



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-FM-20-31

## What Was Audited

In FY 2019, improper Federal payments Government-wide totaled approximately \$175 billion. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Inspectors General to annually determine whether agencies complied with improper payment requirements and established additional requirements for agencies that were deemed noncompliant with improper payments requirements.

Kearney & Company, P.C (Kearney), acting on the Office of Inspector General's (OIG) behalf, conducted this audit to determine whether the Department of State (Department) complied with IPERA.

## What OIG Recommends

OIG made one recommendation to improve the Department's quality control procedures 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 recommendation resolved, pending further action. A synopsis of the CGFS response and OIG's reply follow the recommendation in the Other Matters section of this report. The CGFS response to a draft of this report is reprinted in its entirety in Appendix C.

May 2020

OFFICE OF AUDITS

FINANCIAL MANAGEMENT DIVISION

## Audit of Department of State FY 2019 Compliance With Improper Payments Requirements

### What Was Found

For the FY 2019 reporting period, Kearney found that the Department complied with improper payments requirements, as presented in Table 1.

**Table 1: Compliance with Improper Payment Criteria**

Improper Payment Criteria	Compliance
Published Agency Financial Report	Yes
Conducted Risk Assessment	Yes
Published Improper Payment Estimate*	N/A
Published Corrective Action Plans*	N/A
Published and Met Reduction Targets*	N/A
Reported an Improper Payment Rate Less Than 10 Percent*	N/A

\* Criteria did not apply because no program was identified in FY 2019 as being at risk for significant improper payments.

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

Kearney found that the Department published on its website the FY 2019 Agency Financial Report, which included all applicable payment integrity disclosures, as required by Office of Management and Budget Circular A-136, "Financial Reporting Requirements." In addition, the Department complied with the requirement to perform program-specific risk assessments. Specifically, the Department performed risk assessments for all 38 programs as part of its 3-year risk assessment approach. The programs subject to risk assessments are listed in Appendix B.

In addition, Kearney found that the quality control procedures governing the risk assessment process need improvement. Specifically, Kearney found that the Department misapplied its scoring methodology for one risk factor and did not evaluate all OIG reports during its risk assessment process. Although these lapses did not rise to a level that impacted the Department's compliance with IPERA for the FY 2019 reporting period, Kearney concludes that improving quality control procedures when performing future risk assessments would enhance the Department's ability to identify improper payments.