



**Office of Inspector General**

May 26, 2022

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: 2022 Office of Inspector General Review of the NCUA's 2021 Compliance  
under the Payment Integrity Information Act of 2019

Dear Chairman Peters:

The Payment Integrity Information Act of 2019 (PIIA), 31 U.S.C. §§ 3351-3358, sets forth improper payment reporting requirements for agencies, including an annual compliance report by each agency's Inspector General. The PIIA requires agencies to review all programs and activities they administer to identify those that may be susceptible to significant erroneous payments, and requires the Office of Inspector General (OIG) of each agency to determine whether the agency is in compliance with the PIIA. OMB Memorandum M-15-02 provides that the OIG may evaluate the accuracy and completeness of agency reporting, reducing, and recapturing of improper payments. Further, OMB Circular A-123<sup>1</sup> provides that "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 NCUA annually conducts continuous monitoring by testing all 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.

The 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).

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<sup>1</sup> 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.

The NCUA issued its financial statements and posted them to the agency website on February 15, 2022. The NCUA also published its 2021 Annual Report on March 16, 2022, which included 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 2021 annual report for compliance with improper payment requirements. 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.

The PIIA and OMB M-18-20 require agencies to assess their programs at least once every 3 fiscal years. Consequently, the NCUA performed its assessment in FY2020 and determined the NCUA does not have any risk susceptible programs that require an annual improper payment estimation. The next assessment is scheduled for FY2023. 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.

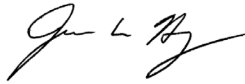
8. Achieve an improper payment rate of less than 10%.

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 prominent initial "J" and a long, sweeping underline.

James W. Hagen  
Inspector General