



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**DOT's Fiscal Year 2020 Payment Integrity
Information Act Compliance Review**

OST

Report No. FI2021031

July 14, 2021





DOT's Fiscal Year 2020 Payment Integrity Information Act Compliance Review

Mandated by the Payment Integrity Information Act of 2019

Department of Transportation | FI2021031 | July 14, 2021

What We Looked At

The Payment Integrity Information Act of 2019 (PIIA) requires agencies to identify, report, and reduce improper payments in their programs. For fiscal year 2020, the Department of Transportation reported one program, the Federal Highway Administration's (FHWA) Highway Planning and Construction (HPC) Program, as susceptible to significant improper payments and subject to PIIA reporting requirements. HPC reported total expenditures of over \$46 billion and DOT estimated that about \$172 million of those payments were improper. PIIA also requires inspectors general to annually report on their agencies' compliance. Our audit objective was to determine whether DOT complied with PIIA's requirements as prescribed by the Office of Management and Budget (OMB). We reviewed the improper payment testing results published in DOT's fiscal year 2020 Annual Financial Report (AFR) and posted to the Federal Government's Payment Accuracy website and used statistical sampling to test transactions.

What We Found

DOT is in compliance with PIIA. For fiscal year 2020, DOT reported improper payment estimates for FHWA's HPC. The payment integrity information in DOT's 2020 AFR and data posted to the Payment Accuracy website was accurate and complete. DOT also conducted risk assessments of programs as the Office of Management and Budget requires. The Department published its planned and completed corrective actions in its supplemental data call posted to the Payment Accuracy website. DOT's corrective action plans appear adequately designed, focused on true root causes, and effectively implemented and prioritized with an emphasis on reducing improper payments. Furthermore, for fiscal year 2020, FHWA's HPC Program surpassed its fiscal year 2020 improper payment reduction target of 0.85 percent, reporting estimated improper payments of 0.37 percent or about \$172 million—a decrease of \$224 million from 2019. Lastly, DOT continues to take steps to reduce and recapture improper payments through its risk assessments, annual improper payment testing, and payment recapture audits.

Our Recommendations

We made no recommendations.

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Memorandum

Date: July 14, 2021

Subject: INFORMATION: DOT's Fiscal Year 2020 Payment Integrity Information Act Compliance Review | Report No. FI2021031

From: Barry J. DeWeese 
Principal Assistant Inspector General for Auditing and Evaluation

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

The Payment Integrity Information Act of 2019¹ (PIIA) requires agencies to identify, report, and reduce improper payments in their programs.² For fiscal year 2020, the Department of Transportation (DOT) reported only one program, the Federal Highway Administration's (FHWA) Highway Planning and Construction (HPC) Program, as susceptible to significant improper payments and subject to PIIA reporting requirements.³ HPC reported total expenditures of over \$46 billion, and DOT estimated that about \$172 million of those payments were improper.

PIIA also requires inspectors general to annually report on their agencies' compliance. To comply with PIIA, we conducted this audit. Our objective was to determine whether DOT complied with PIIA's requirements as prescribed by the Office of Management and Budget (OMB).

We conducted this audit in accordance with generally accepted Government auditing standards. We reviewed the improper payment testing results published in DOT's fiscal year 2020 Annual Financial Report (AFR) and posted to the Federal Government's Payment Accuracy website,⁴ interviewed agency officials, and used statistical sampling to test transactions. To perform our testing, we used the Council of Inspectors General on Integrity and Efficiency (CIGIE) guidance published in November 2020.

¹ Pub. L. 116-117.

² To improve efforts to identify and reduce improper payments, PIIA reorganizes and revises prior improper payment legislation: Improper Payments Information Act of 2002 (IPIA), Pub. L. 107-300; Improper Payments Elimination and Recovery Act of 2010 (IPERA), Pub. L. 111-204; and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), Pub. L. 112-248.

³ 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.

⁴ <https://paymentaccuracy.gov>

Exhibit A details our scope and methodology. Exhibit B lists the entities we visited or contacted. Exhibit C is a list of acronyms. Exhibit D presents the status of our fiscal year 2019 recommendations 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) 366-1302, or Dory Dillard-Christian, Program Director, at (202) 570-6381.

cc: The Secretary
DOT Audit Liaison, M-1

Results in Brief

DOT is in compliance with PIIA.

For fiscal year 2020, DOT reported improper payment estimates for FHWA's HPC—the only program the Department identified in fiscal year 2019 as susceptible to significant improper payments. Also, the payment integrity information in DOT's 2020 AFR and data posted to the Payment Accuracy website was accurate and complete. For example, DOT posted an improper payment estimate for FHWA's HPC, as well as percentages for properly and improperly paid amounts, and reduction targets for fiscal years 2020 and 2021. DOT also conducted risk assessments of programs as OMB requires. The Department published its planned and completed corrective actions in its supplemental data call⁵ posted to the Payment Accuracy website. We found that DOT's corrective action plans appear adequately designed, focused on true root causes, and effectively implemented and prioritized with an emphasis on reducing improper payments. For example, FHWA developed a catalog of improper payment risk factors and incorporated these factors into its annual improper payment training to FHWA division offices. Furthermore, for fiscal year 2020, FHWA's HPC Program surpassed its fiscal year 2020 improper payment reduction target of 0.85 percent, reporting estimated improper payments of 0.37 percent or about \$172 million—an overall decrease of \$224 million from 2019. Lastly, DOT continues to take steps to reduce and recapture improper payments through its risk assessments, annual improper payment testing, and payment recapture audits.

We are making no recommendations at this time. See exhibit D for the status of prior year recommendations.

Background

When enacted, the Improper Payments Elimination and Recovery Act of 2010 (IPERA)⁶ amended the Improper Payments Information Act of 2002⁷ (IPIA) and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments. In 2012, Congress strengthened IPERA with the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA). With the passage of PIIA in 2019, all

⁵ According to OMB, improper payment information not explicitly required in the AFR should be posted to the Federal Government's Payment Accuracy website via the annual data call. Agencies were required to contact OMB to obtain data call requirements and determine which requirements apply to the agency.

⁶ Pub. L. 111-204.

⁷ Pub. L. 107-300.

prior improper payment acts were repealed.⁸ PIIA requires inspectors general to review their agencies' annual compliance with PIIA and submit reports to their agency heads.⁹ While PIIA includes certain provisions from the previous laws, it also introduces new ones. For example, agencies are now required to develop plans to prevent improper payments before they happen. PIIA also includes additional reporting requirements for inspectors general, including an evaluation of agency efforts to prevent and reduce improper payments.

PIIA 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, Federal contractor, Federal grantee, or a governmental or other organization administering a Federal program or activity.

PIIA defines an improper payment as one that should not have been made, or that was made in an incorrect amount, including an overpayment or underpayment, 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 credit for applicable discounts. Duplicate payments are also considered improper. In addition, OMB instructs agencies that are unable—due to insufficient or nonexistent documentation—to determine whether a payment is proper to consider it as improper. Improper payments and estimates of improper payments do not necessarily indicate fraud or monetary loss in programs and activities.

OMB Circular A-123, revised in 2021,¹⁰ provides guidance to agencies on implementing PIIA. The Circular's goal is to create a more comprehensive and meaningful set of requirements. These requirements are meant to allow agencies to spend less time complying with low-value activities and more time researching causes of improper payments, balancing payment integrity risks and controls, and building the capacity to help prevent future improper payments.

The revised Circular A-123 also requires programs and activities reporting improper payment estimates that exceed the statutory threshold 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

⁸ IPIA, IPERA, IPERIA, and the Fraud Reduction and Data Analytics Act of 2015, Pub. L. 114-186 (2016).

⁹ PIIA also requires inspectors general to submit their reports to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, the Comptroller General, and the Controller of OMB.

¹⁰ OMB M-21-19, transmittal of appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement* (March 5, 2021).

threshold for 2 consecutive years. For fiscal year 2020, DOT did not request OMB approval for relief of any program or activity.

OMB Circular A-136, as revised, includes the AFR financial reporting requirements that Federal agencies must follow. The AFR's Payment Integrity section should include elements such as actions taken to address auditor recovery recommendations and a report on agency efforts to reduce fraud.

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.¹³

DOT Is in Compliance with PIIA

DOT complied with PIIA's requirements. Specifically, we found the Department had published accurate and complete payment integrity information in its AFR and to the Payment Accuracy website, had a compliant risk assessment process, and published corrective action plans for FHWA's HPC. Also, HPC met its 2020 PIIA reduction target. Lastly, DOT continues to reduce and recapture improper payments.

DOT Complied with PIIA's Agency and Program-Specific Requirements

DOT complied with PIIA's requirements for both the Department and FHWA's HPC—the only program that DOT identified as susceptible to significant improper payments. According to OMB, an agency is in compliance with PIIA's requirements when it meets the following requirements:

1. Published improper payments information with its annual financial statements for the most recent fiscal year and posted the annual financial

¹¹ Pub. L. 115-123.

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

¹³ According to a DOT official, beginning in 2021, DOT plans to begin testing improper payments for the Federal Aviation Administration's (FAA) Bipartisan Budget Act of 2018 and FTA's Bipartisan Budget Act of 2018, as these programs are expected to exceed the \$10 million threshold.

statements and accompanying materials required by OMB guidance on its website;

2. Conducted improper payment risk assessments at least once in the last 3 years for each program with annual outlays of over \$10 million and determined whether the program is likely to make improper payments above or below the statutory threshold;
3. Published improper payment estimates for programs susceptible to significant improper payments in its annual financial statements' accompanying materials;
4. Published corrective action plans for each program for which an estimate was above the statutory threshold;
5. Published improper payment reduction targets for each program for which an estimate was above the statutory threshold, developed a plan and is meeting those targets; and
6. Reported an improper payment estimate of less than 10 percent for each program for which an estimate was published.

See table 1 for a summary of DOT's compliance.

Table 1. Summary of DOT's Compliance With PIIA Requirements in Fiscal Year 2020

| 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 | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| FHWA HPC | Yes | Yes | N/A | Yes | Yes | Yes | Yes |

^aIn fiscal year 2020, DOT conducted 34 risk assessments. FHWA's HPC program is shown as "N/A" for this requirement since the Department is already reporting an improper payment estimate.

^bOMB Circular A-123, appendix C, requires corrective action plans (CAP) for all programs with improper payments exceeding the statutory threshold of 1.5 percent of program outlays and \$10 million or \$100 million regardless of the error rate. Only FHWA's HPC exceeded the threshold.

Source: OIG analysis

The Payment Integrity Information in DOT's AFR and Posted to the Payment Accuracy Website Was Accurate and Complete

DOT met the requirements in OMB's Circular A-136 for payment integrity information, completeness, and accuracy by including the required information in its AFR and posting accompanying PIIA compliance information to the Payment Accuracy website.¹⁴ According to OMB, beginning in fiscal year 2020, information previously contained in the "*Payment Integrity Information Act Reporting*" section of the AFR not explicitly required by OMB A-136 should be reported to the Payment Accuracy website through OMB's annual payment integrity data call.

We found that DOT included its fiscal year 2020 payment accuracy results in the AFR, including estimated amounts and percentages properly and improperly paid, along with reduction targets for FHWA's HPC program.

Also as OMB requires, DOT included a link to the Payment Accuracy website in its AFR. It also posted to the Payment Accuracy website information on its fiscal year 2020 risk assessments, reduction target for FHWA's HPC, corrective action plans, and recapture of improper payments. We found this information to be accurate based on supporting documentation. Lastly, the supplemental data call that DOT posted to the Payment Accuracy website includes supporting information regarding the root causes for improper payments and the Department's proposed corrective actions with timelines for completion.

DOT's Risk Assessment Process Complied with OMB and PIIA Requirements

OMB Circular A-123, appendix C, requires agencies to conduct an improper payment risk assessment of all programs at least once every 3 years. DOT complied with this requirement for fiscal year 2020. More specifically, DOT conducted 34 risk assessments¹⁵ and applied the following risk factors: (1) whether the program is new to the agency; (2) the complexity of the program reviewed; (3) the volume of payments made through the program reviewed; (4) whether payments or payment eligibility decisions are made outside of the

¹⁴ <https://paymentaccuracy.gov>

¹⁵ DOT reviewed the following programs not on its regular 3-year cycle during fiscal year 2019: (1) FAA's Airport Improvement Program, (2) the Federal Railroad Administration's (FRA) Grants to Amtrak, (3) the Federal Transit Administration's (FTA) Formula Grants, and (4) FRA's Passenger Rail Investment and Improvement Act program.

agency, such as by a State or local government; (5) recent major changes in program funding,¹⁶ practices, authorities, 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 report or other relevant management findings that might hinder accurate payment certification.

DOT also considered the following new factors in its risk assessments to better align with PIIA:

- Similarities (a combination of outlays, mission, payment process, etc.) to other programs that have reported improper payment estimates or been deemed susceptible to significant improper payments;
- The accuracy and reliability of improper payment estimates previously reported for the program, or other indicators of susceptibility to improper payments identified by OIG, the Government Accountability Office (GAO), or other audits;
- Whether the program lacks information or data systems to confirm eligibility or provide for other payment integrity needs; and
- The risk of fraud as assessed by the agency under the Standards for Internal Control in the Federal Government published by GAO.

DOT's fiscal year 2020 risk assessments complied with OMB guidance and the results of the risk assessments the Agency performed provide reasonable support that the programs reviewed are not susceptible to significant improper payments.¹⁷ In accordance with OMB A-136, DOT posted its fiscal year 2020 risk assessment information to the Payment Accuracy website.

DOT Published Corrective Action Plans for FHWA's HPC Program

In accordance with OMB, DOT published corrective action plans for FHWA's HPC because the program's fiscal year 2020 improper payment estimate was above

¹⁶ Recently enacted statutes include significant increases in transportation funding that may impact DOT's fiscal year 2021 risk assessments. For instance, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Pub. L. 116-136 (2020) includes \$36.1 billion in overall transportation funding to provide relief from the COVID-19 pandemic. The American Rescue Plan Act, Pub. L. 117-2 (2021) includes \$30.5 billion to support the Nation's transportation systems as it continues to respond to the COVID-19 pandemic.

¹⁷ During fiscal year 2021, DOT plans to review FAA's CARES Act Program, and FTA's Emergency Relief Program.

the statutory threshold.¹⁸ For fiscal year 2020, the Department reported two corrective actions to address a program design problem or a structural issue,¹⁹ and further strengthen controls to address administrative or process errors made by State or local agencies. For example, FHWA established a team to review the authorization and obligation process for a specific division office to recommend new procedures and to address weaknesses.²⁰ FHWA also reported that it would compare improper payments identified in fiscal year 2020 with findings from prior years and address specific issues with the relevant Division offices and grant recipients. FHWA will also recover overpayments, when applicable. This corrective action is currently ongoing.

Furthermore, DOT's corrective action plans are adequately designed, focused on true root causes, and effectively implemented and prioritized with an emphasis on reducing improper payments. For example, during fiscal year 2020, FHWA completed the implementation of three other corrective actions to prevent administrative or process errors made by State agencies (see table 2).

Table 2. Three Corrective Actions That DOT Took in Fiscal Year 2020

| Root Cause for Improper Payments | Corrective Action Taken | Completion Date for Corrective Action |
|---|--|---|
| Administrative or Process Errors Made by State Agencies | FHWA developed a catalog of improper payment risk factors and incorporated it into its annual improper payment training to FHWA division offices. | Fiscal Year 2020, 3 rd Quarter |
| Administrative or Process Errors Made by State Agencies | FHWA developed procedures to identify State DOTs that made improper payments in consecutive years and communicated the findings to Division offices. | Fiscal Year 2020, 2 nd Quarter |
| Administrative or Process Errors Made by State Agencies | FHWA developed guidance for Division offices on reducing improper payments with State partners. | Fiscal Year 2020, 2 nd Quarter |

Source: DOT's fiscal year 2020 OMB Supplemental Data Call and OIG analysis.

¹⁸ The statutory threshold represents (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million.

¹⁹ For example, according to OMB, a scenario in which a program has a statutory (or regulatory) requirement to pay benefits when due, regardless of whether or not all the information has been received to confirm payment accuracy.

²⁰ According to DOT, FHWA has implemented this corrective action. Relevant Division offices established new procedures that do not permit the obligation process that caused the improper payments. All projects affected by the error were reviewed and corrective actions for each have been identified.

FHWA's HPC Program Surpassed Its 2020 Reduction Target

FHWA's HPC program achieved a 0.37 percent improper payment rate—0.48 percent below its reduction target of 0.85 percent—for fiscal year 2020 overall program expenditures. This rate was appropriately aggressive and realistic given the characteristics of FHWA's HPC. DOT published the reduction target and fiscal year 2020 payment accuracy results in its AFR.

As part of its improper payment testing, FHWA determined that 15 of 303 HPC sample invoice line items had improper payments that totaled \$70,052 in absolute value. These sample items projected to an estimated²¹ total improper payments of about \$172 million, an overall decrease of \$224 million from the prior year.²² The primary causes for these improper payments were administrative or process errors made by State or Local agencies,²³ and program design or structural issues.²⁴

DOT Continues To Take Steps To Reduce and Recapture Improper Payments

DOT continues to take steps to reduce and recapture improper payments. For example, in its FHWA's HPC Program, actual improper payments have decreased by more than \$825 million since 2018. DOT reported improper payments of about \$396 million for 2019 and \$172 million for fiscal year 2020. For fiscal year 2020, DOT reported payment recaptures of \$1.95 million. We reviewed the three highest improper payments identified—totaling \$1.6 million—and found that the Department had indeed recovered these funds.

²¹ 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.

²² For fiscal year 2019, FHWA HPC reported estimated improper payments of \$396 million.

²³ Such administrative errors may be caused by incorrect data entry, classification, or processing of applications or payments. For example, one grantee was reimbursed for an ineligible cost belonging to another entity.

²⁴ For example, a grantee billed and was reimbursed for costs; however, funding was not authorized in the grant agreement at the time the cost was incurred or reimbursed.

Conclusion

The passage of PIIA continues to place agencies' focus on payment integrity and reduction of improper payments. By achieving compliance with PIIA, DOT is well positioned to continue meeting improper payment reporting requirements, implementing effective corrective actions, and achieving improper payment reduction goals.

We are making no recommendations at this time. See exhibit D for the status of prior year recommendations.

Agency Comments

We provided the Department with our draft report on June 2, 2021 and received its response, dated June 29, 2021, which is included as an appendix to this report.

Actions Required

No action is required.

Exhibit A. Scope and Methodology

We conducted this performance audit between November 2020 and June 2021, 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.

We reviewed applicable laws and regulations and interviewed DOT personnel responsible for PIIA's implementation. To further assess the Department's compliance with OMB requirements, we: (1) analyzed the source data to ensure accuracy and completeness of payment integrity information in the AFR and accompanying materials posted to <https://paymentaccuracy.gov>, and DOT's efforts in reducing and recapturing improper payments; (2) reviewed statistical sampling plans and improper payment rate estimates to determine whether the sampling and estimation plan used is appropriate given program characteristics; (3) evaluated corrective action plans to determine whether the corrective actions are focused on the true root cause; and (4) reviewed internal controls to prevent and reduce improper payments. We evaluated whether DOT complied with OMB Circular A-136's requirements and reviewed documentation that supports the amounts from the largest three overpayment recoveries. In addition, we evaluated the Department's efforts to prevent and reduce improper payments.

PIIA and OMB's appendix C to Circular A-123 require reports²⁵ from inspectors general to include summaries on agencies' compliance. Specifically, each inspector general must report on whether the agency

1. published improper payments information with its annual financial statements for the most recent fiscal year;
2. posted the annual financial statements and accompany materials required under guidance of OMB on the agency website;
3. conducted improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last 3 years;
4. adequately concluded whether the program was likely to make improper payments above or below the statutory threshold;

²⁵ OMB requires that OIG compliance reports be published within 180 days after the day of publication for the annual financial statements and accompanying materials, whichever is later. DOT's supplemental data call went live at the Federal Government's Payment Accuracy website on February 3, 2021.

5. published improper payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual financial statement;
6. published corrective action plans for each program for which an estimate was above the statutory threshold;
7. published improper payment reduction targets for each program for which an estimate was above the statutory threshold;
8. met the improper payment reduction targets (published in fiscal year 2019) for each program for which an estimate was above the statutory threshold;
9. developed a plan to meet the improper payment reduction targets; and
10. reported an improper payment estimate of less than 10 percent for each program for which an estimate was published.

We also evaluated DOT's assessment of the level of risk associated with the 34 programs or activities reviewed during fiscal year 2020. More specifically, our statistician selected a simple random attribute sample of 23 (68 percent) of the 34 DOT risk assessments to determine whether DOT included the risk factors prescribed by OMB. We confirmed that the assessments included all risk factors in accordance with PIIA and OMB guidance.

OIG statisticians evaluated the quality of the improper payment estimates and methodology, and concurred with DOT's sampling methodology and extrapolation results. Our senior statistician selected a simple random attribute sample of 55 (19 percent) of 288 FHWA invoice line items, totaling \$3.7 million out of \$106.8 million, that the Department and its contractor had tested and found to be proper. The sample design would have allowed us to estimate the number of invoice line items that should have been classified as improper with 90-percent confidence and a precision no greater than +/-10 percent. We evaluated supporting documentation including summary schedules, grant agreements, invoices, checks, and payment vouchers, among other documents, to retest the propriety of the DOT contractor's conclusions and found no additional improper payments upon testing the 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 |
| CIGIE | Council of the Inspectors General on Integrity and Efficiency |
| DOT | Department of Transportation |
| FAA | Federal Aviation Administration |
| FHWA | Federal Highway Administration |
| FRA | Federal Railroad Administration |
| FTA | Federal Transit Administration |
| HPC | Highway Planning and Construction Program |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| PIIA | Payment Integrity Information Act of 2019 |

Exhibit D. Status of Prior Year Recommendations

| OIG Report Number | Fiscal Year | Recommendation | Target Action Date |
|-------------------|-------------|---|--------------------|
| FS2020029 | 2019 | Implement procedures to require FHWA to review about \$28,000 identified as improper payments and recover as appropriate. | August 1, 2021 |
| FS2020029 | 2019 | Implement procedures to require that FHWA develop a process to: a. detect grantees that have not reduced improper payments for 3 consecutive 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. | August 1, 2021 |

Exhibit E. Major Contributors to This Report

| | |
|------------------------|--|
| DORY DILLARD-CHRISTIAN | PROGRAM DIRECTOR |
| BRIAN FRIST | PROJECT MANAGER |
| ZACHARY SCOTT | SENIOR AUDITOR |
| MICHELLE STARKEY | SENIOR AUDITOR |
| CHRISTINA BURGESS | SENIOR ANALYST |
| CELESTE BORJAS | ATTORNEY ADVISOR |
| GEORGE ZIPF | SUPERVISORY MATHEMATICAL STATISTICIAN |
| MAKESI ORMOND | STATISTICIAN |
| SUSAN NEILL | WRITER-EDITOR |

Appendix. Agency Comments



U.S. Department
of Transportation

Office of the Secretary
of Transportation

Memorandum

June 29, 2021

Subject: Management Response to the Office of Inspector General's (OIG) Fiscal Year (FY) 2020 Payment Integrity Information Act (PIIA) Compliance Review

From: Jennifer Funk
Deputy Chief Financial Officer

JENNIFER
SANCHEZ FUNK

Digitally signed by
JENNIFER SANCHEZ FUNK
Date: 2021.06.29 13:50:03
-04'00'

To: Louis King
Assistant Inspector General for Financial Audits

The Department of Transportation (DOT or Department) recognizes the importance of maintaining effective internal controls to ensure proper payments as evidenced in the OIG's draft report which found that the Department complied with the Payment Integrity Information Act requirements. The Department's use of standard best practices is necessary for prudently awarding, managing, and reporting on contracts, grants, loans, and other forms of financial assistance and aids in ensuring the integrity of DOT's program expenditures. We are committed to continuing to enhance our internal controls and proactively reduce improper payment risks.

We appreciate the opportunity to review the OIG draft report. 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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