



**PERFORMANCE AUDIT OF THE DEFENSE NUCLEAR FACILITIES
SAFETY BOARD'S COMPLIANCE WITH THE PAYMENT INTEGRITY
INFORMATION ACT OF 2019 FOR FISCAL YEAR 2024**

**SUBMITTED TO THE
DEFENSE NUCLEAR FACILITIES SAFETY BOARD
OFFICE OF THE INSPECTOR GENERAL**

PERFORMANCE AUDIT REPORT

MAY 14, 2025



333 John Carlyle Street, Suite 500
Alexandria, VA 22314
703.836.6701

SIKICH.COM

May 14, 2025

Robert J. Feitel
Inspector General
U.S. Nuclear Regulatory Commission and
Defense Nuclear Facilities Safety Board
Mail Stop O12-A12
11555 Rockville Pike
Rockville, MD 20852

Subject: Performance Audit of the Defense Nuclear Facilities Safety Board's Compliance
with the Payment Integrity Information Act of 2019 for Fiscal Year 2024

Sikich CPA LLC (Sikich) is pleased to submit the attached report detailing the results of our performance audit of the Defense Nuclear Facilities Safety Board's (DNFSB's) compliance with the Payment Integrity Information Act of 2019 (PIIA) for Fiscal Year (FY) 2024. We performed our audit work from January 2025 through April 2025.

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS), 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 objective. We describe our objective, scope, and methodology further in **Appendix A – Objective, Scope, and Methodology**.

We appreciate the assistance provided by DNFSB management and staff.

Sincerely,

Sikich CPA LLC

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	1
II. PROGRAM BACKGROUND	3
III. RESULTS AND CONCLUSION	4
APPENDIX A – OBJECTIVE, SCOPE, AND METHODOLOGY	6
APPENDIX B – DNFSB MANAGEMENT RESPONSE	8
APPENDIX C – ABBREVIATIONS	9
APPENDIX D – REPORT DISTRIBUTION LIST.....	10

I. EXECUTIVE SUMMARY

The Defense Nuclear Facilities Safety Board (DNFSB) Office of the Inspector General (OIG) engaged Sikich CPA LLC (Sikich) to conduct a performance audit of DNFSB's compliance with the Payment Integrity Information Act of 2019 (PIIA)¹ for Fiscal Year (FY) 2024, in accordance with the Office of Management and Budget (OMB) Memorandum M-21-19, Appendix C to OMB Circular No. A-123, *Requirements for Payment Integrity Improvement*, dated March 5, 2021, and other applicable payment integrity guidance.

Our audit objective was to determine whether the DNFSB complied with PIIA requirements for FY 2024. Accordingly, we assessed the DNFSB's compliance with OMB guidance and corresponding reporting instructions and determined that the DNFSB met the applicable requirements for PIIA compliance for the one program it identified as susceptible to improper payments (IP) or unknown payments (UP).

We found that the DNFSB published applicable payment integrity information with its annual financial statements and in the accompanying materials to its annual financial statements for FY 2024 in accordance with payment integrity information guidance provided in OMB Circular A-136, *Financial Reporting Requirements*, revised May 30, 2024. Specifically, we found that the DNFSB posted its annual financial statements and accompanying materials required under the guidance of OMB on its website with a link to <https://www.paymentaccuracy.gov>, conducted an IP risk assessment for each program with annual outlays greater than \$10,000,000 at least once in the last 3 years, and adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold.

We also found the DNFSB's reporting of and performance in reducing and recapturing IPs and UPs to be accurate and complete. This included verifying that the DNFSB appropriately concluded that a payment recapture audit would not be cost-effective based on the results of the DNFSB's FY 2023 improper payment risk assessment, which concluded that there were no significant improper payments for the programs that met the PIIA threshold for testing.

Table 1 identifies each compliance criterion and reports whether the DNFSB complied with each requirement, consistent with OMB M-21-19, Appendix C, Section VI, Subsection 5 – *Compliance Status Table and Summary*.

¹ Unless otherwise indicated, the term "PIIA" also refers to requirements under the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Information Act of 2002 (IPIA), as amended by the PIIA.

Table 1: PIIA Compliance Reporting Table

Program Name	Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement for the most recent FY in accordance with OMB guidance	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 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement
Payroll *	Compliant	Compliant	Compliant	Compliant	N/A	N/A	N/A	N/A	N/A	N/A

References to "N/A" in Table 1 indicate the criterion is not applicable as the DNFSB determined that it did not have programs or activities susceptible to significant IPs per OMB M-21-19, Section VI.A.

*Although the DNFSB reviewed other programs as part of its risk assessment, payroll is the only program that met the statutory threshold.

II. PROGRAM BACKGROUND

The PIIA² repealed the Improper Payments Information Act of 2002 (IPIA)³ as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA)⁴ and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA)⁵. The PIIA requires the Inspector General of each agency to determine whether the agency is in compliance with the PIIA and submit a report on that determination. The 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, Section (I), *Payment Types*, describes an IP as any payment made in an incorrect amount or to the wrong recipient. For instances in which an agency is unable to determine whether the payment falls into the proper or improper category, that payment should be considered an ‘unknown’ payment (UP).

We initiated our FY 2024 performance audit consistent with the requirements in OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, transmitted March 5, 2021; OMB Circular A-136, *Financial Reporting Requirements*, revised May 30, 2024; and the Council of the Inspectors General on Integrity and Efficiency’s (CIGIE’s) *Guidance for Payment Integrity Information Act Compliance Reviews*, revised October 22, 2024 (the Guide).

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

- 1a. Publish payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement for the most recent FY in accordance with OMB guidance;
- 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;⁶
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;

². Pub. Law No. 116-117, 134 Stat. 113 (2020).

³. Pub. Law No. 107-300, 116 Stat. 2350 (2002).

⁴. Pub. Law No. 111-204, 124 Stat. 2224 (2010).

⁵. Pub. Law No. 112-248, 126 Stat. 2390 (2012).

⁶ 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 percent of the program’s total outlays or above \$100,000,000, regardless of the associated percentage of the program’s total annual outlays that the estimated IP and UP represents.

- 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 reach 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 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

In the Payment Integrity Information Act Reporting section of its FY 2024 Agency Financial Report (AFR), the DNFSB reported that it last conducted a risk assessment in FY 2023 and did not identify any programs that were susceptible to making significant improper payments. The DNFSB also noted that, based on not discovering significant improper payments during its FY 2023 risk assessment, the agency determined that recovery or recapture audits are not cost-effective.

III. RESULTS AND CONCLUSION

We found that the DNFSB complied with the PIIA requirements in accordance with OMB M-21-19.

Table 2 shows the OMB compliance requirements and summarizes the DNFSB's compliance status and the results of Sikich's review.

Table 2: Results of DNFSB Compliance with the Requirements of the PIIA

Per PIIA	OMB Compliance Requirement	DNFSB Compliance Status	Sikich Review
Published improper payment information within the annual management report or annual financial statement of the executive agency for the most recent fiscal year; and posted the statement on the website of the executive agency and any accompanying materials required under OMB guidance	Published Payment Integrity information with the annual financial statement and in the accompanying materials to the annual financial statement for the most recent FY in accordance with OMB guidance.	Compliant	The AFR is published on the DNFSB's website and includes applicable PIIA information in accordance with payment integrity guidance provided in OMB Circular A-136.
	Posted the annual financial statement and accompanying materials on the agency website.	Compliant	The FY 2024 AFR is published on the DNFSB's website: Agency Financial Reports & Performance and Accountability Reports Defense Nuclear Facilities Safety Board .
Conducted a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C. (if required).	Conducted IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.	Compliant	The DNFSB appropriately identified programs that are susceptible to improper payments through the risk assessment it conducted in FY 2023. We verified that there were no changes made to the programs that would require a new assessment in FY 2024.
	Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold.	Compliant	The DNFSB has an adequate risk assessment program, and their methodology adequately concludes whether the program is likely to make a sum of IPs and UPs above or below the statutory threshold.

Per PIIA	OMB Compliance Requirement	DNFSB Compliance Status	Sikich Review
Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under the agency's risk assessment (if required).	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement.	Not Applicable	This requirement was not applicable, as none of the DNFSB's programs or activities were determined to be susceptible to significant improper payments.
Published programmatic Corrective Action Plans (CAPs) prepared under section 3352(d) that the executive agency may have 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.	Not Applicable	This requirement was not applicable, as none of the DNFSB's programs or activities were determined to be susceptible to significant improper payments.
Published improper payment reduction targets established under section 3352(d) that the executive agency may have in the accompanying materials to the annual financial statement for each program or activity assessed to be at risk and has demonstrated improvements and developed a plan to meet the reduction targets.	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 Applicable	This requirement was not applicable, as none of the DNFSB's programs or activities were determined to be susceptible to significant improper payments.
	Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate.	Not Applicable	This requirement was not applicable, as none of the DNFSB's programs or activities were determined to be susceptible to significant improper payments.
	Developed a plan to meet the IP and UP reduction target.	Not Applicable	This requirement was not applicable, as none of the DNFSB's programs or activities were determined to be susceptible to significant improper payments.
Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).	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 Applicable	This requirement was not applicable, as none of the DNFSB's programs or activities were determined to be susceptible to significant improper payments.

APPENDIX A – OBJECTIVE, SCOPE, AND METHODOLOGY**Objective**

The objective of our performance audit was to assess the DNFSB's compliance with the PIIA for FY 2024, in accordance with OMB Memorandum M-21-19, Appendix C to OMB Circular A-123 (A-123), *Requirements for Payment Integrity Improvement*, dated March 5, 2021.

Scope

The scope of our performance audit was the DNFSB's FY 2024 improper payments and reporting data in the payment integrity section of its FY 2024 AFR and any accompanying materials. The accompanying materials to the AFR are the payment integrity information published on <https://www.paymentaccuracy.gov>.

Methodology

OMB M-21-19, Section (VI), *Compliance* states that the agency is responsible for ensuring it has met the requirements to achieve compliance with the PIIA, and that the OIG is responsible for evaluating the agency to determine whether the agency is compliant with the PIIA. To determine whether the DNFSB was compliant with the PIIA consistent with this guidance, we completed the following procedures for FY 2024:

- Reviewed all applicable laws and regulations pertaining to improper payments (IPs) and unknown payments (UPs), as well as the DNFSB's guidance, policies, and procedures.
- Obtained an understanding of the DNFSB's internal controls over IPs and UPs and evaluated the design of relevant payment, reduction, and recapture controls.
- Met with the DNFSB's Department of Budget and Finance personnel, who monitor payments, to verify that there were no changes to the FY 2023 risk assessment.
- Reviewed the FY 2023 risk assessment to assess whether the programs identified as susceptible to improper payments had any changes for FY 2024.
- Reviewed the payment integrity information section of the DNFSB's FY 2024 AFR and the accompanying material to assess the DNFSB's compliance with PIIA and related OMB guidance.
- Evaluated the DNFSB's efforts to prevent and reduce IPs and UPs.
- Leveraged prior or ongoing work in deciding the level of work needed for the PIIA audit.
- Reviewed payroll activity for instances of IPs and UPs.
- Concluded whether the DNFSB met each of the PIIA compliance requirements as outlined in the Guide.

In planning our work, we gained an understanding of the DNFSB's internal controls in place for compiling, validating, and reporting its payment integrity information. However, the purpose of our work was not to provide an opinion on internal controls. Therefore, we do not express such an opinion.

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards, issued by the Comptroller General of 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX B – DNFSB MANAGEMENT RESPONSE

DNFSB management concurs with the conclusion contained in the report.

APPENDIX C – ABBREVIATIONS

AFR	Agency Financial Report
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DNFSB	Defense Nuclear Facilities Safety Board
FY	Fiscal Year
IP	Improper Payment
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
UP	Unknown Payment

APPENDIX D – REPORT DISTRIBUTION LIST

- Chair
- Board Member
- Executive Director of Operations
- Chief Financial Officer
- Comptroller General of the United States
- Office of Management and Budget
- Committee on Homeland Security and Governmental Affairs of the Senate
- Committee on Oversight and Government Reform of the House of Representatives
- House Committee on Appropriations
- Senate Committee on Appropriations