United States Government Accountability Office

Report to the Subcommittee on Legislative Branch, Committee on Appropriations, House of Representatives

IMPROPER PAYMENTS

Fiscal Year 2022 Estimates and Opportunities for Improvement

Accessible Version

GAO Highlights

IMPROPER PAYMENTS

Fiscal Year 2022 Estimates and Opportunities for Improvement

Why GAO Did This Study

Improper payments—payments that should not have been made or that were made in incorrect amounts—continue to be an area of fiscal concern in the federal government. Since fiscal year 2003, cumulative executive agency improper payment estimates have totaled almost $2.4 trillion.

House Report 117-389, which accompanied the Legislative Branch Appropriations Act, 2023, included a provision for GAO to provide quarterly reports on its ongoing oversight of improper payments.

Among other things, this report summarizes federal agencies' reported improper payment estimates for fiscal year 2022, as well as reported root causes, corrective actions, and reasons for substantial year-over-year changes, and GAO's open priority recommendations and matters for congressional consideration related to reducing improper payments.

GAO summarized (1) improper payment estimates and high-priority program scorecards on PaymentAccuracy.gov, as well as agency financial reports, and (2) open GAO priority recommendations and matters for Congress.

View GAO-23-106285. For more information, contact M. Hannah Padilla at (202) 512-5683 or padillah@gao.gov.

What GAO Found

For fiscal year 2022, 18 agencies reported an estimated $247 billion in improper payments across 82 programs. Approximately 78 percent of this total (about $194 billion) was reported by five program areas: (1) Medicaid ($81 billion), (2) Medicare ($47 billion), (3) the Paycheck Protection Program ($29 billion), (4) Unemployment Insurance ($19 billion), and (5) Earned Income Tax Credit ($18 billion). However, the $247 billion total does not include estimates for certain risk-susceptible programs, such as the Department of Labor's Pandemic Unemployment Assistance program and the Department of Agriculture's Supplemental Nutrition Assistance Program.

Programs with the Largest Percentage of Total Reported Government-Wide Estimates of Improper Payments for Fiscal Year 2022
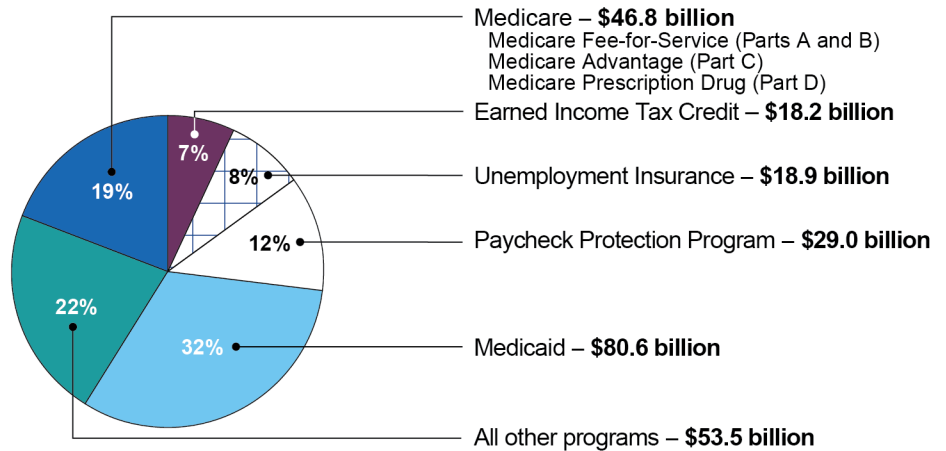
Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Data for Programs with the Largest Percentage of Total Reported Government-Wide Estimates of Improper Payments for Fiscal Year 2022

	Dollars in billions	Percent
Medicare	$46.8	19%
Earned Income Tax Credit	$18.2	7%
Unemployment Insurance	$18.9	8%
Paycheck Protection Program	$29.0	12%
Medicaid	$80.6	32%
All other programs	$53.5	22%

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Agencies reported that an estimated $200 billion (over 80 percent) of the $247 billion total was the result of overpayments. Agencies also identified several mitigating strategies to address the root causes of improper payments, such as providing training, changing processes, and proposing statutory changes.

Twelve agencies reported estimated improper payments each fiscal year for 35 programs since fiscal year 2017 using a consistent methodology. Over this period, agencies' estimated improper payment rates have decreased in 19 of

United States Government Accountability Office

these programs, according to fiscal year 2022 reporting. These changes may be attributable to a number of factors, including agency corrective actions, changes in policies, or variability from the estimation process (e.g., margin of error).

GAO has made numerous recommendations to agencies and provided suggestions to Congress to help reduce improper payments. While some steps have been taken in response, more action is needed. Eight agencies that reported improper payment estimates for fiscal year 2022 had open (unaddressed) GAO priority recommendations related to improper payments. As of February 2023, 37 of the 53 such recommendations remained open. In addition, there are 20 open GAO matters for congressional consideration to improve federal financial management.

Contents

Abbreviations

AFR	agency financial report
CCC	Commodity Credit Corporation
CFO	chief financial officer
CFO Act	Chief Financial Officers Act of 1990
CMS	Centers for Medicare & Medicaid Services
CNCS	Corporation for National and Community Service
CPI	Center for Program Integrity
DNP	Do Not Pay
DOD	Department of Defense
EITC	Earned Income Tax Credit
EPA	Environmental Protection Agency
FAR	Federal Acquisition Regulation
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FNS	Food and Nutrition Service
FSA	Farm Service Agency
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IG	inspector general
IPERA	Improper Payments Elimination and Recovery Act of 2010
IRS	Internal Revenue Service
NASA	National Aeronautics and Space Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	performance and accountability report
PIIA	Payment Integrity Information Act of 2019

PLTSS Purchased Long Term Services and Support
PPP Paycheck Protection Program
SBA Small Business Administration
SSA Social Security Administration
UI Unemployment Insurance
USAID U.S. Agency for International Development
USCG United States Coast Guard
USDA Department of Agriculture
USF Universal Service Fund
VA Department of Veterans Affairs

March 29, 2023

The Honorable Mark E. Amodei
Chairman
The Honorable Adriano Espaillat
Ranking Member
Subcommittee on Legislative Branch
Committee on Appropriations
House of Representatives

Reducing improper payments is critical to safeguarding federal funds. Improper payments—payments that should not have been made or were made in the incorrect amount—have consistently been a government-wide issue.[1] Since fiscal year 2003, when federal executive agencies were required by law to begin reporting estimated improper payments for certain programs and activities, cumulative estimates have totaled about $2.4 trillion, including $247 billion for fiscal year 2022.[2]

We have identified improper payments as a material deficiency or material weakness in internal control in our audit reports on the U.S. government's consolidated financial statements since fiscal year 1997.[3] Specifically, we note that the federal government is unable to determine

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[1]An improper payment is defined by law as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), and any payment that does not account for credit for applicable discounts. 31 U.S.C. § 3351(4).

[2]Prior-year improper payment estimates have not been adjusted for inflation.

[3]Our most recent report was issued in February 2023. GAO, *Financial Audit: FY 2022 and FY 2021 Consolidated Financial Statements of the U.S. Government*, GAO-23-105837 (Washington, D.C.: Feb. 16, 2023). A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

the full extent to which improper payments occur or to reasonably assure that appropriate actions are taken to reduce them.

The Payment Integrity Information Act of 2019 (PIIA)[4] requires federal agencies' inspectors general (IG) to annually determine and report on whether the agencies under their jurisdiction have complied with specified criteria—including reporting improper payment estimates for certain programs.[5] IGs' annual PIIA compliance reports help ensure that agencies' improper payment estimates are accurate, reliable, and complete and that Congress has information on agencies' efforts to address improper payments. We previously reported on agencies' compliance under the Improper Payments Elimination and Recovery Act of 2010 (IPERA) for fiscal years 2011 through 2017, as reported by the agencies' IGs.[6]

House Report 117-389, accompanying the Legislative Branch Appropriations Act, 2023, includes a provision for GAO to report quarterly, through fiscal year 2025, on our ongoing oversight of improper payments and recommendations for legislative or technical opportunities to improve payment integrity. This report summarizes (1) federal agencies' reported improper payment estimates for fiscal year 2022, root causes, corrective actions, and reasons for substantial year-over-year changes; (2) agency IGs' determinations on the extent to which Chief Financial Officers Act of 1990 (CFO Act) agencies complied with PIIA and the Office of

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[4]Pub. L. No. 116-117, 134 Stat. 113 (2020) (codified at 31 U.S.C. §§ 3351-58).

[5]31 U.S.C. § 3353.

[6]GAO, *Improper Payments: CFO Act Agencies Need to Improve Efforts to Address Compliance Issues*, GAO-16-554 (Washington, D.C.: June 30, 2016); *Improper Payments: Additional Guidance Could Provide More Consistent Compliance Determinations and Reporting by Inspectors General*, GAO-17-484 (Washington, D.C.: May 31, 2017); and *Improper Payments: Additional Guidance Needed to Improve Oversight of Agencies with Noncompliant Programs*, GAO-19-14 (Washington, D.C.: Dec. 7, 2018). IPERA (Pub. L. No. 111-204, 124 Stat. 2224) established a requirement for agency IGs to report annually on their respective agencies' compliance with criteria listed in section 3 of IPERA. In March 2020, Congress and the President enacted PIIA, which repealed IPERA and the other improper payments reporting–related statutes and enacted substantially similar provisions, including those related to IGs' reporting on agency compliance with criteria and the compliance criteria themselves.

Management and Budget's (OMB) criteria for fiscal year 2021;[7] and (3) our open priority recommendations and matters for congressional consideration related to reducing improper payments.

To address our first objective, we compiled improper payment estimates from OMB's PaymentAccuracy.gov website.[8] We also reviewed payment integrity information that agencies reported in their agency financial reports (AFR) or performance and accountability reports (PAR). We summarized and compared the improper payment estimates to identify any substantial changes between fiscal year 2022 and prior years. We reviewed the agencies' AFRs or PARs to determine what agencies identified as the causes for these changes. To summarize corrective actions, we reviewed recent program scorecards published on PaymentAccuracy.gov for those programs OMB considers high priority.[9]

To address our second objective, we reviewed the fiscal year 2021 PIIA compliance reports that each agency's IG issues.[10] We focused on the 24 CFO Act agencies because the improper payment estimates for those agencies accounted for over 99 percent of the federal government's reported estimated improper payments for fiscal year 2021.

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[7]The CFO Act, Pub. L. No. 101-576, 104 Stat. 2838 (Nov. 15, 1990) (codified as amended in scattered sections of 31 U.S.C.), among other things, established chief financial officers to oversee financial management activities at 23 major executive departments and agencies. The list now includes 24 entities, which are often referred to collectively as CFO Act agencies, and is codified as amended at 31 U.S.C. § 901(b).

[8]PaymentAccuracy.gov is an official U.S. government website managed by OMB. It contains, among other things, information about current and historical rates (i.e., agency-reported amounts as a percentage of outlays) amounts of improper payments, root causes of monetary loss and improper payments, monetary-loss recovery efforts, and high-priority program scorecards.

[9]PIIA requires OMB to annually designate a list of high-priority programs for greater levels of review and oversight. 31 U.S.C. § 3352(b). OMB has assigned such a designation to programs with estimates of improper payments resulting in monetary losses that exceed $100 million annually. OMB's guidance states that a monetary loss is an amount that should not have been paid and in theory should or could be recovered and that a monetary-loss type of improper payment is an overpayment.

[10]IGs are required to issue compliance reports under PIIA. 31 U.S.C. § 3353. Per OMB Memorandum M-21-19, the compliance reports are due within 180 days following the publishing of agencies' annual financial statements and accompanying materials, which typically occurs in mid-November. The most recent IG compliance reports available were issued in 2022 for agencies' fiscal year 2021 compliance with PIIA criteria.

To address our third objective, we reviewed our open (unaddressed) priority recommendations made to agencies that reported improper payment estimates in fiscal year 2022 and our recent matters for congressional consideration.

We conducted this performance audit from October 2022 to March 2023 in accordance with generally accepted government auditing standards. 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.

Background

Congress passed PIIA to improve efforts to identify and reduce government-wide improper payments. PIIA repealed the laws that previously governed executive agency reporting on improper payments, but it enacted substantially similar requirements in their place.[11]

PIIA requires executive branch agencies, among other things, to (1) review all programs and activities and identify those that may be susceptible to significant improper payments (commonly referred to as conducting a risk assessment), (2) publish improper payment estimates for those programs and activities that the agency identified as being susceptible to significant improper payments, (3) implement corrective actions to reduce improper payments and set reduction targets, and (4) report on the results of addressing the foregoing requirements.[12]

OMB plays a key role in developing guidance for executive branch agencies on estimating and reporting on improper payments. OMB Circular A-123 Appendix C, *Requirements for Payment Integrity Improvemen*t (OMB M-21-19), carries out OMB's responsibility to issue

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[11]PIIA previously repealed the Improper Payments Information Act of 2002, Improper Payments Elimination and Recovery Act of 2010, and Improper Payments Elimination and Recovery Improvement Act of 2012. See Pub. L. No. 116-117, § 3(a)(1)-(3), 134 Stat. 113, 133.

[12]31 U.S.C. § 3352.

guidance under PIIA[13] and includes guidance for IGs on how to determine agency compliance.[14] It also includes guidance for executive agencies on the corrective actions that PIIA requires them to take if they are found noncompliant. PIIA also requires the IG at each executive branch agency to issue an annual report.[15]

PIIA includes six criteria for compliance, which OMB M-21-19 expands to 10 by breaking some criteria into subcomponents and, in some cases, adding new elements. Specifically, OMB instructs IGs to report on whether agencies

- 1a. publish payment integrity information with their annual financial statements,

- 1b. post their annual financial statement and accompanying materials on their websites,

- 2a. conduct improper payment risk assessments for each program with annual outlays greater than $10 million at least once in the last 3 fiscal years,

- 2b. adequately conclude whether each program is likely to make improper payments and unknown payments[16] above or below the statutory threshold (either $100 million or both 1.5 percent of program outlays and $10 million),

- 3. publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement,

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[13]31 U.S.C. § 3352(g).

[14]OMB M-21-19, issued on Mar. 5, 2021, became effective starting in fiscal year 2021.

[15]31 U.S.C. § 3353(a).

[16]When performing improper payment risk assessments and estimates under PIIA, executive agencies are required to treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. 31 U.S.C. § 3352(a)(3)(A), (c)(2). OMB M-21-19 refers to such payments as unknown payments and instructs agencies to report the portion of their improper payment estimates attributable to unknown payments separately, although all applicable statutory thresholds still apply to the total estimate.

- 4. publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement,

- 5a. publish an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement,

- 5b. demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate,

- 5c. develop plans to meet their improper payment and unknown payment reduction targets,[17] and

- 6. report improper payment and unknown payment estimates of less than 10 percent for each program for which they published estimates in the accompanying materials to their annual financial statements.

The criteria described above do not apply to all programs or agencies. For example, if an agency determines that none of its programs or activities are susceptible to improper payments as a result of its risk assessment, criteria three through six would not be applicable. If an IG concludes that any of the IG's agency's programs or activities fail to meet any of the compliance criteria, the agency is considered noncompliant under PIIA for that fiscal year and is required to take additional actions for each year it is noncompliant.

OMB M-21-19 also provides guidance to agencies on their responsibilities for preventing and reducing improper payments. The guidance directs agencies that have developed improper payment estimates to categorize them by root cause and to estimate the percentage of the total that each category represents. According to the guidance, this level of specificity helps lead to more effective corrective actions and more focused prevention strategies.

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[17]OMB M-21-19's criteria 5a, 5b, and 5c relate to 31 U.S.C. § 3351(2)(E), which states that compliance means that the executive agency "publishes improper payment reductions targets prepared under [31 U.S.C. § 3352(d)] that the executive agency may have in the accompanying materials to the annual financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets."

Under PIIA, agencies with high-priority programs are subject to additional reporting requirements.[18] OMB guidance states that high-priority programs must provide OMB with select information on a quarterly basis until they report annual monetary-loss improper payment estimates that are less than $100 million.[19] The information includes actions these programs have planned and taken to mitigate root causes of monetary-loss improper payments. Agencies publish this information for high-priority programs quarterly on PaymentAccuracy.gov in a payment integrity scorecard, also known as a program scorecard. Appendix I presents an example of a program scorecard.

Agencies' Improper Payment Estimates Totaled $247 Billion for Fiscal Year 2022, and Reported Causes, Mitigation Strategies, and Recovery Activities Varied

Agencies' Improper Payment Estimates Totaled $247 Billion for Fiscal Year 2022

Improper payment estimates that agencies reported to OMB totaled nearly $247 billion government-wide for fiscal year 2022.[20] Our analysis of agency data shows that 18 agencies reported improper payment estimates across 82 programs. In addition, only 16 of the CFO Act agencies reported improper payment estimates for fiscal year 2022.[21] See

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[18]31 U.S.C. § 3352(b).

[19]The information provided to OMB includes actions the agency program has taken or to intends to take to prevent improper payments and actions to recover monetary-loss improper payments.

[20]This total of fiscal year 2022 improper payment estimates does not include numerous agency programs that agencies determined are susceptible to significant improper payments. As a result, the fiscal year 2022 government-wide estimated improper payment amount is potentially incomplete and not representative of the full amount of improper payments. See app. II for details on the agency programs.

[21]The Department of Energy, Department of the Interior, Department of Justice, Department of State, Environmental Protection Agency, General Services Administration, National Science Foundation, and U.S. Nuclear Regulatory Commission did not report improper payment estimates for fiscal year 2022. As noted, PIIA only requires an estimate when a risk assessment determines that a program may be susceptible to significant improper payments. 31 U.S.C. § 3352(c)(1).

appendix II for the reported improper payment amounts by agency and program in fiscal year 2022.[22]

As shown in figure 1, most of the $247 billion total (about $194 billion, or 78 percent) of estimated improper payments that agencies reported for fiscal year 2022 is concentrated in five program areas:

1. the Department of Health and Human Services' (HHS) Medicaid ($81 billion);

2. HHS's Medicare, comprising three programs ($47 billion);[23]

3. the Small Business Administration's (SBA) Paycheck Protection Program (PPP) ($29 billion);

4. the Department of Labor's Unemployment Insurance (UI) ($19 billion); and

5. the Department of the Treasury's Earned Income Tax Credit ($18 billion).

[22]The improper payment rates and totals in this report are subject to uncertainty, meaning the actual amounts may differ from the reported estimates. More information on the margins of errors associated with these estimates can be found in the annual improper payment data sets available on PaymentAccuracy.gov. Prior to March 2021, OMB guidance for statistically valid estimates included explicit margins of error and levels of confidence. OMB revised its guidance in March 2021 to state that estimates will be considered statistically valid if they produce point estimates and confidence intervals around those estimates. However, as of March 2021, OMB does not prescribe specific margins of error or confidence intervals. Instead, OMB specifies that agencies must work with their statisticians to determine the appropriate confidence interval given program characteristics, available resources, and whether the estimates are reliable.

[23]Medicare is composed of the Medicare Fee-For-Service, Medicare Advantage (Part C), and Medicare Prescription Drug (Part D) programs.

Figure 1: Programs with the Largest Percentage of Total Reported Government-Wide Estimates of Improper Payments for Fiscal Year 2022

Medicare – **$46.8 billion**
 Medicare Fee-for-Service (Parts A and B)
 Medicare Advantage (Part C)
 Medicare Prescription Drug (Part D)

Earned Income Tax Credit – **$18.2 billion**

Unemployment Insurance – **$18.9 billion**

Paycheck Protection Program – **$29.0 billion**

Medicaid – **$80.6 billion**

All other programs – **$53.5 billion**
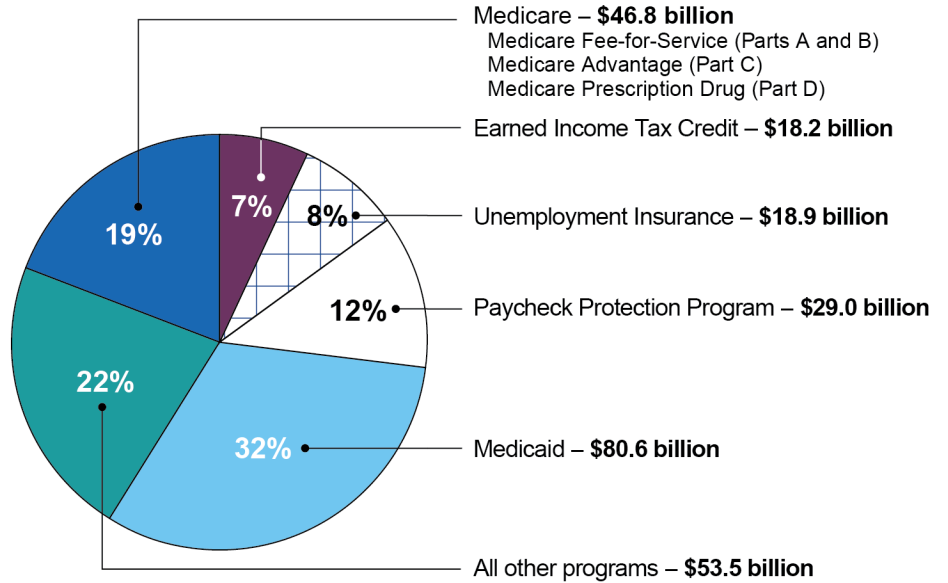
Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Data for Figure 1: Programs with the Largest Percentage of Total Reported Government-Wide Estimates of Improper Payments for Fiscal Year 2022

	Dollars in billions	Percent
Medicare	$46.8	19%
Earned Income Tax Credit	$18.2	7%
Unemployment Insurance	$18.9	8%
Paycheck Protection Program	$29.0	12%
Medicaid	$80.6	32%
All other programs	$53.5	22%

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Figure 2 presents the improper payment estimates by type, based on information from PaymentAccuracy.gov and agency AFRs and PARs.

Figure 2: Breakdown of Agencies' Fiscal Year 2022 Reported Estimated Improper Payments by Type
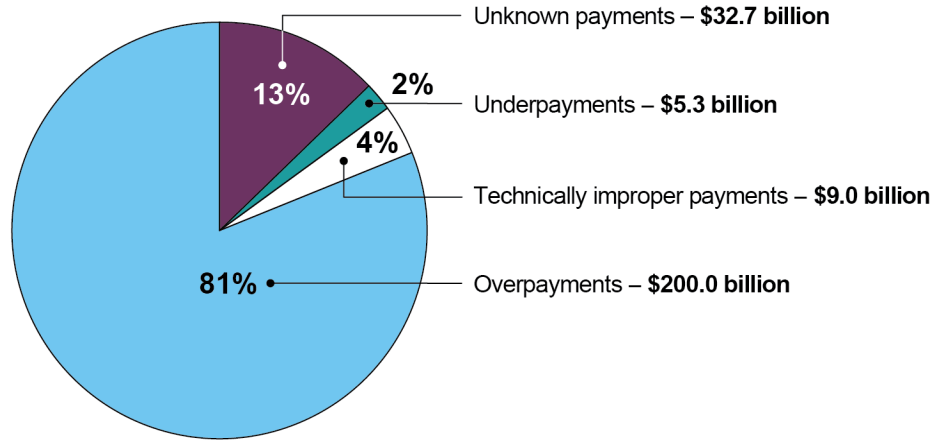
Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Data for Figure 2: Breakdown of Agencies' Fiscal Year 2022 Reported Estimated Improper Payments by Type

	Dollars in billions	Percent
Unknown payments	$32.7	13%
Underpayments	$5.3	2%
Technically improper payments	$9.0	4%
Overpayments	$200.0	81%

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

As seen in figure 2, the total $247 billion in government-wide estimated improper payments for fiscal year 2022 breaks down into

- overpayments (monetary loss), totaling about $200 billion;

- underpayments, totaling about $5.3 billion;

- unknown payments, totaling about $32.7 billion; and

- technically improper payments, totaling about $9 billion.[24]

The number of programs meeting the definition of high-priority program, as specified in OMB guidance, increased in fiscal year 2022 compared to fiscal year 2021. Per OMB, high-priority programs are those programs for which agencies report estimated monetary loss from improper payments in excess of $100 million. Based on fiscal year 2022 reporting, 29 programs at 11 agencies meet the definition of a high-priority program, compared to 23 programs at 11 agencies for fiscal year 2021. Appendix III contains a comparison of the agencies' high-priority programs that reported overpayments for fiscal years 2022 and 2021.

As shown in table 1, for fiscal year 2022, agencies reported estimated improper payment rates of 10 percent or greater for 17 programs.[25]

Table 1: Programs Reporting Annual Estimated Improper Payment Rates Greater Than 10 Percent for Fiscal Year 2022

Agency	Program	Estimated improper payment rate (percent)[a]
Department of Veterans Affairs (VA)	Purchased Long Term Services and Supports	47.5
Department of the Treasury	American Opportunity Tax Credit	36.1
Department of Education	Title I Grants to Local Educational Agencies	35.7
Treasury	Earned Income Tax Credit	31.6
Department of Agriculture (USDA)	Emergency Conservation Program - Disasters	29.2
Treasury	Refundable Premium Assistance Tax Credit	27.4
Department of Health and Human Services (HHS)	Children's Health Insurance Program	26.7
Education	Special Education Grants to States	26.7
Corporation for National and Community Service (CNCS)	Senior Companion Program	26.2
CNCS	Foster Grandparent Program	23.7

[24]OMB's PaymentAccuracy.gov data call for fiscal year 2022 included guidance for agencies to use when reporting the types of their estimated improper payments. This guidance was in addition to that provided in OMB M-21-19 on reporting estimates for programs or activities that are identified as susceptible to improper payments. According to OMB M-21-19, "overpayments" are those in excess of the amount due, and are payments that, in theory, should or could be recovered. "Underpayments" are those in which recipients did not receive the funds to which they were entitled. "Unknown payments" are those that a program cannot determine were either proper or improper. "Technically improper payments" are those in which recipients received funds they were entitled to, but the payment process failed to follow all applicable statutes or regulations.

[25]The improper payment rate reflects the estimated improper payments as a percentage of total annual outlays.

Agency	Program	Estimated improper payment rate (percent)[a]
Department of Labor	Unemployment Insurance	22.2
USDA	Commodity Credit Corporation Trade Mitigation Program	19.3
CNCS	Retired and Senior Volunteer Program	17.2
Treasury	Additional Child Tax Credit	15.8
HHS	Medicaid	15.6
Education	Education Stabilization Fund	12.1
VA	Pension	11.7

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

[a]The estimated improper payment rate is the estimated amount of improper payments divided by the amount in program outlays for a given program in a given fiscal year.

For fiscal year 2022, agencies reported improper payment estimates of $1 billion or more for 18 programs. Estimates for the following four programs exceeded $1 billion for the first time:

- SBA's PPP ($29 billion),
- SBA's COVID Economic Injury Disaster Loans ($6.9 billion),
- the Department of Education's Education Stabilization Fund ($6 billion), and
- Education's Special Education Grants to States ($3.1 billion).

Agencies Have Reported Decreases in Estimated Improper Payment Rates for 19 Programs since Fiscal Year 2017

Twelve agencies reported estimated improper payments each fiscal year for 35 programs since fiscal year 2017 using a consistent methodology. Over this period, agencies' estimated improper payment rates have decreased in 19 of these programs, according to fiscal year 2022 reporting (see table 2).[26] These changes may be attributable to a number of different factors, including agency corrective actions, changes in

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[26]In addition, agencies stopped reporting estimates for at least 46 programs from fiscal years 2017 through 2022 because the programs fell below the statutory threshold for improper payment reporting and were therefore no longer considered susceptible to significant improper payments.

policies, or variability (e.g., margin of error) in the process for estimating the payment rates.

Table 2: Decreases in Improper Payment Rates for 19 Programs since Fiscal Year 2017

Agency	Program	Fiscal year 2017 rate (percentage)[a]	Fiscal year 2022 rate (percentage)	Decrease in rate (net percentage points)
Corporation for National and Community Service	AmeriCorps	10.8	8.4	-2.4
Department of Agriculture	Special Supplemental Nutrition Program for Women, Infants, and Children Total Program	5.0	1.8	-3.2
Department of Defense (DOD)	DOD Travel Pay	5.0	4.4	-0.6
Department of Health and Human Services	Child Care	4.1	4.0	-0.2
	Medicare Fee-for-Service	9.5	7.5	-2.1
	Medicare Prescription Drug (Part D)	1.7	1.5	-0.1
Department of Veterans Affairs (VA)	Beneficiary Travel	25.1	7.9	-17.2
	Communications, Utilities, and Other Rent	24.4	2.7	-21.7
	Medical Care Contracts and Agreements	16.6	7.5	-9.1
	Supplies and Materials	18.8	4.0	-14.7
	Purchased Long Term Services and Support	100.0	47.5	-52.5
	VA Community Care	93.4	7.8	-85.6
Federal Communications Commission	Universal Service Fund (USF)—Lifeline	21.9	6.1	-15.8
	USF—Schools and Libraries	4.3	3.7	-0.6
Small Business Administration	7(a) Guaranty Approvals	1.3	1.0	-0.3
	7(a) Guaranty Purchases	4.3	4.2	-0.1
	Disaster Loan Disbursements	13.7	3.1	-10.6
Social Security Administration	Old-Age, Survivors, and Disability Insurance	0.3	0.2	-0.1
	Supplemental Security Income	8.9	8.7	-0.1

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Notes: The table is based on fiscal year 2022 reporting for programs with estimates reported in each fiscal year and using consistent estimation methodologies in each fiscal year since fiscal year 2017. The table includes both statistical and nonstatistical estimates of improper payment totals. An unknown number of differences listed in the table may be attributable to the uncertainty of the estimation processes rather than changes in underlying agency conditions. Lower improper payment rates may be due to a variety of other causes, including agency corrective actions and changes in policies. Decreases may not equal the differences between the listed fiscal year 2017 and fiscal year 2022 rates due to rounding.

[a]The estimated improper payment rate is the estimated amount of improper payments divided by the amount in program outlays for a given program in a given fiscal year.

Of the 19 programs that reported decreases in improper payment rates over the period, six were Department of Veterans Affairs (VA) programs and three were HHS programs.

Decreases in certain VA programs' estimated improper payment rates. The largest decreases in estimated improper payment rates overall were reported by VA for the VA Community Care program (85.6 percentage points) and the Purchased Long Term Services and Support (PLTSS) program (52.5 percentage points). According to its fiscal year 2022 AFR, VA has reduced its estimates of improper payments, including unknown payments, by about $11.2 billion since fiscal year 2018. VA attributes this reduction to its use of mitigation strategies and corrective actions that addressed the largest contributors of errors and noncompliance with laws and regulations.

According to its fiscal year 2017 AFR, VA attributed the high fiscal year 2017 estimated improper payment rates in the VA Community Care and PLTSS programs to noncompliance with Federal Acquisition Regulation (FAR) requirements. Specifically, because VA made payments in these programs that were noncompliant with FAR requirements, the resulting payments were improper.

Statutory changes made in fiscal year 2018 contributed to reductions in the VA Community Care and PLTSS improper payment rates. The VA MISSION Act of 2018 allowed VA to enter into contracts to purchase care without complying with all FAR requirements. In its report on VA's fiscal year 2019 compliance under IPERA, VA's Office of Inspector General (OIG) noted that VA planned to correct VA Community Care and PLTSS improper payments by purchasing community care using new agreements, as allowed by the VA MISSION Act. According to its OIG, VA reported that this process would take time, and VA estimated that it might not be able to fully report on the results of its ongoing and planned corrective actions until fiscal year 2022.

While only the VA Community Care program remains as high priority as of fiscal year 2022, VA has substantially reduced improper payments in both of these programs since 2017. Specifically, it has significantly decreased these programs' estimated improper payment rates.

Decreases in certain HHS programs' estimated improper payment rates. Two of the three HHS programs that reported decreases in improper payment rates from fiscal year 2017 to fiscal year 2022 were Medicare programs. For example, from fiscal years 2017 through 2022, HHS reported a total decrease in Medicare Fee-for-Service estimated improper payments of $4.8 billion, the largest amount for any of the 19 programs reporting decreases in improper payment rates over that period.

Since 1990, we have included Medicare on our High Risk List, in part because of its susceptibility to improper payments, which reached an estimated $46.8 billion in fiscal year 2022.[27] The Centers for Medicare & Medicaid Services (CMS) administers Medicare. In our most recent High Risk List update, we assessed that CMS has both the leadership commitment and capacity to address challenges that contribute to Medicare's high-risk status. HHS states it manages fraud risk within other scopes of responsibility as well—such as annual internal control reviews and audits; reviews of allegations involving misuse of grant or contractor funds, conflicts of interest, misconduct, or misuse; continuous monitoring of grant recipients through, for example, audit resolution, special conditions/drawdown restrictions, site visits, and performance reports; review of potential recipients; and other activities.

Within CMS, the Center for Program Integrity (CPI) serves as a centralized entity for Medicare and Medicaid program integrity issues. CMS has increased CPI's resources over time, growing CPI's staff from 117 full-time equivalent positions in fiscal year 2011 to about 492 in fiscal year 2021. In addition, CMS has established working groups and interagency collaborations to extend CPI's capacity.

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[27]The High Risk List highlights federal programs and operations that we have determined are in need of transformation. It also names federal programs and operations that are vulnerable to waste, fraud, abuse, and mismanagement. We issue a high-risk series report every 2 years at the start of each new Congress.

Agencies Primarily Attributed Improper Payments to Four Root Cause Categories

Agencies attributed about $225.5 billion (approximately 91.3 percent) of the improper payment estimates reported for fiscal year 2022 to the following four root cause categories specified in OMB guidance:[28]

- **Failure to access data/information needed.** About $145.1 billion (approximately 58.8 percent).

- **Inability to access the data/information.** About $35.9 billion (approximately 14.5 percent).

- **Data/information needed does not exist.** About $24.2 billion (approximately 9.8 percent).

- **Unknown payment caused by insufficient or lack of documentation from applicants to determine eligibility.** About $20.3 billion (approximately 8.2 percent).

Some agencies reported additional information in their AFRs or PARs regarding the specific causes and challenges that contributed to improper payments. This reporting included causes that were more specific to the agencies and their processes than were the overarching OMB root cause categories.[29] Table 3 summarizes the specific causes and challenges reported by agencies in their AFRs or PARs for programs with the largest improper payment estimates for fiscal year 2022.

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[28]OMB M-21-19 defines a root cause as "something that would directly lead to an improper payment, and if corrected, would prevent the improper payment." While OMB M-21-19 provides root cause categories for program administrators to use as a starting point when identifying the root cause of a program's improper payments, it notes that further work may be needed to identify the "true root cause." OMB's PaymentAccuracy.gov improper payment estimates are broken into eight root cause categories: (1) unknown payment caused by insufficient or lack of documentation for eligibility by applicants, (2) data/information needed does not exist, (3) failure to access data/information needed, (4) failure to follow statute or regulation, (5) inability to access the data/information, (6) cause of unknown payment is not specified, (7) unknown payment caused by insufficient or lack of documentation from the states, and (8) unknown payment caused by insufficient or lack of documentation submitted by vendors or providers. For the purposes of this report, we did not conduct further analysis on the root cause categories that agencies reported.

[29]OMB's PaymentAccuracy.gov data call instructions for fiscal year 2022 require agencies to report additional information about specific causes and challenges for publication on PaymentAccuracy.gov.

Table 3: Detailed Root Cause Information for Programs with the Largest Improper Payment Estimates for Fiscal Year 2022

Agency	Program	Reported root causes of improper payments
Department of Health and Human Services	Medicaid	• **Insufficient documentation.** State did not verify eligibility data, such as income, or did not provide documentation to validate that verification process was completed; state did not submit medical records, or submitted records that lacked required documentation. • **State noncompliance.** State did not comply with federal eligibility redetermination requirements or state did not appropriately screen enrolled providers.
	Medicare Fee-for-Service	• **Insufficient documentation.** Missing required documentation, such as support for level of care billing codes, orders for outpatient hospitals, and certification or recertification of documents. • **Medically unnecessary errors.** Hospice and home health claims did not meet coverage criteria for medical necessity.
Small Business Administration	Paycheck Protection Program	• **Eligibility.** Loan amounts disbursed to borrowers in excess of what they were eligible or receive, loans that lacked supporting documentation, or loans to ineligible business types.
Department of Labor	Unemployment Insurance	• **Eligibility.** Claimants continued to claim benefits after returning to work; employers failed to provide timely and adequate information on reasons for employee departure; claimants failed to show that they met state requirements to demonstrate they were actively seeking work. • **Fraud.** Organized fraud, at the national and international level, targeted state unemployment insurance systems (e.g., fraud during the COVID-19 pandemic).
Department of the Treasury	Earned Income Tax Credit (EITC)[a]	• **Eligibility.** Eligibility requirements for refundable tax credits are overly complex. • **Insufficient documentation.** Internal Revenue Service lacked sufficient, relevant, and timely third-party data to adequately verify taxpayer-provided information. • **Tax preparation.** Unenrolled tax-return preparers produced higher error rates than enrolled preparers did on EITC returns.[b]

Source: GAO analysis of agencies' fiscal year 2022 AFRs and PARs. | GAO-23-106285

Note: As reported by agencies in their fiscal year 2022 agency financial reports (AFR) or performance and accountability reports (PAR).

[a]Treasury reported eligibility and insufficient documentation as causes of refundable tax-credit improper payments in general. Refundable tax credits include EITC, the American Opportunity Tax Credit, the Advanced Child Tax Credit, and the net Premium Tax Credit. Treasury reported that the root cause of refundable tax-credit improper payments is not internal control deficiencies but rather the complexities of verifying eligibility and unavailability of third-party data.

[b]Treasury reported that EITC returns have higher error rates because unenrolled tax-return preparers, who prepare a large number of EITC returns, are not subject to the same level of training and certifications as other tax professionals.

Estimated overpayments reported for fiscal year 2022 high-priority programs totaled about $198.9 billion, or about 99 percent of the total fiscal year 2022 overpayments. Agencies attributed about $15.5 billion (approximately 8 percent) to root cause categories within the agencies' control and $184.4 billion (approximately 92 percent) to root cause

categories outside of agency control.[30] Table 4 shows the specific overpayment estimates and associated root cause categories reported by agencies for fiscal year 2022.

Table 4: Agency Reported Root Cause Categories for Estimated Overpayments, Fiscal Year 2022

Dollars in billions

Root cause category	Within agency control: Amount (dollars)	Within agency control: Percent	Outside of agency control: Amount (dollars)	Outside of agency control: Percent
Failure to access data/information needed	11.6	75.0	129.8	70.4
Inability to access data/information	3.9	25.0	30.8	16.7
Data/Information does not exist	0.0[a]	0.0[a]	23.8	12.9

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

[a]Numbers shown in table as 0.0 due to rounding. Agencies reported that about $500,000, or less than 0.1 percent, of estimated overpayments were attributable to the "Data/Information does not exist" root cause category.

Agencies Reported Varied Mitigation Strategies for Monetary-Loss Improper Payments in High-Priority Programs

Based on our review of agencies' fiscal year 2022 fourth quarter high-priority program scorecards, strategies for mitigating monetary-loss improper payments varied. [31] The most commonly reported mitigation strategies related to training and proposed statutory changes. Table 5 provides a comparison of the mitigation strategies for monetary loss reported most often by agencies for high-priority programs.

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[30]OMB data call instructions define causes "within agency control" as those an agency is able to control to avoid improper payments, while causes "outside agency control" are those that might lead to improper payments but that the agency cannot control, such as the program not being administered at the federal level.

[31]Agencies did not report high-priority program scorecards for the first quarter of fiscal year 2023. For this report, we reviewed the most current available scorecards, issued for the fourth quarter of fiscal year 2022, for those programs deemed high priority based on agencies' reported fiscal year 2021 improper payment estimates. Information on agency-identified mitigation strategies for fiscal year 2022 estimated monetary-loss improper payments can be found on OMB's Annual Improper Payments Dashboard on PaymentAccuracy.gov.

Table 5: High-Priority Program Mitigation Strategies for Monetary-Loss Improper Payments Reported for Fiscal Year 2021

Mitigation strategy	Description	Reported use to mitigate overpayments: Within agency control	Reported use to mitigate overpayments: Outside agency control	Total
Audit	Process for assuring an organization's objectives of operational effectiveness; efficiency; reliable financial reporting; and compliance with laws, regulations, and policies.	3	1	**4**
Automation	Automatically controlled operation, process, or system.	2	3	**5**
Change process	Altering or updating a process or policy to prevent or correct error.	3	2	**5**
Cross enterprise sharing	Sharing of documents, processes, and opportunities with intra-agency partners and stakeholder. Potentially managed through federated repositories and a registry to increase access to information used to mitigate improper payments.	1	2	**3**
Predictive analysis	Data analytics technique used to prevent improper payments. Analyzes known improper payments to identify common attributes that may be linked to improper payments.	1	0	**1**
Statutory change	Proposed changes to statute that would modify conditions that lead to improper payments.	0	6	**6**
Training	Teaching particular skills or methods; reminding people of proper processing methods.	3	9	**12**

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Note: Data in the table are based on agencies' high-priority program scorecards posted to PaymentAccuracy.gov for fiscal year 2022, fourth quarter. These scorecards list mitigation strategies for agencies' reported fiscal year 2021 monetary-loss estimates. In addition to the seven mitigation strategies listed in this table, agencies also had the option to select "behavioral/psychological influence" as a strategy. Per OMB guidance, behavioral/psychological influence is defined as the use of behavioral science, such as psychology, to understand how individuals absorb, process and react to information and to use this understanding to design practical policies and interventions. In fiscal year 2021, no agencies reported use of this mitigation strategy.

Some of the largest agency programs reported the following improper-payment mitigation strategies in their fiscal year 2022, fourth quarter program scorecards:[32]

- **HHS Medicaid.** Provide training and resources by working with states to develop corrective action plans; provide state Medicaid provider enrollment tools, technical assistance, and training; conduct site visits

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[32]For purposes of this report, we did not conduct further analysis or make any determinations as to whether each agency implemented the mitigation strategies they reported.

for provider screening and enrollment; conduct beneficiary eligibility audits and reviews.

- **HHS Medicare Advantage (Part C).** Provide training to reduce administrative or process errors made by other parties through contract-level Risk Adjustment Data Validation audits; improve policy based on statutory requirements; expand education to Medicare Advantage Organizations.

- **HHS Medicare Fee-for-Service.** Provide training to reduce administrative or process errors through systems edits, provider and supplier screening, participation in the Healthcare Fraud Prevention Partnership, integrated medical review approaches, improved policy, and expanded provider education.

- **HHS Medicare Prescription Drug (Part D).** Provide training to reduce administrative or process errors made by other parties through outreach efforts; improve policy based on statutory requirements; expand education to Part D sponsors.

- **Labor UI.** Provide training to give states access to resources; offer states enhanced technical assistance to prevent or detect improper payments and fraud and to reduce the number of improper payments caused by issues that normal procedures did not detect.

Agencies Reported on Their Overpayment Recovery Methods

In fiscal year 2022, agencies reported on overpayment recovery methods they currently use. Based on our review of the PaymentAccuracy.gov data, 14 of the 24 CFO Act agencies reported monetary loss, and they use a variety of methods to recover overpayments.

For example, OMB's PaymentAccuracy.gov data show that most CFO Act agencies with reported monetary-loss improper payments used either mailed or electronic notices to recover overpayments.[33] CFO Act agencies that did not use mailed or electronic notification most commonly used Treasury's reclamation process to recover overpayments. Treasury's Bureau of the Fiscal Service uses recovery procedures to obtain refunds (reclamations) from financial institutions. Nine of the 14

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[33]A mailed or electronic notification advises the recipient of the amount of money owed to the agency.

CFO Act agencies that reported monetary-loss improper payments used the Treasury reclamation process.

Appendix IV contains a list of the CFO Act agencies that reported monetary-loss improper payments in fiscal year 2022, as well as their associated recovery activities.

IGs Reported Fewer Than Half of CFO Act Agencies as Compliant with PIIA and Related OMB Criteria for Fiscal Year 2021

In fiscal year 2021, fewer than half of the 24 CFO Act Agencies were compliant with PIIA and related OMB criteria, as reported by their IGs. Specifically, only 10 agencies were overall compliant with PIIA and OMB criteria in fiscal year 2021, a decrease from 12 agencies in fiscal year 2020, and the lowest number of CFO Act agencies reported as compliant since fiscal year 2017. Figure 3 provides a 6-year comparison of agencies' compliance with criteria—which includes IPERA criteria for fiscal years prior to 2020 and PIIA criteria for fiscal year 2020 onward—as reported by agencies' respective IGs.

Figure 3: CFO Act Agencies' Compliance with PIIA or IPERA Criteria for Fiscal Years 2016 through 2021, as Reported by Their IGs

Number of agencies

Fiscal years

Noncompliant: Inspector general (IG) reported noncompliance

Compliant: IG reported compliance
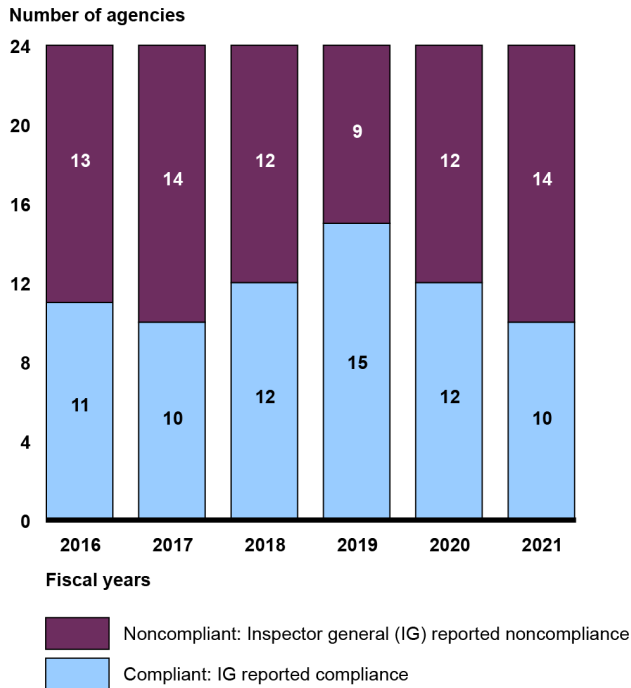
IPERA: Improper Payments Elimination and Recovery Act of 2010
PIIA: Payment Integrity Information Act of 2019
CFO Act: Chief Financial Officers Act of 1990

Source: GAO analysis of CFO Act agencies' IG compliance reports. | GAO-23-106285

Data for Figure 3: CFO Act Agencies' Compliance with PIIA or IPERA Criteria for Fiscal Years 2016 through 2021, as Reported by Their IGs

	Noncompliant	Compliant
2016	13	11
2017	14	10
2018	12	12
2019	9	15
2020	12	12
2021	14	10

Source: GAO analysis of CFO Act agencies' IG compliance reports. | GAO-23-106285

This decline in compliance with PIIA and related OMB criteria from fiscal year 2020 to fiscal year 2021 is mainly attributable to four agencies that were reported by their IGs as compliant in fiscal year 2020 but

noncompliant in fiscal year 2021.[34] These agencies are Labor, the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the Office of Personnel Management (OPM). While there was no common cause for Labor, EPA, NASA, and OPM status changes from compliant to noncompliant, their IGs reported compliance issues with these agencies' risk assessments and improper payment estimates for fiscal year 2021. For example:

- **Labor** did not appropriately estimate improper payments associated with UI due to issues with its estimation methodology.

- **EPA** did not make adequate conclusions from its risk assessments because it used outdated operating procedures and lacked standard operating procedures to evaluate payments.

- **NASA** did not publish improper payment estimates for a program that was previously identified as susceptible to significant improper payments because it only reported programs that were risk assessed in response to OMB's fiscal year 2021 data call.

- **OPM** did not complete all required risk assessments.

IGs also reported issues related to the effects of the federal response to COVID-19 that, in some cases, caused agencies to be noncompliant with PIIA and related OMB criteria for fiscal year 2021. For example:

- **Labor** used an improper payment rate derived from the state UI program to calculate the improper payments for the combined outlays of the UI program. However, this methodology did not take into account that a portion of the outlays was associated with its Pandemic Unemployment Assistance claims rather than state UI claims. The impact of this could not be determined because the pandemic assistance improper payment estimate was not required to be reported for fiscal year 2021.

- **HHS's** ability to visit sites and access external information was hampered by the impact of COVID-19; as a result, HHS did not report improper payment and unknown payment estimates for its Foster Care program. Similarly, the Department of Housing and Urban Development (HUD) could not access files maintained outside of the agency.

- **SBA** and **Treasury** did not adjust their PIIA compliance activities to accommodate for changes caused by COVID-19 and the CARES Act.

[34]Fiscal year 2021 was the first year IGs evaluated agency compliance under PIIA and OMB M-21-19.

For example, SBA did not update risk assessments after the CARES Act created new and modified existing SBA programs. Similarly, Treasury did not adequately conclude that its U.S. Coronavirus Economic Impact Payment program was susceptible to improper payments.

With regard to the PIIA and related OMB compliance criteria, as shown in figure 4, IGs reported all agencies as compliant with the criteria to publish payment integrity information within the AFR or PAR and to post it on the agencies' websites. In addition, 19 agencies met the criterion to conduct program-specific risk assessments, and 20 agencies adequately concluded improper payment likelihood from their risk assessments.

Figure 4: Chief Financial Officers Act of 1990 Agencies' Compliance with Payment Integrity Information Act of 2019 and Related Office of Management and Budget Criteria for Fiscal Year 2021, as Reported by Their IGs
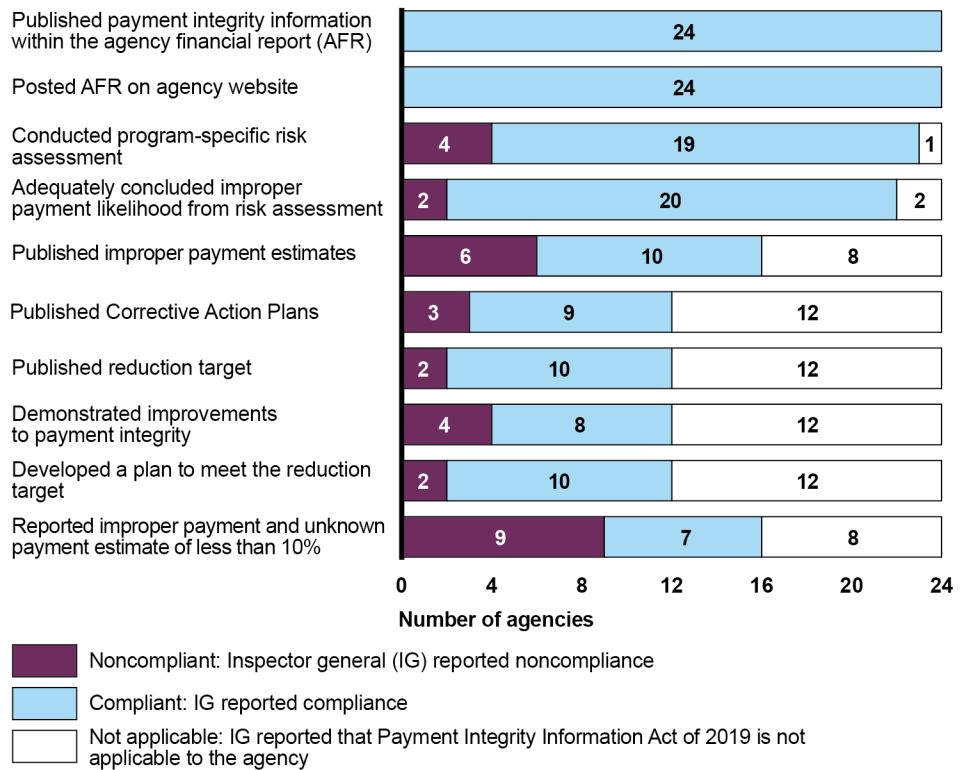
Source: GAO analysis of IG compliance reports. | GAO-23-106285

Data for Figure 4: Chief Financial Officers Act of 1990 Agencies' Compliance with Payment Integrity Information Act of 2019 and Related Office of Management and Budget Criteria for Fiscal Year 2021, as Reported by Their IGs

	Noncompliant	Compliant	Not applicable
Published payment integrity information within the agency financial report (AFR)	0	24	0
Posted AFR on agency website	0	24	0
Conducted program-specific risk assessment	4	19	1
Adequately concluded improper payment likelihood from risk assessment	2	20	2
Published improper payment estimates	6	10	8
Published Corrective Action Plans	3	9	12
Published reduction target	2	10	12
Demonstrated improvements to payment integrity	4	8	12
Developed a plan to meet the reduction target	2	10	12
Reported improper payment and unknown payment estimate of less than 10%	9	7	8

Source: GAO analysis of IG compliance reports.| GAO-23-106285

Based on the IGs' fiscal year 2021 compliance reports, agencies were most frequently noncompliant with the criterion to report estimated improper payments at or below 10 percent for programs that published estimates in the accompanying materials to the annual financial statement. IGs reported that out of the 16 agencies for which this criterion was applicable, nine agencies were noncompliant. The second most frequently reported area of noncompliance related to the criterion that applicable agencies publish their improper payment estimates; out of the 16 agencies for which this criterion was applicable, IGs for six agencies reported noncompliance.

IGs reported that improper payment estimates for the CFO Act agency programs that were noncompliant with PIIA and related OMB criteria for fiscal year 2021 totaled about $247.5 billion. This represents approximately 88 percent of the $281 billion government-wide total of improper payment estimates for fiscal year 2021.

In fiscal year 2021, OMB updated its process to collect improper payment data from agencies. Prior to fiscal year 2021, agencies manually inputted their data into a spreadsheet and uploaded it through OMB's MAX information system, at which point the information would be uploaded to PaymentAccuracy.gov.[35] The new process uses a survey tool and conditional logic to collect the required information on improper payments, unknown payments, and improper payment recovery actions uploaded through OMB MAX.[36] Figure 5 shows OMB's timeline for its annual improper payment estimates data call process.

Figure 5: Office of Management and Budget (OMB) Annual Improper Payment Estimates Data Call Timeline

January - April
OMB reviews prior-year data call submissions to identify improvement opportunities and data gaps

General Services Administration (GSA) hosts roundtables with agencies

OMB and GSA work with agencies to identify programs for reporting

September
OMB releases final instructions and data call questions to agencies, opens reporting tool, and shares the timeline for data entry and review to agencies

Agencies begin to input fiscal year 2022 data into the reporting tool

December
OMB distributes after-action survey to agencies

| January - April | May - Aug | Sept | Oct - Nov | Dec |

May - August
OMB and GSA work to identify required updates to the data call and implement them

Oct - Nov
OMB reviews submitted data for flaws (e.g., reporting in billions, not millions, due to decimal placement) and reaches out to agencies as necessary

GSA updates PaymentAccuracy.gov with fiscal year 2022 data

Source: OMB. | GAO-23-106285

[35]OMB MAX is a government-wide system used to share information and services among government agencies.

[36]Conditional logic is a set of rules or conditions that cause a process to change based on input. The OMB survey tool applies conditional logic to general questions that are applicable to an agency's programs in order to gather specific information to publish on PaymentAccuracy.gov.

Text for Figure 5: Office of Management and Budget (OMB) Annual Improper Payment Estimates Data Call Timeline

Month(s)	Process step
January - April	OMB reviews prior-year data call submissions to identify improvement opportunities and data gaps
	General Services Administration (GSA) hosts roundtables with agencies
	OMB and GSA work with agencies to identify programs for reporting
May - August	OMB and GSA work to identify required updates to the data call and implement them
September	OMB releases final instructions and data call questions to agencies, opens reporting tool, and shares the timeline for data entry and review to agencies
	Agencies begin to input fiscal year 2022 data into the reporting tool
October - November	OMB reviews submitted data for flaws (e.g., reporting in billions, not millions, due to decimal placement) and reaches out to agencies as necessary
	GSA updates PaymentAccuracy.gov with fiscal year 2022 data
December	OMB distributes after- action survey to agencies

Source: OMB. | GAO-23-106285

Note: Per OMB, GSA is engaged to perform certain functions that are outside of OMB's area of expertise, such as database development.

However, IGs for just over a third of the CFO Act agencies (nine out of 24) reported that agencies submitted inaccurate data using OMB's new data collection process.[37] Based on our review of IG reports, these agencies experienced issues such as entering data improperly, OMB system errors, or OMB's survey tool collecting information in a format that differed from how the agency obtained it.[38] For example, IGs reported the following:

- Five agencies—Department of Agriculture (USDA), Department of Transportation, NASA, Treasury, and the U.S. Agency for International Development (USAID)—entered data to OMB's system improperly. The reasons for discrepancies varied. For example,

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[37]Per OMB, the number of agencies providing inaccurate data was larger prior to its new data collection method. For example, OMB indicated that in fiscal year 2017, it identified errors in data submissions from 18 of the 24 CFO Act agencies prior to publication.

[38]In 2022, GAO recommended that the Director of OMB require agencies to certify the reliability of data submitted to PaymentAccuracy.gov. GAO, *COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments*, GAO-22-105397 (Washington, D.C.: Apr. 27, 2022).

Treasury's IG stated that OMB did not provide Treasury with sufficient time to comprehend and implement OMB's instructions, while USAID's IG stated that the inadequacy of USAID's controls caused the issue. USDA's IG cited both a lack of guidance and lack of an opportunity to review the improper payment information before it was published.

- IGs for the Department of Defense (DOD), NASA, and OPM reported that the OMB system did not accept agency-specific formatting or prepopulated information. According to DOD's IG, OMB's system did not allow DOD to report confirmed fraud amounts in the manner it tracks them. NASA's IG reported that OMB's system collected information by agency programs and did not allow it to report information on the activity level, as the administration tracks it. Additionally, according to OPM's IG, the use of drop-down menus and prepopulated information did not allow it to elaborate or contextualize its improper payment data.[39]

OMB requires agencies to develop sampling and estimation methodology plans when producing improper payment estimates for programs susceptible to significant improper payments. However, EPA, DOD, Education, Labor, and HUD had inadequate plans, according to their IGs.[40] These agencies had issues such as incomplete information, insufficient documentation, and lack of guidance to support sampling and estimation plan implementation. As a result, the PIIA compliance reports for all five agencies included recommendations to improve their sampling and estimation plans, such as by

- revising agency plans to include missing information,

- developing guidance and procedures to support plan implementation, and

- developing a new plan.

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[39]Per OMB, it made changes to its fiscal year 2022 data call process to prevent similar situations from occurring. For example, according to OMB, these changes included giving agency programs the opportunity to elaborate on any item selected from the drop down menu, issuing guidance at least 3 months earlier, and adjusting the level of data collection to accommodate all agencies.

[40]In addition, according to their IGs, SBA and the Departments of the Interior and Transportation lacked sufficient documentation to support their methodologies.

Recent Matters for Congressional Consideration and Priority Recommendations Have Identified Opportunities to Reduce Improper Payments

Our work on improper payments, financial management, and the federal government's response to the pandemic has provided suggested actions for Congress and federal agencies to increase transparency and accountability of federal spending by strengthening federal financial and fraud risk management. While Congress and federal agencies have made efforts in recent years, more work remains to be done to improve payment integrity. Implementing our suggestions and priority recommendations may help to reduce improper payments.

Congress Has Taken Some Action, but Opportunities Remain to Reduce Improper Payments

Congress has taken some steps to implement our matters for congressional actions for reducing improper payments. For example, to enhance identity verification through data sharing, we have previously suggested that Congress consider amending the Social Security Act to share the Social Security Administration's (SSA) full death data with Treasury's Do Not Pay (DNP) System.[41] In December 2020, Congress passed—and the President signed into law—the Consolidated Appropriations Act, 2021. The act requires SSA, to the extent feasible, to share its full death data with Treasury's DNP system for a 3-year period.[42] Sharing these data will allow agencies to enhance their efforts to identify and prevent improper payments to deceased individuals.

However, other matters for congressional consideration related to improper payments remain open. This includes suggestions we made recently as a result of our oversight of the federal government's response

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[41]GAO, *Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended*, GAO-17-15 (Washington, D.C.: Oct. 14, 2016), and *COVID-19: Opportunities to Improve Federal Response and Recovery Efforts*, GAO-20-625 (Washington, D.C.: June 25, 2020).

[42]Consolidated Appropriations Act, 2021, Pub. L. No. 116-260. § 801, 134 Stat. 1182, 3201 (Dec. 27, 2020), amending 42 U.S.C. § 405(r). This provision will take effect 3 years after enactment and will be effective for a 3-year period.

to COVID-19. For example, we suggested that Congress amend PIIA to designate all new federal programs making more than $100 million in payments in any one fiscal year as "susceptible to significant improper payments" for their initial years of operation. If enacted, this measure would lead to more timely reporting of improper payment estimates because agencies will be required to expeditiously estimate their improper payments, identify root causes, and develop corrective actions. See appendix V for the 12 open matters for congressional consideration related to improper payments as a result of our COVID-19 work. See appendix VI for eight additional matters for congressional consideration to improve federal financial management.

Open Priority Recommendations to Agencies to Reduce Improper Payments

We have made numerous priority recommendations to federal agencies related to improper payments.[43] Of the 18 agencies that reported improper payment estimates in fiscal year 2022, eight had open priority recommendations related to improper payments. As of February 2023, 37 out of 53 of those recommendations remained open. See appendix VII for a list of the recommendations.

Some of our open recommendations are directed at agencies with high-priority programs with more than $1 billion in overpayments or monetary loss.[44] For example, we recommended the following:

- HHS's CMS institute a process to routinely assess, and take steps to ensure, as appropriate, that Medicare and Medicaid documentation requirements are necessary and effective at demonstrating compliance with coverage policies while appropriately addressing program risks. HHS agreed with our recommendation.

- SBA develop a strategy that outlines specific actions to monitor and manage fraud risks in the Paycheck Protection Program on a continuous basis. SBA agreed with our recommendation.

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[43]Priority recommendations warrant priority attention from heads of key departments or agencies. Since 2015, we have sent letters to selected agencies to highlight the importance of implementing such recommendations.

[44]As previously mentioned, high-priority programs are those reporting estimated annual monetary-loss improper payments of $100 million or more.

Additionally, we made the following priority recommendations related to improper payments to OMB:

- To better monitor agency use of the DNP working system once a strategy has been developed, the Director of OMB should develop and implement monitoring mechanisms—such as goals, benchmarks, and performance measures—to evaluate agency use of the DNP working system. OMB agreed with the concept of monitoring mechanisms and indicated that it will continue to work with agencies to address this recommendation. In March 2022, OMB informed us that due to policy priorities and limited resources, it is not able to completely implement this recommendation. As of December 2022, OMB did not indicate any change in its position.

- The Director of OMB should work in consultation with federal agencies and the audit community (e.g., agency Offices of Inspector General; National Association of State Auditors, Comptrollers, and Treasurers; and American Institute of Certified Public Accountants), to the extent practicable, to incorporate appropriate measures in OMB's process for preparing single audit guidance, including the annual Single Audit Compliance Supplement, to better ensure that such guidance is issued in a timely manner and is responsive to users' input and needs.[45] OMB neither agreed nor disagreed with this recommendation. OMB issued a Controller Alert in December 2021 that included a timeline for preparing the 2022 Compliance Supplement, which was published on May 11, 2022.

By working collaboratively to address the open priority recommendations and matters for congressional considerations, federal agencies and Congress can make progress toward reducing improper proper payments and improving payment integrity.

Agency Comments

We provided a draft of this report to OMB for review and comment. OMB provided technical comments, which we have incorporated as appropriate.

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[45]A single audit is an audit of certain award recipients' financial reporting and expenditure of federal awards and can identify deficiencies in the award recipient's compliance with laws, regulations, contracts, or grant agreements and in its financial management and internal control systems. Correcting such deficiencies can help reasonably assure the effective use of federal funds and reduce federal improper payments.

We are sending copies of this report to the appropriate congressional committees and the Office of Management and Budget. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff members have any questions about this report, please contact me at (202) 512-5683 or padillah@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VIII.

M. Hannah Padilla
Director, Financial Management and Assurance

Appendix I: Excerpt from an Example of an Agency's High-Priority Program Scorecard

Figure 6: Excerpt from an Example of an Agency's High-Priority Program Scorecard
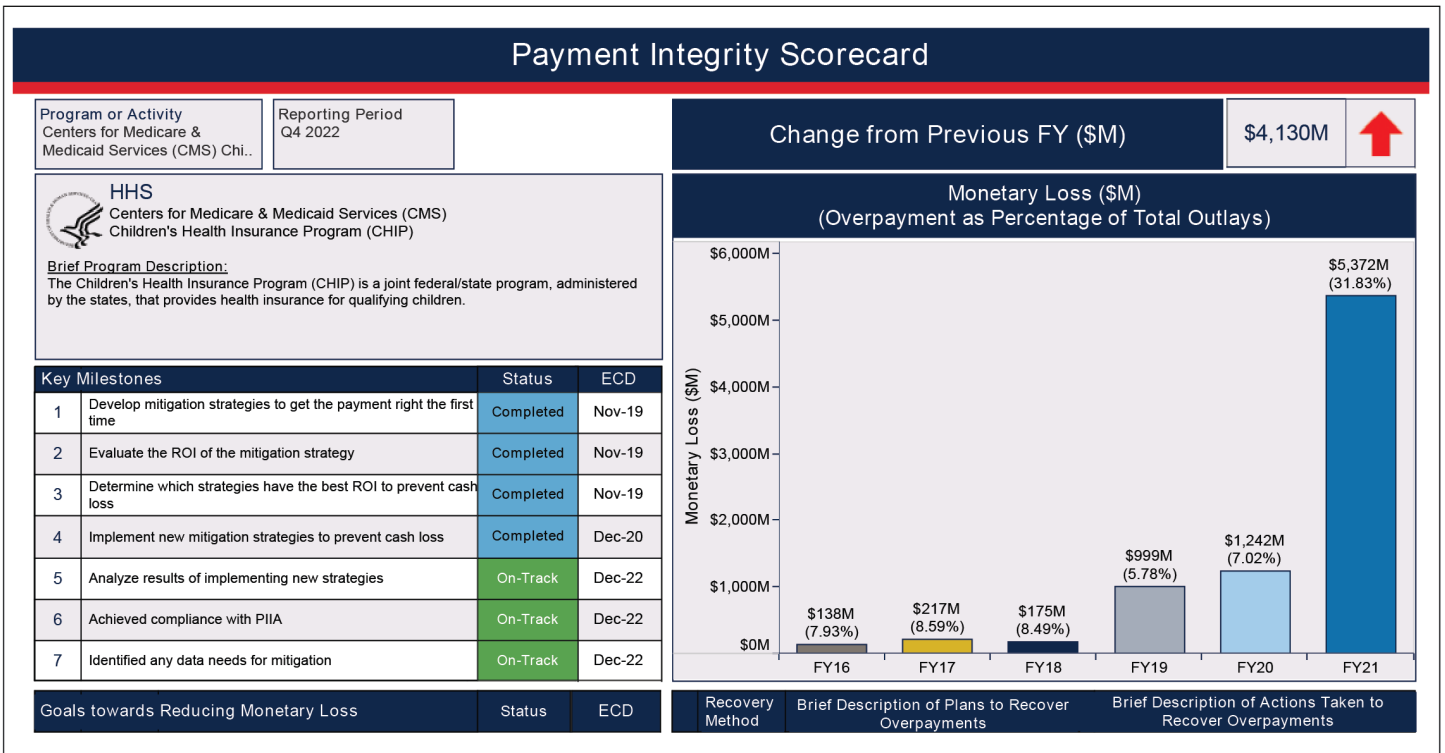
Source: PaymentAccuracy.gov. | GAO-23-106285

Appendix II: Reported Estimated Improper Payments and Rates by Agency and Program for Fiscal Year 2022

Table 6 details the estimated improper payments and rates that federal agencies reported to the Office of Management and Budget for fiscal year 2022. In total, 18 agencies reported estimates for 82 programs for fiscal year 2022.

Table 6: Reported Estimated Improper Payments and Rates by Agency and Program for Fiscal Year 2022

Agency and program	Outlays by programs reporting estimates (millions of dollars)	Estimated improper payment amount (millions of dollars)	Estimated improper payment rate[a] (percent)
U.S. Agency for International Development	**6,984.0**	**0.2**	
Administration and Oversight	50.7	0.0	0.0
Protection, Assistance and Solutions	5,205.4	0.0	0.0
Operating Expense	1,193.0	0.2	0.0
Administration and Oversight	534.9	0.1	0.0
Corporation for National and Community Service	**430.0**	**60.8**	
AmeriCorps State and National	256.0	21.5	8.4
Foster Grandparent Program	91.6	21.8	23.7
Retired and Senior Volunteer Program	45.0	7.8	17.2
Senior Companion Program	37.3	9.8	26.2
Department of Agriculture (USDA)	**86,150.2**	**1,905.8**	
Commodity Credit Corporation (CCC) Agriculture Risk Coverage and Price Loss Coverage	6,290.8	378.8	6.0
CCC Trade Mitigation Program	39.2	7.6	19.3
Emergency Conservation Program - Disasters	61.1	17.8	29.2
Food and Nutrition Service (FNS) Child and Adult Care Food Program	4,351.0	3.1	0.1
FNS National School Lunch Program	5,845.0	87.7	1.5
FNS Pandemic Electronic Benefit Transfer	30,540.0	65.7	0.2
FNS School Breakfast Program	2,521.0	53.2	2.1

Agency and program	Outlays by programs reporting estimates (millions of dollars)	Estimated improper payment amount (millions of dollars)	Estimated improper payment rate[a] (percent)
FNS Special Supplemental Nutrition Program for Women, Infants, and Children Total Program	2,648.0	47.8	1.8
Risk Management Agency Federal Crop Insurance Corporation	11,824.5	304.7	2.6
Farm Service Agency (FSA) Coronavirus Food Assistance Program	19,028.4	743.4	3.9
FSA Livestock Forage Disaster Program	554.1	51.5	9.3
FSA Noninsured Crop Disaster Assistance Program	177.9	16.8	9.5
FSA Quality Loss Adjustment Program	285.9	16.1	5.6
Wildfires and Hurricanes Indemnity Program Plus	1,983.4	111.7	5.6
Department of Commerce	**70.1**	**3.9**	
Economic Development Administration - Funds Received under Bipartisan Budget Act of 2018	70.1	3.9	5.6
Department of Defense (DOD)	**616,863.2**	**2,011.8**	
Civilian Pay	47,036.0	157.5	0.3
Commercial Pay	389,991.7	67.5	0.0
DOD Travel Pay	8,405.2	368.5	4.4
Military Pay – Marine Corps	9,121.2	0.0	0.0
Military Health Benefits	20,762.3	149.6	0.7
Military Pay - Air Force	25,826.0	30.9	0.1
Military Pay - Army	40,061.4	818.0	2.0
Military Pay - Navy	23,785.3	1.1	0.0
Military Retirement	51,874.2	418.8	0.8
Department of Education	**186,095.3**	**15,718.7**	
Education Stabilization Fund	49,280.6	5,956.4	12.1
Federal Pell Grant Program	26,129.5	586.0	2.2
Special Education Grants to States	11,668.5	3,117.1	26.7
Title I Grants to Local Educational Agencies	15,202.1	5,430.6	35.7
William D. Ford Federal Direct Loan Program	83,814.7	628.6	0.7
Department of Health and Human Services (HHS)	**1,475,895.7**	**132,646.3**	
Administration for Children and Families (ACF) Child Care and Development Fund	8,699.1	344.7	4.0
ACF Head Start - Disaster Relief	69.6	0.2	0.2
Centers for Medicare & Medicaid Services (CMS) Advance Premium Tax Credit	41,255.8	255.8	0.6
CMS Children's Health Insurance Program	16,093.0	4,304.5	26.7
CMS Medicaid	515,813.5	80,573.0	15.6

Agency and program	Outlays by programs reporting estimates (millions of dollars)	Estimated improper payment amount (millions of dollars)	Estimated improper payment rate[a] (percent)
CMS Medicare Advantage (Part C)	257,174.1	13,940.8	5.4
CMS Medicare Fee-for-Service	421,914.4	31,456.7	7.5
CMS Medicare Prescription Drug Benefit (Part D)	88,415.6	1,361.1	1.5
Health Resources and Services Administration - Provider Relief Fund General and Targeted	126,460.5	409.5	0.3
Department of Homeland Security	**5,691.1**	**257.3**	
Federal Emergency Management Agency (FEMA) - Disaster Case Management - Disaster Supplemental Funds	66.2	1.1	1.7
FEMA - Disaster Case Management - Disaster Supplemental Funds Hazard Mitigation Grant Program	32.0	2.2	7.0
FEMA - Payroll - Disaster Supplemental Funds	252.2	7.3	2.9
FEMA - Public Assistance - Disaster Supplemental Funds - Validate as You Go	4,767.9	242.9	5.1
FEMA - Vendor Pay - Disaster Supplemental Funds	495.3	3.5	0.7
United States Coast Guard (USCG) - Aviation Logistics Command - Disaster Supplemental Funds	25.1	0.0	0.0
USCG - Procurements, Construction, and Improvement - Disaster Supplemental Funds	52.4	0.3	0.6
Department of Housing and Urban Development	**1,538.5**	**2.9**	
Community Planning and Development - Public Laws 115-123, 115-56, and 115-72	1,538.5	2.9	0.2
Department of Labor	**88,158.9**	**19,016.7**	
Employment and Training Administration - Federal State Unemployment Insurance	85,235.6	18,925.0	22.2
Office of Workers' Compensation - Federal Employees' Compensation Act	2,923.3	91.7	3.1
Department of Transportation	**61,613.7**	**755.6**	
Federal Highway Administration Highway Planning and Construction	48,440.1	549.0	1.1
Federal Transit Administration Transit Infrastructure Grants - COVID Relief Funds	13,173.5	206.6	1.6
Department of the Treasury	**98,097.1**	**25,967.3**	
Internal Revenue Service (IRS) - Additional Child Tax Credit	32,841.4	5,182.4	15.8
IRS - American Opportunity Tax Credit	5,625.9	2,029.8	36.1
IRS - Earned Income Tax Credit	57,522.8	18,177.2	31.6
IRS - Refundable Premium Assistance Tax Credit	2,107.0	577.9	27.4
Department of Veterans Affairs (VA)	**31,716.5**	**3,499.7**	

Agency and program	Outlays by programs reporting estimates (millions of dollars)	Estimated improper payment amount (millions of dollars)	Estimated improper payment rate[a] (percent)
Beneficiary Travel	1,253.7	99.1	7.9
Communications, Utilities, and Other Rent	1,819.9	49.1	2.7
Medical Care Contracts and Agreements	1,051.0	78.5	7.5
Pension	4,224.8	492.4	11.7
Purchased Long Term Services and Supports	2,709.1	1,285.5	47.5
Supplies and Materials	3,276.1	132.0	4.0
VA Community Care	17,382.0	1,363.1	7.8

Agency and program	Outlays by programs reporting estimates (millions of dollars)	Estimated improper payment amount (millions of dollars)	Estimated improper payment rate[a] (percent)
Federal Communications Commission	**2,764.1**	**117.8**	
Universal Service Fund - Lifeline	606.7	37.2	6.1
Universal Service Fund - Schools and Libraries	2,157.3	80.6	3.7
National Aeronautics and Space Administration	**16.5**	**0.0**	
Disaster Relief Appropriation	16.5	0.0	0.0
Office of Personnel Management	**87,898.9**	**337.9**	
Federal Retirement Services	87,898.9	337.9	0.4
Small Business Administration	**888,419.3**	**37,273.9**	
7(a) Loan Guaranty Approvals	29,717.2	298.1	1.0
7(a) Loan Guaranty Purchases	706.9	29.8	4.2
504 Loan Guaranty Approvals	10,020.8	201.2	2.0
COVID-Economic Injury Disaster Loan (EIDL)	153,811.6	6,916.7	4.5
Disaster Assistance Loans	1,133.6	34.7	3.1
EIDL Emergency Assistance (Advance)	7,849.8	766.3	9.8
Paycheck Protection Program	685,179.4	29,027.0	4.2
Social Security Administration	**1,183,790.1**	**7,397.0**	
Old-Age, Survivors, and Disability Insurance	1,127,519.0	2,491.0	0.2
Supplemental Security Income	56,271.1	4,906.0	8.7

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Notes: Totals may not agree because of rounding. Agencies did not report fiscal year 2022 improper payment estimates for numerous programs that were determined to be susceptible to significant improper payments. Specifically, the following programs did not report improper payment estimates for fiscal year 2022: (1) USDA FNS's Supplemental Nutrition Assistance Program (outlays of $ 71.4 billion); (2) USDA FNS's Summer Food Service Program (outlays of $10.9 billion); (3) HHS ACF's Foster Care (outlays of $2.3 billion); (4) HHS's Temporary Assistance for Needy Families (outlays of $15.9 billion); (5) HHS's Health Resources and Services Administration's Provider Relief Fund,

Uninsured (outlays not reported); (6) HHS's Head Start (outlays of $10.8 billion); (7) Labor's Employment and Training Administration's Unemployment Insurance, Federal Pandemic Unemployment Assistance (outlays not reported); and (8) the Federal Communications Commission's Universal Service Fund, High Cost (outlays not reported). As a result, the fiscal year 2022 government-wide estimated improper payment amount is potentially incomplete and not representative of the full amount of improper payments.

[a]The estimated improper payment rate is the estimated amount of improper payments divided by the amount in program outlays for a given program in a given fiscal year.

Appendix III: High-Priority Programs' Estimated Overpayments Reported for Fiscal Years 2022 and 2021

Table 7 provides a comparison of the high-priority programs that reported overpayments for fiscal years 2022 and 2021.

Table 7: High-Priority Programs' Estimated Overpayments, Fiscal Years 2022 and 2021

Agency	Program	Fiscal year 2022 overpayments (millions of dollars)	Fiscal year 2021 overpayments (millions of dollars)
Department of Agriculture	Food and Nutrition Service (FNS) National School Lunch Program	Not reported	491.7
	FNS School Breakfast Program	Not reported	167.9
	Risk Management Agency Federal Crop Insurance Corporation	289.4	153.3
Department of Defense (DOD)	DOD Travel Pay	107.2	Not reported
	Military Health Benefits - Healthcare	105.8	124.2
	Military Retirement	369.5	Not reported
Department of Education	Federal Pell Grant Program	240.6	274.0
	William D. Ford Federal Direct Loan Program	103.2	Not reported
Department of Health and Human Services	Centers for Medicare & Medicaid Services (CMS) Advance Premium Tax Credit	236.1	Not reported
	CMS Children's Health Insurance Program	4,303.0	5,372.0
	CMS Medicaid	80,203.7	98,357.4
	CMS Medicare Advantage (Part C)	12,686.1	15,182.2
	CMS Medicare Fee-for-Service	30,678.0	24,584.9
	CMS Medicare Prescription Drug Benefit (Part D)	1,323.2	686.5
	Health Resources and Services Administration - Provider Relief Fund General and Targeted	409.5	Not reported
Department of Labor	Employment & Training Administration - Federal State Unemployment Insurance	17,820.2	73,842.2
Department of Transportation	Federal Highway Administration Highway Planning and Construction	Not reported	428.7

Agency	Program	Fiscal year 2022 overpayments (millions of dollars)	Fiscal year 2021 overpayments (millions of dollars)
	Federal Transit Administration Transit Infrastructure Grants - COVID Relief Funds	206.6	Not reported
Department of the Treasury	Internal Revenue Service (IRS) - Additional Child Tax Credit	5,182.4	5,218.8
	IRS - American Opportunity Tax Credit	2,029.8	1,873.4
	IRS - Earned Income Tax Credit	18,177.2	18,971.0
	IRS - Refundable Premium Assistance Tax Credit	577.9	Not reported
Department of Veterans Affairs (VA)	Pension	492.0	367.6
	Purchased Long Term Services and Supports	Not reported	105.9
	VA Community Care	770.9	1,389.5
Federal Communication Commission	Universal Service Fund - Lifeline	Not reported	117.4
Office of Personnel Management	Federal Retirement Services	244.7	228.3
Small Business Administration	7(a) Loan Guarantees Approvals	298.1	Not reported
	504 Certified Development Loans Approvals	199.0	Not reported
	COVID-19 Economic Injury Disaster Loan (EIDL)	2,600.0	Not reported
	EIDL Emergency Assistance (Advance)	766.3	Not reported
	Paycheck Protection Program	12,529.3	Not reported
Social Security Administration	Old-Age, Survivors, and Disability Insurance	1,972.3	4,985.9
	Supplemental Security Income	4,032.5	1,813.6

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Appendix IV: CFO Act Agencies' Reported Estimated Monetary-Loss Improper Payments and Related Recovery Activities for Fiscal Year 2022

Table 8 shows the recovery activities reported by the Chief Financial Officers Act of 1990 (CFO Act) agencies with estimated monetary-loss improper payments for fiscal year 2022.

Table 8: Recovery Activities for Chief Financial Officers Act Agencies That Reported Estimated Monetary-Loss Improper Payments for Fiscal Year 2022

CFO Act agency[a]	Estimated monetary-loss amount (dollars in millions)	Recovery activities
U.S. Agency for International Development	0.2	• Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process
Department of Agriculture	638.6	• Contract suspension • Implementation of Department of the Treasury's Invoice Processing Platform (IPP) payment off-set • In-person collection • Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process
Department of Commerce	3.7	• Contract suspension • In-person collection • Legal/judgment collection • Mailed/electronic notice
Department of Defense	664.4	• Mailed/electronic notice
Department of Education	368.1	• IPP payment off-set • Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process

CFO Act agency[a]	Estimated monetary-loss amount (dollars in millions)	Recovery activities
Department of Health and Human Services	129,930.7	• Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process
Department of Homeland Security	52.9	• Mailed/electronic notice • Treasury's reclamation process
Department of Labor	17,897.2	• Treasury's reclamation process
Department of Transportation	239.4	• Mailed/electronic notice
Department of the Treasury	25,967.3	• Contract suspension • IPP payment off-set • Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process
Department Veterans Affairs	1,397.0	• IPP payment off-set • Mailed/electronic notice • Treasury's reclamation process
Office of Personnel Management	244.7	• Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process
Small Business Administration	16,435.0	• Mailed/electronic notice
Social Security Administration	6,004.8	• In-person collection • Legal/judgment collection • Mailed/electronic notice • Treasury's reclamation process

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-23-106285

Note: The highlighted agencies have programs with monetary loss of $100 million or more annually.

[a]The Department of Energy, Department of the Interior, Department of Justice, Environmental Protection Agency, General Services Administration, Department of Housing and Urban Development, National Aeronautics and Space Administration, National Science Foundation, U.S. Nuclear Regulatory Commission, and Department of State did not report estimated monetary-loss improper payments for fiscal year 2022.

Appendix V: Matters for Congressional Consideration to Improve Improper Payment Reporting

Table 9 lists the 12 matters for congressional consideration as a result of our COVID-19 work.

Table 9: Open Matters for Congressional Consideration Related to COVID-19 and Improper Payments

Product number	Product title	Matter for consideration
GAO-21-191	*COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*	To hold agencies accountable and increase transparency, Congress should consider, in any future legislation appropriating COVID-19 relief funds, designating all executive agency programs and activities making more than $100 million in payments from COVID-19 relief funds as "susceptible to significant improper payments" for purposes of 31 U.S.C § 3352.
GAO-22-105397	*COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments*	Congress should consider providing the Department of Health and Human Services the authority to require states to report the data necessary for the Secretary to estimate and report on improper payments for the Temporary Assistance for Needy Families program in accordance with 31 U.S.C. § 3352.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should pass legislation requiring the Office of Management and Budget (OMB) to provide guidance for agencies to develop plans for internal control that would then immediately be ready for use in, or adaptation for, future emergencies or crises and requiring agencies to report these internal control plans to OMB and Congress.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should amend the Payment Integrity Information Act of 2019 (PIIA) to designate all new federal programs making more than $100 million in payments in any one fiscal year as "susceptible to significant improper payments" for their initial years of operation.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should amend PIIA to reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should establish a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.

Product number	Product title	Matter for consideration
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should clarify that (1) chief financial officers (CFO) at Chief Financial Officers Act agencies have oversight responsibility for internal controls over financial reporting and key financial management information that includes spending data and improper payment information; and (2) executive agency internal control assessment, reporting, and audit requirements for key financial management information, discussed in an existing matter for congressional consideration in our August 2020 report, include internal controls over spending data and improper payment information.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should require agency CFOs to (1) submit a statement in agencies' annual financial reports certifying the reliability of improper payments risk assessments and the validity of improper payment estimates, and describing the actions of the CFO to monitor the development and implementation of any corrective action plans; and (2) approve any methodology that is not designed to produce a statistically valid estimate.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should consider legislation to require improper payment information required to be reported under PIIA to be included in agencies' annual financial reports.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should amend the DATA Act to extend the previous requirement for agency inspectors general to review the completeness, timeliness, quality, and accuracy of their respective agency data submissions on a periodic basis.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should amend the DATA Act to clarify the responsibilities and authorities of OMB and Department of the Treasury for ensuring the quality of data available on USAspending.gov.
GAO-22-105715	*Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*	Congress should amend the Social Security Act to accelerate and make permanent the requirement for the Social Security Administration to share its full death data with the Department of the Treasury's Do Not Pay working system.

Source: GAO. | GAO-23-106285

Appendix VI: Matters for Congressional Consideration to Improve Federal Financial Management and Reduce Improper Payments

In August 2020, we made eight matters for congressional consideration to improve federal financial management and reduce improper payments.[1] Specifically:

1. Congress should consider legislation to require each Chief Financial Officer (CFO) at a Chief Financial Officers Act of 1990 (CFO Act) agency to oversee and provide leadership for all of the responsibilities necessary to effectively carry out federal financial management activities, including the formulation and financial execution of the budget, planning and performance, risk management, internal control, financial systems, and accounting.

2. Congress should consider legislation to require deputy CFOs in CFO Act agencies to have defined responsibilities consistent with the breadth of those of the agency CFOs.

3. Congress should consider legislation to require the Director of the Office of Management and Budget (OMB) to prepare and submit to the appropriate committees of Congress a government-wide 4-year financial management plan (with timing to match the Government Performance and Results Act reporting requirements) and an annual financial management status report.

   a. The plan should include actions for improving financial management systems, strengthening the federal financial management workforce, and better linking performance and cost information for decision-making.

   b. The plan should be developed in consultation with the CFO Council, the Chief Information Officers Council, the Chief Data

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[1]GAO, *Federal Financial Management: Substantial Progress Made since Enactment of the 1990 CFO Act; Refinements Would Yield Added Benefits*, GAO-20-566 (Washington, D.C.: Aug. 6, 2020).

Officer Council, the Chief Acquisition Officers Council, Council of the Inspectors General on Integrity and Efficiency, GAO, and other appropriate financial management experts.

4. Congress should consider legislation to require each CFO at a CFO Act agency, in consultation with financial management and other appropriate experts, to prepare an agency plan to implement the 4-year government-wide financial management plan prepared by OMB.

5. Congress should consider legislation to require the Director of OMB to prepare comprehensive financial management performance-based metrics and use these metrics to evaluate the financial management performance of executive agencies. The metrics should be included in the government-wide and agency-level financial management plans, and agencies' performance against the metrics should be reported in the annual financial management status reports.

6. Congress should consider legislation to require the head of each executive agency to identify, and if necessary develop, the key financial management information, in addition to financial statements, needed for effective financial management and decision-making.

7. Congress should consider legislation to require the head of each executive agency to annually assess and separately report their conclusion on the effectiveness of internal controls of the agency over financial reporting and other key financial management information.

8. Congress should consider legislation to require auditors, as part of each financial statement audit of an executive agency, to test and report on internal control over financial reporting and other key financial management information.

Appendix VII: Open Priority Recommendations for Agencies That Reported Improper Payment Estimates for Fiscal Year 2022

Table 10 provides a list of the 37 open priority recommendations related to payment integrity for agencies that reported improper payments for fiscal year 2022.

Table 10: Open Improper Payment Priority Recommendations to Agencies That Reported Improper Payment Estimates for Fiscal Year 2022

Report Number	Agency	Recommendation
GAO-22-104259	Recommendations to Department of Agriculture	The Administrator of the Farm Service Agency (FSA) should issue guidance directing the agency to assess risk characteristics and take a more complete risk-based approach in selecting samples for future compliance reviews of supplemental assistance programs. This approach could include focusing on farming operations that received substantially large payments and new customers for which FSA does not have other information to corroborate eligibility for program participation.
GAO-13-741	Recommendations to Department of Agriculture	To further improve agency controls that help prevent payments to participants whose incomes exceed eligibility limits, the Secretary of Agriculture should direct the Administrator of the Farm Service Agency to implement a process to verify that accountants' and attorneys' statements accurately reflect participants' incomes as reported on income tax returns and supporting documentation or other equivalent documents.
GAO-18-553	Recommendations to Department of Defense (DOD)	The Secretary of Defense should ensure that the Director of the Defense Security Cooperation Agency takes steps to work with the Defense Finance and Accounting Service—the Defense Security Cooperation Agency's financial service provider—and other DOD components, as appropriate, to improve the reliability of the data that the Defense Security Cooperation Agency obtains on all DOD components' use of Foreign Military Sales administrative funds, including actual execution data, at an appropriate level of detail, such as by object class.

Report Number	Agency	Recommendation
GAO-18-553	Recommendations to Department of Defense (DOD)	The Secretary of Defense should ensure that the Director of the Defense Security Cooperation Agency takes steps to work with the Defense Finance and Accounting Service—the Defense Security Cooperation Agency's financial service provider—and other DOD components, as appropriate, to improve the reliability of the data that the Defense Security Cooperation Agency obtains on all DOD components' use of contract administration services funds, including actual execution data, at an appropriate level of detail, such as by object class.
GAO-15-269	Recommendations to Department of Defense (DOD)	The Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to implement a more comprehensive TRICARE improper payment measurement methodology that includes medical record reviews, as done in other parts of its existing post-payment claims review programs.
GAO-15-269	Recommendations to Department of Defense (DOD)	Once a more comprehensive improper payment methodology is implemented, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to develop more robust corrective action plans that address underlying causes of improper payments, as determined by the medical record reviews.
GAO-13-227	Recommendations to Department of Defense (DOD)	The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to establish and implement key quality assurance procedures, such as reconciliations, to ensure the completeness and accuracy of the sampled populations.
GAO-21-98	Recommendations to Department of Health and Human Services (HHS)	The Administrator of Centers for Medicare & Medicaid Services (CMS) should collect and document complete and consistent provider-specific information about Medicaid payments to providers, including new state-directed managed care payments, and states' sources of funding for the nonfederal share of these payments.
GAO-19-519	Recommendations to Department of Health and Human Services (HHS)	The Director of the Office of Head Start should perform a fraud risk assessment for the Head Start program, to include assessing the likelihood and impact of fraud risks it faces.
GAO-19-277	Recommendations to Department of Health and Human Services (HHS)	The Administrator of CMS should institute a process to routinely assess, and take steps to ensure, as appropriate, that Medicare and Medicaid documentation requirements are necessary and effective at demonstrating compliance with coverage policies while appropriately addressing program risks.
GAO-19-112	Recommendations to Department of Health and Human Services (HHS)	The Secretary of HHS should revise HHS's procedures for conducting improper payment risk assessments to help ensure that all programs and activities are assessed for susceptibility to significant improper payments at least once every 3 years, as required by the Improper Payments Information Act of 2002, as amended.

Report Number	Agency	Recommendation
GAO-18-564	Recommendations to Department of Health and Human Services (HHS)	The Administrator of CMS should complete a comprehensive, national risk assessment and take steps, as needed, to assure that resources to oversee expenditures reported by states are adequate and allocated based on areas of highest risk.
GAO-16-76	Recommendations to Department of Health and Human Services (HHS)	As CMS continues to implement and refine the contract-level risk adjustment data validation (RADV) audit process to improve the efficiency and effectiveness of reducing and recovering improper payments, the Administrator should enhance the timeliness of CMS's contract-level RADV process by taking actions such as the following: (1) closely aligning the time frames in CMS's contract-level RADV audits with those of the national RADV audits the agency uses to estimate the Medicare Advantage (MA) improper payment rate; (2) reducing the time between notifying MA organizations of contract audit selection and notifying them about the beneficiaries and diagnoses that will be audited; (3) improving the reliability and performance of the agency's process for transferring medical records from MA organizations, including assessing the feasibility of updating Electronic Submission of Medical Documentation for use in transferring medical records in contract-level RADV audits; and (4) requiring that CMS contract-level RADV auditors complete their medical record reviews within a specific number of days comparable to other medical record review time frames in the Medicare program.
GAO-16-568	Recommendations to Department of Health and Human Services (HHS)	To ensure efficient use of federal resources, the Administrator of CMS should account for Medicaid payments a hospital has received that offset uncompensated care (UC) costs when determining hospital UC costs for the purposes of making Medicare UC payments to individual hospitals.
GAO-16-394	Recommendations to Department of Health and Human Services (HHS)	In order to better ensure proper Medicare payments and protect Medicare funds, CMS should seek legislative authority to allow the recovery auditors to conduct prepayment claim reviews.
GAO-16-108	Recommendations to Department of Health and Human Services (HHS)	To promote consistency in the distribution of supplemental payments among states and with CMS policy, the Administrator of CMS should issue written guidance clarifying its policy that payments should not be made contingent on the availability of local funding.
GAO-14-571	Recommendations to Department of Health and Human Services (HHS)	To ensure that MA encounter data are of sufficient quality for their intended purposes, the Administrator of CMS should complete all the steps necessary to validate the data, including performing statistical analyses, reviewing medical records, and providing Medicare Advantage Organizations with summary reports on CMS's findings, before using the data to risk adjust payments or for other intended purposes.

Report Number	Agency	Recommendation
GAO-13-287	Recommendations to Department of Health and Human Services (HHS)	To reduce the incentive for dialysis facilities to restrict their service provision to avoid reaching the low-volume payment adjustment (LVPA) treatment threshold, the Administrator of CMS should consider revisions such as changing the LVPA to a tiered adjustment.
GAO-12-966	Recommendations to Department of Health and Human Services (HHS)	In order to improve CMS's ability to identify self-referred advanced imaging services and help CMS address the increases in these services, the Administrator of CMS should insert a self-referral flag on its Medicare Part B claims form and require providers to indicate whether the advanced imaging services for which a provider bills Medicare are self-referred or not.
GAO-12-966	Recommendations to Department of Health and Human Services (HHS)	In order to improve CMS's ability to identify self-referred advanced imaging services and help CMS address the increases in these services, the Administrator of CMS should determine and implement a payment reduction for self-referred advanced imaging services to recognize efficiencies when the same provider refers and performs a service.
GAO-12-966	Recommendations to Department of Health and Human Services (HHS)	In order to improve CMS's ability to identify self-referred advanced imaging services and help CMS address the increases in these services, the Administrator of CMS should determine and implement an approach to ensure the appropriateness of advanced imaging services referred by self-referring providers.
GAO-12-51	Recommendations to Department of Health and Human Services (HHS)	To help ensure appropriate payments to MA plans, the Administrator of CMS should take steps to improve the accuracy of the adjustment made for differences in diagnostic coding practices between MA and Medicare Fee-for-Service. Such steps could include, for example, accounting for additional beneficiary characteristics, including the most current data available, identifying and accounting for all years of coding differences that could affect the payment year for which an adjustment is made, and incorporating the trend of the impact of coding differences on risk scores.
GAO-20-604	Recommendations to Department of Homeland Security	The Administrator of the Federal Emergency Management Agency should designate one entity as the lead entity with responsibility for providing oversight of agency-wide efforts to manage fraud risks to Public Assistance emergency work grants, including managing the fraud risk assessment process, consistent with leading practices.
GAO-20-182	Recommendations to Department of Homeland Security	The Commissioner of Customs and Border Protection should ensure that the Office of Trade turns the claim selection feature in the Automated Commercial Environment (ACE) back on and finalizes and implements procedures to target claims for review that were accepted into ACE during the period in which the selection feature was disabled.

Report Number	Agency	Recommendation
GAO-22-105051	Recommendations to Department of Labor	The Secretary of Labor should examine the suitability of existing fraud controls in the unemployment insurance program and prioritize residual fraud risks.
GAO-18-486	Recommendations to Department of Labor	The Assistant Secretary of Labor's Employment and Training Administration should provide states with information about its determination that the use of state formal warning policies is no longer permissible under federal law.
GAO-18-486	Recommendations to Department of Labor	The Assistant Secretary of Labor's Employment and Training Administration should clarify information on work search verification requirements in its revised Benefit Accuracy Measurement procedures. The revised procedures should include an explanation of what Labor considers to be sufficient verification of claimants' work search activities.
GAO-22-105291	Recommendations to Department of the Treasury	The Secretary of the Treasury should design and implement processes, such as post-payment reviews or recovery audits, to help ensure timely identification and recovery of overpayments made by grantees to households, landlords, or utility providers in the Emergency Rental Assistance programs.
GAO-20-174	Recommendations to Department of the Treasury	The Commissioner of Internal Revenue should designate a dedicated entity to provide oversight of agency-wide efforts to detect, prevent, and resolve business identity theft (business IDT) refund fraud, consistent with leading practices. This may involve designating one business unit as a lead entity, or leveraging cooperative relationships between business units to establish a business IDT leadership team. This entity should have defined responsibilities and authority for managing fraud risk.
GAO-18-544	Recommendations to Department of the Treasury	The Commissioner of Internal Revenue should implement the most cost-effective method to digitize information provided by taxpayers who file returns on paper.
GAO-18-544	Recommendations to Department of the Treasury	Based on its evaluation of the Return Review Program (RRP), the Commissioner of Internal Revenue should expand RRP to support identified activities.
GAO-18-418	Recommendations to Department of the Treasury	In accordance with the plan developed for implementing changes to its online authentication programs, the Commissioner of Internal Revenue should implement improvements to the Internal Revenue Service's systems to fully implement the National Institute of Standards and Technology's new guidance.

Report Number	Agency	Recommendation
GAO-21-589	Recommendations to Small Business Administration (SBA)	The Associate Administrator of SBA's Office of Disaster Assistance should develop a comprehensive strategy for communicating with potential and actual program applicants in the event of a disaster. Such a strategy should provide guidelines for the types of information and timing of information to be provided to program participants throughout a disaster. The types of information to be addressed in the strategy could include processing steps and time frames applicants might experience through different stages of the loan process.
GAO-21-387	Recommendations to Small Business Administration (SBA)	The Administrator of SBA should develop a strategy that outlines specific actions to address assessed fraud risks in the Economic Injury Disaster Loan program on a continuous basis.
GAO-21-387	Recommendations to Small Business Administration (SBA)	The Administrator of the SBA should develop a strategy that outlines specific actions to monitor and manage fraud risks in Paycheck Protection Program on a continuous basis.
GAO-16-331	Recommendations to Social Security Administration (SSA)	To ensure effective and appropriate recovery of disability insurance (DI) overpayments and administration of penalties and sanctions, the Acting Commissioner of SSA should adjust the minimum withholding rate to 10 percent of monthly DI benefits to allow quicker recovery of debt.
GAO-15-531	Recommendations to Social Security Administration (SSA)	To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of Federal Employees' Compensation Act (FECA) benefits, the Commissioner of SSA should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.

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Appendix VIII: GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Daniel Flavin (Assistant Director), Jenny Li (Auditor in Charge), Edgar Fletes, Seth Brewington, Patrick Frey, Jason Kelly, Matthew Valenta, and Teressa Gardner made key contributions to this report.

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