



OFFICE *of*
INSPECTOR GENERAL
NATIONAL ARCHIVES

Review of NARA's Compliance with the
Payment Integrity Information Act of 2019

March 31, 2021

OIG Audit Report No. 21-AUD-06



March 31, 2021

TO: David S. Ferriero
Archivist of the United States

FROM: James Springs *James Springs*
Inspector General

SUBJECT: *Review of NARA's Compliance with the Payment Integrity Act of 2019*
OIG Report No. 21-R-06

Attached is the final report for the *Review of NARA's Compliance with the Payment Integrity Act of 2019*. We have included NARA's response to the draft report as an appendix.

The report contains no recommendations.

As with all OIG products, we determine what information is publically 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 review. Please contact Jewel Butler, Assistant Inspector General for Audits, with any questions.

cc: Debra Wall, Deputy Archivist of the United States
Micah Cheatham, Chief of Management and Administration
William Bosanko, Chief Operating Officer
Colleen Murphy, Chief Financial Officer
Chris Naylor, Deputy Chief Operating Officer
Kimm Richards, Accountability
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Kimberly Boykin, Audit Director
Carol Seubert, Senior Financial Auditor
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United States House Committee on Oversight and Government Reform
Senate Homeland Security and Governmental Affairs Committee
Comptroller General of the United States
Office of Management and Budget

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Executive Summary

Review of NARA's Compliance with the Payment Integrity Information Act of 2019

OIG Audit Report No. 21 AUD 06

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Why Did We Conduct This Review?

Improper payments—payments that should not have been made or that were made in incorrect amounts—continue to be an area of fiscal concern in the federal government.

The Payment Integrity Information Act of 2019 (PIIA) requires Inspectors General to annually determine and report on whether executive branch agencies complied with six PIIA criteria, such as conducting risk assessments and publishing and meeting improper payment reduction targets.

On March 2, 2020, PIIA revoked the 2002 Improper Payments Information Act (IPIA), the 2010 Improper Payments Elimination and Recovery Act (IPERA), the 2012 Improper Payments Elimination and Recovery Improvement Act (IPERIA), and the 2015 Fraud Reduction and Data Analytics Act (FRDAA) and incorporated select provisions from IPIA, IPERA, IPERIA, and FRDAA into a single payment integrity statutory framework.

What Did We Recommend?

We made no recommendations in the report.

What Did We Find?

This report communicates the results of the National Archives and Records Administration (NARA) Office of Inspector General (OIG) annual review of NARA's compliance with reporting and performance requirements regarding improper payments.

For fiscal year (FY) 2020, the OIG concluded NARA complied with the requirements of the PIIA. As required, NARA published an Agency Financial Report (AFR) in FY 2020, including a section on improper payments, and posted that report and accompanying materials as required by OMB on its website.

We verified the information in those documents was generally accurate and complete. NARA conducted improper payment risk assessments for each program with annual outlays greater than \$10 million and adequately concluded none of NARA's programs were susceptible to significant improper payments. The other PIIA reporting requirements were not applicable.

Background

The *Improper Payments Elimination and Recovery Act of 2010* (IPERA) amended the *Improper Payments Information Act of 2002* and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments¹ based on guidance provided by the Office of Management and Budget (OMB). In addition, section 3 of IPERA required Inspectors General to review each agency's improper payment reporting and issue an annual report.

On March 2, 2020, the *Payment Integrity Information Act of 2019* (PIIA) repealed IPERA (and other laws) but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. Because final OMB guidance related to PIIA was not issued until March 5, 2021 and effective for FY 2021, we initiated our FY 2020 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, (M-18-20, June 2018), OMB Circular A-136, *Financial Reporting Requirements*, (August 2020), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the Counsel of the Inspectors General on Integrity and Efficiency (CIGIE) *Guidance for Payment Integrity Information Act Compliance Reviews*, November 2020, (the Guide).

Based on the Guide, to be compliant with PIIA, each agency must:

- 1a. Publish improper payments information with the annual financial statement² of the agency for the most recent FY;
- 1b. Post the annual financial statement and accompany materials required under guidance of OMB on the agency website;
- 2a. Conduct improper payment 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 improper payments above or below the statutory threshold;
3. Publish improper payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual financial statement;
4. Publish corrective action plans for each program for which an estimate was above the statutory threshold;

¹ “Significant improper payments” are defined as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of all the improper payment percentage of total program outlays).

² NARA's annual financial statements are part of the Agency's Financial Report.

- 5a. Publish improper payment reduction targets for each program for which an estimate was above the statutory threshold;
- 5b. Meet the improper payment reduction targets (published in FY 2019) for each program for which an estimate was above the statutory threshold;
- 5c. Develop a plan to meet the improper payment reduction targets; and
6. Report an improper payment estimate of less than 10% for each program for which an estimate was published.

NARA last assessed its programs in FY 2017. Because NARA's risk assessments have consistently indicated that none of its programs are susceptible to significant improper payments and there have been no significant changes in legislation or funding, NARA was not required to (and therefore did not) perform its next risk assessment until 3 years later in FY 2020 in accordance with OMB Circular A-123, Appendix C.

NARA's FY 2020 risk assessments were coordinated by personnel from the agency's Office of the Chief Financial Officer, Accounting Policy and Operations (XA) and covered seven programs including six payment types. NARA used Improper Payment Eliminations and Recovery Risk Assessment Questionnaires from their shared service provider, Department of Treasury, Administrative Resource Center, Bureau of the Fiscal Service (BFS). To complete their review and determine each program's risk as high, medium, or low, XA personnel assessed information from agency program administrators and BFS, FY 2019 outlays and, FY 2019 improper payments.

Prior Year/Related Audit Results

The Independent Public Accountant (IPA) firm audited NARA's IPERA compliance and concluded NARA did not comply with the requirements of the IPERA because NARA had not published nor posted its FY 2019 AFR on its website.

The IPA also performed NARA's FY 2020 Financial Statements Audit and reported³ NARA violated the Accountability for Tax Dollars Act (ATDA) by not submitting its FY 2019 AFR to Congress and OMB, nor published the AFR on its website. The IPA recommended the NARA Chief Financial Officer comply with ATDA and OMB A-136, Section I.5, by submitting its FY 2019 AFR to OMB, Treasury, Government Accountability Office, and Congress, and update the Agency Head Letter; the Chief Financial Officer Letter, or another transmittal letter, explaining the reason for not being able to comply with the posting and submission deadline in FY 2019. As

³ Audit of National Archives and Records Administration's Fiscal Year 2020 Financial Statements (Audit Report. 21-AUD-03, dated November 16, 2020)

of the date of this report, NARA has still not published nor posted its FY 2019 AFR on its website.

Objective, Scope, Methodology

Objective

The objective of the review was to determine whether NARA has met all requirements of the *Payment Integrity Information Act of 2019* (PIIA) in the Payment Integrity section of the Fiscal Year (FY) 2020 Agency Financial Report (AFR) and accompanying materials. In addition, we evaluated NARA's efforts to prevent and reduce improper payments.

Scope and Methodology

The Guide was developed to assist Offices of Inspector General (OIG) that are required to conduct an annual improper payment review under the *Payment Integrity Information Act of 2019*. To accomplish our objective, we completed the following compliance requirements for FY 2020.

1. Reviewed the payment integrity section of the agency's FY 2020 AFR and accompanying material to assess the agency's compliance with PIIA and related OMB guidance.
2. 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 is considered accompanying materials to the AFR.
3. Reviewed applicable Federal laws, OMB guidance, and agency policy and procedures.
4. Requested source data from the agency used to support applicable payment integrity information in the AFR and accompanying materials.
5. Analyzed the source data to ensure accuracy and completeness of payment integrity information in the AFR and accompanying materials.
6. Concluded whether the agency met each of the six PIIA compliance requirements.
7. Determined whether an issue is significant in the context of the agency under review and the objective for its review. We used professional judgement to determine whether an issue is significant when assessing compliance with PIIA requirements.
8. Leveraged any prior or on-going work in deciding the level of work to do for the PIIA compliance review.
9. Evaluated whether the agency has published improper payments information with the annual AFR and accompanying materials for the most recent fiscal year.
10. Evaluated agency efforts to prevent and reduce improper payments.

Internal Controls

Management is responsible for the design, implementation, and operating effectiveness of the agency's internal controls. We determined internal controls are not significant to the review objectives. However, we gained an understanding of the improper payment risk assessment process and control activities related to NARA reporting on payment integrity information as those components are relevant to the audit objectives though not significant.

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards between January 2021 and March 2021. The standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Kimberly Boykin, Audit Director, Carol Seubert, Senior Financial Auditor, and William Brown, Senior Program Auditor, made key contributions to this report.

Results

We concluded NARA complied with the requirements of the PIIA. As required, NARA published an AFR in FY 2020, including a section on improper payments, and posted that report and accompanying materials as required by OMB on its website.

We verified the information in those documents was generally accurate and complete by, among other things, verifying information to source documentation, and assessing NARA's risk assessment process. NARA conducted improper payment risk assessments for each program with annual outlays greater than \$10 million and adequately concluded none of NARA's programs were susceptible to significant improper payments. The other PIIA reporting requirements were not applicable.

The following table shows the agency's compliance with the PIIA requirements that were applicable, and the PIIA requirements that were not applicable.

Table: PIIA Compliance Requirements Reporting Table, FY 2020

Program Name	Published and Posted Agency Financial Report	Conducted a Risk Assessment including Adequate Conclusions	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Reported an Improper Payment Rate of Less than 10 percent
Administrative Overhead	Compliant	Compliant	NA	NA	NA	NA
Agency Services	Compliant	Compliant	NA	NA	NA	NA
Legislative Archives, Presidential Libraries, and Museum Services	Compliant	Compliant	NA	NA	NA	NA
National Historical Publications and Records Commission	Compliant	Compliant	NA	NA	NA	NA
Office of Inspector General	Compliant	Compliant	NA	NA	NA	NA
Repairs and Restoration	Compliant	Compliant	NA	NA	NA	NA
Research Services	Compliant	Compliant	NA	NA	NA	NA

NARA's Reporting of Reducing and Recapturing Improper Payments

NARA concluded that payment recapture audits are not cost effective and notified OMB in 2014, of its decision to not conduct such audits. Per the annual OMB payment accuracy data call, NARA reported their FY 2020 improper payments, \$66,631, and included a link to <https://paymentaccuracy.gov/> for additional improper payment information.

Per OMB M-18-20, Part III.C.(6), this analysis will need to be repeated and resubmitted to OMB and to the agency's Inspector General only if circumstances change within the program that might make a payment recapture audit cost-effective. NARA indicated circumstances have not changed in FY 2020 and therefore no analysis was necessary.

Appendix A – Acronyms

AFR	Agency Financial Report
ATDA	Accountability for Tax Dollars Act
BFS	Bureau of the Fiscal Service
CIGIE	Counsel of the Inspectors General on Integrity and Efficiency
FRDAA	2015 Fraud Reduction and Data Analytics Act
FY	Fiscal Year
IPA	Independent Public Accountant
IPIA	2002 Improper Payments Information Act
IPERA	2010 Improper Payments Elimination and Recovery Act
IPERIA	2012 Improper Payments Elimination and Recovery Improvement Act
NARA	National Archives and Records Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
the Guide	Guidance for Payment Integrity Information Act Compliance Reviews in November 2020
XA	Office of the Chief Financial Officer, Accounting Policy and Operations

Appendix B – Management Response



Date: March 29, 2021
To: James Springs, Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: Management Response to the *Review of NARA's Compliance with the Payment Integrity Information Act of 2019*

Thank you for the cooperative and professional work of your staff in the conduct of this audit. I am pleased that you found our reporting was accurate and complete. If you have questions about this letter, please contact Kimm Richards at kimm.richards@nara.gov or by phone at 301-837-1668.



DAVID S. FERRIERO
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