

# PERFORMANCE AUDIT REPORT

ON THE FEDERAL LABOR RELATIONS AUTHORITY'S  
COMPLIANCE WITH THE  
PAYMENT INTEGRITY INFORMATION ACT OF 2019

FOR FISCAL YEAR 2025

REPORT NO. AR-26-04

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## **Independent Auditors' Performance Audit Report on the Federal Labor Relations Authority's Compliance with the Payment Integrity Information Act of 2019**

The Honorable Colleen Duffy Kiko  
Chairman  
Federal Labor Relations Authority

Harper, Rains, Knight & Company was engaged by the Federal Labor Relations Authority (FLRA), Office of Inspector General, (OIG) to conduct an independent performance audit of the FLRA's compliance with the *Payment Integrity Information Act of 2019* (PIIA) for Fiscal Year (FY) 2025. This report presents the results of our audit. PIIA requires Federal agencies, including FLRA, to have an annual independent audit performed on the PIIA practices and reporting, and to report the results of the audit to the agency head, the Committee on Homeland Security and Governmental Affairs of the U.S. Senate, the Committee on Oversight and Reform of the U.S. House of Representatives, the appropriate authorizing and appropriation committees of Congress, the Office of Management and Budget (OMB), and the Comptroller General.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require 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.

The objective of this performance audit was to determine whether FLRA complied with PIIA for FY 2025. We concluded that FLRA did not fully comply with PIIA requirements applicable to the agency for FY 2025. We found FLRA to be compliant with the Performance and Accountability Report (PAR) reporting requirements of PIIA and reported information on [paymentaccuracy.gov](https://paymentaccuracy.gov); however, we found that FLRA does not have an agency-wide process for assessing programmatic risks for improper payments and preparing and reviewing reported payment integrity information. FLRA's lack of a standardized FLRA-wide Improper Payment (IP) risk assessment methodology in place led to Employee Payroll and Benefits, FLRA's largest annual program with outlays greater than \$10 million, not having a risk assessment tailored to its specific risks and prepared without review and approval by the Director of the Human Resources Division.

Our report identifies the following recommendations to the FLRA Executive Director:

1. Appoint a designated official who will hold overall responsibility for compliance with PIIA, which includes identifying all significant programs and activities (such as the Budget and Finance Division, Administrative Services Division, and Human Resources Division)

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- that require review. This official is also expected to provide comprehensive guidance to the programs and ensure overall compliance with all PIIA requirements on an annual basis.
2. Develop and implement an agency-wide IP risk assessment standard operating procedures (SOP). This SOP should include risk assessment procedures to be performed by each identified significant program. These procedures should be based on OMB Circular A-123 guidance found in Appendix C.
  3. For each identified significant program, the responsible program official (or office) should review and approve the program-specific risk assessment. This review and approval should be documented.
  4. Leverage the existing risk-assessment tool and add FLRA specific reviews, as well as the above-mentioned employee pay and benefits section.

This report is for the purpose of concluding on the audit objective described above. Accordingly, this report is not suitable for any other purpose. We appreciate the cooperation and courtesies that FLRA personnel extended to us during the execution of this performance audit.

*Harper, Rains, Knight & Company, P.A.*

February 25, 2026  
Washington, DC

## Introduction

The PIIA<sup>1</sup> aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the OMB. Payment integrity information is published with the agency's annual financial statement in accordance with payment integrity guidance in OMB Circular A-136.<sup>2</sup> The agency must also publish applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying material to the annual financial statements is the payment integrity information published on [paymentaccuracy.gov](https://www.paymentaccuracy.gov). The agency's Inspector General must review payment integrity reporting for compliance and issue an annual report.

An important part of financial management for every federal agency is to ensure that improper payments are prevented and reduced. On March 2, 2020, PIIA repealed three previous Public Laws for payment integrity and other related laws. PIIA, in part, sets forth reporting requirements for the annual compliance review to be conducted by Inspectors General.

On March 5, 2021, OMB issued a revised version of Appendix C to OMB Circular A-123<sup>3</sup> which provides guidance on PIIA implementation. The goal of this revised version is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements. OMB Circular A-123, Appendix C also sets forth guidance on the annual OIG compliance reviews.

## Objective, Scope, and Methodology

The objective of this performance audit was to determine whether FLRA complied with the PIIA for FY 2025.

We conducted this performance audit from November 2025 through February 2026. The scope was limited to PIIA compliance for FY 2025.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To accomplish our objective, we interviewed FLRA management, and we reviewed policies, procedures, reporting in the PAR, reporting in [paymentaccuracy.gov](https://www.paymentaccuracy.gov), as well as risk assessments

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<sup>1</sup> Pub. L. No. 116-117, 134 Stat. 113 (codified at 31 U.S.C. §§ 3351-3358).

<sup>2</sup> OMB, Circular A-136, *Financial Reporting Requirements* (rev. July 14, 2025).

<sup>3</sup> OMB, Memorandum M-21-19, Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement* (Mar. 5, 2021).

performed in the last three years. We compared FLRA's policies, procedures, and PIIA reporting to OMB guidance to identify any non-compliance or potential for improvement.

In performing the audit, we considered the internal control for FLRA, to the extent necessary to satisfy the objective, in planning our audit procedures. Our consideration of internal controls for FLRA compliance with PIIA would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We assessed the information and data collected during the audit and determined it was sufficiently reliable and valid for use in meeting the audit objective. We assessed the risk of fraud related to our audit objective, while evaluating evidence and had no matters come to our attention indicating fraud or illegal acts were occurring.

We used the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Guidance for Payment Integrity Information Act OIG Compliance Reviews, dated November 2025,<sup>4</sup> for the methodology and field work steps to determine compliance with PIIA. We took the following steps to accomplish the objective:

- Reviewed and gained an understanding of OMB Circular A-123, Appendix C (M-21-19, March 2021), OMB Circular A-136 (July 14, 2025), OMB Annual Data Call Instructions, the OMB Payment Integrity Question and Answer Platform, and other background information applicable to the objective.
- Identified and reviewed applicable internal FLRA policies and procedures.
- Reviewed prior evaluations related to the objective.
- Reviewed FLRA's Fiscal Year 2025 PAR for improper payment and payment integrity information. We compared the information to the requirements set forth in PIIA and implementing guidance and verified posting of the FY 2025 PAR to the agency website.
- Reviewed FLRA's submission in [paymentaccuracy.gov](https://paymentaccuracy.gov) for FY 2025. We reviewed the agency's reporting in the Annual Improper Payments Dashboard.
- Identified and reviewed the FY 2025 risk assessments for improper payment related to Employee Pay and Benefits Payments, Contract Payments, Purchase Card, Travel Card, and Claims/Vouchers.
- Summarized compliance ratings for the applicable sections of payment integrity requirements.

## Results

### Published in the PAR and Accompanying Materials

FLRA published a PAR in December 2025 that included the annual financial statements and applicable payment integrity information, in compliance with PIIA requirements. The agency also posted the FY 2025 PAR on the agency's website,<sup>5</sup> as required by PIIA.

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<sup>4</sup> CIGIE, Guidance for Payment Integrity Information Act OIG Compliance Reviews (Nov. 2025).

<sup>5</sup> FLRA, Fiscal Year 2025 Performance and Accountability Report (Dec. 2025), <https://www.fkra.gov/about/budget-performance> (last accessed Feb. 10, 2026).

[Reporting on paymentaccuracy.gov](https://paymentaccuracy.gov)

FLRA complied with PIIA requirements by submitting its improper payment information to the Annual Improper Payments Dashboard on paymentaccuracy.gov.

**Conduct a Risk Assessment**

OMB Memorandum M-21-19 requires FLRA to conduct an improper payment risk assessment at least once every three years, for each program with annual outlays greater than \$10,000,000 to determine whether the program is likely to make improper payments that would be in total above the statutory threshold. We found that FLRA conducted a risk assessment with the assistance of a shared service provider, for its programs during FY 2025, which we determined did not comply with the requirements established in M-21-19.

We found that FLRA, with the assistance of its financial reporting shared service provider, identified five programs: contract payments, payroll and benefits, purchase cards, travel cards, and claim/vouches. Only the payroll and benefits program has exceeded the \$10 million disbursement threshold in the last three fiscal years. We found the risk assessment for payroll and benefits, prepared by FLRA's financial reporting shared service provider, was deficient, in that it referenced the incorrect shared service provider utilized by FLRA for its payroll processing, therefore the risks and related environment referenced are not applicable. We also found the risk assessment provided by its financial reporting shared service provider had no evidence of review by FLRA personnel.

The below table summarizes FLRA's compliance with FY 2025 PIIA requirements.

PIIA Compliance Requirements	Program Name				
	Contract Payments	Pay and Benefits	Purchase Card	Travel Card	Claims/ Vouchers
1. (OMB M-21-19 Appendix C-VI-A-1a) 1a. Published Payment Integrity information with the annual financial statement.	Compliant	Compliant	Compliant	Compliant	Compliant

Independent Auditors' Report (continued)

PIIA Compliance Requirements	Program Name				
	Contract Payments	Pay and Benefits	Purchase Card	Travel Card	Claims/ Vouchers
2. (OMB M-21-19 Appendix C-VI-A-1b) 1b. Posted the annual financial statement and accompanying materials on the agency website.	Compliant	Compliant	Compliant	Compliant	Compliant
3. (OMB M-21-19 Appendix C-VI-A-2a) 2a. Conducted IP risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years.	Compliant	Non-Compliant	Compliant	Compliant	Compliant
4. (OMB M-21-19 Appendix C-VI-A-2b) 2b. Adequately concluded whether the program is likely to make Improper Payments	Compliant	Non-Compliant	Compliant	Compliant	Compliant

Independent Auditors' Report (continued)

PIIA Compliance Requirements	Program Name				
	Contract Payments	Pay and Benefits	Purchase Card	Travel Card	Claims/ Vouchers
(IPs) and Unknown Payments (UPs) above or below the statutory threshold.					
5. (OMB M-21-19 Appendix C-VI-A-3) 3. Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement.	N/A <sup>6</sup>	N/A	N/A	N/A	N/A
6. (OMB M-21-19 Appendix C-VI-A-4) 4. Published corrective action plans for each program for which an estimate above the statutory	N/A	N/A	N/A	N/A	N/A

<sup>6</sup> Requirement is not applicable because FLRA determined in its risk assessment that the agency's programs are not susceptible to significant improper payments.

Independent Auditors' Report (continued)

PIIA Compliance Requirements	Program Name				
	Contract Payments	Pay and Benefits	Purchase Card	Travel Card	Claims/ Vouchers
threshold was published in the accompanying materials to the annual financial statement.					
7. (OMB M-21-19 Appendix C-VI-A-5a) 5a. Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	N/A	N/A	N/A	N/A	N/A
8. (OMB M-21-19 Appendix C-VI-A-5b) 5b. Demonstrated improvements to payment integrity or reached a	N/A	N/A	N/A	N/A	N/A

PIIA Compliance Requirements	Program Name				
	Contract Payments	Pay and Benefits	Purchase Card	Travel Card	Claims/Vouchers
tolerable IP and UP rate.					
9. (OMB M-21-19 Appendix C-VI-A-5c) 5c. Developed a plan to meet the IP and UP reduction target.	N/A	N/A	N/A	N/A	N/A
10. (OMB M-21-19 Appendix C-VI-A-6) 6. Reported an IP and UP estimate of less than 10% for each program for which an estimate was published in the accompanying materials to the annual financial statement.	N/A	N/A	N/A	N/A	N/A

## Conclusions

We determined FLRA was not fully compliant with PIIA for FY 2025 in accordance with OMB Memorandum M-21-19. We found that FLRA did publish payment integrity information in the PAR; FLRA did post the annual financial statement and accompanying materials on the agency

website; however, FLRA does not have an agency-wide process for assessing programmatic risks for improper payments and preparing/reviewing reported payment integrity information.

The program-specific risk assessment was developed by FLRA's shared service provider for financial reporting. This risk assessment was developed without documented input from FLRA's Director of Human Resources Division or FLRA's shared service provider for human resources and payroll.

FLRA's lack of a standardized FLRA-wide IP risk assessment methodology in place led to Employee Payroll and Benefits, FLRA's largest and only annual program with outlays greater than \$10 million, not having a risk assessment tailored to its specific risks and prepared without review and approval by the Director of the Human Resources Division.

We have made four recommendations for improvements to FLRA's processes to address our findings over FLRA's risk assessment process and review of its risk assessments.

## **Recommendations**

We recommend that the FLRA Executive Director performs the following procedures to address the findings:

1. Appoint a designated official who will hold overall responsibility for compliance with PIIA, which includes identifying all significant programs and activities (such as the Budget and Finance Division, Administrative Services Division and Human Resources Division) that require review. This official is also expected to provide comprehensive guidance to the programs and ensure overall compliance with all PIIA requirements on an annual basis.
2. Develop and implement an agency-wide IP risk assessment standard operating procedures (SOP). This SOP should include risk assessment procedures to be performed by each identified significant program. These procedures should be based on OMB Circular A-123 guidance found in Appendix C.
3. For each identified significant program, the responsible program official (or office) should review and approve the program-specific risk assessment. This review and approval should be documented.
4. Leverage the existing risk-assessment tool and add FLRA specific reviews, as well as the above-mentioned employee pay and benefits section.

## **Management's Response**

FLRA Management concurred with the basis of the finding and the associated recommendations. Management has indicated that the Executive Director has been appointed as the designated agency official responsible for compliance with PIIA. Management has indicated that it has begun performing corrective actions to address the remaining recommendations with an expected completion date of the end of fiscal year 2026.

**Auditors' Response**

Management has completed corrective actions for recommendation one. This recommendation has been closed. Management's response to recommendations two through four was not subject to auditing procedures. Auditing procedures will be applied in the next PIIA cycle to Management's response.

Management's complete response can be found at Appendix 1.

## Appendix 1: Management Response

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UNITED STATES OF AMERICA  
**FEDERAL LABOR RELATIONS AUTHORITY**

February 20, 2026

**MEMORANDUM**

TO: Dana Rooney  
Inspector General

FROM: Joseph Panteloglous, Director, Office of Human Resources Division  
Gregory Mister, Director, Office of Budget and Finance Division

THROUGH: Michael Jeffries, Executive Director

SUBJECT: Management Response to Draft Audit of the Federal Labor Relations Authority  
Compliance with the Payment Integrity Information Act of 2019 (Report No. AR-26-04)

Thank you for the opportunity to review and provide comments on the Office of Inspector General's (OIG) draft Audit of the Federal Labor Relations Authority's Compliance with the Payment Integrity Information Act of 2019 (Report No. AR-26-04).

The Agency has reviewed the four recommendations and concurs with them. We are pleased to report that we have already taken steps to address one of the recommendations, including the appointment of myself as the designated official who will hold overall responsibility for compliance with the PIIA. The Agency is actively working to address the remaining three recommendations, with the expectation of completion within this fiscal year.

We would like to thank the OIG for its efforts and continued collaboration in support of FLRA programs.

## Appendix 2: Report Distribution

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Submitted to the Committees of Jurisdiction in the United States Congress, the Office of Management and Budget, and the Government Accountability Office, in accordance with the Payment Integrity Information Act of 2019.

Delivered Electronically

The Honorable Rand Paul  
Chairman  
Committee on Homeland Security and Governmental Affairs  
U.S. Senate

The Honorable Gary C. Peters  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
U.S. Senate

The Honorable James Comer  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives

The Honorable Robert Garcia  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives

The Honorable Bill Hagerty  
Chairman  
Appropriations Subcommittee on Financial Services and General Government  
U.S. Senate

The Honorable Jack Reed  
Ranking Member  
Appropriations Subcommittee on Financial Services and General Government  
U.S. Senate

The Honorable David Joyce  
Chairman  
Appropriations Subcommittee on Financial Services and General Government  
U.S. House of Representatives

The Honorable Steny Hoyer  
Ranking Member  
Appropriations Subcommittee on Financial Services and General Government  
U.S. House of Representatives

The Honorable John C. Pasquantino  
Acting Controller of the Office of Federal Financial Management  
Office of Management and Budget

The Honorable Orice Williams Brown  
Acting Comptroller General of the United States  
Government Accountability Office

**Federal Labor Relations Authority**

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Member  
Federal Labor Relations Authority

The Honorable Charles Arrington  
Member  
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Dana Rooney  
Inspector General  
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Michael Jeffries  
Executive Director  
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Director, Human Resources Division  
Federal Labor Relations Authority

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Federal Labor Relations Authority