



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-19-29

What Was Audited

In FY 2018, improper Federal payments Government-wide totaled approximately \$151 billion. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires agencies to publish improper payments information, conduct a risk assessment, and prepare other disclosures. The Act also requires Federal agency Inspectors General to determine whether the agency complied with the requirements.

Acting on behalf of and under the direction of the Office of Inspector General (OIG), the independent public accountant Kearney & Company, P.C. (Kearney), conducted this audit to determine whether the Department of State (Department) was in compliance with IPERA.

What OIG Recommends

OIG made one recommendation that is intended to improve the Department's internal controls related to performing required risk assessments.

On the basis of the Bureau of the Comptroller and Global Financial Services' (CGFS) response to a draft of this report, OIG considers the one recommendation resolved, pending further action. A synopsis of CGFS's comments to the recommendation and OIG's reply follow the recommendation in the Audit Results section of this report. CGFS's response to the draft report is reprinted in Appendix B.

May 2019

OFFICE OF AUDITS

FINANCIAL MANAGEMENT DIVISION

Audit of Department of State FY 2018 Compliance With Improper Payments Requirements

What Was Found

Kearney found that the Department was in compliance with improper payments requirements for FY 2018, as presented in Table 1.

Table 1: Compliance With Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published Agency Financial Report	Yes
Published Estimate	Not applicable*
Published Corrective Actions	Not applicable*
Published and Met Reduction Targets	Not applicable*
Published Error Rate Less than 10 percent	Not applicable*

* These requirements apply only to agencies that have identified programs susceptible to significant improper payments.

Source: Kearney prepared using criteria from Office of Management and Budget Circular A-123, Appendix C.

The Department published its FY 2018 Agency Financial Report (AFR) on its website, and the AFR included all the required improper payment disclosures.

In addition, the Department performed the required program risk assessments in FY 2018. Specifically, the Department evaluated whether each program subject to IPERA had a significant legislative or funding change, identified programs requiring improper payments risk assessments, and performed risk assessments using required criteria (that is, risk factors) defined by Office of Management and Budget Circular A-123 for all programs requiring evaluation. However, Kearney found that the Department did not consider all pertinent OIG reports during its risk assessment process. Additionally, Kearney identified an error in the Department's risk assessment documentation for one program. Although these items did not impact overall risk conclusions, enhanced quality control procedures may improve the accuracy and completeness of future risk assessments.