



Federal Election Commission
Office *of the* Inspector General

MEMORANDUM

TO: The Commission

THROUGH: Dennis Phillips *Dennis Phillips*
Deputy Inspector General

FROM: Shellie Purnell-Brown
Senior Auditor *Shellie Purnell-Brown*

SUBJECT: The Federal Election Commission's Compliance with Improper Payments Reporting for Fiscal Year 2023

DATE: May 3, 2024

Purpose. This report transmits the results of the Federal Election Commission (FEC) Office of Inspector General (OIG) fiscal year (FY) 2023 annual review of the FEC's compliance with the Payment Integrity Information Act of 2019 (PIIA). The Office of Management and Budget (OMB) Circular A-123 requires that each agency's OIG annually review and evaluate whether the agency has published the appropriate improper payments information with the annual Performance and Accountability Report (PAR) or Annual Financial Report (AFR) and accompanying materials for the most recent fiscal year. In addition, each OIG is to determine if the agency has complied with the PIIA and other applicable payment integrity guidance.

Criteria. We conducted a compliance review to satisfy our FY 2023 annual compliance review using the requirements in OMB Circular A-123, Appendix C (March 2021), OMB Circular A-136 (May 19, 2023), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the CIGIE Guide for PIIA.

Results. For FY 2023, the OIG concludes the FEC complied with the following applicable requirements outlined in the PIIA and OMB guidance (see table below):

Legal Requirements		Compliance
1a.	Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement of the agency for the most recent FY in accordance with OMB guidance.	Yes
1b.	Posted the annual financial statement and accompanying materials required under guidance of the OMB on the agency website. ¹	Yes
2a.	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.	Yes
2b.	Adequately concluded whether the program is likely to make improper payments (IP) and unknown payments (UP) above or below the statutory threshold.	Yes
3.	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement.	N/A ²
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
5a.	Published an IP and UP reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A
5b.	Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	N/A
5c.	Developed a plan to meet the IP and UP reduction target.	N/A
6.	Reported an IP and UP 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

¹ Available at <https://www.fec.gov/resources/cms-content/documents/FEC-FY-2023-Agency-Financial-Report.pdf>.

² Requirement is not applicable because FEC determined in its most recent risk assessment that the agency's programs are not susceptible to significant improper payments.

Background. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) amended the Improper Payments Information Act of 2002 (IPIA) and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments³ based on guidance provided by OMB. Additionally, section 3 of IPERA required Inspectors General to review each agency's improper payment reporting and issue an annual report. On March 2, 2020, the PIIA repealed IPERA, IPIA, and the Improper Payments Elimination and the Recovery Improvement Act of 2012 (IPERIA), but set forth similar improper reporting requirements including an annual report by Inspectors General.⁴

The objective of the PIIA is to improve efforts to identify, reduce, and recover government-wide improper payments. An improper payment is any payment that should not have been made or that was made in an incorrect amount. Incorrect amounts are overpayments or underpayments that are made to eligible recipients. 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 because of insufficient or lack of documentation, this payment must also be considered an improper payment.

Beginning in FY 2021, OMB M-20-21 requires agencies to assess the likelihood of total annual improper payments (IPs) plus annual unknown payments (UPs) above the statutory threshold. In addition, agencies are required to report that they adequately concluded whether the program is likely to make IPs and UPs *above or below* the statutory threshold.

Work Performed by FEC OIG. The OIG reviewed the agency's payment integrity section and other improper payment disclosure sections of the FEC FY 2023 AFR posted on the agency's website. The OIG also examined the most recent improper payment risk assessment and other relevant workpapers included in the FEC's FY 2023 Financial Statement Audit.

Conclusion. The OIG determined that the agency had no programs susceptible to significant improper payments. Based on our review of the IP risk assessment, the OIG concludes that the FEC's efforts to detect, prevent, and/or reduce IPs and UPs either above or below the statutory thresholds are adequate considering that improper payment risk is low, there are no UPs, and the agency is not susceptible to significant improper payments.

³ Significant improper payments are 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 million of all program or activity payments made during the first year reported, or (2) \$100 million (regardless of the improper payment percentage of total program outlays).

⁴ OMB A-123 Appendix C (as modified) implements requirements for the following: (1) IPIA; (2) IPERA; (3) IPERIA; (4) PIIA; and (5) Executive Order 13520 - Reducing Improper Payments, November 20, 2009.

The OIG is required to report these results to the Senate Committee on Homeland Security and Governmental Affairs; the House Committee on Oversight and Reform; the House and Senate Committee on Appropriations; other applicable Authorizing Committees of Congress; the Comptroller General; and OMB.

If I can provide you with any further information, please do not hesitate to contact Shellie Purnell-Brown at (202) 694-1019.

cc: John Quinlan, Chief Financial Officer
Alec Palmer, Staff Director/Chief Information Officer
Lisa Stevenson, Acting General Counsel

