and Atmospheric Administration (NOAA) received $326 million of funds under the Act for Hurricane Sandy recovery and other disaster-related activities. Pursuant to OMB Memorandum M-13-07, *Accountability for Funds Provided by the Disaster Relief Appropriations Act* (March 12, 2013), the Department in March 2013 submitted its final plan for accountability, internal controls, and other requirements for funds provided to NOAA that are deemed by OMB as susceptible to significant improper payments for the purposes of requirements under IPIA of 2002, as amended, and the Department is required to calculate and report an annual improper payments estimate.

Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, was issued on November 20, 2009, to help federal agencies reduce and prevent improper payments through increased transparency and improved agency accountability. The Executive Order requires that, along with other requirements, federal agencies with high-priority or risk-susceptible programs (for purposes of improper payments) name accountable officers for improper payments; monitor any such programs; establish goals for reducing improper payments; and report high-dollar improper payments. The Department established, as required, a prominently displayed link on its home page to internet-based resources on addressing improper payments, and also provides on this web page a web link to the U.S. Department of the Treasury's (Treasury) improper payments web site (see PaymentAccuracy.gov website information discussed on this web page).

The Department does not have any programs/activities that OMB has determined to be a "high-priority" program with regard to improper payments under Executive Order 13520.

The Department does not have any programs/activities that have improper payments exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I, *Improper Payments Elimination and Recovery*, section A.9., Step 1, which are defined as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program/activity exceeding (1) both 1.5 percent of program outlays and $10 million of all program or activity payments made during the fiscal year reported; or (2) $100 million (regardless of the improper payments percentage of total program outlays).

OMB issued implementation guidance for Executive Order 13520 by updating OMB Circular A-123, Appendix C, Part III, *Requirements for Implementing Executive Order 13520: Reducing Improper Payments*. Agencies should track improper payments identified and recaptured through various agency endeavors. OMB Circular A-123, Appendix C, Part I indicates the following possible sources of improper payments information:

- Statistical samples and risk assessments;
- Agency post-payment reviews;
- Prior payment recapture audits;
- Agency Inspector General reviews;
- U.S. Government and Accountability Office reviews;
- Self-reported errors;
- Reports from the public; and
- Results of agency audit resolution and follow-up process.

Footnote

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*(1)* An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law). In addition, when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an improper payment.