UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

OFFICE OF
INSPECTOR GENERAL

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Inspector General's Review of the U.S. Securities and Exchange Commission's Fiscal Year 2014 Compliance with the Improper Payments Information Act

The U.S. Securities and Exchange Commission's (SEC) Office of Inspector General (OIG) has concluded its fiscal year (FY) 2014 review of the SEC's compliance with the Improper Payments Information Act of 2002 (IPIA; Pub. L. 107-300), as amended and expanded by the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Pub. L. 111-204) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA; Pub. L. 112-248). Our review was conducted in accordance with implementing guidance set forth in the Office of Management and Budget's (OMB) Memorandum M-15-02.

OMB Memorandum M-15-02 lists six requirements an agency must meet to be in compliance with IPIA. For FY 2014, the SEC met those requirements that were applicable to the agency. Therefore, we determined that the SEC is in compliance with IPIA for FY 2014.

We reviewed the SEC's Improper Payments Elimination and Recovery Improvement Act of 2012 Risk Assessment Summary Report, dated July 18, 2014, and supporting documentation. We also reviewed relevant disclosures in the SEC's FY 2014 Agency Financial Report (AFR), dated November 14, 2014. The risk assessment was performed by a contractor in coordination with the SEC's Office of Financial Management. The agency programs included in the risk assessment were vendor payments, purchase card payments, disgorgement and penalty distributions, returned deposits of registration filing fees, and payroll and benefit payments.

For FY 2014, "significant improper payments" are defined as gross annual improper payments in the program(s) under review exceeding (1) both 1.5 percent of program outlays and $10 million of all program or activity payments made during the fiscal year, or (2) $100 million. The SEC's FY 2014 risk assessment included consideration of certain risk factors likely to contribute to a susceptibility to significant improper payments. The assessment also involved transaction testing on a sample basis of payments made during the first 6 months of FY 2014. The risk assessment determined that none of the SEC's programs and activities are susceptible to significant improper payments. In addition, according to the SEC's FY 2014 AFR, the agency determined that implementing a payment recapture audit program is not cost effective; nonetheless, the agency strives to recover overpayments identified through other sources. Based on our review of this information, we determined that the SEC is in compliance with IPIA for FY 2014.

If you have questions or require additional information, please contact Rebecca Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects at sharekr@sec.gov or (202) 551-6061.

Sincerely,

Carl W. Hoecker
Inspector General
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