



FEDERAL MARITIME COMMISSION
800 North Capitol Street, N.W.
Washington, DC 20573

Inspector General

May 31, 2019

Submitted Electronically

The Honorable Ron Johnson, Chairman
Committee on Homeland Security and
Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Elijah E. Cummings, Ranking
Member
Committee on Oversight and Reform
United States House of Representatives
2471 Rayburn House Office Building
Washington, DC 20515

The Honorable Lt. Cdr. Gary C. Peters,
Ranking Member
Committee on Homeland Security and
Governmental Affairs
United States Senate
442 Hart Senate Office Building
Washington, DC 20510

The Honorable Jim Jordan, Chairman
Committee on Oversight and Reform
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Mick Mulvaney, Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

SUBJECT: Improper Payments Compliance Report

This report communicates the results of the Federal Maritime Commission (FMC) Office of Inspector General's (OIG) annual review of the FMC's compliance with reporting and performance requirements regarding improper payments. The OIG is required by the Improper Payments Information Act of 2002 (IPIA), as amended, to prepare and submit this annual compliance report within 180 days¹ after the agency's Performance and Accountability Report (PAR) is published.

¹ As a result of a partial government shutdown, OMB extended the deadline for the OIG annual improper payment report from May 15 to June 3, 2019.

For fiscal year (FY) 2018, the OIG concluded the FMC complied and met the requirements that are applicable to the agency for improper payment reporting. According to Office of Management and Budget (OMB) guidance, compliance with IPJA means that the agency met the following six requirements, as appropriate:

OMB Requirements for IPJA Compliance		Complied
1	Published an AFR or PAR for the most recent fiscal year and posted that report required by OMB on the agency website.	Yes
2	Conducted a program specific risk assessment for each program that conforms with Section 3321 of Title 31 U.S.C.	Yes
3	Published improper payment estimates for all programs identified as susceptible to significant improper payments under its risk assessment.	N/A ²
4	Published programmatic corrective action plans in AFR or PAR.	N/A ²
5	Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments.	N/A ²
6	Reported a gross improper payment rate of less than 10 percent for each program for which an improper payment estimate was obtained and published in the AFR or PAR.	N/A ²

The OIG completed this annual review based on guidance contained in OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement* (as modified by OMB M-18-20, June 26, 2018). Appendix C implements requirements from the following: (1) the Improper Payments Information Act of 2002 (IPJA); (2) the Improper Payments Elimination and Recovery Act of 2010 (IPERA); (3) the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA); and (4) Executive Order 13520 - *Reducing Improper Payments*, November 20, 2009.

The purpose of IPJA, as amended, and the related requirements, are to improve the federal government's efforts to reduce and recover improper payments. An improper payment is any payment that should not have been made or that was made in an incorrect amount. Incorrect amounts are overpayments or underpayments that are made to eligible recipients. An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law). In addition, when an agency's review is unable to discern whether a payment was proper because of insufficient or lack of documentation, this payment must also be considered an improper payment.

Each agency inspector general is required to review improper payment reporting in their agency's annual Performance and Accountability Report (PAR) or Annual Financial Report (AFR)

² Requirement is not applicable because FMC determined in its most recent risk assessment that the agency's programs are not susceptible to significant improper payments.

to determine if the agency is following IPIA. The OIG reviewed the agency's disclosures contained in the FMC's FY 2018 PAR posted on the agency's website for compliance with IPIA and related requirements. The FMC concluded that the agency has not identified any program that in and of itself constitutes a high-risk for improper payments. As a result, the FMC assessed all its payments to be low-risk for improper payments.

The OIG is required to report these results to the FMC Commission; the Committee on Homeland Security and Governmental Affairs of the Senate; the Committee on Oversight and Reform of the House of Representatives; the Comptroller General; and OMB.

If you have any questions or comments, please contact me on (202) 523-5863 or jhatfield@fmc.gov. Thank you.

Sincerely,

Jon Hatfield
Inspector General