



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

***Inspector General***

TO: Chairman Maffei  
Commissioner Dye  
Commissioner Sola  
Commissioner Bentzel  
Commissioner Vekich

FROM: Jon Hatfield *JH*  
Inspector General

DATE: May 13, 2024

SUBJECT: Improper Payments Compliance Report for Fiscal Year 2023

**Results in Brief**

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. For fiscal year (FY) 2023, the OIG concluded the FMC complied with all the requirements that are applicable to the agency for improper payment reporting. According to Office of Management and Budget (OMB) guidance, compliance with the Payment Integrity Information Act of 2019 (PIIA) means that the agency met the following six requirements, as appropriate:

| Requirements for PIIA Compliance |   | Did the Agency Comply? |
|----------------------------------|---|------------------------|
| 1a                               | Published payment integrity information with the annual financial statement   | Yes                    |
| 1b                               | Posted the annual financial statement and accompanying materials on the agency website  | Yes                    |
| 2a                               | Conducted improper payment (IP) risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years               | Yes                    |
| 2b                               | Adequately concluded whether the program is likely to make IPs and unknown payments (UPs) above or below the statutory threshold                                    | Yes                    |
| 3                                | Published IP and UP estimates for programs susceptible to significant IPs in the accompanying materials to the annual financial statement                           | N/A <sup>1</sup>       |
| 4                                | Published corrective action plans for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement | N/A <sup>1</sup>       |

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<sup>1</sup> Requirement is not applicable because the FMC determined in its 2023 risk assessment that the agency's programs are not susceptible to significant improper payments. FMC's next required risk assessment is 2026.

|    |   |                  |
|----|---|------------------|
| 5a | Published IP and UP reduction targets for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement | N/A <sup>1</sup> |
| 5b | Has demonstrated improvements to payment integrity or a tolerable IP and UP rate  | N/A <sup>1</sup> |
| 5c | Has developed a plan to meet the IP and UP reduction target   | N/A <sup>1</sup> |
| 6  | Reported an IP and UP estimate of less than 1% for each program for which an estimate was published in the accompanying materials to the annual financial statement     | N/A <sup>1</sup> |

During our review, we noted two issues where the FMC could improve its improper payment reporting process. The OIG concluded that none of the issues affected compliance nor altered the payment integrity information reported by the FMC. The OIG has prepared a separate management letter with a suggestion to the Chief Financial Officer to address the issues for future reporting.

## Background

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) (Public Law 111-204) amended the Improper Payments Information Act of 2002 (IPIA) and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). In addition, section 3 of IPERA required inspectors general to review each agency's improper payment reporting and issue an annual report. On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) repealed IPERA (and other laws) but set forth similar improper payment reporting requirements, including an annual compliance report by inspectors general. The OIG completed this annual review based on guidance contained in OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement (M-21-19, March 2021); OMB Circular A-136, Financial Reporting Requirements (May 19, 2023); OMB Payment Integrity Question and Answer Platform; and the Council of the Inspectors General on Integrity and Efficiency, Guidance for Payment Integrity Information Act Compliance Reviews, October 19, 2023.

The purpose of IPIA, 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 Agency Financial Report (AFR) and any accompanying materials to determine if the agency is in compliance with PIIA.

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The OIG reviewed the agency's Improper Payments Information Act section of FMC's FY 2023 PAR posted on the agency's website for compliance with PIIA, as well as the FMC's PaymentAccuracy.gov data call submission.

## **Conclusion**

The OIG concluded the FMC is compliant for FY 2023. Specifically, the FMC is compliant with requirements 1a, 1b, 2a, and 2b. Requirements 3 through 6 are not applicable to the agency. The OIG is required to report these results to the Commission; the Senate Committee on Homeland Security and Governmental Affairs; the Senate Committee on Appropriations; the House of Representatives Committee on Oversight and Accountability; the House Committee on Appropriations; the Comptroller General; and OMB.

If you have any questions or comments, please contact Parker Skaats ([pskaats@fmc.gov](mailto:pskaats@fmc.gov)) or myself ([jhatfield@fmc.gov](mailto:jhatfield@fmc.gov)), or call (202) 523-5863 . Thank you.

Cc: Office of the Managing Director  
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