



Memorandum

Date: October 16, 2018

Subject: INFORMATION: Audit Announcement | DOT's Implementation of the Improper Payments Elimination and Recovery Act of 2010 During Fiscal Year 2018 | Project No. 18F3016F000
Department of Transportation

From: Louis C. King *Louis C. King*
Assistant Inspector General for Financial and Information Technology Audits

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

The Improper Payments Elimination and Recovery Act of 2010 (IPERA)¹ requires agencies to assess every Federal program for improper payment risk, measure the accuracy of payments annually, and initiate program improvements to ensure payment errors are reduced. The law mandates improper payment reporting requirements for agencies and oversight requirements for inspectors general. The Office of Management and Budget (OMB) provides implementation guidance for IPERA via OMB Circular A-123, Appendix C.² For fiscal year 2017, the Department of Transportation (DOT) reported approximately \$46.6 billion in payments in programs or activities susceptible to significant improper payments. In addition, DOT estimated \$141.4 million as improper in these programs or activities.

As IPERA requires, we are initiating an audit of DOT's implementation of IPERA during fiscal year 2018. Our objective will be to determine whether DOT complies with IPERA's requirements as implemented by OMB. We will begin the audit this month and conduct it at DOT's Headquarters in Washington D.C. We will contact your audit liaison to schedule an entrance conference. If you have any questions, please contact me at (202) 366-1407 or Kevin Dorsey, Program Director, at (202) 366-1518.

cc: DOT Audit Liaison, M-1

¹ Public Law No. 111-204.

² OMB M-18-20, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, modified previous OMB A-123, Appendix C guidance to create a more unified, comprehensive, and less burdensome set of IPERA requirements (June 26, 2018).