



NATIONAL
ARCHIVES

OFFICE *of*
INSPECTOR GENERAL

Date : January 13, 2015

Reply to : Office of Inspector General (OIG)

Subject : Audit Memorandum #15-07: Audit of NARA's Compliance with the Improper
Payment Elimination and Recovery Improvement Act of 2012

To : David S. Ferriero, Archivist of the United States (N)

Pursuant to Section 3(b) of the Improper Payments Elimination and Recovery Act of 2010 (IPERA), we reviewed the National Archives and Records Administration's (NARA) improper payment reporting in NARA's fiscal year (FY) 2014 Annual Financial Report and accompanying materials. NARA complied with the following two of the six IPERA requirements:

- Published an AFR or PAR for the most recent fiscal year and posted that report and an accompanying materials required by OMB on the agency website;
- Conducted a program specific risk assessment for each program or activity that conform with Section 3321 note of Title 31 U.S.C. (if required).

As a result of NARA's program specific risk assessment for each program or activity, NARA determined those programs and activities were not susceptible to risk of improper payments. Therefore, NARA was not required to perform the other four out of six IPERA requirements. Accordingly, NARA is in compliance with IPERA.

Based on OMB Memorandum M-15-02, a program is deemed susceptible to significant improper payments if the total amount of overpayments plus underpayments in the program exceeds both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported, or \$100,000,000 regardless of improper payment percentage of total program outlays.

NARA reported in its FY 2014 Annual Financial Report that "As required by Improper Payments Information Act, as amended by the Improper Payments Elimination and Recovery Act (IPERA), NARA completed a full program inventory and identified no programs or activities that may be susceptible to significant improper payments based on statutory thresholds. NARA assessed all programs with more than \$1 million in annual outlays, using a comprehensive questionnaire and risk calculation tool provided by the Department of Treasury, to determine if payment recapture audits would be cost-effective, in compliance with Section 2(h) of IPERA. Given the low risk level for all

NARA programs, NARA determined that payment recovery audits would not be cost-effective at this time.” NARA’s reporting on improper payments is accurate and complete.

We gained an understanding of the internal controls over NARA’s improper payments reporting process, risk assessment process, recapture audit determination process, and management control tests used to identify improper payments. We reviewed NARA’s reporting on improper payment, risk assessments and recapture audit determinations for accuracy and completeness. We gained an understanding of management procedures and controls to the extent necessary to achieve our audit objectives. The purpose of our audit was not to provide an opinion on internal controls but merely to evaluate controls over improper payments reporting.

Our audit work was performed at Archives II between August 2014 and December 2014. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS), except we did not have any negative findings and therefore did not obtain the views of responsible officials. GAGAS requires 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 findings and conclusions based on our audit objectives.

As with all OIG products, we will determine what information is publically posted on our website from this memorandum. Should you or management have any redaction suggestions based on FOIA exemptions, please submit them to my counsel within one week from the date of this letter. Should we receive no response from you or management by this timeframe, we will interpret that as confirmation NARA does not desire any redactions to the posted report.

Should you have any questions concerning this effort, or require additional information, please contact me on (301) 837-3000.

Respectfully,



James Springs
Acting Inspector General

cc: Senator Ron Johnson, Chair, U.S. Senate Committee on Homeland Security & Governmental Affairs
Senator Thomas R. Carper, Ranking Member, U.S. Senate Committee on Homeland Security & Governmental Affairs
Representative Jason Chaffetz, Chair, U.S. House of Representatives Committee on Oversight and Government Reform
Representative Elijah Cummings, Ranking Member, U.S. House of Representatives Committee on Oversight and Government Reform

Gene L. Dodaro, Comptroller General of the United States
David Mader, Controller, Office of Management and Budget