



Federal Election Commission
Office of the Inspector General

MEMORANDUM

TO: The Commission

FROM: Christopher Skinner
Inspector General 

SUBJECT: SR-21-01: The Federal Election Commission's Compliance with Improper Payments Reporting for Fiscal Year 2020

DATE: May 4, 2021

Purpose. This report transmits the results of the Federal Election Commission (FEC) Office of Inspector General's (OIG) fiscal year (FY) 2020 annual review of the FEC's compliance with the Payment Integrity Information Act of 2019 (PIIA). Each agency's inspector general is required to determine whether the agency complies with PIIA. The Office of Management and Budget (OMB) Circular A-123 requires that each agency's inspector general 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 inspector general is to determine if the agency has complied with the PIIA and other applicable payment integrity guidance.

Criteria. Because the OMB's final guidance related to the PIIA was not issued until March 2021, we conducted our FY 2020 annual compliance review using a combination of the requirements in the OMB Circular A-123, Appendix C (M-18-20, June 2018), OMB Circular A-136 (August 2020), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the CIGIE Guide for PIIA.

Results. For FY 2020, the OIG concludes the FEC complied with the following applicable requirements outlined in the PIIA:

OMB Requirements for PIIA Compliance		Compliance
1a.	Published improper payments information with the annual financial statement of the agency for the most recent fiscal year.	√
1b.	Posted the annual financial statement and accompanying materials required under guidance of the OMB on the agency website. ¹	√
2a.	Conducted improper payment risk assessments for each program with annual outlays over/greater than the statutory threshold at least once in the last three years.	√
2b.	Adequately concluded whether the program is likely to make improper payments above or below the statutory threshold.	√
3.	Published improper payment estimates for programs susceptible to significant improper payments 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 improper payment reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial.	N/A
5b.	The agency is meeting the improper targets (published in FY 2019) for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A
5c.	Developed a plan to meet the improper payment reduction targets.	N/A
6.	Reported an improper 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

¹ Available at https://www.fec.gov/resources/cms-content/documents/FEC_FY_20_Financial_Statement_Audit_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) as amended, 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 payments 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.³

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.

Work Performed by FEC OIG. The OIG reviewed the agency's payment integrity section and other improper payment disclosure sections of the FEC FY 2020 AFR posted on the agency's website. In addition, the OIG examined the most recent improper payment risk assessment and other relevant workpapers included in the FEC's FY 2020 and FY 2019 Financial Statement Audits.

Conclusion. Based on the work performed, the OIG determined that the agency has not identified any programs susceptible to significant improper payments. Therefore, we conclude that the FEC is in compliance with all applicable improper payment laws and guidance set forth above. Moreover, the OIG concludes that the FEC's efforts to prevent and reduce improper payments are adequate considering that improper payment risk is low and the agency is likely not susceptible to significant improper payments. The OIG is required to report these results to 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 OMB.

If I can provide you with any further information, please do not hesitate to contact me at (202) 694-1015 or via email at cskinner@fec.gov.

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

³ 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.