



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**DOT's Fiscal Year 2019
IPERA Compliance Review**

OST

Report No. FS2020029

April 27, 2020





DOT's Fiscal Year 2019 IPERA Compliance Review

Mandated by the Improper Payments Elimination and Recovery Act of 2010

Department of Transportation | FS2020029 | April 27, 2020

What We Looked At

The Improper Payments Elimination and Recovery Act (IPERA) requires Federal agencies to report improper payment estimates for all programs identified as susceptible to significant improper payments. It requires agencies to limit improper payments to less than 10 percent of their total program payments, publish their results in Agency Financial Reports (AFR), and comply with regulations the Office of Management and Budget (OMB) developed to implement the act. IPERA also requires inspectors general to submit reports on IPERA compliance to their agency heads. For fiscal year 2019, the Department of Transportation (DOT) reported approximately \$45 billion in payments in programs or activities susceptible to significant improper payments. DOT estimated that \$396 million of those payments were improper payments. We reviewed DOT's improper payment testing results for fiscal year 2019 to determine whether DOT complied with IPERA's requirements as implemented by OMB.

What We Found

DOT complied with IPERA and included all required reporting elements in its 2019 AFR. Specifically, DOT reported improper payment estimates for the Federal Highway Administration's (FHWA) Highway Planning and Construction program (HPC)—the only program the Department identified as susceptible to significant improper payments. In addition, the payment integrity information in the AFR was accurate and complete. Furthermore, DOT reported an improper payment rate of less than 10 percent and published corrective action plans for FHWA HPC. However, the corrective action plan has not helped one HPC grantee prevent improper payments for the last 3 years. In fiscal year 2019, FHWA projected the amount of improper payments to be approximately \$169 million for this grantee only, and categorized these funds as monetary losses or overpayments. The lack of an effective corrective action for this HPC grantee jeopardizes DOT's efforts to prevent improper payments and remain compliant with IPERA.

Our Recommendations

DOT concurred with both of our recommendations and provided appropriate action and completion dates. Accordingly, we consider all recommendations as resolved but open pending completion of the planned actions.

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Memorandum

Date: April 27, 2020

Subject: ACTION: DOT's Fiscal Year 2019 IPERA Compliance Review |
Report No. FS2020029

From: Louis C. King
Assistant Inspector General for Financial Audits 

To: Assistant Secretary for Budget and Programs/Chief Financial Officer

In July 2010, Congress enacted the Improper Payments Elimination and Recovery Act¹ (IPERA)—amending the Improper Payments Information Act (IPIA) of 2002²—to prevent the loss of billions in taxpayer dollars. Congress intensified its efforts to identify, prevent, and recover improper payments made from Federal program funds with enactment of the Improper Payments Elimination and Recovery Improvement Act³ (IPERIA) of 2012.

IPERA requires Federal agencies to report improper payment estimates for all programs identified as susceptible to significant improper payments.⁴ It also requires agencies to limit improper payments to less than 10 percent of their total annual program payments and to publish their testing results in Agency Financial Reports (AFR). The act also calls for inspectors general to review their agencies' annual compliance with IPERA and submit reports to their agency heads.⁵ Finally, agencies must also comply with the regulations that the Office of Management and Budget (OMB) has developed to implement the act.

For fiscal year 2019, the Department of Transportation (DOT) reported approximately \$45 billion in payments in programs or activities susceptible to significant improper payments. DOT estimated that about \$396 million of those payments were improper payments. We reviewed the improper payment testing results published in DOT's AFR for fiscal year 2019 to determine whether DOT

¹ Pub. L. No. 111-204.

² Pub. L. No. 107-300.

³ Pub. L. No. 112-248.

⁴ OMB defines "significant improper payments" as improper payments that exceed 1.5 percent of a program's outlays and \$10 million or \$100 million, regardless of the error rate.

⁵ Inspectors general also submit their reports to the Senate Committee on Homeland Security and Governmental Affairs, the House of Representatives Committee on Oversight and Government Reform, the Comptroller General, and the Controller of the Office of Management and Budget.

complied with IPERA's requirements as implemented by OMB. We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology; exhibit B lists the entities we visited or contacted; and exhibit C is a list of acronyms. Exhibit D presents the status of our fiscal year 2018 recommendation to the Department.

We appreciate the courtesies and cooperation of Department of Transportation representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1407 or George Banks, Program Director, at (202) 420-1116.

cc: The Secretary
DOT Audit Liaison, M-1

Background

IPERA defines a payment as any transfer or commitment for future transfer of Federal funds—including cash, securities, loans, loan guarantees, and insurance subsidies—to a non-Federal person or entity, made by a Federal agency, contractor, or grantee, or a governmental or other organization administering a Federal program or activity. This definition was amended by IPERIA to include payments to Federal employees, including salary, locality pay, travel pay, purchase card use and other employee payments.

IPERA also defines an improper payment as one that should not have been made or that was an incorrect amount based on statutory, contractual, administrative, or other legally applicable requirements. This definition includes any payment made to an ineligible recipient, for an ineligible good or service, for goods or services that were not received, or that does not account for applicable discounts. Furthermore, OMB instructs⁶ an agency that is unable, due to insufficient or nonexistent documentation, to determine whether a payment is proper to report it as an improper payment. Improper payments and estimates of improper payments do not necessarily indicate fraud or monetary loss in programs and activities.

In January 2013, Congress enacted the Disaster Relief Appropriations Act⁷ (DRAA), which provides aid for Hurricane Sandy victims and their communities. OMB's guidance⁸ implementing DRAA states that programs receiving funds under the act are automatically considered susceptible to significant improper payments and are required to calculate and report improper payment estimates.

OMB Circular A-123⁹ guides agencies in the implementation of IPIA, IPERA, and IPERIA requirements. The Circular also requires programs and activities reporting improper payment estimates exceeding the statutory threshold¹⁰ to have corrective action plans to prevent and reduce the improper payments. It also allows agencies to request relief from annual improper payment reporting on programs that reduce their improper payment estimates below the statutory threshold for 2 consecutive years. For fiscal year 2019 DOT requested and received OMB approval for relief from reporting on the Federal Transit

⁶ OMB M-18-20, Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement* (2018).

⁷ Pub. L. No. 113-2.

⁸ OMB M-13-07, *Accountability for Funds Provided by the Disaster Relief Appropriations Act* (2013).

⁹ OMB M-18-20, Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement* (2018).

¹⁰ The statutory threshold is 1.5 percent of program outlays and \$10 million of all payments or \$100 million regardless of the improper payment estimate.

Administration's (FTA) Emergency Relief Program—Disaster Relief Act, and the Office of Inspector General (OIG) Disaster Relief Appropriations Act Activity.

In February 2018, the President signed into law the Bipartisan Budget Act of 2018,¹¹ which provided \$84.4 billion in emergency supplemental appropriations to respond to and recover from recent hurricanes, wildfires, and other disasters. OMB's implementing guidance¹² states that all programs and activities expending over \$10 million are susceptible to significant improper payments and must report improper payment estimates beginning in fiscal year 2019.

OMB Circular A-136, revised in 2019,¹³ includes the AFR financial reporting requirements, including payment reporting, recapture of improper payments, and sampling and estimation.

For fiscal year 2019, DOT tested one program for improper payments, the Federal Highway Administration's (FHWA) Highway Planning and Construction (HPC) program.¹⁴ The Department hired a consulting firm (Contractor) to support its implementation of the IPERA estimation requirements. The Contractor developed sampling plans for testing improper payments for HPC,¹⁵ and documented the test results in workbooks. FHWA's management team used these workbooks to determine whether payments were improper. With guidance from FHWA, the Contractor projected improper payment estimates for the program. Based on these results, DOT did not have any high-priority programs.¹⁶

On March 2, 2020, the President signed the Payment Integrity Information Act of 2019 (PIIA).¹⁷ PIIA rescinds IPIA, IPERA, IPERIA, and the Fraud Reduction and Data Analytics Act (FRDAA) of 2015, incorporates select provisions of these prior acts into a subchapter in the U.S. Code, and introduces new aspects into the payment integrity statutory framework.¹⁸

¹¹ Pub. L. No. 115-123.

¹² OMB M-18-14, *Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations* (2018).

¹³ OMB Circular A-136, *Financial Reporting Requirements*, 2019.

¹⁴ FHWA's HPC program supports State and local Governments in the design, construction, and maintenance of the Nation's highway system. The program also includes emergency relief funds for the repair or reconstruction of highways and roads that have suffered serious damage as a result of natural disasters or catastrophic failures from external causes.

¹⁵ FHWA employees tested their own invoice payments with DOT oversight.

¹⁶ For 2019, a high-priority program is defined as a program that exceeds OMB's threshold of \$2 billion in estimated improper payments.

¹⁷ Pub L. No. 116-117.

¹⁸ OMB will issue implementing guidance for PIIA.

Results in Brief

DOT complied with IPERA's requirements and included all required reporting elements in its 2019 AFR.

In its AFR, DOT reported improper payment estimates for FHWA HPC—the only program the Department identified in fiscal year 2019 as susceptible to significant improper payments. The payment integrity information in the AFR was accurate and complete. For example, DOT reported an improper payment rate of less than 10 percent for the program for which improper payment estimates were obtained. Furthermore, the Federal Aviation Administration (FAA), Federal Railroad Administration (FRA), and FTA conducted risk assessments of four programs that were due based on the programs' 3-year risk assessment cycles. The Department also published corrective action plans for FHWA HPC, which reported total improper payment estimates of about \$396 million in fiscal year 2019. However, the corrective action plan has not helped one HPC grantee prevent improper payments for the last 3 years. As the causes for that grantee's improper payments, FHWA identified administrative or process errors made by State or local agencies, and proposed the same corrective action plans it proposed in the 2 prior years. In fiscal year 2019, FHWA also determined that this grantee had improper payments totaling about \$28,000 and projected the amount of improper payments to be approximately \$169 million, or 43 percent of the program's total improper payments estimates. DOT categorized these funds as monetary losses or overpayments that should not have been paid but could be recovered. FHWA's lack of an effective corrective action for this HPC grantee jeopardizes DOT's efforts to prevent improper payments and remain compliant with IPERA. DOT has implemented internal controls to reduce and recapture improper payments.

We are making two recommendations to help DOT improve its categorization of root causes and develop corrective action plans that will help prevent improper payments and reinforce the Department's success in achieving full compliance with IPERA. See exhibit D for the status of prior year recommendations.

DOT Complied With IPERA's Requirements

DOT achieved IPERA compliance by meeting the act's six requirements for the FHWA HPC program—the only program susceptible to significant improper payments. These requirements pertain to the publication and accuracy of certain information on improper payment estimates; meeting target reduction goals; planning corrective actions; conducting risk assessments; and keeping improper payments below a 10 percent threshold. Table 1 summarizes DOT's compliance

with IPERA. While it did not impact our compliance assessment, one grantee had the same corrective action plan for 3 consecutive years but continues to report improper payments. We also found that DOT was successful in reducing improper payments by performing recapture audits.

Table 1. DOT’s Fiscal Year 2019 Compliance With Improper Payment (IP) Criteria

Program	Overall Assessment	Published in AFR	Conducted Risk Assessment ^a	Published IP Estimates	Published CAPs ^b	Published and Met Reduction Goals	Reported IP Rate Below 10%
DOT Overall Results	Compliant	Yes	Yes	Yes	Yes	Yes	Yes
FHWA HPC	Compliant	Yes	N/A	Yes	Yes	Yes	Yes

^a In fiscal year 2019, DOT conducted four risk assessments, this overall requirement is shown as “Yes”. OMB Circular A-123, Appendix C, establishes that programs already reporting an improper payments estimate do not have to perform additional risk assessments. The program is shown as “N/A” for this requirement.

^b OMB Circular A-123, Appendix C, requires CAPs—corrective action plans—for all programs with improper payments exceeding the statutory thresholds (1.5 percent of program outlays and \$10 million or \$100 million regardless of the error rate). FHWA HPC is the only DOT program that exceeds the statutory threshold. Source: OIG analysis

The Payment Integrity Information in DOT’s AFR Was Accurate and Complete

DOT met the requirements in OMB’s Circular A-136 for payment integrity information by including all of the following required elements in its AFR: risk assessment description, improper payment estimates, reduction target, corrective action plans, and recapture of improper payments. We performed a statistical sample test¹⁹ and verified that the improper payment data that DOT presented in the AFR were accurate and appropriately presented.

Additionally, in the AFR’s Payment Integrity section, DOT informed readers that further detailed information on improper payments can be found on the Federal Government’s payment accuracy website²⁰ and included a link. DOT also

¹⁹ OIG statisticians generated a simple random sample of transactions in which DOT did not find improper payments. We retested DOT’s assertion and did not find any improper payments.

²⁰ <https://paymentaccuracy.gov>

demonstrated adequate payment integrity controls. For example, DOT uses checklists that comply with IPERA's reporting requirements for adhering to planned timelines.

DOT's Risk Assessment Process Complied With OMB

In its Circular A-123, appendix C, OMB requires agencies to conduct at least once every 3 years risk assessments of all programs; these assessments must include seven specific risk factors.²¹ DOT complied with these requirements. In fiscal year 2019, DOT conducted risk assessments for four programs—FAA's Airport Improvement Program (AIP); FRA's grants to Amtrak; FTA's Formula grants; and FTA's Passenger Rail Investment and Improvement Act program.²² DOT assessed these risk factors and determined that none of these programs was susceptible to significant improper payments. A DOT official confirmed that the Department will conduct risk assessments for its other programs in fiscal year 2020. DOT performed its last risk assessments for each program in fiscal year 2017.

FHWA HPC's Corrective Actions Are in Progress but Have Been Ineffective for One Grantee

DOT included two corrective action plans in its fiscal year 2019 AFR for FHWA HPC because its improper payments were over the statutory threshold. For fiscal year 2019, FHWA HPC reported an estimated improper payment amount of about \$396 million, which is over the threshold. FHWA states that these improper payments were caused by administrative or process errors made by a State or local agency²³ and program design or structural issues.²⁴ More specifically, an estimated total of \$319.2 million resulted from administrative or process errors and \$76.5 million from program design or structural issues. As a result, FHWA planned to implement the following corrective actions:

²¹ See exhibit A for the list of seven risk factors.

²² These four programs are out of the regular 3-years cycle that the Department follow for the rest of its programs.

²³ Such administrative errors may be caused by incorrect data entry, classification, or processing of applications or payments. For example, an eligible beneficiary receives a payment that is too high or too low because of a data entry mistake (such as transposing a number) or an agency enters an incorrect invoice amount into its financial system.

²⁴ For example, improper payments resulting from a scenario in which a program has a statutory or regulatory requirement to pay benefits when due, regardless of whether all the information has been received to confirm payment accuracy.

- Address specific issues with each Division Office and grant recipient that had an identified improper payment. If applicable, FHWA will recover overpayments from the grant recipient.
- Develop a catalog of improper payment risk factors and incorporate them into its annual improper payment training to Division Offices.

According to DOT officials, these corrective actions are in progress and should be completed by late fiscal year 2020. For example, FHWA is currently coordinating with its grantees on how to recover outstanding improper payments identified during testing and updating training material to include risk factors.

However, one HPC program grantee reported improper payments for fiscal years 2017, 2018, and 2019 (see table 2), despite having in essence the same corrective action for each year. The proposed corrective action has not helped prevent improper payments for this grantee. FHWA identified and estimated improper payments for 3 consecutive years.

Table 2. Grantee’s Improper Payment Amounts and Estimates by Fiscal Year

Fiscal Year	Improper Payment Amount ^a	Improper Payment Estimates ^b
2017	\$1.34	\$266,318.90
2018	\$5.45	\$226,538.58
2019	\$27,563.21	\$169,407,254.74

^a An improper payment amount is the actual expenditure amount identified as improper during testing by FHWA.

^b An improper payment estimate is the improper payment amount extrapolated to the universe of payments for the period of review by DOT.

Source: OIG analysis using data from FHWA HPC improper payment results

FHWA classified the root cause of these improper payments as administrative or process errors made by State or local agency. OMB defines²⁵ the root cause of an improper payment as an occurrence that would directly lead to an improper payment and that if corrected would prevent the improper payment. OMB also instructs agencies to identify root causes for improper payments in order to formulate effective corrective actions. Furthermore, it requires inspectors general to evaluate corrective action plans and determine whether they are reducing

²⁵ OMB M-18-20, Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement* (2018).

improper payments. This issue does not affect our assessment of compliance, which is met by publishing the corrective action plan in DOT's AFR.

For fiscal year 2019, FHWA estimated improper payments to be \$169.41 million for this one grantee, or 43 percent of the total \$395.69 million estimated in improper payments for its HPC program. DOT categorized the \$169.41 million in improper payments as monetary losses or overpayments that should not have been paid but could be recovered. This grantee's trend in improper payments jeopardizes DOT's efforts to prevent and reduce improper payment estimates.

FHWA HPC Met Its 2019 IPERA Reduction Target

FHWA HPC achieved the fiscal year 2019 target to reduce improper payments to 1.50 percent of overall program expenditures. FHWA determined that 21 of 295 HPC invoice line items tested contributed to improper payments totaling an absolute value of \$44,566 and an estimated²⁶ total improper payments of about \$396 million. The major cause for these improper payments were administrative or process errors made by a State or local agency. The reported rate of improper payments for fiscal year 2019 was 0.88 percent, which is 0.62 percent below the established reduction target.

DOT Has Taken Steps To Reduce and Recapture Improper Payments

FHWA HPC reported improper payment estimates of about \$997 million in fiscal year 2018, and about \$396 million in fiscal year 2019—a reduction of approximately \$601 million. As required by OMB, DOT continues to take steps to reduce and recapture improper payments. The Department conducts recapture audits and pursues collection actions when applicable. For fiscal year 2019, DOT reported payment recaptures of \$4.91 million. We reviewed the six highest improper payments identified—totaling \$2.14 million—and found that the Department had recovered these funds.

²⁶ OIG's Senior Statistician evaluated the quality of DOT's improper payment estimates and methodology and concurred with DOT's sampling methodology and extrapolation results.

Conclusion

In fiscal year 2019, DOT achieved compliance with IPERA and met OMB's reporting requirements. However, it is important that DOT and FHWA continue to work with grantees to address and correct the underlying causes for improper payments. Otherwise, FHWA HPC presents a risk to the Department's efforts to stay in compliance with IPERA, and prevent and reduce improper payments.

Recommendations

To help the Department of Transportation improve its categorization of root causes, develop corrective actions that would prevent improper payments, and reinforce its achievement of full compliance with IPERA, we recommend that DOT's Assistant Secretary for Budget and Programs/Chief Financial Officer:

1. Implement procedures to require Federal Highway Administration to review about \$28,000 identified as improper payments and recover as appropriate.
2. Implement procedures to require that Federal Highway Administration develop a process to:
 - a. detect grantees that have not reduced improper payments for 3 consecutive fiscal years or over the 3-year risk assessment cycle, and
 - b. review those grantees' root causes to implement robust/individual corrective actions. Implementation of this recommendation could put approximately \$169 million in funds to better use.

Agency Comments and OIG Response

We provided DOT with our draft report on March 27, 2020, and received its response on April 17, 2020, which is included as an appendix to this report. DOT concurred with our two recommendations and proposed appropriate actions and completion dates. Accordingly, we consider both recommendations as resolved but open pending completion of the planned actions.

Actions Required

DOT provided appropriate actions and timeframes for addressing our two recommendations, and we consider them resolved but open pending completion of the planned actions.

Exhibit A. Scope and Methodology

We conducted this performance audit between October 2019 and March 2020, in accordance with generally accepted Government auditing standards as prescribed by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To determine whether DOT complied with IPERA's requirements as implemented by OMB, we reviewed applicable laws and regulations, and interviewed DOT personnel responsible for IPERA's implementation. To further assess the Department's compliance with OMB requirements, we (1) evaluated the accuracy and completeness of Agency reporting, and reducing and recapturing improper payments; (2) reviewed statistical sampling plans and improper payment rate estimates to determine whether the sampling and estimation plan used was appropriate given program characteristics; (3) evaluated corrective action plans to determine whether the corrective actions focused on root causes; and (4) reviewed internal controls to prevent and reduce improper payments. We evaluated whether DOT complied with OMB Circular A-136 requirements and reviewed documentation that supported the amounts from the largest six overpayment recoveries.

OMB's appendix C to Circular A-123 requires reports from inspectors general to include summaries on their agencies' compliance. Specifically, inspectors general must report on whether their agencies:

- Published on their websites AFRs or Performance Accountability Reports (PAR) for the most recent fiscal year and any accompanying materials required by OMB;
- Conducted program-specific risk assessments for each program or activity that conformed with 31 U.S.C. § 3321 (if required);
- Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments according to its risk assessment;
- Published programmatic corrective action plans in AFRs or PARs;
- Published and met annual reduction targets for each program assessed to be at risk and estimated for improper payments; and

- Reported in AFRs or PARs gross improper payment rates of less than 10 percent for each program and activity for which an improper payment estimate was obtained.

We also evaluated DOT's documentation for its assessments of the level of risk associated with FAA's AIP program, FRA's grants to Amtrak, FTA's formula grants program, and FTA's Passenger Rail Investment and Improvement Act programs. We also validated that the risk assessments included the seven risk factors required by OMB, which are

1. whether the program or activity reviewed is new to the agency;
2. the complexity of the program or activity reviewed, particularly with respect to determining correct payment amounts;
3. the volume of payments made annually;
4. whether payments or payment eligibility decisions are made outside of the agency, for example, by a State or local Government, or a regional Federal office;
5. recent major changes in program funding, authorities, practices, or procedures;
6. the level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate; and
7. significant deficiencies in the audit reports of the agency including, but not limited to, the agency's inspector general, Government Accountability Office audit report findings, or other relevant management findings that might hinder accurate payment certification.

OIG's statisticians evaluated the quality of the improper payment estimates and methodology, and concurred with DOT's sampling methodology and extrapolation results. The statisticians also selected a simple random sample of 55 of 274 invoice line items, or \$1.2 million of \$17.7 million that the Department had tested and found to be proper. The sample design would have allowed us to estimate the number of transactions that should have been classified as improper with 90 percent confidence and a precision no greater than +/-10 percent. We retested the propriety of those conclusions in FHWA's HPC. The supporting documentation included summary schedules, grant agreements, invoices, checks, and payment vouchers, among other documents. We did not find additional improper payments upon testing these samples.

Exhibit B. Organizations Visited or Contacted

Department of Transportation Facilities

Office of the Secretary

Federal Highway Administration

Exhibit C. List of Acronyms

AFR	Agency Financial Report
DOT	Department of Transportation
FHWA	Federal Highway Administration
FRA	Federal Railroad Administration
FRDAA	Fraud Reduction and Data Analytics Act of 2015
FTA	Federal Transit Administration
HPC	Highway Planning and Construction Program
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
PIIA	Payment Integrity Information Act of 2019
OIG	Office of Inspector General
OMB	Office of Management and Budget

Exhibit D. Status of Prior Year Recommendations

Report Number	Fiscal Year	Recommendation	Target Closure Date
FI2019054	2018	Implement procedures to ensure FHWA provides additional guidance to State and local agencies that receive Highway Planning and Construction funds on the importance of eliminating administrative or process errors and maintaining adequate documentation to support payments requests.	June 1, 2020

Source: OIG Recommendation Tracking System

Exhibit E. Major Contributors to This Report

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WRITER-EDITOR

Appendix. Agency Comments



U.S. Department of
Transportation
Office of the Secretary
of Transportation

Memorandum

April 17, 2020

Subject: Management Response to the Office of Inspector General (OIG) Fiscal Year (FY) 2019 Improper Payments Elimination and Recovery Act (IPERA) Compliance Review

From: Jennifer Funk
Deputy Chief Financial Officer

JENNIFER
SANCHEZ FUNK

Digitally signed by
JENNIFER SANCHEZ FUNK
Date: 2020.04.17 13:48:46
-04'00'

To: Louis King
Assistant Inspector General for Financial and Information Technology Audits

The Department of Transportation (DOT), as stewards of taxpayer dollars, exercises rigorous management and oversight over our program expenditures. The Department prioritizes reducing improper payments through robust internal control programs and by establishing aggressive goals. As noted in the OIG draft report, DOT complied with IPERA's requirements and included all required reporting elements in its 2019 Agency Financial Report.

We concur with the two OIG recommendations, as written, and plan to complete actions to implement the recommendations by June 1, 2021.

We take pride in attaining compliance with IPERA requirements and remain committed to strengthening our payment processing controls. Please contact, Dan King, Director, Office of Financial Management, at (202) 366-5381, with any questions.

U.S. DOT IG Fraud & Safety Hotline

hotline@oig.dot.gov | (800) 424-9071

<https://www.oig.dot.gov/hotline>

Our Mission

OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective national transportation system.

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