

IMPROPER PAYMENTS INFORMATION ACT (IPIA) REPORTING

The Improper Payments Information Act (IPIA) of 2002 and the recently issued OMB Circular A-123, Appendix C guidance require agencies to review all programs and activities, identify those that are susceptible to significant erroneous payments, and determine an annual estimated amount of erroneous payments made in those programs.

In 2005, in consultation with OMB, NSF revamped its IPIA approach and successfully executed it. NSF contracted for an annual statistical review of Federal Cash Transaction Report (FCTR) transactions received from grant recipients under the purview of the agency's IPIA program. NSF staff worked closely with the contractors to create a milestone chart, develop a sampling plan, and ensure ongoing grantee communication throughout the review.

NSF showed statistically low improper payment rates for our research and education awards. Consistent with OMB's guidance on improper payments, NSF requested, and OMB granted, relief from annual improper payments reporting because NSF improper payments were below the reporting threshold for two consecutive years. NSF will need to conduct a risk assessment or may be required to re-initiate measurement activities if there are any substantial changes to the program (e.g., legislation, funding, etc.) that may impact payment accuracy. NSF's next IPIA reporting is due in FY 2009.

In addition, NSF has established a robust, comprehensive grant pre-award and post-award monitoring program that builds risk reduction into its operational design. As part of this program, NSF expanded its FCTR transaction testing to cover low, medium and all high-risk awards. The current FCTR transaction testing is more comprehensive than the one used in NSF's 2005 IPIA initiative.

