

Spotlight

Department of Homeland Security



Office of Inspector General

March 2012 OIG-12-48

Why This Matters

Federal government agencies reported approximately \$125 billion dollars in improper payments in fiscal year 2010. The *Improper Payments Elimination and Recovery Act of 2010* was passed in an effort to reduce these erroneous payments.

DHS Response

The Department's Office of Chief Financial Officer concurred with all six recommendations. The Department reported that it has already begun to implement the recommendations with a target to implement all recommendations by November 2012.

DHS' Compliance with the Improper Payments Elimination and Recovery Act of 2010

Background

On July 22, 2010, the President signed the Improper Payments Elimination and Recovery Act (IPERA). IPERA requires agencies to perform risk assessments on all program and activities, test those that are susceptible to significant improper payments, report annually the estimated improper payments made by each program, report on the actions they are taking to reduce improper payments; and report on agency efforts to recover overpayments. The Act requires each Agency Inspector General to annually determine if the agency is in compliance with the Act. We contracted with KPMG LLP (KPMG) to determine if the Department is in compliance with the Act. In addition, we reviewed the accuracy and completeness of the Department's improper payment reporting and its efforts to reduce improper payments and recover any overpayments.

What We Determined

KPMG did not find any instances of noncompliance with the Act. However, the Department needs to: 1) improve controls to ensure completeness and accuracy of reporting; 2) improve guidance; and 3) increase efforts to recover improper payments. Specifically, the Department should ensure that all payments subject to testing are tested and reported and that recovery audit rates are reported accurately. Independent parties should perform test work and review sample payments. Also, the Department should develop guidance on applying results of test work using alternative sampling methodologies. Finally, the Department should perform recovery audits when cost effective, and those audits should target payments with a higher potential for overpayment and recovery.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@dhs.gov