

EVALUATION REPORT

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
PAYMENT INTEGRITY INFORMATION ACT OF 2019 (PIIA)

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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**INDEPENDENT EVALUATION ON THE U.S. EQUAL EMPLOYMENT
OPPORTUNITY COMMISSION'S COMPLIANCE WITH THE PAYMENT INTEGRITY
INFORMATION ACT OF 2019**

Joyce T. Willoughby
Inspector General
U.S. Equal Employment Opportunity Commission

This report presents the results of our independent evaluation of the U.S. Equal Employment Opportunity Commission's (EEOC or Commission) compliance with the *Payment Integrity Information Act of 2019* (PIIA). PIIA requires Federal agencies, including EEOC, to have an annual independent evaluation performed on the PIIA practices and reporting, and to report the results of the evaluation to Committee on Homeland Security and Governmental Affairs of the U.S. Senate, the Committee on Oversight and Reform of the U.S. House of Representatives, the appropriate authorizing and appropriation committees of Congress, the Office of Management and Budget, and the Comptroller General.

The evaluation was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) *Quality Standards for Inspection and Evaluation*.

The objective of this evaluation was to determine whether EEOC complied with PIIA for fiscal year (FY) 2022. We determined that EEOC did not comply with PIIA requirements applicable to the Commission for FY 2022. We found that while EEOC was compliant with the AFR reporting requirements of PIIA, the Commission did not properly report information on paymentaccuracy.gov nor did the Commission properly conduct a risk assessment for all programs it determined to be significant. Specifically, EEOC did not conduct a risk assessment over the Pay and Benefits program.

We made the following recommendations to the EEOC:

1. EEOC should determine a responsible official (or office) with overall responsibility for compliance with PIIA agency-wide. The responsible official (or office) should identify the programs (new and old) to be reviewed, provide overall guidance to the programs, and ensure overall compliance with all PIIA requirements on an annual basis;
2. EEOC should develop an agency-wide Improper Payment risk assessment standard operating procedures (SOP). This SOP should include risk assessment procedures to be

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performed by each identified significant program. These procedures should be based on OMB A-123 guidance found in Appendix C. For each identified significant program, a responsible program point of contact should be established. The responsible party should report results of their programs risk assessment to the EEOC responsible official (or office); and

3. EEOC should develop a SOP to ensure annual compliance with OMB A-136 PIIA review and reporting requirements.

This report is for the purpose of concluding on the evaluation objective described above. Accordingly, this report is not suitable for any other purpose. We appreciate the cooperation and courtesies that EEOC personnel extended to us during this evaluation.

Harper, Raines, Knight & Company, P.A.

Washington, DC
May 2, 2023

Introduction

EEOC is the federal agency responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (40 or older), disability or genetic information. The EEOC is a bipartisan commission composed of five presidentially appointed members, which include a Chair, a Vice Chair, and three Commissioners. The Chair is responsible for the administration and implementation of policy and the EEOC's financial management and organizational development. The Vice Chair and the Commissioners equally participate in developing and approving EEOC policies, issuing charges of discrimination where appropriate, and authorizing the filing of lawsuits. Also, the President appoints a General Counsel to support the Commission and provide direction, coordination, and supervision to the EEOC's litigation program.

Background

PIIA (Public Law 116-117) aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the OMB. Payment integrity information is published with the agency's annual financial statement in accordance with payment integrity guidance in OMB Circular A-136. The agency must also publish applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying material to the annual financial statements is the payment integrity information published on [paymentaccuracy.gov](https://www.paymentaccuracy.gov). The agency's Inspectors General are to review payment integrity reporting for compliance and issue an annual report.

Guidance

An important part of financial management for every federal agency is to ensure that improper payments are prevented and reduced. On March 2, 2020, PIIA repealed three previous Public Laws for payment integrity and other related laws. PIIA, in part, sets forth reporting requirements for an annual compliance review to be conducted by Inspectors General.

On March 5, 2021, OMB issued a revised version of Appendix C to OMB Circular A-123 Memorandum M-21-19, "Requirements for Payment Integrity Improvement," which provides guidance on PIIA implementation. The goal of this revised version is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements. OMB Circular A-123, Appendix C also sets forth guidance on the annual OIG compliance reviews.

Objective, Scope, and Methodology

The objective of this evaluation was to determine whether EEOC complied with PIIA for FY 2022.

We conducted this evaluation from February 2023 through April 2023. The scope was limited to PIIA compliance for FY 2022.

The evaluation was performed in accordance with the CIGIE's *Quality Standards for Inspection and Evaluation*. These standards require that we plan and perform the evaluation to obtain sufficient and appropriate evidence that provides a reasonable basis for our findings, conclusions, and recommendations. We assessed internal controls and compliance with laws and regulations to the extent necessary to satisfy the objective. Because our evaluation was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our evaluation. We assessed the information and data collected during the evaluation and determined it was sufficiently reliable and valid for use in meeting the evaluation objective. We assessed the risk of fraud related to our evaluation objective while evaluating evidence and had no matters come to our attention indicating fraud or illegal acts were occurring.

We used the CIGIE *Guidance for Payment Integrity Information Act Compliance Reviews*, dated November 8, 2022, for the methodology and field work steps to determine compliance with PIIA. We took the following steps to accomplish the objective:

- Reviewed and gained an understanding of OMB Circular A-123, Appendix C (M-21-19, March 2021), OMB Circular A-136 (June 3, 2022), OMB Annual Data Call Instructions, the OMB Payment Integrity Question and Answer Platform, and other background information applicable to the objective.
- Identified and reviewed applicable internal EEOC policies and procedures.
- Reviewed prior evaluations related to the objective.
- Interviewed selected Office of Chief Financial Officer (OCFO), Office of Chief Human Capital Officer (OCHCO), & Interior Business Center (IBC) personnel responsible for payment integrity and financial reporting.
- Reviewed EEOC's Fiscal Year 2022 AFR for improper payment and payment integrity information. We compared the information to the requirements set forth in PIIA and implementing guidance and verified posting of the FY 2022 AFR to the agency website.
- Reviewed EEOC's submission on paymentaccuracy.gov for FY 2022. We reviewed the agency's reporting on the Annual Improper Payments Dashboard.
- Identified and reviewed the FY 2022 risk assessments for improper payment related to Vendor Payments and Travel Payments.
- Summarized compliance ratings for the applicable sections of payment integrity requirements.

Results

[Requirement to Publish PIIA Information in the AFR and Accompanying Materials](#)

We determined EEOC complied with the requirement to publish an AFR that includes the annual financial statements and applicable payment integrity information. The agency also complied with the requirement to post the AFR on the agency's website.

[Requirement to Report on \[paymentaccuracy.gov\]\(https://paymentaccuracy.gov\)](#)

We determined EEOC did not comply with the requirement to report in the Annual Improper Payments Dashboard on paymentaccuracy.gov information related to all its programs. EEOC did report its Vendor Payments risk assessments and prior year noncompliance; however we determined that EEOC reported risk assessment data for Pay and Benefits information based on

an inaccurate assumption that IBC was performing the risk assessment on EEOC's behalf. As a result, EEOC's Pay and Benefits program is not compliant with paymentaccuracy.gov reporting. Additionally, EEOC performed a risk assessment for Travel Payments but did not report it on paymentaccuracy.gov due to the program being below the reporting threshold.

Requirement to Conduct a Risk Assessment

We determined EEOC did not comply with the requirement to conduct an improper payment risk assessment at least once every three years, for each program with annual outlays greater than \$10,000,000 to determine whether the program is likely to make improper payments that would be in total above the statutory threshold. OCFO to be compliant with the new requirements of PIIA conducted risk assessments of the Vendor Payment and Travel Payment programs. However, when we inquired with OCHCO about the Pay and Benefits program risk assessment, they stated that it was performed by IBC. Our evaluation determined that IBC was not performing and had not previously performed a risk assessment on EEOC's behalf for the Pay and Benefits program, resulting in non-compliance with the requirements of PIIA.

The below table summarizes EEOC's compliance with FY 2022 PIIA requirements.

PIIA Compliance Requirements	Program Name		
	Vendor Payments ¹	Travel Payments	Pay and Benefits
1. (OMB M-21-19 Appendix C-VI-A-1a) 1a. Published Payment Integrity information with the annual financial statement.	Compliant	N/A ²	Non-Compliant
2. (OMB M-21-19 Appendix C-VI-A-1b) 1b. Posted the annual financial statement and accompanying materials on the agency website.	Compliant	Compliant	Compliant
3. (OMB M-21-19 Appendix C-VI-A-2a) 2a. Conducted IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.	Compliant	Compliant	Non-Compliant
4. (OMB M-21-19 Appendix C-VI-A-2b) 2b. Adequately concluded whether the program is likely to make Improper	Compliant	Compliant	Non-Compliant

¹ Vendor Payments include rental payments, state and local payments, and other contractual services payments.

² EEOC performed testing and risk assessment activities for Travel Payments even though Travel Payments do not meet the reporting monetary threshold. Therefore, Travel Payments are not applicable for this compliance requirement.

PIIA Compliance Requirements	Program Name		
	Vendor Payments ¹	Travel Payments	Pay and Benefits
Payments (IPs) and Unknown Payments (UPs) above or below the statutory threshold.			
5. (OMB M-21-19 Appendix C-IV-A-3) 3. Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement.	N/A ³	N/A ³	N/A ³
6. (OMB M-21-19 Appendix C-VI-A-4) 4. Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A ³	N/A ³	N/A ³
7. (OMB M-21-19 Appendix C-VI-A-5a) 5a. Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A ³	N/A ³	N/A ³
8. (OMB M-21-19 Appendix C-VI-A-5b) 5b. Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate.	N/A ³	N/A ³	N/A ³
9. (OMB M-21-19 Appendix C-VI-A-5c) 5c. Developed a plan to meet the IP and UP reduction target.	N/A ³	N/A ³	N/A ³
10. (OMB M-21-19 Appendix C-VI-A-6) 6. Reported an IP and UP estimate of less than 10% for each program for which an estimate was published in the	N/A ³	N/A ³	N/A ³

³ Requirement is not applicable because EEOC determined in its risk assessment that the agency's programs are not susceptible to significant improper payments.

PIIA Compliance Requirements	Program Name		
	Vendor Payments ¹	Travel Payments	Pay and Benefits
accompanying materials to the annual financial statement.			

Conclusions

We determined EEOC was not compliant with PIIA for FY 2022 in accordance with OMB Memorandum M-21-19. The agency published payment integrity information in the AFR and posted the annual financial statements and accompanying materials on the EEOC website. However, while EEOC did report risk assessment data for Pay and Benefits, this information was based on an inaccurate assumption that IBC was performing this risk assessment thus making Pay and Benefits reporting not compliant with paymentaccuracy.gov reporting.

EEOC does not have an agency-wide process for assessing programmatic risks for improper payments and preparing/reviewing reported payment integrity information. OCHCO has solely relied on its shared service provider, IBC, to perform risk assessments. However, the Service Level Agreement for Fiscal Year 2022 between IBC and EEOC states "IBC, operating as Federal Shared Service Provider on behalf of its clients, cannot cause, identify, or report about a client's Improper Payments. All payments, whether payroll, acquisition or financial in nature, are considered pre-approved and, therefore, IBC standard business processes cannot cause an improper payment." We confirmed through interviews with IBC that they do not perform risk assessments or any other services related to PIIA for EEOC.

Recommendations

We recommend that EEOC:

1. Determines a responsible official (or office) with overall responsibility for compliance with PIIA agency-wide. The responsible official (or office) should identify the programs (new and old) to be reviewed, provide overall guidance to the programs, and ensure overall compliance with all PIIA requirements on an annual basis.
2. Develops agency-wide Improper Payment risk assessment standard operating procedures (SOP). This SOP should include risk assessment procedures to be performed by each identified significant program. These procedures should be based on OMB A-123 guidance found in Appendix C. For each identified significant program, a responsible program point of contact should be established. The responsible party should report results of their programs risk assessment to the EEOC responsible official (or office).
3. Develops a SOP to ensure annual compliance with OMB A-136 PIIA review and reporting requirements.

Management's Response

In response to the above recommendations, EEOC generally agreed with the recommendations and will put the Office of Enterprise Data and Analytics (OEDA) as the agency-wide lead for all PIIA testing and reporting.

For management's complete response see *Appendix A*.

Appendix A: Management's Response

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U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of the Chief Financial Officer

May 17, 2023

MEMORANDUM

FROM: Elisa Krobot, Chief Financial Officer

Digitally signed by ELISA
KROBOT
Date: 2023.05.17
08:02:45 -04'00'

TO: Matthew Farage
Harper, Rains, Knight & Company, P.A.

SUBJECT: Management Response to FY 2022 Payment Integrity Information Act of 2019 (PIIA)
Evaluation Notice of Findings and Recommendations – Noncompliance

Below are EEOC's management responses to the draft findings and recommendations outlined in the above referenced evaluation.

FINDINGS/RECOMMENDATIONS:

- Determines a responsible official (or office) with overall responsibility for compliance with PIIA agency wide. The responsible official (or office) should identify the programs (new and old) to be reviewed, provide overall guidance to the programs, and ensure overall compliance with all PIIA requirements on an annual basis.

EEOC Response: The Office of Enterprise Data and Analytics (OEDA) will be taking the agency-wide lead for all PIIA testing and reporting to ensure compliance with OMB A-123 and A-136. All relevant EEOC policy and procedure documents will be updated to show this added internal control responsibility.

- Develops agency-wide Improper Payment risk assessment standard operating procedures (SOP). This SOP should include risk assessment procedures to be performed by each identified significant program. These procedures should be based on OMB A-123 guidance found in Appendix C. For each identified significant program, a responsible program point of contact should be established. The responsible party should report results of their programs risk assessment to the EEOC responsible official (or office).

EEOC Response: The OEDA will work with both the Office of the CFO (OCFO) and the Office of the Chief Human Capital Officer (OCHCO) to formalize SOP's and risk assessment procedures based on Appendix C of OMB A 123. The relevant offices (OCFO, OCHCO and OEDA) will be co-owners of a Corrective Action Plan to set milestones and metrics to ensure that there is robust oversight and documented testing for all impacted areas.

- Develops a SOP to ensure annual compliance with OMB A-136 PIIA review and reporting requirements.

EEOC Response: The OEDA will amend current internal control and risk assessment policies and procedures to govern future PIIA testing and reporting, including internal OEDA SOP's and risk assessment procedures to ensure compliance with OMB A-123 and OMB A-136. The relevant offices (OCFO, OCHCO and OEDA) will be co-owners of a Corrective Action Plan to set milestones and metrics to ensure that there is robust oversight and documented testing for all

impacted areas.

Cc: Cynthia Pierre, Chief Operating Officer
Kevin Richardson, Chief Human Capital Officer
Nina Murphy, Office of Inspector General