



Inspector General

May 29, 2024

TO: Dr. Colleen Shogan
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 for Fiscal Year 2023*
OIG Audit Report No. 24-AUD-04

The Office of Inspector General (OIG) contracted Sikich to conduct an independent audit of NARA's *Compliance with the Payment Integrity Information Act of 2019 (PIIA) in Fiscal Year 2023*. Attached is Sikich's report titled *NARA Complied with the Requirements of the Payment Integrity Information Act of 2019 in Fiscal Year 2023*. The objectives were to determine if NARA's improper payment reporting in its FY 2023 Agency Financial Report was in compliance with PIIA and in accordance with Office of Management and Budget (OMB) Memo No. M-21-19 Section VI.A. of Appendix C of OMB A-123. The report contains no recommendations.

The conclusions presented in the report are the responsibility of Sikich. The OIG's responsibility is to provide adequate oversight of the contractor's work in accordance with Generally Accepted Government Auditing Standards.

Sikich concluded that NARA complied with the requirements of the PIIA for FY 2023. Sikich also found NARA's reporting of and performance in reducing and recapturing improper payments and unknown payments to be generally accurate and complete.

Planned corrective actions are not needed since this 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 me with any questions.

cc: Merrily Harris, Executive Secretariat
William Bosanko, Deputy Archivist

Jay Trainer, Acting Chief Operating Officer
Meghan Guthorn, Deputy Chief Operating Officer
Micah Cheatham, Chief of Management and Administration
Colleen Murphy, Chief Financial Officer
Kimm Richards, Accountability
Carol Seubert, Senior Program Auditor
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Oversight and Accountability
Comptroller General of the United States
Office of Management and Budget
House Committee on Appropriations
Senate Committee on Appropriations



**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
PAYMENT INTEGRITY INFORMATION ACT
PERFORMANCE AUDIT REPORT - FISCAL YEAR 2023
APRIL 5, 2024**

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EXECUTIVE SUMMARY

WHY WE DID THIS AUDIT

The Payment Integrity Information Act of 2019 (PIIA) requires that the Inspector General of each Federal agency evaluate the accuracy and completeness of the agency's annual reporting on improper payments, as well as its performance in reducing and recapturing improper payments.

HOW WE DID THIS AUDIT

Sikich CPA LLC (Sikich) 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 PIIA, for fiscal year (FY) 2023 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.

To determine if the National Archives and Records Administration (NARA) complied with the PIIA requirements, we reviewed and/or verified:

- its FY 2023 payment integrity information published in its annual financial statement
- that the annual financial statement and OMB required accompanying materials were posted on the agency's website.
- that NARA conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once every three years.
- whether NARA's improper payment determination were appropriate to conclude the program is likely to make improper payments and unknown payments.
- NARA's improper payment estimates and corrective action plans for programs susceptible to significant improper payments.
- whether any improper payment reduction targets and plans to meet targets for each program with an estimated improper payment rate greater than ten percent were published.
- any demonstrated improvements to payment integrity.
- NARA's reporting of a gross improper payment rate of less than ten percent for each program for which an estimate was published.

WHAT WE CONCLUDED

Our audit objectives were to determine whether NARA complied with the requirements of the PIIA for FY 2023. Accordingly, we assessed NARA's compliance with the OMB criteria and determined that NARA met the applicable requirements for PIIA compliance for the seven programs it identified as susceptible to improper payments. The table below identifies each of the compliance criteria and reports whether NARA complied with each requirement.

Table 1: PIIA Compliance¹ Reporting Table

Program Name	Published payment integrity information with the annual financial statement	Posted the annual financial statement and accompanying materials on the agency website	Conducted improper payment (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 unknown payments (UPs) above or below the statutory threshold ²	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	Has demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	Has 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

¹ To be considered compliant with PIIA, OMB and CIGIE require Federal agencies to meet the ten requirements included in the reported table, each of which relates to one of the six PIIA compliance requirements, as outlined in the Legal Requirements/Compliance with PIIA section of CIGIE's October 26, 2021, [Guidance for Payment Integrity Information Act Compliance Reviews](#).

² Federal agencies are required to conduct a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C., as applicable.

Program Name	Published payment integrity information with the annual financial statement	Posted the annual financial statement and accompanying materials on the agency website	Conducted improper payment (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 unknown payments (UPs) above or below the statutory threshold ²	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	Has demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	Has 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
Research Services	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A

Legend: The N/A in Table 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 2023.

NARA concluded that payment recapture audits are not cost effective and notified OMB of its decision back 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 remained unchanged in FY 2023 and therefore no analysis was necessary.

We conducted this performance audit in accordance with Generally Accepted 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 findings and 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.

PROGRAM BACKGROUND

PIIA³, which repealed the Improper Payments Information Act of 2002 (IPIA)⁴, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA)⁵ and the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA)⁶, requires the Inspector General of each agency to determine whether the agency is in compliance with PIIA⁷ and submit a report on that determination. The current OMB implementation guidance, M-21-19⁸ 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 2023 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*, June 2022; and the Counsel of the Inspectors General on Integrity and Efficiency (CIGIE) Guidance for Payment Integrity Information Act Compliance Reviews, October 2023, (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;⁹
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

³ Pub. Law No. 116-117, 134 Stat. 113 (2020)

⁴ Pub. Law No. 107-300, 116 Stat. 2350 (2002)

⁵ Pub. Law No. 111-204, 124 Stat. 2224 (2010)

⁶ Pub. Law No. 112-248, 126 Stat. 2390 (2012)

⁷ Unless otherwise indicated, the term "PIIA" will imply IPERA and IPIA, as amended by PIIA

⁸ In March 2021, OMB issued Memorandum M-21-19, which modified all prior OMB Circular A-123, Appendix C guidance and supported expanding the six compliance requirements under PIIA to a total of ten compliance requirements.

⁹ 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.

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.

In the PIIA reporting details section of NARA's FY 2023 Agency Financial Report (AFR), NARA reported FY 2023 information on the outcome of its self-identified improper payments. NARA reported improper payments totaled \$259,999.

RESULTS AND CONCLUSION

If an agency does not meet one or more of the below 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 identifies the OMB compliance requirements, NARA compliance status, and the results of Sikich's review.

Table 2: RESULTS OF NARA'S COMPLIANCE WITH THE REQUIREMENTS OF PIIA			
Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	Sikich Review
1a.	Published Payment Integrity information with the annual financial statement	Compliant	The AFR is published on NARA's website and reported 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	Compliant	The AFR is published on NARA's website which includes a link to paymentaccuracy.gov . https://www.archives.gov/files/about/plans-reports/agency-financial-reports/nara-fy2023-afr.pdf
2a.	Conducted IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Compliant	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. NARA performed its most recent risk assessment in FY 2023.
2b.	Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold	Compliant	NARA has a 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’S COMPLIANCE WITH THE REQUIREMENTS OF PIIA

Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	Sikich Review
3.	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	Not Required	This requirement was not applicable as none of NARA’s programs or activities were determined to be susceptible to significant improper payments and unknown 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	Not Required	This requirement was not applicable as none of NARA’s programs or activities were determined to be susceptible to significant improper payments and unknown 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	Not Required	This requirement was not applicable as none of NARA’s programs or activities were determined to be susceptible to significant improper payments and unknown payments above the statutory threshold.
5b.	Demonstrated improvements to payment integrity or	Not Required	This requirement was not applicable as none of NARA’s programs or activities were determined to be susceptible to

Table 2: RESULTS OF NARA’S COMPLIANCE WITH THE REQUIREMENTS OF PIIA			
Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	Sikich Review
	reached a tolerable IP and UP rate		significant improper payments and unknown payments.
5c.	Developed a plan to meet the IP and UP reduction target	Not Required	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, then the program is responsible for developing a plan to meet the reduction target established. Therefore, this requirement was not applicable.
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	Not Required	NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments. Therefore, this requirement was not applicable.

APPENDIX A - OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objective was to determine if NARA's IP reporting in its FY 2023 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 improper payment reporting, and its performance in reducing and recapturing improper payments.

Scope

The scope of this performance audit included the improper payment and reporting details in NARA's FY 2023 AFR. We designed procedures to gain an understanding of the risk assessment that NARA performed to identify programs that are susceptible to significant risk of improper payments and unknown payments, as well as an understanding of the process that NARA performed to calculate its estimated improper payment rates.

Our audit performance period was from January 2024 through April 2024. We conducted our audit in accordance with generally accepted government auditing standards.

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 2023:

- 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 2023 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 2023 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 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.

- Tested disbursements to ascertain fund availability at the time of contract award.
- Concluded whether the agency met each of the six PIIA compliance requirements.

We reviewed applicable OMB and CIGIE guidance, as well as other relevant documents provided by NARA, to gain an understanding of NARA's PIIA reporting requirements, NARA OIG's PIIA assessment requirements, and relevant NARA policies and procedures for implementing the PIIA program.

In planning our work, we gained an understanding of NARA's internal controls within the audit's scope that were significant to the audit objectives and assessed the design, implementation, and operating effectiveness of those controls within the context of GAO-14-704G, *Standards for Internal Control in the Federal Government*, solely to understand NARA's improper payments identification, reduction, recapture, and reporting processes, as appropriate for the audit objectives. In performing this methodology, we applied audit techniques such as inquiry, observation, and re-performance to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions related to the audit objectives.

Sikich CPA LLC

April 5, 2024

APPENDIX B – ACRONYMS

AFR	Agency Financial Report
CIGIE	Council of the Inspectors General on Integrity and Efficiency
FY	Fiscal Year
IP	Improper Payment
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 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 stated their general agreement with the conclusions in the report and opted 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
Committee on Homeland Security and Governmental Affairs of the Senate
Committee on Oversight and Accountability of the House of Representatives
Comptroller General of the United States
Office of Management and Budget
House Committee on Appropriations
Senate Committee on Appropriations

ATTACHMENT A - OIG HOTLINE

The OIG Hotline provides a confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept emails through an online referral form. Walk-ins are always welcome. Visit www.archives.gov/oig/ or <https://naraoig.oversight.gov/> for more information, or contact us:

By telephone

Washington, DC, Metro area: 301- 837-3000

Toll-free: 800-786-2551

By facsimile

301-837-3197

By online referral form

<https://naraoig.oversight.gov/online-complaint-form>

Contractor Self-Reporting Hotline

As required by the Federal Acquisition Regulation, a web-based form allows NARA contractors to notify the OIG, in writing, whenever the contractor has credible evidence a principal, employee, agent, or subcontractor of the contractor has committed a violation of the civil False Claims Act or a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations in connection with the award, performance, or closeout of a contract or any related subcontract. The form can be accessed through the OIG's home page or found directly at <https://naraoig.oversight.gov/oig-contractor-reporting-form>.