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

Inspector General

TO: Chairman Cordero
Commissioner Lidinsky
Commissioner Doyle
Commissioner Dye
Commissioner Khouri

FROM: Jon Hatfield
Interim Inspector General

DATE: April 11, 2014

SUBJECT: *Improper Payments Elimination and Recovery Act of 2010*

In accordance with Section 3(b) of Public Law 111-204, *Improper Payments Elimination and Recovery Act of 2010* (hereafter referred to as IPERA), this letter communicates the results of the Federal Maritime Commission (FMC) Office of Inspector General's (OIG) determination of the FMC's compliance with applicable provisions of the IPERA.

The purpose of IPERA is to improve the federal government's efforts to reduce and recover improper payments. Improper payments are payments that should not have been made or that were made in an incorrect amount (including overpayments or underpayments); and includes any payment to an ineligible recipient, any payment for an ineligible good or service not received, and any payment that does not account for credit for applicable discounts.

Each agency inspector general is required to review improper payment reporting in their agency's annual Performance and Accountability Report (PAR) to determine if the agency is in compliance with IPERA. This letter covers the FMC's fiscal year (FY) 2013 activities. The results of this OIG review are due within 120 days of the PAR issuance date. Due to the 2013 government shutdown, the FMC PAR was issued on December 16, 2013. 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 Governmental Reform of the House of Representatives; the Comptroller General; and the Controller of the Office of Management and Budget (OMB).

OMB issued government-wide guidance on the implementation of IPERA in April 2011. This guidance is OMB Circular A-123, *Management's Responsibility for Internal Controls*, Appendix C, Parts I and II, April 2011. Based on this OMB guidance, if any agency estimates less than $10 million in annual improper payments, the extent of the inspector general review is limited. FMC management reported in the FY 2013 PAR a zero dollar improper payment estimate. Consequently, the OIG's IPERA compliance review was limited to a verification the FMC reported this estimate of the annual amount of improper payments for all programs and activities in the PAR.

The agency published the FY 2013 PAR on the agency website and concluded it has not identified any program that constitutes a high-risk for improper payments and considers all of its payments to be low-risk. The agency is not required to publish improper payment corrective action plans or reduction targets.

In summary, the OIG has determined the FMC is compliant with the IPERA and applicable guidance.

If you have any questions or comments, please contact me on (202)523-5258 or jhatfield@fmc.gov.

Cc: Vern W. Hill, Managing Director