



UNITED STATES OF AMERICA  
**FEDERAL LABOR RELATIONS AUTHORITY**  
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INSPECTOR GENERAL

December 12, 2019

The Honorable Colleen Duffy Kiko  
Chairman  
Federal Labor Relations Authority

Dear Chairman Duffy Kiko:

This letter communicates the results of the Federal Labor Relations Authority (FLRA) Office of Inspector General's (OIG) annual review of the FLRA's compliance with the *Improper Payments Elimination and Recovery Act of 2002* (IPIA) as amended.<sup>1</sup> The OIG reviewed the improper payment information section of the Fiscal Year (FY) 2019 FLRA's Agency Financial Report (AFR) and other material to determine its compliance with certain requirements in IPIA. The OIG concluded the FLRA is in compliance and has met the requirements that are applicable to the agency for FY 2019.

### **BACKGROUND**

The purpose of the improper payment section of the AFR, as originally outlined by Public Law 107-300, IPIA, and later amended by Public Law 111-204 *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and Public Law 112-248 *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), is to provide estimates and reports of improper payments by Federal agencies to prevent the loss of taxpayer dollars.

Compliance with IPIA as amended indicates an agency has:

1. published an AFR or Performance Accountability Report (PAR) for the most recent FY and posted that report and any accompanying materials required by Office of Management and Budget (OMB) on the agency's Website;
2. conducted a program-specific risk assessment for each program or activity;
3. published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment;
4. published programmatic correction action plans in the AFR or PAR;
5. published, and met, annual reduction targets for each program assessed to be at risk and estimated for improper payments; and

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<sup>1</sup> The OIG requirements for its annual improper payment review are listed in the IPERA, which amended IPIA. Additionally, the IPERIA also amended IPIA. Appendix C of OMB Circular A-123 is guidance on IPIA, as amended.

6. reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR or PAR.

Guidance issued by OMB recommends each agency inspector general should perform a review in order to determine if an agency is compliant with the IPERA.<sup>2</sup>

## REVIEW RESULTS

Based on the definition of compliance described above, the OIG determined that the FLRA is compliant. Specifically, the agency has published an annual financial statement for the most recent FY and posted that report and any accompanying materials required under guidance of the OMB on the agency website (<https://www.flra.gov/about/budget-performance>).

In the FLRA's FY 2019 AFR, dated November 19, 2019, FLRA management reported having reviewed all of its programs and determined that none are susceptible to significant improper payment. FLRA concluded and reported (in its AFR), "that it would not be cost-effective to establish a recovery-audit program for its programs that expend more than \$1million. Recoveries are not expected to be greater than the costs incurred to identify any overpayments." The agency is not required to publish improper payment estimates, corrective action plans, or reduction targets.

We reviewed the agency's AFR and the results of IPERA compliance testing performed by the independent public accountants who audited the FLRA FY 2019 financial statements. Further, during our review of relevant prior year data, nothing came to our attention that would indicate that the agency is susceptible to significant improper payments. Based on the review, the OIG takes no exception to the FLRA's presentation of the agency's Y 2019 AFR as it relates to IPERA.

If you have questions, please contact me on (202) 218-7744.

Respectfully,



Dana A. Rooney  
Inspector General

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<sup>2</sup> See OMB Memorandum M-15-02, Appendix C to OMB Circular No. A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*.

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