

## FY 2020 OMB Supplemental Data Call

### EPA

#### Hurricane Sandy Grants

#### Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The agency does not include specific improper payments improper payment criteria in performance appraisals; however, Payment Integrity and Fraud Prevention are captured under broader Management Integrity criteria.

#### Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Please describe the steps the agency has taken to detect and recover improper payments.*

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)		Other

#### Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**Commercial payments** (Commodities and Contracts) are subject to financial review, invoice approval, and payment certification. Since all commercial payments are subject to rigorous internal controls, EPA relies upon its system of internal controls to minimize errors. Commercial payments have historically low percentage of IPs.

For the **Clean and Drinking Water State Revolving Funds**, EPA both identifies and recovers IPs during the state review process. EPA Regions are required to conduct annual reviews of each of its state SRF programs including some transaction testing with Headquarters. **Hurricane Sandy** remaining funds are only for SRF projects. 100% payments are reviewed (with \$0.00 of IPs for the last 3 years). Both SRFs and HS payment streams are no longer susceptible list but the agency continues to employ the same review process to maintain the low or no improper payments numbers.

For the **Grants** payment stream, overpayments principally consist of unallowable costs drawn by grantees or lack of or insufficient supporting documentation. Overpayments in grants are identified through statistical sampling and through various non-statistical reviews. EPA recovers overpayments by establishing a receivable and collecting money or offsetting future payment requests. Recipients selected for non-stat reviews are chosen by grants management officers assessments. Using a standard protocol, an onsite or desk review is performed, and each recipient's administrative and financial management controls are examined. The reviews include an analysis of the recipient's administrative policies and procedures and the testing of a judgmental sample of three non-consecutive draws. In addition, EPA uses single audits and OIG audits as a means of identifying and recovering improper payments. EPA also identifies IPs from enforcement actions, grant adjustments, and recipient overdraws.

**Payroll** is an automated process driven by the submission of employee time and attendance records and personnel actions. In-service debt can arise for a variety of reasons. Debts may be disputed but typically are recovered through payroll deductions in subsequent pay periods. Out-of-service debt can arise when an employee leaves the agency but owes funds back to EPA following separation but some are uncollectable. For both in-service and out-of-service debt, recoveries are actively pursued by following established debt collection procedures.

The **Purchase Card** program is not susceptible to significant improper payments, and no improper payments were identified in FY 2019 or 2020.

**Travel** payments are not susceptible to significant improper payments. IPs include ineligible expenses and insufficient or missing supporting documentation. When an overpayment is identified for travel, EPA establishes a receivable, and existing procedures are followed to ensure prompt recovery. Travel has very high recovery rates.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Past experience has demonstrated that the low dollar value of improper payments recovered by an external payment recapture auditor resulted in an effort that was not cost-effective for the Agency or the contractor. Therefore, EPA no longer uses a payment recapture audit firm to conduct formal payment recapture audits.

### **Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))**

Please describe your agency's progress:

- Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;
- Identifying risk and vulnerabilities to fraud, and
- Establishing strategies, procedures, and other steps to curb fraud.

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

**Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Not Applicable - EPA has not had any programs with substantial changes to its risk assessment methodology, nor have any programs been assessed for, or found to be above the statutory threshold.

**Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

The Agency is willing to provide additional **training** to applicable grant recipients on record keeping. In addition, the lack of sufficient supporting documentation was due to COVID-19 crisis causing interruptions in business operations and lack of access to grant records and resources. (I.E., training but not for contracts).

**Question 8: Tolerable Rate**

Do you believe the program has reached a tolerable rate of improper payments?

Indicate Yes or No
NO

**Question 8 Free Text: Tolerable Rate**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The lack of sufficient supporting documentation was due to COVID-19 crisis causing interruptions in business operations and lack of access to grant records and resources. Resulting in higher improper payment amounts.

**Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

Indicate 'yes' or 'no'	Indicate program needs
YES	1. Internal Controls
NO	2. Human Capital
NO	3. Information Systems
NO	4. Resources

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	Other	

**Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Training is ongoing.

**Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

<b>Indicate identified root cause</b>	<b>Indicate planned corrective action(s)</b>	<b>Select the planned completion date for action(s) program will take</b>	<b>Other planned completion date</b>
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	FY2023	
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)	FY2023	

**Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Note training here and throughout does not apply to "how to complete contracts" but is means other areas of training.

Improvement to upfront processes anticipated to allow grantees more lead time to respond.

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Not Applicable - EPA has been found in Compliance with IPERA for the last 7 years.

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Not Applicable - EPA has been found in Compliance with IPERA for the last 7 years.

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Not Applicable - EPA has been found in Compliance with IPERA for the last 7 years.

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Not Applicable - EPA has been found in Compliance with IPERA for the last 7 years.

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The Do Not Pay information is reviewed at least once a month. The agency rarely gets any matches, averaging approximately 1-2 per year. Matches have proven to be inaccurate (false positives) or when a name and payment do match, they have been adjudicated as proper going back for the last 5 years at least.

**Clean & Drinking Water State Revolving Fund (SRF)**  
**Clean Water State Revolving Fund**  
**Drinking Water State Revolving Fund**