



# At a Glance

## Why We Did This Review

The Improper Payments Elimination and Recovery Act of 2010 (IPERA), as modified by the Improper Payments Elimination and Recovery Improvement Act of 2012, requires that each fiscal year the Inspector General of each agency determine whether the agency is in compliance with the law. In addition, Office of Management and Budget Memorandum M-15-02 requires that the Office of Inspector General (OIG) evaluate the accuracy and completeness of agency reporting and the agency's performance in reducing and recapturing improper payments. Our audit focused on the U.S. Environmental Protection Agency's (EPA's) compliance with these requirements.

**This report addresses the following EPA goal or cross-agency strategy:**

- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit [www.epa.gov/oig](http://www.epa.gov/oig).

The full report is at: [www.epa.gov/oig/reports/2015/20150501-15-P-0152.pdf](http://www.epa.gov/oig/reports/2015/20150501-15-P-0152.pdf)

## ***EPA Complied With Improper Payment Legislation, But Opportunities for Improvement Exist***

### What We Found

The EPA complied with improper payment legislation when reporting improper payments in fiscal year 2014. The EPA took substantial corrective actions during 2014 to identify improper payments and track the recovery of overpayments. For example, the EPA improved its testing of the State Revolving Fund program by testing a sample of negative cash draws submitted by states. The EPA established a system for tracking the recovery of State Revolving Fund improper payments. Through these actions, the EPA improved both the identification and recovery of improper payments.

**The EPA can improve the accuracy of its annual report through changes to its improper payment identification and reporting procedures.**

We found areas in which the EPA can improve its process for identifying and reporting improper payments. For example:

- The EPA did not consider either an internal control assessment of the EPA's payroll and travel payment streams—one created by the EPA itself, or an OIG report on the EPA's purchase card program—when preparing its qualitative risk assessments. Both reports highlighted areas where compliance with existing controls needed improvement.
- The EPA did not include improper payments made to a former EPA employee who pleaded guilty to theft of government property in its estimate of improper payments.
- The EPA regional staff did not always complete required fields in transaction testing worksheets, nor identify some required information in program evaluation reports.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Chief Financial Officer and Assistant Administrator for Administration and Resources Management ensure future qualitative risk assessments incorporate all information available to the EPA at the time the risk assessments are prepared. In addition, we recommend that the Chief Financial Officer develop a procedure addressing when the EPA will recognize improper payments stemming from criminal judicial proceedings. We also recommend that the Assistant Administrator for Water provide feedback to regional offices on improving the program evaluation reports and transaction testing worksheets. The agency concurred with all of the recommendations and provided corrective actions and estimated completion dates.