



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463
Office of Inspector General

TO: Caroline C. Hunter, Commissioner (Chair)
Steven T. Walther, Commissioner (Vice Chair)
Ellen L. Weintraub, Commissioner

FROM: Christopher Skinner 
Inspector General

SUBJECT: The Federal Election Commission's Compliance with Improper Payment Requirements for Fiscal Year 2019

DATE: May 12, 2020

This report transmits the results of the Federal Election Commission (FEC) Office of Inspector General (OIG) fiscal year (FY) 2019 review of the FEC's compliance with the Improper Payments Information Act of 2002 (IPIA), as amended.¹ Our review concluded that FEC is compliant with the improper payment requirements² for FY 2019.

The IPIA requires each agency to annually review all programs and activities that it administers, identify those susceptible to significant improper payments, and submit to Congress an estimate of the annual amount of improper payments. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) amends the IPIA, and requires each agency to periodically review all programs and activities that may be susceptible to significant improper payments in accordance with Office of Management and Budget (OMB) requirements. IPERA defines "significant improper payments" 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 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).

Our review was conducted in accordance with guidance set forth by OMB Memorandum M-18-20, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, June 26, 2018 (OMB Memorandum M-18-20). As a result, FEC complied and met the following six (6) requirements as defined by OMB Memorandum M-18-20.

¹ The Improper Payments Information Act of 2002 (IPIA) is amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

² An improper payment is defined as 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 defined as 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).

| Summary of OMB Memorandum M-18-20 Requirements for IPERA Compliance | | |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1 | Published an Agency Financial Report (AFR) or a Performance Accountability Report (PAR) for the most recent fiscal year and posted report on the agency website. ³ | √ |
| 2 | Conducted a program specific risk assessment for each program that conforms to Section 31 U.S. Code § 3321. ⁴ | √ |
| 3 | Published improper payment estimates for all programs identified as susceptible to significant improper payments under its risk assessment. | N/A |
| 4 | Published programmatic corrective action plans in the AFR or PAR. | N/A |
| 5 | Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments. | N/A |
| 6 | Reported a gross improper payment rate of less than 10 percent for each program for which an improper payment estimate was obtained and published in the AFR or PAR. | N/A |

The FEC conducted a risk assessment of improper payments in FY 2019. That risk assessment did not identify any programs or activities susceptible to significant improper payments at or above threshold levels set by the OMB. Additionally, the OIG reviewed the agency's applicable improper payment disclosures contained in the FEC FY 2019 Agency Financial Report and other relevant work papers included in the FY 2019 Financial Statement Audit. Based on our review, we determined that the FEC is in compliance with IPERA for FY 2019.

The OIG is required to report these results to the FEC, the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Reform of the House of Representatives, the Comptroller General, and the OMB.

The OIG appreciates the cooperation and courtesies extended to us by the FEC Office of the Chief Financial Officer during the course of this review. If you have any questions or concerns, please contact me at (202) 694-1017, or by email at cskinner@fec.gov.

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

³ Available at https://www.fec.gov/resources/cms-content/documents/FEC_audit_report_FY_19_financial_statement_audit-final.pdf.

⁴ IPERA requires agencies to perform risk assessments at least once every 3 years for programs that are deemed to be not susceptible to significant improper payments.