



U.S. ELECTION ASSISTANCE COMMISSION  
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SILVER SPRING, MD 20910  
*OFFICE OF THE INSPECTOR GENERAL*

May 15, 2018

To: Thomas Hicks, Chairman  
Brian Newby, Executive Director

A handwritten signature in blue ink that reads "Patricia L. Layfield".

From: Patricia L. Layfield  
Inspector General

Subject: The U.S. Election Assistance Commission's Compliance with the *Improper Payments Elimination and Recovery Act of 2010* in the Fiscal Year 2017 Annual Financial Report

## EXECUTIVE SUMMARY

The U.S. Election Assistance Commission's (EAC's) risk assessment and reporting in the Fiscal Year 2017 Annual Financial Report (AFR) complied with the *Improper Payments Elimination and Recovery Act of 2010* (IPERA).

## BACKGROUND

On July 22, 2010, the President signed IPERA into law. IPERA amended the *Improper Payments Information Act of 2002*. In October 2014, the Office of Management and Budget (OMB) issued government-wide guidance on the implementation of IPERA.

Under IPERA, the head of each agency must periodically review and identify all programs and activities it administers that may be susceptible to significant improper payments based on guidance provided by the Director of OMB. IPERA generally defines significant improper payments as gross annual improper payments exceeding both 2.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported, or \$100 million regardless of the percentage. For each program and activity identified, the agency is required to produce a statistically valid estimate or an estimate that is otherwise approved by OMB, of the improper payments and include such estimates in the accompanying materials to the annual financial statements of the agency.

The agency is required to prepare a report on actions it took to reduce improper payments for programs or activities with significant improper payments. The report must specify, among other things (1) a description of the causes of improper payments, actions planned or taken to

correct those causes, and the planned or actual completion date of the actions taken to address those causes and (2) program- and activity-specific targets for reducing improper payments that have been approved by the Director of OMB.

The agency is also required to provide a justification if it determined that performing recovery audits for any program or activity was not cost-effective. OMB guidance also specifies that the Inspector General (IG) should review the agency's improper payment reporting in the AFR and accompanying materials to determine whether the agency complied with IPERA. Within 180 days from the issuance of the AFR, the IG is required to report on compliance with IPERA to the agency head, OMB, the Government Accountability Office, the Senate Committee on Homeland Security and Government Affairs, and the House Committee on Oversight and Government Reform.

## **RESULTS OF REVIEW**

In the EAC's Fiscal Year 2017 Annual Financial Report (AFR), dated November 15, 2017, EAC management reported that it believed that it did not have any programs where the erroneous payments could exceed the 2.5 percent of the program payments or the \$10 million threshold.

We reviewed the agency's AFR and the results of IPERA compliance testing performed by the independent public accountants who audited the EAC 2017 financial statements. Based on the review, the Office of Inspector General takes no exception to the EAC's presentation of the agency's Fiscal Year 2017 AFR as it relates to IPERA.

cc: The Honorable Trey Gowdy, Chair, House Committee on Oversight and Government Reform  
The Honorable Elijah E. Cummings, Ranking Member, House Committee on Oversight and Government Reform  
The Honorable Ronald Johnson, Chair, Senate Committee on Homeland Security and Government Affairs  
The Honorable Claire McCaskill, Ranking Member, Senate Committee on Homeland Security and Government Affairs  
Christy McCormick, Vice Chair, U. S. Election Assistance Commission  
Annette Lafferty, Chief Financial Officer, Election Assistance Commission  
Heather Pajak, Office of Management and Budget  
Mary Ellen Mitchell, Office of Management and Budget  
Beryl H. Davis, Director, Financial Management and Assurance, Government Accountability Office