



UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
1400 K STREET NW WASHINGTON, D.C. 20424
(202) 218-7744 FAX: (202) 208-4535

INSPECTOR GENERAL

December 13, 2018

The Honorable Colleen Duffy Kiko
Chairman
Federal Labor Relations Authority

Dear Chairman Duffy Kiko:

This letter communicates the results of the Federal Labor Relations Authority (FLRA) Office of Inspector General's (OIG) annual review of the FLRA's compliance with the *Improper Payments Elimination and Recovery Act of 2010* (hereafter referred to as IPERA). The OIG reviewed the improper payment information section of the Fiscal Year (FY) 2018 FLRA's Performance and Accountability Report (PAR) and other material to determine its compliance with certain requirements in IPERA. The OIG concluded the FLRA is in compliance and has met the requirements that are applicable to the agency for FY 2018.

BACKGROUND

The purpose of the improper payment section of the PAR, as originally outlined by Public Law 107-300, the *Improper Payments Information Act of 2002*, as amended by the IPERA, further amended by the *Improper Payments Elimination and Recovery Improvement Act of 2012*, is to provide estimates and reports of improper payments by Federal agencies to prevent the loss of taxpayer dollars.

Under IPERA, the head of each agency must periodically review and identify all programs and activities it administers that may be susceptible to significant improper payments based on guidance provided by the Director of Office of Management and Budget (OMB). IPERA generally defines significant improper payments as gross annual improper payments exceeding both 2.5 percent of program outlays and \$10 million of all program or activity payments made during the FY reported, or \$100 million regardless of the percentage. For each program and activity identified, the agency is required to produce a statistically valid estimate or an estimate that is otherwise approved by OMB, of the improper payments and include such estimates in the accompanying materials to the annual financial statements of the agency.

The agency is required to prepare a report on actions it took to reduce improper payments for programs or activities with significant improper payments. The report must specify, among other things: (1) a description of the causes of improper payments, actions planned or taken to correct those causes, and the planned or actual completion date of the actions taken to address those causes; and (2) program- and activity-specific targets for reducing improper payments that have been approved by the Director of OMB.

Guidance issued by OMB recommends each agency inspector general should review in order to determine if an agency is compliance with the IPERA.¹ In brief, the six OMB requirements are as follows: (1) publish a PAR or Agency Financial Report; (2) conduct a risk assessment; (3) publish improper payment estimates; (4) publish corrective action plans; (5) publish/meet reduction targets²; and (6) achieve an improper payment rate of less than 10 percent.

REVIEW RESULTS

Based on the definition of compliance described above, the OIG determined that the FLRA is compliant. Specifically, the agency has published an annual financial statement for the most recent FY and posted that report and any accompanying materials required under guidance of the OMB on the agency website (<https://www.flra.gov/about/public-affairs>).

In the FLRA's Fiscal Year 2018 PAR, dated November 15, 2018, FLRA management reported having reviewed all of its programs and determined that none are susceptible to significant improper payment. FLRA concluded and reported (in its PAR) that performing recapture audits would not be cost beneficial. The agency is not required to publish improper payment estimates, corrective action plans, or reduction targets.

We reviewed the agency's PAR and the results of IPERA compliance testing performed by the independent public accountants who audited the FLRA 2018 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. Based on the review, the OIG takes no exception to the FLRA's presentation of the agency's Fiscal Year 2018 PAR as it relates to IPERA.

If you have questions, please contact me on (202) 218-7744.

Respectfully,



Dana Rooney
Inspector General

¹ See OMB Memorandum M-15-02, Appendix C to OMB Circular No. A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*.

² A program will have met a reduction target if the improper payment rate for that program in the current year falls within plus or minus 0.1 percentage points of the reduction target set in the previous year's AFR or PAR.

cc:

The Honorable Ronald Johnson
Chairman
Committee on Homeland Security and Government Affairs
Dirksen Senate Office Building, SD-340
Washington, DC 20510
Haley Friedman: Email haley_friedman@hsgac.senate.gov

The Honorable Claire C. McCaskill
Ranking Member
Committee on Homeland Security and Government Affairs
Hart Senate Office Building, SH-442
Washington, DC 20510
Rina Patel: Email rina_patel@hsgac.senate.gov

The Honorable Trey Gowdy
Chairman
Committee on Oversight and Government Reform
Rayburn House Office Building, 2157
Washington, DC 20515
Drew Baney: Email Drew.Baney@mail.house.gov

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
Rayburn House Office Building, 2471
Washington, DC 20515
Office Email: Oversight.Democrats@mail.house.gov

Office of Management and Budget (OMB)

Email to Heather Pajak and Mary Ellen Mitchell at Hpajak@omb.eop.gov and Mary.E.Mitchell@omb.eop.gov

Comptroller General (i.e., GAO)

The Honorable Eugene L. Dodaro
Comptroller General
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Beryl H. (Berri) Davis; Director, Financial Management and Assurance
US Government Accountability Office, 441 G Street, NW, Room 5490, Washington, DC 20548
Email to Beryl Davis and Michelle Philpott at DavisBH@gao.gov and PhilpottL@gao.gov

The Honorable Ernest DuBester
Member
Federal Labor Relations Authority

The Honorable James Abbott
Member
Federal Labor Relations Authority

Mr. William Tosick
Executive Director
Federal Labor Relations Authority