



# At a Glance

## Why We Did This Review

The Office of Management and Budget (OMB) issued governmentwide guidance for implementation of the Improper Payments Elimination and Recovery Act of 2010 (IPERA) on April 14, 2011. The guidance described requirements for agencies' improper payments reporting and inspectors' general responsibilities to review agency reporting. Our objective was to determine whether the U.S. Environmental Protection Agency (EPA) was in compliance with IPERA.

## This report addresses the following EPA Goal or Cross-Cutting Strategy:

- *Strengthening EPA's workforce and capabilities.*

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:  
[www.epa.gov/oig/reports/2013/20130311-13-P-0175.pdf](http://www.epa.gov/oig/reports/2013/20130311-13-P-0175.pdf)

## ***Corrective Action Plan Needed in Order to Fully Comply With the Improper Payments Elimination and Recovery Act***

### What We Found

EPA did not comply with the IPERA because the fiscal year (FY) 2012 Agency Financial Report (AFR) did not include all required elements of a corrective action plan. EPA did not include, among other things, planned and actual completion dates for corrective actions and improper payment reduction targets.

EPA also misstated improper payments for state revolving funds (SRFs), grants, and contracts and commodities payment streams in the FY 2012 AFR. Specifically:

- For the SRF programs, EPA significantly misstated improper payments because Office of Water staff do not rely on Program Evaluation Reports when reporting improper payments, and because regional office staff did not always correctly calculate the amount of the improper payment.
- For the grants programs, \$39,694 was not reported as improper payments due to weaknesses in the reporting process for improper payments.
- EPA did not include discounts not taken for contracts and commodities because EPA disagrees that these should be reported as improper payments.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Chief Financial Officer submit a plan to Congress describing actions the Agency will take to become compliant with IPERA, develop specific guidance to define "applicable discounts" for IPERA reporting purposes, and include any payment that does not account for credit for an applicable discount as an improper payment in EPA's FY 2013 AFR. We recommend that the Assistant Administrator, Office of Water, identify improper payments using the Program Evaluation Reports and transaction testing worksheets. Finally, we recommend that the Assistant Administrator, Office of Administration and Resources Management, determine why errors occurred, implement actions to ensure accurate reporting, and revise the interim guidance for IPERA. The Agency concurred with all of the recommendations and provided its intended corrective actions and estimated completion dates.