



Office of Inspector General

April 9, 2015

SENT BY E-MAIL

The Honorable Ron Johnson
Chairman
Committee on Homeland Security & Governmental Affairs
United States Senate
442 Hart Senate Office Building
Washington, DC, 20510

Dear Chairman Johnson:

Re: Office of Inspector General Review of NCUA Compliance
Under the Improper Payments Elimination and Recovery Act (IPERA)

The *Improper Payments Information Act (IPIA) of 2002* and the Office of Management and Budget (OMB) Circular A-123, Appendix C, *Management's Responsibility for Internal Control: Requirements for Effective Measurement and Remediation of Improper Payments*, require Federal agencies to review all programs and activities, identify those that are susceptible to significant erroneous payments, and determine an annual estimated amount of erroneous payments made in those payments. The IPIA was followed by the *Improper Payments Elimination and Recovery Act (IPERA)* in 2010, the *Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA)*, and a series of OMB memoranda, including an update to Circular A-123, which established new requirements for agencies on improper payments.

The National Credit Union Administration (NCUA) Office of Inspector General (OIG) reviewed NCUA management's 2014 analysis of its programs and its determination that none are susceptible to a high risk of significant improper payments. The OIG agrees that because NCUA's improper payments are well below the significant standard amount of improper payments, which is defined by OMB guidance as exceeding \$10 million and 2.5 percent of total outlays or \$100 million, the OIG does not have anything to review for compliance under IPERA and, consequently, has nothing to report under IPERIA.

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

Sincerely,

A handwritten signature in black ink, appearing to read "James Hagen".

James Hagen
Inspector General