



Inspector General

May 22, 2025

TO: Colleen Murphy
Chief Financial Officer

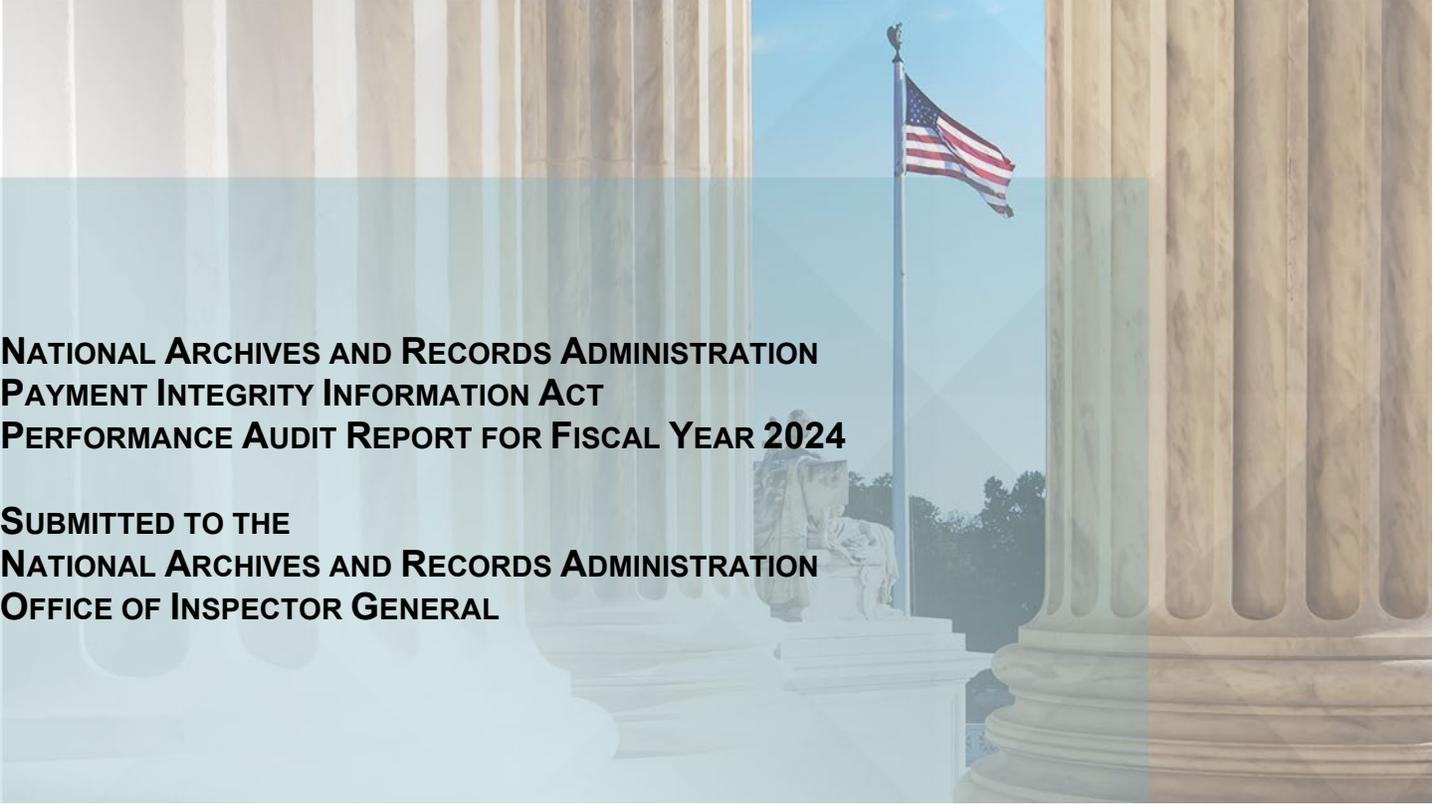
FROM: William Brown
Acting Inspector General

SUBJECT: *Audit of NARA's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2024 – **OIG Audit Report No. 25-AUD-02***

The Office of Inspector General (OIG) contracted Sikich CPA LLC (Sikich) to conduct an independent audit of NARA's *Compliance with the Payment Integrity Information Act of 2019 (PIIA) in Fiscal Year (FY) 2024*. The contract required Sikich to conduct a performance audit of NARA's compliance with PIIA for FY 2024 in accordance with Section VI.A of Office of Management and Budget (OMB) Memorandum M-21-19, Appendix C to OMB Circular No. A-123, dated March 5, 2021.

Sikich determined that NARA met the applicable requirements for PIIA compliance for the programs it identified as susceptible to improper payments. Planned corrective actions are not needed since the audit report contains no recommendations.

As with all NARA OIG products, we determine what information is publicly posted on our website from the attached report. Consistent with our responsibility under the Inspector General Act, as amended, we may provide copies of our report to congressional committees with oversight responsibility over NARA.



**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
PAYMENT INTEGRITY INFORMATION ACT
PERFORMANCE AUDIT REPORT FOR FISCAL YEAR 2024**

**SUBMITTED TO THE
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL**

**PAYMENT INTEGRITY INFORMATION ACT
PERFORMANCE AUDIT REPORT FOR FISCAL YEAR 2024**

MAY 22, 2025

TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	1
	Why We Did This Audit.....	1
	How We Did This Audit.....	1
	What We Concluded.....	1
II.	PROGRAM BACKGROUND	4
III.	RESULTS AND CONCLUSION	6
	APPENDIX A – OBJECTIVES, SCOPE, AND METHODOLOGY	8
	Objectives.....	8
	Scope.....	8
	Methodology.....	8
	APPENDIX B – ACRONYMS	10
	APPENDIX C – NARA MANAGEMENT’S RESPONSE	11
	APPENDIX D – REPORT DISTRIBUTION LIST	12
	ATTACHMENT A – OIG HOTLINE	13

I. EXECUTIVE SUMMARY

Why We Did This Audit

The Payment Integrity Information Act of 2019 (PIIA) requires that the Inspector General of each federal agency evaluate the accuracy and completeness of the agency's annual reporting on improper payments, as well as its performance in reducing and recapturing improper payments.

How We Did This Audit

The National Archives and Records Administration (NARA) Office of Inspector General (OIG) engaged Sikich CPA LLC (Sikich) to conduct a performance audit of NARA's compliance with PIIA for Fiscal Year (FY) 2024 in accordance with Section VI.A of Office of Management and Budget (OMB) Memorandum M-21-19 (M-21-19), Appendix C to OMB Circular No. A-123, *Requirements for Payment Integrity Improvement*, dated March 5, 2021.

To determine if NARA complied with PIIA requirements, we:

- Reviewed the FY 2024 payment integrity information that NARA published in its annual financial statements.
- Determined whether NARA posted its annual financial statements and OMB-required accompanying materials on its website.
- Verified whether NARA conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once every 3 years.
- Verified whether NARA's improper payment determination was appropriate to conclude whether the program is likely to make improper payments and unknown payments.
- Reviewed any improper payment estimates and corrective action plans for programs susceptible to significant improper payments.
- Determined whether NARA published improper payment reduction targets and plans to meet those targets for each program with an estimated improper payment rate greater than 10 percent.
- Verified whether NARA had any demonstrated improvements to payment integrity.
- Determined whether NARA reported a gross improper payment rate of less than 10 percent for each program for which NARA published an estimate.

What We Concluded

Our audit objectives were to determine whether NARA complied with the requirements of the PIIA for FY 2024. Accordingly, we assessed NARA's compliance with the OMB criteria and determined that NARA met the applicable requirements for PIIA compliance for the eight programs it identified as susceptible to improper payments. The table below identifies each of the compliance criteria and reports whether NARA complied with each requirement.

Table 1: PIIA Compliance¹ Reporting Table

Criteria		Program Name							
		Administrative Overhead	Agency Services	Presidential Libraries	Public Museum Engagement and Legislative Archives	National Historical Publications and Records Commission (NHPRC) Grants	Office of Inspector General	Repairs and Restoration	Research Services
1a	Published payment integrity information with the annual financial statement	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
1b	Posted the annual financial statement and accompanying materials on the agency website	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
2a	Conducted improper payment (IP) risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
2b	Adequately concluded whether the program is likely to make IPs and unknown payments (UPs) above or below the statutory threshold ²	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
3	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ To be considered compliant with PIIA, OMB and CIGIE require federal agencies to meet the ten requirements included in the reported table, each of which relates to one of the six PIIA compliance requirements, as outlined in the Legal Requirements/Compliance with PIIA section of CIGIE's *Guidance for Payment Integrity Information Act Compliance Reviews*, dated October 22, 2024.

² Federal agencies are required to conduct a program-specific risk assessment for each program or activity that conforms with Section 3352(a) note of Title 31 U.S.C., as applicable.



Criteria		Program Name							
		Administrative Overhead	Agency Services	Presidential Libraries	Public Museum Engagement and Legislative Archives	National Historical Publications and Records Commission (NHPRC) Grants	Office of Inspector General	Repairs and Restoration	Research Services
4	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5a	Published IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5b	Has demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5c	Has developed a plan to meet the IP and UP reduction target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Reported an IP and UP estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend: References to "N/A" in Table 1 indicate the criterion is not applicable because NARA determined that it did not have programs or activities susceptible to significant improper payments under OMB M-21-19, Section II.A of Appendix C of OMB Circular A-123.

In addition, for programs or activities that it deems not susceptible to significant improper payments, NARA is required to perform a risk assessment at least once every 3 years under OMB M-21-19, Section II.A.2 of Appendix C. NARA conducted its latest risk assessment in FY 2023.

In 2014, NARA concluded that payment recapture audits would not be cost-effective and notified OMB of its decision. Per OMB M-21-19, Section V.B.(2), if an agency determines that it would be unable to conduct a cost-effective recovery audit for certain programs, the agency does not need to repeat this analysis unless circumstances change within the program that might make a recovery audit cost-effective. NARA indicated that circumstances remained unchanged in FY 2024 and that, as a result, no analysis was necessary.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusion based on our audit objectives.

Our objectives, scope, and methodology are described in Appendix A.

II. PROGRAM BACKGROUND

PIIA,³ which repealed the Improper Payments Information Act of 2002 (IPIA),⁴ as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA)⁵ and the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA),⁶ requires the Inspector General of each agency to determine whether the agency is in compliance with PIIA⁷ and to submit a report on that determination. OMB issued its current implementation guidance, M-21-19,⁸ Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, on March 5, 2021.

OMB M-21-19, Appendix C, Section I (1), describes an improper payment as any payment made in an incorrect amount or to the wrong recipient. If an agency is unable to determine whether a payment falls into the proper or improper category, the agency should consider that payment to be an unknown payment.

We initiated our FY 2024 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, (M-21-19), dated March 2021; OMB Circular A-136, *Financial Reporting Requirements*, dated June 2022; and the Counsel of the Inspectors General on Integrity and Efficiency's (CIGIE's) *Guidance for Payment Integrity Information Act Compliance Reviews*, dated October 22, 2024 (the Guide).

³ Pub. Law No. 116-117, 134 Stat. 113 (2020)

⁴ Pub. Law No. 107-300, 116 Stat. 2350 (2002)

⁵ Pub. Law No. 111-204, 124 Stat. 2224 (2010)

⁶ Pub. Law No. 112-248, 126 Stat. 2390 (2012)

⁷ Unless otherwise indicated, the term "PIIA" implies IPERA and IPIA, as amended by PIIA.

⁸ In March 2021, OMB issued Memorandum M-21-19, which modified all prior OMB Circular A-123, Appendix C, guidance and supported expanding the six compliance requirements under PIIA to a total of ten compliance requirements.

To be compliant with PIIA, the Guide states that each agency must:

- 1a. Publish payment integrity information with the annual financial statements in the accompanying materials to the annual financial statement for the most recent FY.
- 1b. Post the annual financial statements and accompanying materials on the agency website.
- 2a. Conduct improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last 3 years.
- 2b. Adequately conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.⁹
3. Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.
4. Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- 5a. Publish an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- 5b. Demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate.
- 5c. Develop a plan to meet the improper payment and unknown payment reduction target.
6. Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

In the PIIA reporting details section of NARA's FY 2024 Agency Financial Report (AFR), NARA reported its self-identified improper payments for FY 2024. NARA reported total improper payments of \$216,779 for FY 2024.

⁹ Programs are considered to be above the statutory threshold if they report an annual improper payment and unknown payment estimate that is either above \$10,000,000 and 1.5 percent of the program's total outlays or above \$100,000,000 regardless of the associated percentage of the program's total annual outlays that the estimated improper payments and unknown payments represent.

III. RESULTS AND CONCLUSION

If an agency does not meet one or more of the below requirements, it is not considered compliant under PIIA. NARA complied with the requirements of PIIA in accordance with OMB M-21-19. Table 2 below identifies the OMB compliance requirements, NARA's compliance status, and the results of Sikich's review.

Table 2: Results of Sikich's Review of NARA's Compliance with the Requirements of PIIA

Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	Sikich Review
1a.	Published Payment Integrity information with the annual financial statement.	Compliant	NARA published the AFR on its website and reported applicable PIIA information in accordance with payment integrity guidance provided in OMB Circular A-136.
1b.	Posted the annual financial statement and accompanying materials on the agency website.	Compliant	NARA published the AFR on its website, including a link to https://www.paymentaccuracy.gov . https://www.archives.gov/files/about/plans-reports/agency-financial-reports/nara-fy2024-afr.pdf
2a.	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.	Compliant	NARA has a risk assessment process in place for determining whether it has programs or activities susceptible to significant improper payments. It also has procedures in place to identify, estimate, and report on improper payments. NARA determined that its programs and activities were not susceptible to significant improper payments. It performed its most recent risk assessment in FY 2023.
2b.	Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.	Compliant	NARA has a risk assessment program, and the methodology NARA used adequately concludes whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.
3.	Published improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.	Not Required	This requirement was not applicable, as NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments. NARA measured all programs at low risk.

Compliance Reference	OMB Compliance Requirement	NARA Compliance Status	Sikich Review
4.	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	Not Required	This requirement was not applicable, as NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments. No programs reached the statutory threshold.
5a.	Published an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	Not Required	This requirement was not applicable, as NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments above the statutory threshold.
5b.	Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	Not Required	This requirement was not applicable, as NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments.
5c.	Developed a plan to meet the improper payment and unknown payment reduction target.	Not Required	This requirement only applies if the program reported an improper payment and unknown payment estimate above the statutory threshold in the current year and established an improper payment and unknown payment reduction target for the following FY. Because NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments, this requirement was not applicable.
6.	Reported an improper payment and unknown payment estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement.	Not Required	This requirement was not applicable, as NARA determined that none of its programs or activities were susceptible to significant improper payments and unknown payments.

We assessed NARA's compliance with the six PIIA criteria and determined that NARA met six of the six requirements for PIIA compliance for the eight programs it reported.

Sikich CPA LLC

May 22, 2025

APPENDIX A – OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objective was to determine if NARA's improper payment reporting in its FY 2024 AFR was in compliance with PIIA and in accordance with OMB M-21-19, Section VI.A. of Appendix C of OMB Circular A-123. As part of this audit, we also evaluated the accuracy and completeness of NARA's improper payment reporting and NARA's performance in reducing and recapturing improper payments.

Scope

The scope of this performance audit included the improper payment and reporting details in NARA's FY 2024 AFR. We designed procedures to gain an understanding of the risk assessment that NARA performed to identify programs that are susceptible to significant risk of improper payments and unknown payments, as well as an understanding of the process that NARA performed to calculate its estimated improper payment rates.

Our audit performance period was from February through May 2025. We conducted our audit in accordance with Generally Accepted Government Auditing Standards.

Methodology

OMB M-21-19, Section VI, states that the agency is responsible for ensuring it has met the requirements to achieve compliance with PIIA, and the OIG is responsible for evaluating the agency to determine whether the agency is compliant with PIIA. To accomplish our objective, we completed the following procedures for FY 2024:

- Reviewed all applicable laws, rules, and regulations pertaining to improper payments, as well as NARA guidance, policies, and procedures.
- Obtained an understanding of NARA's internal controls over improper payments and evaluated the design and operating effectiveness of relevant payments, reduction, and recapture controls.
- Reviewed the payment integrity information section of NARA's FY 2024 AFR and accompanying material to assess NARA's compliance with PIIA and related OMB guidance.
- Reviewed information on <https://www.paymentaccuracy.gov> through the annual OMB payment accuracy data call. The information collected through the data calls and published on <https://www.paymentaccuracy.gov> is considered accompanying materials to the AFR.
- Assessed the overall presentation of the improper payments and unknown payments in the AFR for completeness, per Section II.4.5 of OMB Circular A-136.
- Reviewed and analyzed the source data used to support the payment integrity information in the AFR for accuracy and completeness.
- Traced and agreed the program outlays in the FY 2024 Improper Payment Summary by Program to the outlays in the SF-133 and the general ledger detail to verify the accuracy and completeness of the data that NARA used in its improper payment analysis.

- Reviewed the improper payment risk assessment procedures that NARA conducted to verify the adequacy and completeness of the assessment.
- Leveraged prior audit work in deciding the level of work to perform for the PIIA compliance review.
- Independently selected a sample of 45 transactions from the total number of improper payments identified and re-performed NARA's procedures to assess the accuracy and reasonableness of the improper payment amount.
- Independently selected 15 samples from the total population of invoices subject to the monthly post-payment audit and re-performed the test that the Bureau of Fiscal Services conducted to verify whether the test results were reasonable and documented appropriately.
- Evaluated NARA's efforts to prevent and reduce improper payments.
- Concluded whether NARA met each of the six PIIA compliance requirements.

We reviewed applicable OMB and CIGIE guidance, as well as other relevant documents that NARA provided, to gain an understanding of NARA's PIIA reporting requirements, the NARA OIG's PIIA assessment requirements, and relevant NARA policies and procedures for implementing the PIIA program.

In planning our work, we gained an understanding of NARA's internal controls within the audit's scope that were significant to the audit objectives and assessed the design, implementation, and operating effectiveness of those controls within the context of GAO-14-704G, *Standards for Internal Control in the Federal Government*, solely to understand NARA's improper payments identification, reduction, recapture, and reporting processes, as appropriate for the audit objectives. In performing this methodology, we applied audit techniques such as inquiry, observation, and re-performance to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions related to the audit objectives.

APPENDIX B – ACRONYMS

AFR	Agency Financial Report
CIGIE	Council of the Inspectors General on Integrity and Efficiency
FY	Fiscal Year
IP	Improper Payment
IPIA	Improper Payments Information Act of 2002
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
NARA	National Archives and Records Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
UP	Unknown Payment

APPENDIX C – NARA MANAGEMENT’S RESPONSE

Agency management stated their general agreement with the conclusions in the report and opted not to provide formal comments for inclusion in this report.

APPENDIX D – REPORT DISTRIBUTION LIST

- Acting Archivist of the United States
- Senior Advisor to the Acting Archivist
- Executive Secretariat
- Chief Operating Officer
- Deputy Chief Operating Officer
- Chief of Management and Administration
- Chief Financial Officer
- United States Senate Committee on Homeland Security and Governmental Affairs
- Committee on Oversight and Government Reform
- Comptroller General of the United States
- Office of Management and Budget
- United States Senate Committee on Appropriations
- United States House Committee on Appropriations

ATTACHMENT A – OIG HOTLINE

The OIG Hotline provides a confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept emails through an online referral form. Walk-ins are always welcome. Visit <https://naraoig.oversight.gov/> for more information, or contact us:

By telephone

Washington, DC, Metro area: 301-837-3000

Toll-free: 800-786-2551

By facsimile

301-837-3197

By online referral form<https://naraoig.oversight.gov/online-complaint-form>**Contractor Self-Reporting Hotline**

As required by the Federal Acquisition Regulation, a web-based form allows NARA contractors to notify the OIG, in writing, whenever the contractor has credible evidence a principal, employee, agent, or subcontractor of the contractor has committed a violation of the civil False Claims Act or a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations in connection with the award, performance, or closeout of a contract or any related subcontract. The form can be accessed through the OIG's home page or found directly at <https://naraoig.oversight.gov/oig-contractor-reporting-form>.