Memorandum

Date: March 15, 2013

To: The Honorable Commissioners

From: Adam Trzeciak, Inspector General

Subject: *The U.S. Commission on Civil Rights: Fiscal Year 2012 Compliance with the Improper Payments Elimination and Recovery Act of 2010*

The Improper Payments Elimination and Recovery Act of 2010 (IPERA), among other things, expanded on requirements for executive branch agencies to identify, estimate, and report on programs and activities susceptible to significant improper payments.[1] Significant improper payments, as defined by IPERA, are gross annual improper payments in the program exceeding (1) both 2.5 percent of program outlays and $10 million of all program or activity payments during the fiscal year reported, or (2) $100 million (regardless of the improper payment error rate).

To implement IPERA, the Office of Management and Budget (OMB) in April 2011 issued government-wide guidance that required agencies to report to the President and Congress, through their annual performance and accountability report or annual financial report, an estimate of the annual amount of improper payments for all programs and activities determined to be susceptible to significant improper payments, regardless of the dollar amount of the estimate.[2] In addition, OMB's guidance stated that each agency inspector general should review agency improper payment reporting in the performance and accountability report or annual financial report, and accompanying materials, to determine if the agency is in compliance with the Improper Payments Information Act of 2002. OMB's guidance also states that inspectors general should complete their reviews and determinations within 120 days of the publication of the federal agency's performance and accountability report or annual financial report.

[1]Pub. L. No. 111-204, 124 Stat. 2224 (July 22, 2010). The statute defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), and any payment that does not account for credit for applicable discounts.
[2]OMB Guidance M-11-16 *Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123.* (Apr. 14, 2011).

We have completed an audit of the United States Commission on Civil Rights' (USCCR) fiscal year 2012 compliance with IPERA. Our audit determined that USCCR has complied with the reporting requirements of IPERA, has performed the required risk assessment to identify those programs and activities susceptible to significant improper payments, and has performed a payment recapture audit cost-benefit analysis. In addition, we determined that our previously reported fiscal year 2011 noncompliance issues have been resolved. Those issues were related to (1) not reporting improper payment information in USCCR's performance and accountability report, and (2) not performing a risk assessment to identify programs and activities susceptible to significant improper payments or seeking a waiver from OMB for conducting such an assessment.[3]

To determine whether USCCR was compliant with certain IPERA requirements, we reviewed USCCR's fiscal year 2012 performance and accountability report, questioned USCCR personnel and USCCR's independent public accountant responsible for the fiscal year 2012 financial statements audit, and reviewed USCCR's risk assessment and supporting documentation in relation to OMB's government-wide IPERA guidance.

As required by IPERA and OMB guidance, USCCR reported in its fiscal year 2012 performance and accountability report that it conducted a risk assessment for all relevant payments and determined that the risk of significant improper payments was low. USCCR further reported that since USCCR's total budget is less than the $10 million threshold for significant improper payments, it is virtually impossible for the Commission to have improper payments over $10 million, and that based on its risk assessment, USCCR does not have significant improper payments. Further, during fiscal year 2012, USCCR performed a payment recapture audit cost-benefit analysis and reported that the costs of such an audit would exceed the benefits. Nothing came to our attention during this audit that would indicate that USCCR is susceptible to significant improper payments.

We conducted this audit from January 2013 to March 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Agency Comments

The Inspector General provided USCCR with a draft of this document for review and comment and they had no comments.

If you would like to discuss the results of this audit please contact me at (202) 512-5748 or trzeciaka@gao.gov.

[3]OIG, *The U.S. Commission on Civil Rights: Compliance with the Improper Payments Elimination and Recovery Act of 2010*, OIG/USCCR-12-1 (Washington, D.C.: March 15, 2012).

List of Addressees

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