



Office of Inspector General

April 23, 2024

SENT BY EMAIL

The Honorable Gary C. Peters
Chairman
Committee on Homeland Security and Government Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Re: 2024 Office of Inspector General Review of the NCUA's 2023 Compliance
under the Payment Integrity Information Act of 2019 (PIIA)

Dear Chairman Peters:

The Payment Integrity Information Act of 2019 (PIIA), 31 U.S.C. §§ 3351-58, requires agencies to review all programs and activities they administer to identify those that may be susceptible to significant erroneous payments. PIIA also requires the OIG of each agency to determine whether the agency is in compliance with the law. Additionally, OMB Memorandum M-15-02 states that the OIG may evaluate the accuracy, and completeness of agency reporting, reducing, and recapturing of improper payments. Further, OMB Circular A-123¹ reiterates the stipulation where "any program that expends at least \$1 million during the year [is required] to implement payment recapture audits, if cost effective to the agency, in order to recover improper payments."

The National Credit Union Administration (NCUA) annually conducts continuous monitoring by testing a sample of its programs and activities. Based on these tests, the NCUA has concluded that it does not have programs that are susceptible to significant improper payments.

PIIA requires Inspectors General to annually assess and report on their agencies' improper payment risk assessments, in accordance with specific PIIA criteria. The NCUA OIG assessed the NCUA's compliance with the following items from the PIIA requirements:

1. Publish a Performance and Accountability Report (PAR) or Agency Financial Report (AFR).

The NCUA issued their financial statements and posted them to the agency website on February 13, 2024. The NCUA also published its 2023 Annual Report on March 25, 2024, which included

¹ OMB Circular A-123, Appendix C, also stated that significant improper payments are defined as gross annual improper payments in a program exceeding both 1.5 percent of program outlays and \$10 million of all program payments made during the year, or \$100 million regardless of the percentage.

a section on payment integrity/improper payments that concluded that the NCUA does not have programs that are susceptible to significant improper payments.

2. Conduct risk assessments at least once every 3 years.

We reviewed the NCUA's 2023 risk assessment of all its programs and activities and its determination that these programs and activities have a low risk of significant improper payments. We agree with the NCUA's overall risk analysis and because the NCUA's improper payment amount was below the statutory threshold, we have nothing further to review for compliance under PIIA.

PIIA and OMB M-18-20 require agencies to assess their programs at least once every 3 fiscal years. Consequently, the NCUA indicated its intent to reassess the susceptibility of its programs and activities in FY 2026. We agree with this schedule based on the low risk of improper payments of NCUA funds.

3. Publish improper payment and unknown payment estimates.

Because the NCUA's programs are low risk, this PIIA requirement is not applicable.

4. Publish corrective action plans.

Because the NCUA's programs are low risk, this PIIA requirement is not applicable.

5. Publish and meet improper payment and unknown payment reduction targets.

Because the NCUA's programs are low risk, this PIIA requirement is not applicable.

6. Demonstrate improvements to payment integrity or reached a tolerable improper payment or unknown payment rate.

Because the NCUA's programs are low risk, this PIIA requirement is not applicable.

7. Develop a plan to meet the improper payment and unknown payment reduction target.

Because the NCUA's programs are low risk, this PIIA requirement is not applicable.

8. Achieve an improper payment rate of less than 10%.

Because the NCUA's programs are low risk, this PIIA requirement is not applicable.

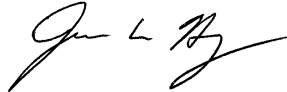
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Should you have any questions, please do not hesitate to contact my counsel, Marta Erceg, at 703/518-6352.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Hagen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James W. Hagen
Inspector General

cc: Executive Director Larry D. Fazio