



INSPECTOR GENERAL

MEMORANDUM

May 21, 2026

TO: Julie E. Kitka
Federal Co-Chair, Denali Commission

FROM: Roderick Fillinger
Inspector General

SUBJECT: Denali Commission's Compliance with Fiscal Year 2025 Improper Payments Requirements

I am pleased to transmit the attached report containing the results of our annual review of the Denali Commission's (Commission) compliance with the *Payment Integrity Information Act of 2019*.

Under a contract monitored by the Office of Inspector General, Premier Services Group, LLC, (PSG) performed this audit to determine the Commission's compliance with Fiscal Year (FY) 2025 reporting on improper payments. PSG concluded the Commission is in compliance and has met the requirements that are applicable to the agency for FY 2025.

As required by the Improper Payments Information Act of 2002, we are also issuing a copy of this memorandum to the U.S. Senate Committee on Homeland Security and Governmental Affairs; U.S. House Committee on Oversight and Government Reform; Comptroller General of the United States; and the Office of Management and Budget Controller.

We appreciate the courtesy and cooperation extended to my contractors during the risk assessment.

Attachment

OFFICE OF INSPECTOR GENERAL DENALI COMMISSON

**DENALI COMMISSION
OFFICE OF INSPECTOR GENERAL
ANCHORAGE, AK 99501**

**PAYMENT INTEGRITY INFORMATION ACT COMPLIANCE REPORT
CONTRACT NUMBER: 20342925Q00003
PERIOD: OCTOBER 1, 2024, TO SEPTEMBER 30, 2025**

DATE: MAY 15, 2026



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Report of Independent Public Accountants

To the Office of Inspector General of Denali Commission:

This report presents the results of our independent review of the Denali Commission's (Commission) compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA), as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and subsequently repealed and replaced by the Payment Integrity Information Act of 2019 (PIIA), Pub. L. No. 116-117, for the fiscal year ended September 30, 2025.

PIIA requires the head of each Federal agency to periodically review and identify all programs and activities that may be susceptible to significant improper based on the guidance provided by Office of Management and Budget (OMB), and to report information on those programs and activities in the agency's annual Agency Financial Report (AFR) or Performance and Accountability Report (PAR). PIIA further requires each agency's Inspector General to annually review the agency's compliance with these requirements and report the results to Congress and the U.S. Comptroller General. The Denali Commission Office of Inspector General (OIG) contracted Premier Group Services, Inc. (PG) to conduct this independent review.

The objective of this independent review was to assess the Commission's compliance with the PIIA requirements as guided by OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular No. A-123, Requirements for Payment Integrity Improvement* for fiscal year (FY) 2025, covering the period October 1, 2024, to September 30, 2025. These requirements address: (1) publication of the annual AFR or PAR with required payment integrity information; (2) conduct of risk assessments for applicable programs or activities with annual outlays greater than \$10,000,000; (3) publication of improper payment estimates for programs identified as susceptible to significant improper payments; (4) publication of corrective action plans; (5) publication of and progress toward annual reduction targets; and (6) reporting an improper payment rate of less than 10 percent for each program for which an estimate was published.

Based on our review of the Commission's FY2025 AFR and supporting payment integrity documentation, we determined that the Commission is in compliance with all applicable PIIA requirements for FY 2025. The Commission's programs and activities do not exceed the significant improper payment thresholds defined as gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million, or \$100 million regardless of the percentage. As a result, the PIIA requirements 3, 4, 5 and 6 are not applicable to the Commission for FY2025, and the Commission is not required to establish a recovery audit program.

The table below summarizes the Commission's compliance with each PIIA requirement for FY2025:



Program/ Activity Name	Published Payment Integrity Info with AFR/PAR	Conducted Risk Assessment	Published IP Estimates for Susceptible Programs	Published Corrective Action Plans	Published IP Reduction Targets	Reported IP Rate Less Than 10%
Contract Payments and Invoices	Yes	Yes	N/A	N/A	N/A	N/A
Purchase Card	Yes	Yes	N/A	N/A	N/A	N/A
Travel Card	Yes	Yes	N/A	N/A	N/A	N/A
Claims and Vouchers	Yes	Yes	N/A	N/A	N/A	N/A
Payroll	Yes	Yes	N/A	N/A	N/A	N/A
Grants	Yes	Yes	N/A	N/A	N/A	N/A
Entitlement or Benefits (other than Payroll)	Yes	Yes	N/A	N/A	N/A	N/A

Premier Group Services, Inc.

May 15, 2026

Landover, MD

Background

On July 22, 2010, and January 10, 2013, the President signed into law the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), respectively. These laws strengthened requirements for identifying, estimating, and reporting improper payments and enhanced executive branch accountability.

On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA), Pub. L. No. 116-117, repealed and replaced IPERA and other prior improper payment legislation while retaining substantially similar requirements. PIIA requires Federal agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments and to report related payment integrity information in their annual financial statement in accordance with payment integrity guidance in OMB Circular A-136.

The Office of Management and Budget (OMB) issues guidance to assist agencies in implementing improper payment requirements. OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular No. A-123, Requirements for Payment Integrity Improvement*, provides guidance for identifying, estimating, and reporting improper payments.

The objective of this review was to determine whether the Commission complied with applicable PIIA requirements for fiscal year ended September 30, 2025, in accordance with OMB guidance.

Scope and Methodology

The scope of this review included the FY 2025 payment integrity information presented in the Commission's financial statements and the supporting documentation underlying those disclosures. Our review covered the Commission's compliance with each applicable requirement under PIIA as implemented through OMB guidance. We analyzed the Commission's key payment activity cycles, including payroll, travel, contract and grant payments, and claims for reimbursement. Using a judgmental sampling method, we selected transactions from each payment category and performed testing to determine whether payments were made to the correct recipient, for the correct amount, and were supported by appropriate documentation in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. Our testing also assessed whether any payment activities are susceptible to significant improper payments, defined as gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million, or \$100 million regardless of the percentage.

To determine whether the Commission complied with the PIIA requirements under OMB guidance, we:

- Gained an understanding of the Commission's PIIA reporting process and internal controls;
- Confirmed whether the Commission's policies and procedures were in accordance with PIIA requirements and evaluated the implementation of those controls;
- Obtained and reviewed the Commission's FY 2025 Agency Financial Report (AFR) and accompanying payment integrity disclosures;
- Obtained, examined, and assessed the Commission's risk assessment documentation, including any risk assessments conducted for programs with annual outlays exceeding \$10,000,000, to evaluate whether susceptibility determinations were made in accordance with OMB requirements;
- Evaluated whether improper payment estimates were required and, if applicable, whether such estimates were published;
- Assessed whether corrective action plans and annual reduction targets were required and, if applicable, whether they were reported in the AFR;
- Evaluated whether improper payment rates were required and, if applicable, whether they were reported as less than 10 percent;
- Performed an overall evaluation of the Commission's efforts to prevent and reduce improper payments (IPs) and unknown payments (UPs), including an assessment of its internal control environment, policies and procedures, monitoring activities, and use of payment integrity tools, to determine whether the Commission's efforts were adequate or whether further improvements should be recommended; and
- Reviewed prior year review reports and assessed the status of any related recommendations.

Results

Our review assessed the Commission's compliance with the requirements established under PIIA, as implemented through OMB Circular No. A-123, Appendix C, and OMB Memorandum M-21-19. In addition, we performed testing across the Commission's key payment activity cycles and conducted an overall evaluation of the Commission's efforts to prevent and reduce improper payments. The results of the review are presented below:

Compliance With OMB Criteria

Requirement 1: Published an AFR or PAR with required payment integrity information

Compliance Status: Compliant

OMB guidance requires agencies to: (1a) publish any applicable payment integrity information in its annual financial statement in accordance with payment integrity guidance provided in OMB Circular A136; and (1b) post the annual financial statement and accompanying materials on the agency website. Our review confirmed that the Commission's FY 2025 AFR includes the required payment integrity disclosures required under OMB Circular A-136 and were posted on its public website in a timely manner.

Requirement 2: Conducted a Risk Assessment

Compliance Status: Compliant

OMB guidance requires agencies to: (2a) conduct improper payment risk assessments for each program or activity with annual outlays greater than \$10,000,000 at least once in the last three fiscal years; and (2b) adequately conclude whether the program is likely to make IPs and UPs above or below the statutory threshold.

The Commission conducted improper payment risk assessments for all payment activity cycles during FY 2025. Risk assessments were performed for the following payment categories: Contract Payments and Invoices, Purchase Card, Travel Card, Claims and Vouchers, Payroll, Grants, and Entitlement or Benefits other than Payroll. Our review confirmed that risk assessments were conducted within the required three-year cycle and in accordance with OMB guidance.

Based on the results of its risk assessments, the Commission rated six of seven payment categories as Low Risk and one as Medium Risk. No programs were identified as susceptible to significant improper payments for FY 2025.

Requirements 3 through 6 — Not Applicable

Requirements 3 through 6 cover publication of improper payment estimates, corrective action plans, annual reduction targets, and reporting of improper payment rates below 10 percent. Each of these requirements is triggered only when an agency's programs exceed the statutory significance thresholds — gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million, or \$100 million regardless of the percentage. The Commission's risk assessment determined that its programs and activities do not exceed these thresholds. Accordingly, Requirements 3, 4, 5, and 6 are not applicable to the Commission for FY 2025.

Testing Results

We selected a judgmental sample of transactions from the Commission's key payment activity cycles, including grant disbursements, payroll, travel reimbursements, and contract payments. Our testing identified no instances of improper payments or noncompliance across any of the payment categories reviewed. The Commission's payments were made to the correct recipients, for the correct amounts, and were supported by appropriate documentation.

Evaluation of Agency Efforts to Prevent and Reduce Improper Payments

OMB Memorandum M-21-19 requires that the OIG's final compliance report includes an evaluation of the agency's overall efforts to prevent and reduce IPs and UPs.

The Commission identified and recaptured improper payments through its internal payment recapture audit program. The Commission reviewed a total of 2,169 payments totaling approximately \$44.8 million across contracts, grants, and other payment types. The Commission identified four (4) erroneous grant payments totaling \$67,753. Of this amount, \$40,750 was recovered through payment offset prior to establishing accounts receivable, and the remaining \$27,003 was established as an accounts receivable and collected in full during FY 2025. As a result, the Commission achieved a 100 percent grant payment recovery rate for FY 2025. No improper payments were identified in contracts or other payment categories. These results are consistent with the Commission's overall payment integrity posture and reflect effective controls over its disbursement processes.

Conclusion

Based on the procedures performed, we conclude that the Commission is in compliance with all applicable requirements of the Improper Payments Elimination and Recovery Act of 2010 (IPERA), as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and as further amended and superseded by the Payment Integrity Information Act of 2019 (PIIA), and applicable implementing guidance under OMB Circular No. A-123, Appendix C.

The Commission's programs and activities do not exceed the significance thresholds for improper payments; therefore, Requirements 3, 4, 5, and 6 (publication of improper payment estimates, corrective action plans, reduction targets, and reporting of improper payment rates) are not applicable for FY 2025. Requirements 1 and 2 were reviewed and found to be in compliance.

We did not identify any noncompliance with applicable PIIA requirements, nor did we identify any findings or recommendations as a result of this review. In addition, our testing of selected payment transactions did not identify instances of noncompliance or improper payments that would impact the entity's compliance with applicable PIIA requirements.

Status of Prior Year Recommendations

There were no prior year findings or recommendations identified; therefore, no follow-up procedures were required.