

U.S. International Trade Commission

Management Letter: Overpayments



OIG-ML-20-14

June 10, 2020



Office of Inspector General

The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial federal agency that provides trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement. USITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them. The agency also maintains and publishes the Harmonized Tariff Schedule of the United States.



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

June 10, 2020

IG-SS-014
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Chairman Johanson:

The purpose of this Management Letter is to bring to your attention two issues we found during our review of compliance with the Improper Payments Elimination and Recovery Act of 2010, as amended. The first issue is related to inconsistent practices to waive the recovery of overpayments and the second issue is related to long-standing employee debt.

Waiver of Recovery of Overpayments

Administrative Order: 14-05, Waiver of Recovery of Overpayments, sets the standards and procedures for making determinations on possible waivers of overpayments to employees, and assigns discretionary waiver authority to the Vice Chairman.¹ The Administrative Order also lays out the process for employees seeking a waiver, which requires a written request to the Vice Chairman.

Our office identified four instances where agency policy was not followed when two office directors waived recovery of employee overpayments. Both office directors stated that they did not have documented office procedures in place to respond to overpayments to employees. As a result, they did not maintain adequate records of the facts and circumstances of each determination to support how their waiver decision was made.

While both Office Directors appeared to be acting in good faith to resolve administrative processing errors, the failure to adhere to Commission policy resulted in inconsistencies in how the Commission has determined waiver of overpayments to employees. This could result in the appearance of inequity in the Commission's waiver determination process. While we did not identify any evidence of fraud or favoritism in connection with these waiver determinations, the lack of documentation when making these types of decisions creates risk to the Commission.

¹ Internal Rule Number: DE01.01-DI39.01-0000-2019, *Officials Authorized to Make Determinations on Waiver of Recovery of Overpayment*, also provides that authorization is transferred to the most senior Commissioner not of the Chairman's party if there is no Vice Chairman.

Long-Standing Employee Debt

The Office of Management and Budget Circular A-129, “*Policies for Federal Credit Programs and Non-Tax Receivables*” along with the Department of Treasury’s Bureau of Fiscal Services, “*Managing Federal Receivables*” provide policy and guidance to Federal agencies for collecting outstanding debt. Specifically, that within two years of the date of delinquency, the agency should be able to evaluate the likelihood that it will collect on a delinquent debt and either (1) write-off and classify the debt as “Currently Not Collectible,” (2) write-off and classify the debt as close-out; or (3) document and justify why the debt is not being written-off.

The Office of the Chief Financial Officer (OCFO) provided us with their improper payment tracking spreadsheet for our review. One of the entries in the tracking spreadsheet was related to an overpayment of health benefits in January 2015 that resulted in a debt owed by a former employee that resigned from the Commission. The spreadsheet contained notes regarding the OCFO’s unsuccessful attempts to recover the overpayment from the employee, and their eventual referral to the Treasury Offset Program for collection on August 31, 2015.

The OCFO took the appropriate steps to actively collect the debt, however they did not have processes or procedures to effectively manage delinquent debt and therefore did not take any action to write-off the debt or justify why the debt was not written-off.

The lack of uniformly applied standard operating procedures for managing overpayments and debt collection puts the Commission at risk of non-compliance with laws and regulations, which could have legal implications and may impact the accuracy of financial reporting.

We are issuing three recommendations to the Commission in this report. In the next 30 days, please provide me with your management decisions describing the specific actions that you will take to implement our recommendations.

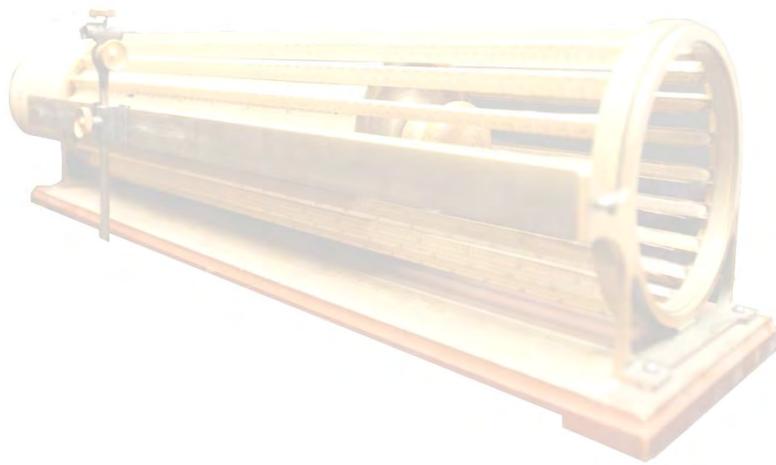
Recommendations:

1. The Commission should develop standard operating procedures to ensure the recovery and waiver of overpayments to current and former employees aligns with agency policy.
2. The Commission should develop standard operating procedures to manage delinquent debt.
3. The Commission evaluate the instance of long-standing debt from 2015 and take appropriate action.

Sincerely,



Rhonda L. Turnbow
Acting Inspector General



“Thacher’s Calculating Instrument” developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to quickly perform complex mathematical calculations involving roots and powers quickly. The instrument was used by architects, engineers, and actuaries as a measuring device.

To Promote and Preserve the Efficiency, Effectiveness, and Integrity of the U.S. International Trade Commission



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