

EVALUATION REPORT

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Independent Auditors' Evaluation of 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) 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 (CIGIE) *Quality Standards for Inspection and Evaluation*.

The objective of this evaluation was to determine whether EEOC complied with PIIA for Fiscal Year (FY) 2023. We determined that EEOC did not comply with PIIA requirements applicable to the Commission for FY 2023. We found that while EEOC was compliant with the Agency Financial Report (AFR) reporting requirements of PIIA and reported information on [paymentaccuracy.gov](https://www.eeoc.gov/paymentaccuracy), the Commission did not 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 implement an 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); and
2. EEOC should implement a SOP to ensure annual compliance with OMB A-136 PIIA review and reporting requirements.

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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, Raino, Knight & Company, P.A.

Washington, D.C.
May 13, 2024

Introduction

The 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

The 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-136¹. 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-123² 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.

¹ OMB Circular A-136, *Financial Reporting Requirements*, Revised May 19, 2023

² OMB Memorandum M-21-19, Transmittal of Appendix C to OMB A-123, *Requirements for Payment Integrity Improvement*, issued March 5, 2021

Objective, Scope, and Methodology

The objective of this evaluation was to determine whether EEOC complied with PIIA of 2019 for FY 2023.

We conducted this evaluation from February 2024 through April 2024. The scope was limited to PIIA compliance for FY 2023.

The evaluation was performed in accordance with the CIGIE's *Quality Standards for Inspection and Evaluation*³. 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 objectives. We assessed the risk of fraud related to our evaluation objectives 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 October 19, 2023⁴, 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 (May 19, 2024), 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 Enterprise Data and Analytics (OEDA), Office of Chief Financial Officer (OCFO), and Office of Chief Human Capital Officer (OCHCO), personnel responsible for payment integrity and financial reporting.
- Reviewed EEOC's Fiscal Year 2023 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 2023 AFR to the agency website.
- Reviewed EEOC's submission in paymentaccuracy.gov for FY 2023. We reviewed the agency's reporting in the Annual Improper Payments Dashboard.

³ CIGIE Quality Standards for Inspection and Evaluation, issued December 2020, <https://www.ignet.gov/sites/default/files/files/QualityStandardsforInspectionandEvaluation-2020.pdf>

⁴ CIGIE Guidance for Payment Integrity Information Act Compliance Reviews, issued October 19, 2023 [https://www.ignet.gov/sites/default/files/files/10-19-2023GuideforPaymentIntegrityInformationActOIGComplianceReviews\(003\).pdf](https://www.ignet.gov/sites/default/files/files/10-19-2023GuideforPaymentIntegrityInformationActOIGComplianceReviews(003).pdf)

- Identified and reviewed the FY 2023 Enterprise Risk Management (ERM) Risk Profile, and the FY 2022 risk assessments for improper payment related to Vendor and Travel Payments.
- Summarized compliance ratings for the applicable sections of payment integrity requirements.

Results

Published in the AFR and Accompanying Materials

EEOC published an AFR in November 2023 that included the annual financial statements and applicable payment integrity information. The agency also posted the FY 2023 AFR on the agency's website⁵.

Reporting on paymentaccuracy.gov

EEOC reported in the Annual Improper Payments Dashboard on paymentaccuracy.gov information related to Vendor Pay risk assessments and prior year noncompliance. A documented improper payment risk assessment meeting the requirements of OMB A-123, Appendix C for the Pay and Benefits program was not conducted by the agency in the last three years, and risk assessment information for this program was not reported on paymentaccuracy.gov. As a result, EEOC's Pay and Benefits program is not compliant with paymentaccuracy.gov reporting.

Conduct a Risk Assessment

OMB Memorandum M-21-19 requires EEOC 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. EEOC conducted a risk assessment in FY 2022 for Vendor and Travel Payments, which met the requirement. EEOC did not conduct a risk assessment for Pay and Benefits during FY 2023, and we determined that the agency-wide risk assessment conducted in FY 2023, as part of the Enterprise Risk Management (ERM) Risk Profile was not sufficient for the PIIA requirement.

The below table summarizes EEOC's compliance with FY 2023 PIIA requirements.

⁵ Fiscal Year 2023 Agency Financial Report
<https://www.eeoc.gov/fiscal-year-2023-agency-financial-report>

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PIIA Compliance Requirements	Program Name		
	Vendor Payments ⁶	Travel Payments ⁷	Pay and Benefits
1. (OMB M-21-19 Appendix C-IV-A-1a) 1a. Published Payment Integrity information with the annual financial statement.	Compliant	N/A	Non-Compliant
2. (OMB M-21-19 Appendix C-IV-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-IV-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-IV-A-2b) 2b. Adequately concluded whether the program is likely to make Improper Payments (IPs) and Unknown Payments (UPs) above or below the statutory threshold.	Compliant	Compliant	Non-Compliant
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 ⁸	N/A ⁸	N/A ⁸
6. (OMB M-21-19 Appendix C-IV-A-4) 4. Published corrective action plans for each program for which an estimate above the statutory threshold was published in the	N/A ⁸	N/A ⁸	N/A ⁸

⁶ Vendor payments include rental payments, state and local payments, and other contractual services payments.

⁷ EEOC performed testing and risk assessment activities for Travel Payments even though Travel Payments do not meet the monetary reporting threshold. Therefore, Travel Payments are not applicable for this compliance requirement.

⁸ Requirement is not applicable because EEOC determined in its risk assessment that the agency's programs are not susceptible to significant improper payments.

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PIIA Compliance Requirements	Program Name		
	Vendor Payments ⁶	Travel Payments ⁷	Pay and Benefits
accompanying materials to the annual financial statement.			
7. (OMB M-21-19 Appendix C-IV-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 ⁸	N/A ⁸	N/A ⁸
8. (OMB M-21-19 Appendix C-IV-A-5b) 5b. Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate.	N/A ⁸	N/A ⁸	N/A ⁸
9. (OMB M-21-19 Appendix C-IV-A-5c) 5c. Developed a plan to meet the IP and UP reduction target.	N/A ⁸	N/A ⁸	N/A ⁸
10. (OMB M-21-19 Appendix C-IV-A-6) 6. Reported an IP and UP estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement.	N/A ⁸	N/A ⁸	N/A ⁸

Conclusions

We determined EEOC was not compliant with PIIA for FY 2023 in accordance with OMB Memorandum M-21-19. The agency published payment integrity information in the AFR and posted the annual financial statement and accompanying materials on the agency website. EEOC did not document and report risk assessment data for Pay and Benefits in the Agency Financial Statement or [paymentaccuracy.gov](https://www.paymentaccuracy.gov).

EEOC does not have an agency-wide process for assessing programmatic risks for improper payments and preparing/reviewing reported payment integrity information. As a result, processes to assess risk and publish improper payment information were inconsistent between programs at EEOC.

We noted, during our fieldwork, that EEOC has designated OEDA as the responsible agency-wide office for compliance with PIIA during FY 2023. EEOC and OEDA have made progress on corrective actions to address the repeat findings issued as finding 1 and 2 below. Agency-wide Improper Payment procedures were in development during FY 2023; however, the policy was not published, and procedures implemented until December 2023, in the first quarter of FY 2024.

Recommendations

We recommend that EEOC:

1. Implements 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).
2. Implements a SOP to ensure annual compliance with OMB A-136 PIIA review and reporting requirements.

Managements' Response

Management reviewed the report and indicated that a narrative response, should there be one, would be provided during the AFR process and that management would respond to the overall audit findings, including those in this report.