




Inspector General

May 13, 2022

TO: Debra Wall  
Acting Archivist of the United States

FROM: Dr. Brett M. Baker   
Inspector General

SUBJECT: *Audit of NARA's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021*  
OIG Audit Report No. 22-AUD-08

The Office of Inspector General (OIG) contracted CliftonLarsonAllen (CLA) to conduct an independent audit of the National Archives and Records Administration's (NARA) *Compliance with the Payment Integrity Information Act of 2019 (PIIA) in Fiscal Year 2021*. Attached is CLA's report titled *NARA's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021*. The objective was to determine if NARA's improper payment reporting in its FY 2021 Agency Financial Report was in compliance with PIIA and in accordance with Office of Management and Budget Memo No. M-21-19 Section VI.A. of Appendix C of OMB A-123.

The conclusions presented in the report are the responsibility of CLA. The OIG's responsibility is to provide adequate oversight of the contractor's work in accordance with Generally Accepted Government Auditing Standards. CLA concluded that NARA complied with the requirements of the PIIA for FY 2021. CLA also found NARA's reporting of and performance in reducing and recapturing IPs and unknown payments to be generally accurate and complete. The report contains no recommendations.

As with all OIG products, we determine what information is publicly posted on our website from the attached report. Consistent with our responsibility under the *Inspector General Act, as amended*, we may provide copies of our report to congressional committees with oversight responsibility over NARA.

We appreciate the cooperation and assistance NARA extended to us during the audit. Please contact Jewel Butler, Assistance Inspector General for Audits, with any questions.

cc: William Bosanko, Chief Operating Officer  
Meghan Guthorn, Deputy Chief Operating Officer  
Micah Cheatham, Chief of Management and Administration  
Colleen Murphy, Chief Financial Officer  
Kimm Richards, Accountability  
Jewel L. Butler, Assistant Inspector General for Audits  
Kimberly Boykin, Audit Director  
Carol Seubert, Senior Program Auditor  
Kimberly Nikraves, Senior Program Auditor  
Senate Committee on Homeland Security and Governmental Affairs  
House Committee on Oversight and Reform  
Comptroller General of the United States  
Office of Management and Budget  
House Committee on Appropriations  
Senate Committee on Appropriations



CliftonLarsonAllen LLP  
CLAconnect.com

**National Archives and Records Administration Complied with the  
Requirements of the Payment Integrity Information Act of 2019 in  
Fiscal Year 2021**

**Audit Performed  
by  
CliftonLarsonAllen LLP**

**For  
National Archives and Records Administration  
Office of Inspector General**

**April 1, 2022**

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## **NARA Complied with the Requirements of the Payment Integrity Information Act of 2019 in Fiscal Year 2021**

### **EXECUTIVE SUMMARY**

#### **WHY WE DID THIS AUDIT**

CliftonLarsonAllen LLP (CLA) was engaged by the National Archives and Records Administration (NARA) Office of Inspector General (OIG) to conduct a performance audit of NARA's compliance with the Payment Integrity Information Act of 2019 (PIIA), for fiscal year (FY) 2021 in accordance with Section VI.A. of the Office of Management and Budget (OMB) Memorandum M-21-19 (M-21-19), Appendix C to OMB Circular No. A-123 (A-123), *Requirements for Payment Integrity Improvement*, dated March 5, 2021.

As part of this audit, we were also engaged to evaluate the accuracy and completeness of NARA's reporting and its performance in preventing, reducing, and recapturing improper payments (IPs) and unknown payments (UPs).

Our audit performance period was from February 2022 through April 2022. We conducted our audit in accordance with generally accepted government auditing standards.

#### **WHAT WE CONCLUDED**

We concluded that NARA complied with the requirements of the PIIA for FY 2021. As required, NARA published applicable payment integrity information with the annual financial statement and in the accompanying materials to its annual financial statements for the most recent FY in accordance with payment integrity information guidance provided in OMB Circular A-136, *Financial Reporting Requirements*, (August 2021), posted the annual financial statement and accompanying materials required under the guidance of OMB on the agency website with a link to [paymentaccuracy.gov](http://paymentaccuracy.gov), conducted an IP risk assessment for each program with annual outlays greater than \$10,000,000 at least once in the last three years, and adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold. The remaining requirements are not applicable to NARA.

We also found NARA's reporting of and performance in reducing and recapturing IPs and UPs to be generally accurate and complete. NARA concluded that payment recapture audits are not cost effective and notified OMB of its decision in 2014. Per OMB M-21-19 Section V.B.(2), if an agency determines that it would be unable to conduct a cost-effective recovery audit for certain programs, the analysis will need to be repeated only if circumstances change within the program that might make a recovery audit cost-effective. NARA represented that circumstances have not changed in FY 2021 and therefore no analysis was necessary.

**TABLE 1: PIIA Compliance Reporting Table**

<i>Program Name</i>	Published payment integrity information with the annual financial statement	Posted the annual financial statement and accompanying materials on the agency website	Conducted IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	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	Published 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	Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	Developed a plan to meet the IP and UP reduction target	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
Administrative Overhead	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A
Agency Services	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A
Legislative Archives, Presidential Libraries, and Museum Services	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A
National Historical Publications and Records Commission (NHPRC) Grants	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A
Office of Inspector General	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A
Repairs and Restoration	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A
Research Services	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A

Legend: The N/A in Table 1 means Not Applicable because NARA did not have programs or activities determined to be susceptible to significant improper payments under OMB M-21-19 Section II.A of Appendix C of OMB A-123.

In addition, for programs or activities that are deemed not susceptible to significant improper payments, NARA is required to perform a risk assessment at least once every three years under OMB-21-19 Section II.A.2 of Appendix C. NARA conducted its latest risk assessment in FY 2020. Accordingly, NARA was not required to conduct a risk assessment in FY 2021.

The purpose of our work was not to provide an opinion on internal controls over improper payments or its reporting process. Therefore, we do not express such an opinion. We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusion based on our audit objectives. Our objectives, scope, and methodology are described in Appendix A.

We appreciate the assistance provided by NARA management and staff.

**CliftonLarsonAllen LLP**

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Greenbelt, MD  
April 1, 2022

## PROGRAM BACKGROUND

The Payment Integrity Information Act (PIIA)<sup>1</sup> of 2019 which repealed the Improper Payments Information Act (IPIA)<sup>2</sup> of 2002, as amended by the Improper Payments Elimination and Recovery Act (IPERA)<sup>3</sup> of 2010 and the Improper Payment Elimination and Recovery Improvement Act (IPERIA)<sup>4</sup> of 2012, requires the Inspector General (IG) of each agency to determine whether the agency is in compliance with PIIA<sup>5</sup> and submit a report on that determination. The current OMB implementation guidance, M-21-19 Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, was issued on March 5, 2021.

OMB M-21-19, Appendix C, Section I (1) describes an improper payment as any payment made in an incorrect amount or to the wrong recipient, and for instances where an agency is unable to determine whether the payment falls into the proper or improper category that payment should be considered an unknown payment.

We initiated our FY 2021 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement, (M-21-19, March 2021), OMB Circular A-136, *Financial Reporting Requirements*, (August 2021), and the Counsel of the Inspectors General on Integrity and Efficiency (CIGIE) Guidance for Payment Integrity Information Act Compliance Reviews, October 2021, (the Guide).

To be compliant with PIIA, the Guide states each agency must:

- 1a. Publish payment integrity information with the annual financial statements in the accompanying materials to the annual financial statement for the most recent FY;
- 1b. Post the annual financial statements and accompanying materials on the agency website;
- 2a. Conduct IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years;
- 2b. Adequately conclude whether the program is likely to make IPs and UPs above or below the statutory threshold;<sup>6</sup>
3. Publish IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement;
4. Publish 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;
- 5a. Publish 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;
- 5b. Demonstrate improvements to payment integrity or reached a tolerable IP and UP rate;
- 5c. Develop a plan to meet the IP and UP reduction target; and
6. Report 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.

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<sup>1</sup> Pub. Law No. 116-117, 134 Stat. 113 (2020)

<sup>2</sup> Pub. Law No. 107-300, 116 Stat. 2350 (2002)

<sup>3</sup> Pub. Law No. 111-204, 124 Stat. 2224 (2010)

<sup>4</sup> Pub. Law No. 112-248, 126 Stat. 2390 (2012)

<sup>5</sup> Unless otherwise indicated, the term "PIIA" will imply IPERA and IPIA, as amended by PIIA

<sup>6</sup> Programs are considered to be above the statutory threshold if they are reporting an annual IP and UP estimate that is either above \$10,000,000 and 1.5% of the program's total outlays or above \$100,000,000 regardless of their associated percentage of the program's total annual outlays that the estimated IP and UP represents.



In the Payment Integrity Information Act Reporting Details section of NARA's FY 2021 Agency Financial Report (AFR), NARA reported FY 2021 information on the outcome of self-identified improper payments. NARA's improper payments totaled \$362,233.

**RESULTS AND CONCLUSION**

If an agency does not meet one or more of these requirements, then it is not compliant under PIIA. NARA complied with the requirements of PIIA in accordance with OMB M-21-19. Table 2 below shows the OMB compliance requirements, NARA compliance status, and the results of CLA's review.

<b>Table 2: RESULTS OF NARA COMPLIANCE WITH THE REQUIREMENTS OF PIIA</b>			
<b>Compliance Reference</b>	<b>OMB Compliance Requirement</b>	<b>NARA Compliance Status</b>	<b>CLA Review</b>
1a.	Published Payment Integrity information with the annual financial statement	<b>Compliant</b>	The AFR is published on NARA website and includes applicable PIIA information in accordance with payment integrity guidance provided in OMB Circular A-136.
1b.	Posted the annual financial statement and accompanying materials on the agency website	<b>Compliant</b>	The AFR is published on NARA's website which includes a link to <a href="https://www.archives.gov/files/about/plans-reports/agency-financial-reports/2021-financial-report.pdf">paymentaccuracy.gov</a> .  <a href="https://www.archives.gov/files/about/plans-reports/agency-financial-reports/2021-financial-report.pdf">https://www.archives.gov/files/about/plans-reports/agency-financial-reports/2021-financial-report.pdf</a> .
2a.	Conducted IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	<b>Compliant</b>	NARA has a risk assessment process in place for determining whether NARA has programs or activities susceptible to significant improper payments. NARA also has procedures in place to identify, estimate, and report on improper payments. NARA determined their programs and activities were not susceptible to significant improper payments. The most recent risk assessment was performed in FY 2020.
2b.	Adequately concluded whether the program is likely to make IPs and UPs above or below	<b>Compliant</b>	NARA has an adequate risk assessment program and the methodology used adequately concludes whether the program is likely to make IPs plus UPs above or below the statutory threshold.

**Table 2: RESULTS OF NARA COMPLIANCE WITH THE REQUIREMENTS OF PIIA**

Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	CLA Review
	the statutory threshold		
3.	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	<b>Not Required</b>	This requirement was not applicable as none of NARA's programs or activities were determined to be susceptible to significant improper payments. All programs were measured at low risk.
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	<b>Not Required</b>	This requirement was not applicable as none of NARA's programs or activities were determined to be susceptible to significant improper payments. No programs reached the statutory threshold.
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	<b>Not Required</b>	This requirement was not applicable as none of NARA's programs or activities were determined to be susceptible to significant improper payments or above the statutory threshold.
5b.	Demonstrated improvements to payment	<b>Not Required</b>	This requirement was not applicable as none of NARA's programs or activities

**Table 2: RESULTS OF NARA COMPLIANCE WITH THE REQUIREMENTS OF PIIA**

Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	CLA Review
	integrity or reached a tolerable IP and UP rate		were determined to be susceptible to significant improper payments.
5c.	Developed a plan to meet the IP and UP reduction target	<b>Not Required</b>	This requirement only applies if the program reported an IP and UP estimate above the statutory threshold in the current year and established an IP and UP reduction target for the following FY, the program is responsible for developing a plan to meet the reduction target established.
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	<b>Not Required</b>	NARA determined that none of its programs or activities were susceptible to significant improper payments. Therefore, this requirement was not applicable.

## **APPENDIX A - OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives and Scope**

Our objective was to determine if NARA's IP reporting in its FY 2021 AFR was in compliance with PIIA and in accordance with OMB M-21-19 Section VI.A. of Appendix C of OMB A-123. As part of this audit, we also evaluated the accuracy and completeness of NARA's reporting, and its performance in preventing, reducing, and recapturing improper payments.

### **Methodology**

OMB M-21-19, Section VI., states that the agency is responsible for ensuring it has met the requirements to achieve compliance with PIIA and the OIG is responsible for evaluating the agency to determine whether the agency is compliant with PIIA. To accomplish our objective, we completed the following procedures for FY 2021:

- Reviewed all applicable laws, rules, and regulations pertaining to improper payments, as well as NARA guidance, policies, and procedures.
- Obtained an understanding of NARA internal controls over improper payments and evaluated the design and operating effectiveness of relevant payments, reduction, and recapture controls.
- Reviewed the payment integrity information section of the agency's FY 2021 AFR and accompanying material to assess the agency's compliance with PIIA and related OMB guidance.
- Reviewed and analyzed the improper payments reporting details in NARA's Improper Payments Summary by Program and Improper Payment worksheet.
- Agreed the FY 2021 SF-133 detail from the shared service provider to NARA's Improper Payments Summary by Program and Improper Payment worksheet for accuracy and completeness.
- Evaluated agency efforts to prevent and reduce improper payments.
- Reviewed information on <https://paymentaccuracy.gov/> through the annual OMB payment accuracy data call. The information collected through the data calls and published on [paymentaccuracy.gov](https://paymentaccuracy.gov/) is considered accompanying materials to the AFR.
- Leveraged prior work in deciding the level of work to do for the PIIA compliance review.
- Assessed the overall presentation of the IPs and UPs in the AFR for completeness as per Section II.4.5. of OMB A-136.
- Concluded whether the agency met each of the six PIIA compliance requirements.

In planning our work, we gained an understanding of the internal controls over NARA's improper payments identification, reduction, recapture, and reporting processes. Our audit procedures included inquiries and reviews of the NARA Improper Payments Summary by Program and AFR, as per OMB Circular A-123, Appendix C. However, the purpose of our work was not to provide an opinion on internal controls over improper payments or its reporting process. Therefore, we do not express such an opinion.

## **APPENDIX B – ACRONYMS**

AFR	Agency Financial Report
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CLA	CliftonLarsonAllen LLP
FY	Fiscal Year
IP	Improper Payment
IPA	Independent Public Accountant
IPIA	Improper Payments Information Act of 2002
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
NARA	National Archives and Records Administration
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
UP	Unknown Payment

## **APPENDIX C - NARA'S MANAGEMENT RESPONSE**

Agency management is in general agreement with the conclusions in the report and opts not to provide formal comments for inclusion in this report.

## **APPENDIX D – REPORT DISTRIBUTION LIST**

Archivist of the United States  
Deputy Archivist of the United States  
Chief Operating Officer  
Deputy Chief Operating Officer  
Chief of Management and Administration  
Chief Financial Officer  
Accountability  
Committee on Homeland Security and Governmental Affairs of the Senate  
Committee on Oversight and Reform of the House of Representatives  
Comptroller General of the United States  
Office of Management and Budget  
House Committee on Appropriations  
Senate Committee on Appropriations