FEDERAL MARITIME COMMISSION
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Washington, DC 20573

Inspector General

TO: Chairman Khouri
Commissioner Dye
Commissioner Maffei
Commissioner Sola
Commissioner Bentzel

FROM: Jon Hatfield
Inspector General

DATE: March 4, 2021

SUBJECT: Improper Payments Compliance Report for Fiscal Year 2020

Results in Brief

This report communicates the results of the Federal Maritime Commission (FMC) Office of Inspector General's (OIG) annual review of the FMC's compliance with reporting and performance requirements regarding improper payments. For fiscal year (FY) 2020, the OIG concluded the FMC complied with all the requirements that are applicable to the agency for improper payment reporting. According to Office of Management and Budget (OMB) guidance, compliance with the Payment Integrity Information Act of 2019 (PIIA) means that the agency met the following six requirements, as appropriate:

	Requirements for PIIA Compliance	Did the Agency Comply?
1	Published an Agency Financial Report (AFR) or Performance and Accountability Report (PAR) for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the agency website.	Yes
2	Conducted a program specific risk assessment for each program that conforms with Section 3352(a) of Title 31 U.S.C.	Yes
3	Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment.	N/A[1]
4	Published programmatic corrective action plans in AFR or PAR.	N/A[1]
5	Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments.	N/A[1]
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[1]

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

During our review, we noted two issues where the FMC could improve its improper payment reporting process. The OIG concluded that neither issue affected compliance nor *significantly* altered the payment integrity information reported by the FMC. The OIG has prepared a separate management letter with a suggestion to the Deputy Chief Financial Officer to address the issues for future reporting.

Background

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) (Public Law 111-204) 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 the Office of Management and Budget (OMB). In addition, 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 Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) repealed IPERA (and other laws) but set forth similar improper payment reporting requirements, including an annual compliance report by inspectors general. Because final OMB guidance related to PIIA was not expected to be issued until early 2021, we initiated our FY 2020 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C (M-18-20, June 2018), OMB Circular A-136 (August 2020), OMB Annual Data Call Instructions, OMB Supplemental Data Call Questions, OMB Payment Integrity Question and Answer Platform, and the Council of the inspectors general on Integrity and Efficiency guidance required under PIIA.

The purpose of IPIA, as amended, and the related requirements, are to improve the federal government's efforts to reduce and recover 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.

Each agency inspector general is required to review improper payment reporting in their agency's annual PAR or AFR and any accompanying materials to determine if the agency is in compliance with PIIA. The OIG reviewed the agency's Improper Payments Information Act section of FMC's FY 2020 PAR posted on the agency's website for compliance with PIIA, as well as, the PaymentAccuracy.gov Data Call, and the OMB 2020 Supplemental Data Call. The FMC concluded that the agency has not identified any program that in and of itself constitutes a high-risk for improper payments. As a result, the FMC assessed all its payments to be low-risk for improper payments.

Conclusion

The OIG concluded the FMC is compliant for FY 2020. Specifically, the FMC is compliant with requirements 1 and 2. Requirements 3 through 6 are not applicable to the agency. The OIG is required to report these results to the FMC Commission; the Senate Committee on Homeland Security and Governmental Affairs; the House of Representatives Committee on Oversight and Reform; the Comptroller General; and OMB.

If you have any questions or comments, please contact me on (202) 523-5863 or jhatfield@fmc.gov. Thank you.

Cc: Office of the Managing Director
Office of Budget and Finance
Office of the General Counsel