Date: March 6, 2012

SUBJECT: Improper Payments Elimination and Recovery Act (IPERA) Review

1. IPERA (Public Law 111-204) was enacted on July 22, 2010, and the Office of Management and Budget (OMB) issued implementing guidance on April 14, 2011—OMB Memorandum M-11-16. M-11-16 requires that Inspectors General review annually their agency’s improper payment reporting in their agency’s Performance and Accountability Report (PAR).

2. M-11-16 specifies that Inspectors General should review their agency’s PAR for the most recent fiscal year and determine if the agency:
   - published a PAR for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the agency website;
   - reported the agency’s estimated improper payments;
   - conducted a risk assessment to identify programs/activities that may be susceptible to improper payments;
   - conducted a program-specific risk assessment for each program or activity that conforms with Section 3321 of Title 31 U.S.C. (if required);
   - published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required);
   - published programmatic corrective action plans in the PAR or AFR (if required);
   - published, and has met, annual reduction targets for each program assessed to be at risk and measured for improper payments;
• reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the PAR or AFR; and
• reported information on its efforts to recapture improper payments.

3. Although the CPSC did publish and post on its agency website a PAR, and that PAR did include some information regarding its efforts to comply with IPERA, the agency acknowledges not being in compliance with IPERA. The agency did not conduct an initial estimate of improper payments or a formal program risk assessment. The PAR did not include any information regarding the agency’s efforts to recapture improper payments. It is not possible for this office to formally evaluate the accuracy and completeness of agency reporting; or to evaluate agency performance in reducing and recapturing improper payments because these, and other program elements, have either not been developed or not been implemented.

4. The CPSC indicated in their 2011 PAR that in 2012 they plan to refine the risk assessment criteria such that a, “... gross estimate is included and to be more substantially compliant with OMB’s guidance and IPERA.” If this in fact takes place, it will be possible for our office to perform a more formal, and substantive, review of agency efforts in this area.

5. If you have any questions please feel free to contact me directly.

CHRISTOPHER W. DENTEL
Inspector General