



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

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INSPECTOR GENERAL

January 24, 2023

The Honorable Susan Grundmann  
Chairman  
Federal Labor Relations Authority

Dear Chairman Grundmann:

This letter communicates the results of the Office of Inspector General's (OIG) annual review on the Federal Labor Relations Authority's (FLRA's) compliance with the *Payment Integrity Information Act of 2019* (PIIA)<sup>1</sup> for Fiscal Year (FY) 2022.

The OIG reviewed the improper payment information section of the FY 2022 FLRA's Performance and Accountability Report (PAR) and other material to determine its compliance with certain requirements in PIIA. We determined FLRA was not compliant for one of the PIIA reporting requirements for FY 2022.

**BACKGROUND**

Each FY, FLRA is responsible for ensuring it has met the requirements to achieve compliance with PIIA and the OIG is responsible for evaluating FLRA to determine whether FLRA is compliant with PIIA.

In accordance with PIIA, OIGs were directed to consult guidance issued by the Council of the Inspectors General on Integrity and Efficiency for specific procedures on how they should determine compliance with PIIA. Guidance further requires OIGs to perform the compliance review as informed by Office of Management and Budget (OMB) Circular A-123 Appendix C, *Requirements for Payment Integrity Improvement*, (M-21-19, March 2021) and OMB Circular A-136, *Financial Reporting Requirements* (June 3, 2022).

The six PIIA requirements and FLRA compliance are listed in the table below.

| OMB Requirements for PIIA Compliance |  | FLRA Compliant |
|--------------------------------------|--|----------------|
| 1                                    | Published improper payment information with the PAR in accordance with OMB guidance and posted it on the agency website. | No             |

<sup>1</sup> Payment Integrity Information Act of 2019, Public Law 116-117 (March 20, 2020) (codified at 31 U.S.C. §§ 3351-3358).

|   |   |                  |
|---|---|------------------|
| 2 | Conducted improper payment risk assessments 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 improper payments above or below the statutory threshold. | N/A              |
| 3 | Published improper payment estimates for programs susceptible to significant improper payments.   | N/A <sup>2</sup> |
| 4 | Published correction action plans in the PAR.   | N/A              |
| 5 | Published reduction targets, demonstrated improvements to reach a tolerable rate, and developed a plan to meet target rate.   | N/A              |
| 6 | Reported an improper payment estimate of less than 10 percent for each estimate published.  | 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.<sup>3</sup> If a program does not meet one or more of the above requirements then it is not compliant under PIIA.

## REVIEW RESULTS

To achieve compliance FLRA must publish any applicable payment integrity information in its annual financial statement in accordance with payment integrity guidance provided in OMB Circular A-136. In addition, the agency must publish any applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying materials to the annual financial statement are the payment integrity information published on [paymentaccuracy.gov](https://paymentaccuracy.gov). This information is published by the agency to OMB through the Annual Data Call and is then subsequently published on [paymentaccuracy.gov](https://paymentaccuracy.gov).

Appendix C of OMB Circular A-136, Financial Reporting Requirements dated August 10, 2021 Section “II.4.5. Payment Integrity Information Act Reporting Information previously contained in this section that is not explicitly required below will be collected by OMB through the Annual Data Call and published on [PaymentAccuracy.gov](https://paymentaccuracy.gov). Agencies should consult the Annual Data Call guidance (<https://community.max.gov>) to determine which requirements apply to them. If an agency provides information to OMB through the Annual Data Call, then the agency must include the website hyperlink for [PaymentAccuracy.gov](https://paymentaccuracy.gov) in their Agency Financial Report or PAR.”

<sup>2</sup> 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.

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

Based on the definition of compliance described above, the OIG determined that the FLRA is not compliant for one of the PIIA reporting requirements for FY 2022. FLRA published improper payment information in the PAR and included a link to <https://PaymentAccuracy.gov>. However, the link to [paymentaccuracy.gov](https://paymentaccuracy.gov) does not have any reporting information from FLRA as required by OMB's Annual Data Call. The information collected through the data call and published on [paymentaccuracy.gov](https://paymentaccuracy.gov) is considered accompanying materials to the financial statements. To be compliant, we recommend FLRA respond to OMB's Annual Data Call with the required fields information and post the required link to accompanying materials on [paymentaccuracy.gov](https://paymentaccuracy.gov) within future PARs.

In the FLRA's FY 2022 PAR, dated November 15, 2022, FLRA management reported having reviewed all of its programs and determined that none are susceptible to significant improper payments. FLRA concluded and reported (in its PAR), "that it would not be cost-effective to establish a recovery-audit program for its programs that expend more than \$1 million. 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.

## **SCOPE AND METHODOLOGY**

To perform the FY 2022 compliance review, we gained an understanding of the requirements in OMB Circular A-123, Appendix C (M-21-19, March 2021), OMB Circular A-136 (August 10, 2021 and June 3, 2022), OMB Annual Data Call Instructions, and the OMB Payment Integrity Question and Answer Platform. We performed the review using the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guidance for Payment Integrity Information Act Compliance Reviews*.

To answer our objective, reviewed the agency's PAR, [paymentaccuracy.gov](https://paymentaccuracy.gov) and the results of PIIA compliance testing performed by the independent public accountants who audited the FLRA FY 2022 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.

## **CONCLUSION**

For FY 2022, we determined FLRA was not compliant for one of the six reporting requirements outlined in the Payment Integrity Information Act of 2019. We made one recommendation to ensure compliance and improve the completeness of reported improper payment information.

## **RECOMMENDATION**

1. FLRA respond to OMB's annual payment integrity data call. The information collected through the data call should be published on [paymentaccuracy.gov](https://paymentaccuracy.gov) and is considered accompanying materials to the financial statement. Include a link to [PaymentAccuracy.gov](https://PaymentAccuracy.gov) within future PAR's.

## OIG RESPONSE TO AGENCY COMMENTS

We provided a draft memo to FLRA on January 19, 2023. We acknowledge management decisions for the recommendation and consider the recommendation resolved but open pending completion of planned activities. FLRA's response is included in Appendix A.

If you have questions, please contact me on (771) 444-5713.

Respectfully,



Dana A. Rooney  
Inspector General

cc:

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Chairman  
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Mr. Michael Jeffries  
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Federal Labor Relations Authority



UNITED STATES OF AMERICA  
FEDERAL LABOR RELATIONS AUTHORITY

January 23, 2023

**MEMORANDUM**

TO: Dana Rooney  
Inspector General

FROM: Greg Mister, Director Budget and Finance Division

THROUGH: Michael Jeffries  
Executive Director 

SUBJECT: Management Response to Draft Office of Inspector General's (OIG) annual review on the Federal Labor Relations Authority's (FLRA's) compliance with the *Payment Integrity Information Act of 2019* (PIIA)<sup>1</sup> for Fiscal Year (FY) 2022

Thank you for the opportunity to review and provide comment on the Office of Inspector General's (OIG) draft Office of Inspector General's (OIG) annual review on the Federal Labor Relations Authority's (FLRA's) compliance with the *Payment Integrity Information Act of 2019* (PIIA)<sup>1</sup> for Fiscal Year (FY) 2022. We are pleased the results of PIIA compliance testing performed by the independent public accountants who audited the FLRA FY 2022 financial statements, determined nothing came to the attention that would indicate that the agency is susceptible to significant improper payments.

It was determined that FLRA was not compliant for one of the PIIA reporting requirements for FY 2022:

*Published improper payment information with the PAR in accordance with OMB guidance and posted it on the agency website.*

Management agrees with the finding and recommendation. Steps have already been taken to implement the recommendation. FLRA will gain access from OMB to the requisite database to upload its improper payment information to [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov) during the FY 23 data call.

We would like to thank the OIG for your efforts and continued collaboration in support of FLRA programs.

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<sup>1</sup> Payment Integrity Information Act of 2019, Public Law 116-117 (March 20, 2020) (codified at 31 U.S.C. §§ 3351-3358).