The Improper Payments Elimination and Recovery Act of 2010 (IPERA) (Public Law 111-204) amended the Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA) required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). 1 In addition, section 3 of IPERA required Inspectors General to review each agency’s improper payment reporting and issue an annual report. On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) repealed IPERA, IPERIA, and other related laws, but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. Because OMB did not issue final guidance related to the PIIA until March 2021, we initiated our FY2020 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C (M-18-20, June 2018), OMB Circular A-136 (August 2020), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the Counsel of the Inspectors General on Integrity and Efficiency guidance required under PIIA.

The National Credit Union Administration (NCUA) annually conducts risk assessments of all its programs and activities. Based on these risk assessments, the NCUA has concluded that it does not have programs that are susceptible to significant improper payments.

1 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.
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 six PIIA requirements:


The NCUA published its Annual Report on March 16, 2021, 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.

We reviewed the NCUA’s 2020 risk assessment of its programs and activities and its determination that the programs and activities have a low risk of significant improper payments and its 2020 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.

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 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 reduction targets.

Because the NCUA’s programs are low risk, this PIIA requirement is not applicable.

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

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2 We initiated our FY2020 annual compliance review using a combination of the requirements in OMB Circular A-123, Appendix C (M-18-20, June 2018), OMB Circular A-136 (August 2020), OMB Annual Data Call Instructions, OMB Payment Integrity Question and Answer Platform, and the Counsel of the Inspectors General on Integrity and Efficiency guidance required under PIIA.
Because the NCUA’s programs are low risk, this PIIA requirement is not applicable.

Should you have any questions, please do not hesitate to contact my counsel, Marta Erceg, at 703/518-6352.

Sincerely,

James W. Hagen
Inspector General