



UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY

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INSPECTOR GENERAL

January 19, 2021

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 2010* (IPERA) as amended.¹ The law governing improper payment reporting requirements was recently amended by the *Payment Integrity Information Act of 2019* (PIIA).

The OIG reviewed the improper payment information section of the Fiscal Year (FY) 2020 FLRA's Agency Financial Report (AFR) and other material to determine its compliance with certain requirements in PIIA. The OIG concluded the FLRA is compliant and has met the requirements that are applicable to the agency for FY 2020.

BACKGROUND

The purpose of the improper payment section of the AFR, as originally outlined by the *Improper Payments Elimination and Recovery Act of 2002* (IPIA), Public Law 107-300, and later amended by Public Law 111-204 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.

The improper payment reporting requirements was recently amended by the PIIA, Public Law 116-117 (March 2, 2020).

OMB Requirements for PIIA Compliance		Did the Agency Comply?
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.	Yes

¹ 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.

2	Conducted a program-specific risk assessment for each program or activity.	Yes
3	Published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment.	N/A ²
4	Published programmatic correction action plans in the AFR or PAR.	N/A
5	Published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments.	N/A
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.	N/A
7	Agencies shall annually report information on their payment recapture audit program through data requests from OMB and/or in their AFRs or PARs.	N/A
8	Payment recapture audits.	N/A

Guidance issued by OMB recommends each agency inspector general should perform a review in order to determine if an agency is compliant with the PIIA.³

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 2020 AFR, dated October 30, 2020, 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.

² Requirement is not applicable because FLRA determined in its most recent risk assessment that the agency’s programs are not susceptible to significant improper payments.

³ See OMB Memorandum M-18-20, Appendix C to OMB Circular No. A-123, *Requirements for Payment Integrity Improvement*.

We reviewed the agency's AFR and the results of PIIA compliance testing performed by the independent public accountants who audited the FLRA FY 2020 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 FY 2020 AFR as it relates to PIIA.

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

Respectfully,



Dana A. Rooney
Inspector General

cc:

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