



At a Glance

Why We Did This Review

Office of Management and Budget (OMB) guidance for implementing the 2010 Improper Payments Elimination and Recovery Act (IPERA) specified responsibilities of agencies and inspectors general. Agencies are required to report on improper payments, and inspectors general are required to determine whether the agency is in compliance with IPERA. As the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB), the U.S. Environmental Protection Agency Office of Inspector General undertook this review of CSB's compliance with IPERA.

Background

Each year, the federal government wastes billions of taxpayer dollars on improper payments to individuals, organizations, and contractors. Despite efforts to reduce improper payments, agencies reported an estimated \$125 billion in improper payments for fiscal year 2010.

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/2012/20120301-12-P-0312.pdf

U.S. Chemical Safety and Hazard Investigation Board Should Determine the Cost Effectiveness of Performing Improper Payment Recovery Audits

What We Found

The CSB was not fully compliant with the reporting requirements of IPERA. IPERA requires agencies to periodically review all programs and activities that may be susceptible to significant improper payments. CSB is required to:

- Publish and post on its website the Performance and Accountability Report (PAR) for the most recent fiscal year
- Identify programs and activities that are susceptible to significant improper payments, defined as gross improper payments exceeding 2.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported, and conduct a specific risk assessment for each identified program
- Determine the cost effectiveness of conducting recovery audits on each program and activity of the agency that expends \$1 million or more annually

According to the Office of Management and Budget, beginning with the fiscal year 2011 annual reporting period, inspectors general should evaluate the accuracy and completeness of agency reporting, to include reviewing agency improper payment reporting in the agency's annual PAR and determining compliance with IPERA. As required, the CSB did publish its PAR on its website, and because the CSB does not meet the minimum risk assessment threshold, it is not required to perform the risk assessment. However, the CSB had not determined the cost effectiveness of performing recovery audits for each of its programs or activities that expend \$1 million or more annually. Because the CSB did not undertake an analysis to make that determination, it may be failing to identify and recover improper payments that could be used to further its mission of chemical accident prevention. Further, we were unable to evaluate the accuracy and completeness of the CSB's reporting as well as CSB's performance in preventing, reducing, and recapturing improper payments.

What We Recommend

We recommended that the CSB's Director of Financial Operations conduct an analysis to determine the cost effectiveness of performing recovery audits on all activities with annual outlays in excess of \$1 million, and provide it to the Inspector General as required by Office of Management and Budget Memorandum M-11-16, Part I B. CSB concurred with our recommendation and has completed its analysis.