

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
JOHN HOEVEN, NORTH DAKOTA
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI
THOMAS R. CARPER, DELAWARE
JON TESTER, MONTANA
HEIDI HEITKAMP, NORTH DAKOTA
GARY C. PETERS, MICHIGAN
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KAMALA D. HARRIS, CALIFORNIA

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

September 1, 2017

The Honorable Steve Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear Mr. Secretary:

I am writing to request information from the U.S. Department of the Treasury (Treasury) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the Treasury Office of the Inspector General (OIG) reviewed the agency's compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and found that the Department did not comply with one of the six statutory requirements to reduce its improper payment rate.¹ The report found that the Internal Revenue Service (IRS) reported an Earned Income Tax Credit (EITC) improper payment rate of 24%, which exceeded the 10% rate allowed by IPERA.² This finding marks the sixth consecutive year that the Treasury was not in compliance with IPERA due to issues with improper payments in the IRS's EITC program.³ The OIG has raised concerns about the prevalence of improper payments in the EITC program in the past, but Treasury has yet to present a comprehensive plan to Congress that addresses the issues with the program.

In addition to Treasury's continued struggles with reducing its rate of improper payments in the EITC program, OIG noted that the Department's Annual Financial Report (AFR) for FY 2016 contained inaccurate and incomplete information. For example, Treasury omitted required information from the recapture of improper payments section of the FY 2016 AFR, including Grants for Specified Energy Property, State Small Business Credit Initiative, and Terrorism and Financial Intelligence funds.⁴ OIG also found that the U.S. Mint had \$81,737 in accumulated outstanding overpayments as of FY 2015, which it omitted in its report of recapture audits data

¹ U.S. Department of the Treasury Office of Inspector General, *Treasury Did Not Comply with the IPERA Requirements for Fiscal Year 2016 Due to the Earned Income Tax Credit Program* (OIG-17-043) (May 12, 2017).

² *Id.*

³ *Id.*

⁴ *Id.*

to Treasury.⁵ This omission led to the exclusion of this information in Treasury's FY 2016 AFR. OIG also found that Treasury misreported the use of \$26,061 in recaptured overpayments.⁶ The report also noted that the Departmental Franchise Fund incorrectly marked \$744 in recovered overpayments as expired fund when, in reality, they were credited back to the original account.⁷

OIG's report made several recommendations to Treasury regarding compliance with IPERA standards and other related laws.⁸ For example, the Inspector General recommended that Treasury components submit accurate and complete payment recapture audit information to Treasury for inclusion in the AFR and that the Department strengthen its review and oversight of these data reported by components.⁹ Overall, OIG emphasized that Treasury must strengthen internal controls to improve the accuracy and completeness of the reported component data regarding payment recapture audits. In response, Treasury agreed with the IG's recommendations and indicated that it will conduct a roundtable session with components reiterating the importance of accuracy and completeness when reporting payment recapture audit data.¹⁰ Treasury has also updated its department-wide guidance for IPERA compliance to ensure that components prioritize the review and reconciliation of the payment recapture information.¹¹ Treasury management stated that its proposed corrective actions will be implemented by November 15, 2017.¹²

In order to better understand the Treasury Department's efforts to improve compliance with improper payment laws and regulations, please provide a written response to the following questions to my office not later than September 22, 2017:

1. Please provide an update on the Department's status of implementing OIG's recommendations to improve agency compliance with IPERA for FY 2017, including whether the stated deadlines in the agency's action plan have been met, are on track for completion, or have been adjusted.
2. Please describe any other steps, beyond implementing OIG's recommendations that the Department has taken to address and reduce improper payments.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* This analysis does not include separate recommendations made by the Treasury Inspector General for Tax Administration (TIGTA) to the Internal Revenue Service. TIGTA made separate recommendations to IRS and the report notes that "IRS management did not agree with TIGTA's recommendations."

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

The Honorable Steve Mnuchin
September 1, 2017
Page 3

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
JOHN HOEVEN, NORTH DAKOTA
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI
THOMAS R. CARPER, DELAWARE
JON TESTER, MONTANA
HEIDI HEITKAMP, NORTH DAKOTA
GARY C. PETERS, MICHIGAN
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KAMALA D. HARRIS, CALIFORNIA

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

September 1, 2017

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

The Honorable R. Alexander Acosta
Secretary
U.S. Department of Labor
200 Constitution Ave., NW
Washington, D.C. 20210

Dear Mr. Secretary:

I am writing to request information from the U.S. Department of Labor (Department) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the Department's Office of the Inspector General (OIG) reviewed compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and found that the Department has failed to comply with two of the six IPERA statutory requirements.¹ The OIG found that the Department failed to meet its reduction target in FY 2016 for both Unemployment Insurance (UI) and the Federal Employee's Compensation Act (FECA) programs. The Department saw an increase in improper payment rates in FY 2016 in both of these categories.²

OIG also reported that the Department was unable to maintain an improper payment rate of less than 10% for UI programs, reporting a rate increase from 10.73% to 11.65 % from FY 2015 to FY 2016.³ OIG's audit raised concerns about the validity of the reported data. Specifically, OIG took issue with the Department's continued practice of excluding certain categories of compensation payments from its calculation of the improper payment estimate without determining the effect of that exclusion.⁴ For example, the Office of Workers' Compensation Programs (OWCP) did not determine the extent and effect of issues identified by fraud investigations in the payment population, which would understate the estimate of the Department's FECA improper payment rate.⁵

¹ U.S. Department of Labor Office of Inspector General, *DOL Needs to Do More to Reduce Improper Payments and Improve Reporting* (Report Number 03-17-002-13-001) (June 13, 2017).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

OIG's report reiterated three prior unimplemented recommendations to improve compliance with IPERA standards and other similar laws. OIG recommended that Department management "improve the estimation and methodology for the FECA program to ensure its accuracy and completeness by identifying and targeting high-risk areas for improper payments." OIG indicated that the Department could accomplish this goal by including initial payments made in the first 90 days of compensation and compensation payments for non-imaged cases in its estimates.⁶ Department management disagreed with OIG's finding, stating that this recommendation, if implemented, would not be cost effective and would delay payments to injured workers.⁷ OIG disagreed with the Department's opinion on the grounds that the Department has not illustrated the effect of excluding these variables in improper payment estimations.⁸ OIG also recommended that the Department estimate the extent and effect of issues identified by fraud investigations on the payment population.⁹ In response, the Department reiterated its belief that the current methodology provides the best estimation of improper payments in the FECA program.¹⁰ Lastly, OIG recommended that the Department report the effect of excluding variables in the estimation process in the Annual Financial Report.¹¹ The Department's response to OIG's audit does not include a timeline for implementation of the recommendations from the 2017 audit or any prior IPERA compliance report recommendations.

In order to better understand the Department's rationale behind its estimation methodologies and other efforts to improve compliance with improper payment regulations, please provide a written response to the following questions to my office no later than September 22, 2017:

1. Please provide an update on the Department's status of implementing OIG's recommendations to reform agency compliance with IPERA, including whether the stated deadlines in the Department's action plan have been met, are on track for completion, or have been adjusted.
2. Please elaborate on the areas of disagreement between the Department and OIG regarding the exclusion of certain variables from its estimation methodologies,

⁶ *Id.* OIG's report found that "OWCP excluded initial payments made in the first 90 days of a compensation claim and compensation payments on claims initiated prior to November 2000 that had not been imaged and stored electronically."

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

The Honorable R. Alexander Acosta
September 1, 2017
Page 3

including whether the Department has conducted any cost analyses to support its contention that certain recommendations would not be cost effective.

3. Please describe any other steps beyond implementing OIG's recommendations that Department has taken to address and reduce improper payments.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
JOHN HOEVEN, NORTH DAKOTA
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI
THOMAS R. CARPER, DELAWARE
JON TESTER, MONTANA
HEIDI HEITKAMP, NORTH DAKOTA
GARY C. PETERS, MICHIGAN
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KAMALA D. HARRIS, CALIFORNIA

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

September 1, 2017

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

The Honorable Elaine L. Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, D.C. 20590

Dear Madam Secretary:

I am writing to request information from the U.S. Department of Transportation (DOT) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the DOT Office of the Inspector General (OIG) reviewed the agency's compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and found that the agency did not fully comply.¹ According to the report, the Department's improper payment reporting is complete and accurate, and successfully maintained an improper payment rate of less than 10 percent as required by law.² Despite successfully meeting these requirements, OIG's report indicated DOT paid an estimated \$207.4 million in improper payments in FY 2016 and did not meet their improper payment reduction targets for FY 2016 for three programs: the Federal Aviation Administration's Facilities and Equipment Disaster Relief Appropriations Act program, the Federal Railroad Administration's High-Speed Intercity Passenger Rail Program, and the Federal Transit Administration's Formula Grants and Passenger Rail Investment and Improvement Act Program.³

OIG's report included three key recommendations to improve its improper payment detection and reporting, and the Department concurred with each of them. For example, OIG recommended that DOT management implement procedures to ensure selected Federal Aviation Administration employees receive additional guidance on procure-to-pay procedures.⁴ DOT management agreed to close this recommendation by July 31, 2017. OIG also recommended that DOT take steps to ensure that the Federal Railroad Administration educates grant recipients on

¹ U.S. Department of Transportation, Office of Inspector General, *DOT's Fiscal Year 2016 Improper Payment Reporting Does Not Comply With IPERA Requirements* (FI2017048) (May 10, 2017).

² *Id.*

³ *Id.*

⁴ *Id.*

the root causes of administrative errors.⁵ DOT management agreed to close this recommendation no later than September 30, 2017. Finally, OIG recommended that DOT ensure that the Federal Transit Administration distributes guidance to grant recipients on the proper procedure for submitting payments that adhere to the grant agreement terms in the Formula Grants and Passenger Rail Investment and Improvement Act program.⁶ DOT management agreed to close this recommendation by July 31, 2017.

In order to better understand the Department's efforts to improve compliance with improper payment laws and regulations, please provide a written response to the following requests no later than September 22, 2017:

1. Please provide an update on the Department's status of implementing OIG's recommendations to improve agency compliance with IPERA for FY 2017, including whether the stated deadlines in the agency's action plan have been met, are on track for completion, or have been adjusted.
2. Please describe any additional steps beyond implementing OIG's recommendations that the Department has taken to address and reduce improper payments.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

⁵ *Id.*

⁶ *Id.*

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
JOHN HOEVEN, NORTH DAKOTA
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI
THOMAS R. CARPER, DELAWARE
JON TESTER, MONTANA
HEIDI HEITKAMP, NORTH DAKOTA
GARY C. PETERS, MICHIGAN
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KAMALA D. HARRIS, CALIFORNIA

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

September 1, 2017

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

The Honorable Thomas E. Price, M.D.
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Mr. Secretary:

I am writing to request information from the U.S. Department of Health and Human Services (HHS) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the HHS Office of the Inspector General (OIG) reviewed the agency's compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and found that the agency failed to comply with a number of statutory requirements.¹ The report indicated that while the agency "met many requirements" relating to improper payment reporting, estimates, and methodologies, it did not fully comply. In its response to the OIG audit, HHS has acknowledged the need for "continuous and focused efforts to further prevent, detect, and reduce improper payments."²

The OIG's report indicated the Department failed to meet improper payment reduction targets based on its own FY 2015 Agency Financial Report for Medicare Advantage Part C, Children's Health Insurance Program, and Foster Care programs.³ Additionally, HHS failed to publish improper payment estimates for the Temporary Assistance for Needy Families Program (TANF), and did not achieve an improper payment rate of less than 10% for Medicaid and Medicare Fee-For Service (FFS).⁴ The TANF, Medicaid, and Medicare FFS programs have not been compliant for three of more consecutive years.⁵ Therefore, pursuant to IPERA, you must

¹ U.S. Department of Health and Human Services, Office of Inspector General, *U.S. Department of Health and Human Services Met Many Requirements of the Improper Payments Information Act of 2002 but Did Not Fully Comply for Fiscal Year 2016* (A-17-17-52000) (May 2017) (contracted by Ernst & Young).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

submit to Congress either reauthorization proposals for each program or proposed statutory changes necessary to bring the program or activity into compliance.

The OIG report notes that the Department has not fully addressed recommendations from prior OIG performance audits.⁶ In its latest report, OIG made six recommendations including that HHS continue to work with OMB to implement an approach to reporting on TANF improper payments in FY 2017, actively search for contractors for Medicare Advantage (Part C) to finalize the award in a time to perform audits in FY 2017, and to proactively take action throughout the fiscal year to achieve its established improper payment target rates.⁷ HHS management generally concurred with OIG's findings, and noted that despite the agency's prior efforts to reduce improper payments, there remained room for substantial improvement.⁸

In order to better understand the Department's efforts to improve compliance with improper payment laws and regulations, please provide a written response to the following requests no later than September 22, 2017:

1. Please provide an update on the Department's status of implementing OIG's recommendations to improve agency compliance with IPERA for FY 2017, including whether the stated deadlines in the agency's action plan have been met, are on track for completion, or have been adjusted.
2. Please describe any additional steps beyond implementing OIG's recommendations that the Department has taken to address and reduce improper payments.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

September 1, 2017

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Mr. Secretary:

I am writing to request information from the U.S. Department of Housing and Urban Development (HUD) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the HUD Office of Inspector General (OIG) reviewed the agency's compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and found that the agency did not comply with two statutory requirements.¹ This report marks the fourth consecutive year in which the Department did not meet the requirements of IPERA.² OIG's report warns that HUD's "continued weaknesses" and "ineffective strategies" in addressing improper payments will cause the Department to "miss opportunities to prevent, identify, reduce and recover improper payments."³

The OIG's report revealed many issues, including that the Department did not conduct its annual risk assessments in accordance with OMB guidance, Circular A-123.⁴ Specifically, OIG found that HUD excluded risk assessments for programs with expenditures below \$40 million despite their susceptibility to waste, fraud, and abuse.⁵ Similarly, OIG reports that the Department has not reviewed the Government National Mortgage Association (GNMA)

¹ U.S. Department of Housing and Urban Development, Office of Inspector General, *Compliance with the Improper Payments Elimination and Recovery Act* (2017-FO-0006) (May 11, 2017).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

programs and payments to federal employees for all program offices in the last three years.⁶ According to OIG, HUD management is also ignoring some of the nine required risk factors in their program assessments. The Department continues to struggle in reducing the Rental Housing Assistance Programs improper payment rate, failing to achieve its reduction rate goal for FY 2016.⁷

OIG's report made five new recommendations to HUD management to help the agency "remediate issues identified in HUD's payment recapture audit plans and reporting of improper payment information in the agency financial report."⁸ The recommendations include that HUD's Office of the Chief Financial Officer (OCFO) establish and implement procedures and controls to ensure that the Federal Housing Administration (FHA) information reported in HUD's agency financial report (AFR) is accurate. It is also recommended that HUD's OCFO disclose in its AFR the results of the Department's review concerning its current performance against program-specific improper payment reduction targets.⁹ HUD management generally concurred with OIG's recommendations, but OIG noted that the Department has 22 open recommendations that the Department has not fully implemented.¹⁰ The Department stated that it is undergoing a full reset of its improper payment program and expects compliance in the next fiscal year.¹¹ The Department reports that it is in the process of redefining its payment programs to reflect common payment activities, establishing a three year cycle for program risk assessments, documenting program operations, and refocusing the improper payment estimates on HUD's process disbursement controls.¹²

In order to better understand the Department's efforts to improve compliance with improper payment laws and regulations, please provide a written response to the following requests no later than September 22, 2017:

1. Please provide an update on the Department's status of implementing OIG's recommendations to improve agency compliance with IPERA for FY 2017 as well as prior years (FY 2012 to FY 2016), including whether any agency deadlines for recommendations have been met, are on track for completion, or have been adjusted.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

The Honorable Ben Carson
September 1, 2017
Page 3

2. Please describe any additional steps beyond implementing OIG's recommendations that the Department has taken to address and reduce improper payments.

If you have any questions please contact Donald Sherman with my staff at (202) 224-2627 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
JOHN HOEVEN, NORTH DAKOTA
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI
THOMAS R. CARPER, DELAWARE
JON TESTER, MONTANA
HEIDI HEITKAMP, NORTH DAKOTA
GARY C. PETERS, MICHIGAN
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KAMALA D. HARRIS, CALIFORNIA

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

September 1, 2017

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

Nancy Berryhill
Acting Commissioner
Social Security Administration
1500 Woodlawn Drive
Baltimore, MD 21241

Dear Ms. Berryhill:

I am writing to request information from the Social Security Administration (SSA) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the SSA Office of the Inspector General (OIG) reviewed the agency's compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and found that SSA failed IPERA's statutory requirement to meet improper payments reduction targets.¹ The report stated that while SSA produced a "substantially complete" report, it was unsuccessful in meeting its reduction targets for Supplemental Security Income (SSI) and Old Age, Survivor, and Disability Insurance (OASDI) overpayments, as well as SSI underpayments.²

In addition, OIG noted that SSA's reported data was mostly accurate, but some figures lacked supporting documentation, such as the number of SSI recipients receiving benefits or compensation after having been contacted by the Veteran's Pension Referral initiative. OIG found that for figures that had supporting documentation, some of SSA's reported figures did not agree with the underlying evidence.³ For example, SSA reported \$592.2 million in overpayments caused by unreported wages, but the supporting documents showed that the error amount reported should have been \$590.6 million.⁴ A similar error occurred in the SSI section of the agency's Annual Financial Report (AFR) when SSA reported \$274.5 billion in payments

¹ U.S. Social Security Administration, Office of Inspector General, *The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2016 Agency Financial Report (A-15-17-50255)* (May 4, 2017).

² *Id.*

³ *Id.*

⁴ *Id.*

to recipients for FY2011 to FY 2015 when documentation showed that it should have reported \$273.5 billion.⁵

OIG's report included two recommendations to SSA management regarding compliance with IPERA standards and other related laws.⁶ OIG recommended that SSA "develop systems to capture data that measure the effectiveness of existing corrective actions" and that, in accordance with OMB guidance, OIG management should "annually review its existing corrective actions to determine whether any action can be intensified or expanded, resulting in a high-impact, high return on investment in terms of reduced or prevented improper payments."⁷ SSA management concurred with OIG's recommendations and the report noted that SSA is currently working on finalizing and developing metrics that will measure the success of these programs. However, the agency's response does not include an explanation of how SSA will address OIG's findings or a timeline for completing implementation of these recommendations.

In order to better understand the Department's efforts to improve compliance with improper payment laws and regulations, please provide a written response to the following questions to my office not later than September 22, 2017:

1. Please provide an update on the Department's status of implementing OIG's recommendations to improve agency compliance with IPERA for FY 2017, including whether the stated deadlines in the agency's action plan have been met, are on track for completion, or have been adjusted.
2. Please describe any other steps, beyond implementing OIG's recommendations that the Department has taken to address and reduce improper payments.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

Nancy Berryhill
September 1, 2017
Page 3

cc: Ron Johnson
Chairman

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
JAMES LANKFORD, OKLAHOMA
MICHAEL B. ENZI, WYOMING
JOHN HOEVEN, NORTH DAKOTA
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI
THOMAS R. CARPER, DELAWARE
JON TESTER, MONTANA
HEIDI HEITKAMP, NORTH DAKOTA
GARY C. PETERS, MICHIGAN
MARGARET WOOD HASSAN, NEW HAMPSHIRE
KAMALA D. HARRIS, CALIFORNIA

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

September 1, 2017

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Mr. Secretary:

I am writing to request information from the U.S. Department of Agriculture (USDA) regarding its efforts to improve the collection and reporting of improper payments across the executive branch.

On May 31, 2017, the Government Accountability Office (GAO) released a report regarding improper payments, as defined by the Improper Payments Information Act of 2002¹, by the 24 agencies included in the Chief Financial Officers Act of 1990 (CFO Act) for fiscal year 2015.² In conducting this review, GAO examined compliance reports provided by the Inspectors General (IGs) of each agency required to provide reports under the Improper Payments Elimination and Recovery Act of 2010 (IPERA).³ The purpose of GAO's review was to summarize the CFO Act agencies' compliance with IPERA for fiscal year 2015, report on agencies with multiple consecutive years of noncompliance, and to provide compliance trends for the CFO Act agencies for fiscal years 2011 through 2015.

GAO made governmentwide findings regarding inconsistent compliance standards used by agency IGs for reporting improper payments, but raised particular concern regarding USDA's failure to bring multiple programs into compliance over several consecutive years and its failure to properly notify Congress of the noncompliance under IPERA. Through the course of auditing

¹ Improper Payments Information Act of 2002, Pub. L. No. 107-300. Improper payments are defined as any payment that should not have been made or was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. They also include any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable accounts.

² U.S. Government Accountability Office, *Improper Payments: Additional Guidance Could Provide More Consistent Compliance Determinations and Reporting by Inspectors General* (GAO-17-484) (May 31, 2017).

³ Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111-204.

the IG improper payment reports, GAO discovered that USDA was one of seven CFO Act agencies that had noncompliant programs for three or more consecutive years as of the end of fiscal year 2015.⁴ Specifically, GAO found that “five USDA programs were reported as noncompliant for at least three consecutive years as of fiscal year 2015. Four of these programs were noncompliant for five consecutive years, and one was noncompliant for three consecutive years.”⁵

Noncompliant agencies are required by IPERA and OMB guidance to submit to Congress, within thirty days, a reauthorized proposal for each noncompliant program or any proposed statutory changes it deems necessary to bring the program into compliance. OMB compliance also requires the noncompliant agencies to share proposals with their respective IGs.⁶ USDA is the only CFO Act agency which was reported as noncompliant for three or more consecutive years that has not submitted the required information to Congress.⁷ The agency’s failure of to properly report its IPERA compliance undermines Congress’s ability to properly monitor the effective implementation of IPERA and address any problematic programs. GAO recommended that to help “fulfill USDA’s requirements under IPERA and OMB guidance”, as Secretary of Agriculture, you should submit a letter to Congress detailing proposals for reauthorization or statutory changes to the noncompliant programs.⁸

In order to better understand USDA’s efforts to bring its programs into compliance with IPERA, as well as its efforts to comply with the reporting requirements of IPERA and the corresponding OMB guidance, please provide a written response to the following questions to my office not later than September 22, 2017:

1. What steps is USDA taking in order to bring its noncompliant programs into compliance under IPERA?
2. Does USDA have proposals for reauthorization or statutory changes to address its noncompliant programs?
3. What steps is USDA taking to improve its notice capabilities for situations where it has noncompliant programs and must notify Congress accordingly?

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

The Honorable Sonny Purdue
September 1, 2017
Page 3

Sincerely,

A handwritten signature in blue ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman