

Improper Payments: Key Concepts and Information on Programs with High Rates or Lacking Estimates

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

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Why This Matters

Improper payments are a long-standing and significant problem in the federal government. Since fiscal year 2003, federal executive agencies (referred to in this report as agencies) have reported cumulative improper payment estimates of about \$2.7 trillion, including \$236 billion for fiscal year 2023. The Payment Integrity Information Act of 2019 (PIIA) requires agencies to manage improper payments by, among other things, identifying risks, taking corrective actions, and estimating and reporting on improper payments in programs and activities (referred to in this report as programs per Office of Management and Budget (OMB) guidance) they administer. Understanding the requirements and related key concepts is important to more effectively managing improper payments.

Estimating improper payments is a key step in helping agencies identify root causes and develop effective corrective actions. Agencies that fail to properly develop estimates for risk-susceptible programs as required may not be able to determine the extent to which improper payments occur. Further, without these estimates, agencies may not be able to assess whether corrective actions are leading to reductions in improper payments.

House Report 117-389, which accompanied the Legislative Branch Appropriations Act, 2023 (Pub. L. No. 117-328, Div. I, 136 Stat. 4913), includes a provision for GAO to provide quarterly reports on improper payments. This is our sixth such report. This report provides information related to requirements, standards, and guidance on identifying, estimating, and reporting improper payments. Additionally, we discuss programs for which agencies reported fiscal year 2023 estimated improper payment rates of 10 percent or higher, as well as those for which agencies failed to report fiscal year 2023 estimates as required.

Key Takeaways

- Agencies are required to report improper payment estimates for those programs they have identified as risk-susceptible. Reliable estimates are helpful for understanding and addressing financial vulnerabilities and for assessing the effectiveness of corrective actions. The causes of improper payments can range from unintentional administrative errors to the willful misrepresentation inherent in fraud.
- Agencies reported estimated improper payment rates of 10 percent or higher for 16 of the 71 programs with reported estimates for fiscal year 2023. The

reported rates for 10 of these programs have exceeded 10 percent for at least 2 consecutive years.

- Agencies did not develop and report fiscal year 2023 improper payment estimates as required for nine risk-susceptible programs. These agencies cited various reasons for this, including statutory limitations, suspension of certain reviews during the COVID-19 pandemic, and lack of supporting documentation.

What are improper payments?

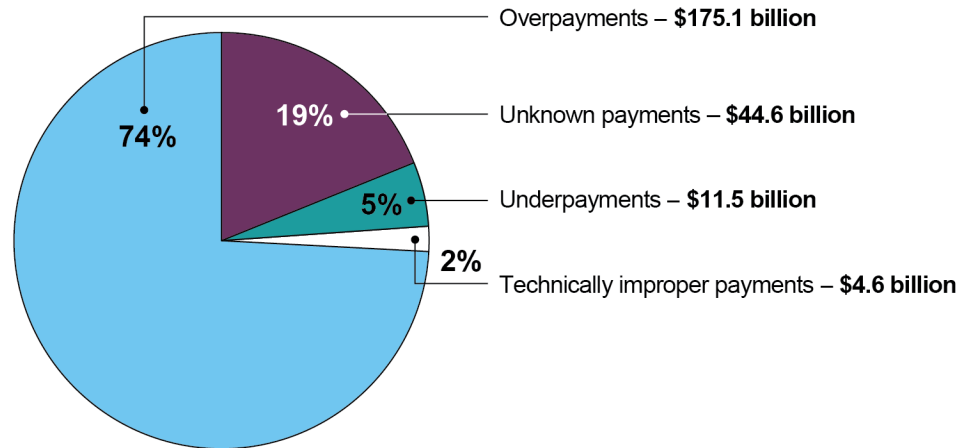
Payments that should not have been made or that were made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements are considered improper. They include any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except where authorized by law), and any payment that does not account for credit for applicable discounts.¹ Executive branch agencies also treat any payment that cannot be determined to be proper, due to lacking or insufficient documentation, as improper.²

Under PIIA, agencies are required to review all programs that annually spend more than \$10 million, and to develop and report improper payment estimates for those that may be susceptible to significant improper payments. OMB provides guidance for agencies to use when identifying the types of improper payments.³ According to this guidance

- **overpayments** are payments in excess of what is due, and for which the excess amount, in theory, should or could be recovered;⁴
- **underpayments** are those in which recipients did not receive the funds they were due;
- **unknown payments** are those that an agency cannot determine to be either proper or improper because of insufficient or lack of documentation; and
- **technically improper payments** are those in which recipients received the correct amount of funds they were due, but the payment failed to meet all regulatory or statutory requirements or both.

Figure 1 provides a breakdown of agencies' fiscal year 2023 reported improper payment estimates by type.

Figure 1: Agency-Reported Fiscal Year 2023 Improper Payment Estimates by Type (Totaling \$235.8 Billion)



Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

Accessible Data for Figure 1: Agency-Reported Fiscal Year 2023 Improper Payment Estimates by Type (Totaling \$235.8 Billion)

	Percent	Dollars in billions
Overpayments	74	175.1
Unknown payments	19	44.6
Underpayments	5	11.5
Technically improper payments	2	4.6

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

Note: Office of Management and Budget guidance defines unknown payments as those that an agency cannot determine to be either proper or improper because of insufficient or lack of documentation.

It should be noted that the fiscal year 2023 improper payment estimates do not include certain programs that agencies have determined are susceptible to significant improper payments. As a result, the government-wide total potentially does not represent the full extent of improper payments. For example, the \$236 billion total does not include the Department of Health and Human Services' (HHS) Temporary Assistance for Needy Families (TANF) program. HHS reported that it does not have the authority to obtain the information it needs to estimate or report improper payment amounts for this program. In April 2022, we recommended that Congress consider providing HHS the authority to require states to report the data the agency needs to estimate and report on improper payments for TANF.⁵ As of June 2024, Congress has not acted on this recommendation.

What causes improper payments?

The causes of improper payments can range from unintentional administrative errors to fraud. An error could include a situation where an agency failed to obtain a required signature in a contract prior to payment. While the payment may have been made to the right recipient for the right amount, the payment would be improper because the agency failed to follow the applicable statute or regulation requiring the signature. In the case of fraud, the recipient engages in intentional misrepresentation to obtain the payment. For example, an individual may use a fake or stolen identity to apply for and receive unemployment benefits. In this case, the recipient is ineligible, and any payments received would be improper as a result.

PIIA requires agencies to describe the causes of improper payments in programs for which they report estimates. For fiscal year 2023, OMB provided guidance for agencies to identify causes of improper payments using the following categories: overpayments either within or outside agency control, underpayments, unknown payments, and technically improper payments.⁶

In the case of overpayments, OMB instructs agencies to identify whether the cause was something within or outside the agency’s control. An example of an overpayment within an agency’s control is one resulting from an agency’s failure to follow its own guidance. An example of an overpayment outside an agency’s control is one resulting from an agency’s inability to access the information it needs to validate payment accuracy.

Under PIIA, if during an improper payment review an agency is unable to determine whether a payment was proper because of lacking or insufficient information, it must treat the payment as improper.⁷ OMB guidance refers to such payments as unknown payments. An unknown payment could include a situation in which an agency is required to verify income prior to issuing a payment to a beneficiary. The agency improper payment reviewer may lack updated income information or pay stubs from the beneficiary and may have no other way to verify whether a change in income affecting eligibility has occurred. In this case, the beneficiary may still be qualified to receive benefits, but the agency does not have the necessary documentation to verify it.

Table 1 presents the improper payment estimates categorized by cause, as reported by agencies for the 71 programs with fiscal year 2023 estimates.

Payment type	Cause category	Amount (dollars in millions)	Percentage of all estimates^a
Overpayments within agency control	Data/information needed to validate payment accuracy prior to making payment does not exist	31	0 ^b
Overpayments within agency control	Inability to access data/information needed to validate payment accuracy prior to making payment	95	0 ^b
Overpayments within agency control	Failure to access data/information needed to validate payment accuracy prior to making payment	30,179	13
Overpayments outside agency control	Inability to access data/information needed to validate payment accuracy prior to making payment	14,749	6
Overpayments outside agency control	Data/information needed to validate payment accuracy prior to making payment does not exist	22,954	10
Overpayments outside agency control	Failure to access data/information needed to validate payment accuracy prior to making payment	107,045	45
Underpayments	Data/information needed to validate payment accuracy prior to making payment does not exist	331	0 ^b
Underpayments	Inability to access data/information needed to validate payment accuracy prior to making payment	485	0 ^b
Underpayments	Failure to access data/information needed to validate payment accuracy prior to making payment	10,724	5
Unknown payments	Insufficient or lack of documentation from vendor or provider	464	0 ^b

Payment type	Cause category	Amount (dollars in millions)	Percentage of all estimates ^a
Unknown payments	Unknown payment caused by scenario not previously specified	557	0 ^b
Unknown payments	Insufficient or lack of documentation from states	21,757	9
Unknown payments	Insufficient or lack of documentation for eligibility by applicants	21,818	9
Technically improper payments	Office of Management and Budget guidance does not include cause category for technically improper payments	4,586	2

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

Note: Percentage column does not sum to 100 percent due to rounding. Payment type and cause category are defined by the Office of Management and Budget in guidance (M-21-19) provided to agencies on reporting improper payments. For fiscal year 2023, OMB instructed agencies to identify a cause category for the payment using the following: Unable to Determine whether Proper or Improper, Data/Information Needed Does Not Exist, Inability to Access Data/Information, or Failure to Access Data/Information.

^aThe percentage of all estimates is based on the total of improper and unknown payment estimates on PaymentAccuracy.gov.

^bNumbers shown as 0 due to rounding.

How do agencies estimate improper payments?

Agencies generally estimate a program's improper payments by selecting a sample of payments and reviewing them to determine whether they were proper. Agencies typically then use the results of their analysis of this sample to statistically project, or estimate, the improper payment rate for the program.

PIIA requires that agencies produce a statistically valid estimate or an estimate that is otherwise appropriate using an OMB-approved methodology.⁸ According to OMB guidance, a statistically valid estimate is a point estimate (a single value) within a confidence interval (a range of possible values).⁹ Agencies reported that they met the requirements for statistically valid estimates for 65 of the 71 programs with reported estimates for fiscal year 2023.

Sampling time frames are important for interpreting improper payment estimates. Estimates derived from old data may not reflect the effects of recent program changes or corrective actions.¹⁰ For example, according to HHS, states were given certain flexibilities during COVID-19 that affected Medicaid improper payment reviews. Flexibilities included suspending eligibility determinations and reducing requirements for provider enrollment revalidations. HHS cited these flexibilities as a reason for the decrease in Medicaid estimated improper payments reported for fiscal year 2023 compared to fiscal year 2022.¹¹ To calculate the Medicaid estimate, HHS computes an annual rolling average of improper payment rates across all states based on a 3-year rotation cycle of 17 states each year. While COVID-19 flexibilities expired in fiscal year 2023, they will continue to impact the Medicaid estimates until fiscal year 2025 because the estimate is based on a 3-year rolling average.

Some estimates, including those for Medicaid, are based on processes that agencies have designed specifically for estimating improper payments. In other cases agencies leverage existing quality assurance or other processes to estimate improper payments in programs. For example, the Department of the Treasury uses the Internal Revenue Service's National Research Program to estimate Earned Income Tax Credit improper payments. The program conducts detailed audits of a statistically representative sample of taxpayers to estimate compliance with individual income tax provisions.

Is an improper payment estimate an estimate of fraud?

No. While all fraudulent payments are considered improper, not all improper payments are due to fraud. For example, payments may be determined to be improper due to error or lack of documentation. Fraud-related improper payments, however, involve individuals or entities intentionally or knowingly providing false information.¹²

While improper payments could suggest that a program may be vulnerable to fraud, PIIA improper payment estimates are not intended to reflect the extent of fraud in a program. OMB guidance M-21-19 identifies two distinct categories of monetary loss improper payments (overpayments)—those that are intentional and those that are unintentional. Intentional improper payments are more commonly referred to as financial fraud and are overpayments that occur based on willful misrepresentation. Unintentional improper payments are overpayments that are accidental in nature because at the time of the payment the program is unaware that the payment is an overpayment, and the recipient has also not purposefully falsified information for gain.

OMB guidance M-21-19 states that agencies may only report their improper payments as intentional after the amount is determined to be fraudulent through the adjudication process. The guidance further states that agencies' methodologies for estimating improper payments do not need to be designed to measure financial fraud.

In April 2024, we estimated that the government loses \$233 billion to \$521 billion annually in fraud based on data from fiscal years 2018 through 2022.¹³ Our estimate of fraud and improper payments estimates differ in two key ways:

- **The scope of programs included in the estimate.** Our April 2024 estimate of fraud reflects fraud loss associated with direct federal spending in programs and operations government-wide. By contrast, improper payment estimates are required only for programs that agencies have determined are susceptible to significant improper payments. For fiscal year 2023, 14 agencies reported improper payment estimates for 71 programs that totaled about \$236 billion.
- **The estimation methodology used.** We based our April 2024 fraud estimate on both adjudicated and potential fraud, which we extrapolated to determine the probable range of undetected fraud. We developed this approach to help account for the uncertainties associated with fraud determination. Conversely, improper payment estimates are based on reviews of a statistically valid sample of payments. While the reviews can be rigorous, they are not designed to identify fraud, particularly schemes that cannot be easily detected. For example, improper payment reviews include checking whether certain documentation is present, but they are not designed to identify falsified documentation.

Why are improper payment estimates useful?

Reliable improper payment estimates are helpful for understanding and addressing financial vulnerabilities, as well as assessing the effectiveness of corrective actions. From an internal control perspective, improper payment estimation is an example of a separate evaluation that helps program managers—and the federal government—understand the scope of the problem and measure the effectiveness of internal controls in addressing improper payment risks.¹⁴ Through the estimation process, agencies establish the baseline against which progress—in the form of reductions in future estimates—is assessed.

Estimating improper payments is especially important for emergency assistance programs, where the risk of improper payments is higher. GAO's *Framework for Managing Improper Payments in Emergency Assistance Programs* states that agencies should ensure that the estimate's methodology incorporates such risk factors as whether the program is new or has received increased funding, whether there are time constraints for spending, and whether changes were made to existing program eligibility rules.¹⁵

What responsibilities do agencies have to report their improper payment estimates?

Under PIIA, an agency is required to report an annual estimate when the agency's risk assessment determines that a program may be susceptible to significant improper payments. PIIA defines significant improper payments as those that, in the preceding fiscal year, may have exceeded either (1) \$100 million or (2) \$10 million plus 1.5 percent of the total amount of program outlays. PIIA requires agencies to conduct improper payment risk assessments for each of their programs at least once every 3 fiscal years.

Under OMB guidance, agencies should complete improper payment risk assessments on programs after the first 12 months of operation. Programs that are determined to be susceptible to significant improper payments must develop and report improper payment estimates, including root causes and corrective actions. OMB advises agencies to begin reporting such information in the year following the fiscal year in which the initial risk assessment determination was made.

At times, Congress has required estimates for certain programs. For example, the supplemental appropriations acts that provided disaster relief following the 2017 hurricanes and California wildfires required agencies to deem all programs that received these funds and expended more than \$10 million in any one fiscal year susceptible to significant improper payments. Agencies were therefore automatically required to report improper payment estimates for these programs, without needing to conduct a risk assessment first.

We have made numerous recommendations to Congress to help reduce improper payments government-wide. For example, in March 2022, we recommended 10 matters for congressional consideration to enhance transparency and accountability of federal spending.¹⁶ These matters included designating all new federal programs making more than \$100 million in payments in any one fiscal year as susceptible to improper payments and establishing a permanent data analytics center of excellence to aid the oversight community in identifying improper payments and fraud. As of June 2024, these 10 matters remain open.

Are improper payment estimates part of agencies' audited financial statements?

No. While PIIA requires agencies to include improper payment estimates in the materials accompanying their financial statements, these materials are outside the scope of the financial statement audit opinion.¹⁷

Agency inspectors general (IG) review improper payment estimates as part of their annual reports on their respective agencies' compliance with applicable PIIA criteria. Per OMB guidance, the compliance reports are due within 180 days following publication of an agency's financial statements.

PIIA requires the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to develop guidance specifying procedures for IG's compliance determinations. PIIA requires that this guidance include a requirement that IGs

evaluate the accuracy of improper payment rate estimates for risk-susceptible programs and whether the sampling and estimation plan used is appropriate for the program. For example, CIGIE's guidance states that when determining compliance, IGs should evaluate whether the program improper payment rate estimates are accurate.¹⁸ This might include sampling and testing an agency's documentation to determine whether the information is suitable for developing a statistical estimate. It might also include ensuring that mathematical formulas are correct and that an appropriate statistical process was used.

What responsibilities do agencies have if found noncompliant with PIIA criteria?

Under PIIA, in each year an agency is found noncompliant with the applicable criteria, it must submit to the appropriate authorizing and appropriations committees of Congress a plan describing the actions it will take to come into compliance (see table 2). Additional reporting requirements take effect if an agency is found noncompliant with the criteria for the same program for consecutive years. These requirements are the same regardless of the reason for noncompliance (e.g., the agency failed to conduct risk assessments). OMB directs agencies to report plans describing actions they will take to come into compliance on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). This U.S. government website is managed by OMB and provides current and historical improper payment data.

Table 2: Reporting Requirements for Agencies Found Noncompliant with Payment Integrity Information Act of 2019 Criteria

Years of noncompliance	Requirement
For each year of noncompliance, including year 1	<p>Agency shall submit to appropriate authorizing and appropriations committees a plan describing the actions that the agency will take to come into compliance, including</p> <ul style="list-style-type: none"> measurable milestones to be accomplished to achieve compliance for each program; designation of a senior agency official who shall be accountable for agency progress in coming into compliance for each program; and establishment of an accountability mechanism, such as a performance agreement, with appropriate incentives and consequences tied to the success of the senior agency official in leading the efforts of the agency to come into compliance for each program.
2 consecutive	<p>Agency shall provide to the Office of Management and Budget (OMB) additional program integrity proposals and work with OMB to obligate additional funding, if needed, to intensify compliance efforts.</p>
3 consecutive	<p>Within 30 days of the noncompliance determination, agency shall submit to appropriate authorizing and appropriations committees, OMB, and the Comptroller General of the United States</p> <ul style="list-style-type: none"> reauthorization proposals for each program that has not been in compliance for 3 or more consecutive fiscal years and proposed statutory changes needed to bring the program into compliance or if the agency determines the above actions will not bring the program into compliance, a description of the actions the agency is taking to come into compliance and timeline for when compliance will be achieved.
4+ consecutive	<p>Within 30 days of the noncompliance determination, agency shall submit to appropriate authorizing and appropriations committees, and OMB</p> <ul style="list-style-type: none"> the activities taken to comply with the requirements for 1, 2, 3, or 4+ years of noncompliance; a description of any requirements that were fulfilled for 1, 2, 3, or 4+ consecutive years of noncompliance that are still relevant and being pursued as a means to bring the program into compliance and prevent and reduce improper payments; a description of any new corrective actions; and a timeline for when the program will achieve compliance based on the actions described within the report.

Source: Payment Integrity Information Act of 2019 and OMB M-21-19. | GAO-24-107482

Following enactment of PIIA in fiscal year 2020, OMB instructed agencies to report for that year under the prior law and under PIIA beginning in fiscal year 2021. In fiscal year 2024, IGs will issue their third compliance reports since agencies began reporting under PIIA.

How many programs reported improper payment rates of 10 percent or higher?

Sixteen programs reported estimated improper payment rates of 10 percent or higher for fiscal year 2023 (see table 3).

Table 3: Agency-Reported Improper Payment Estimates and Rates for Programs with Rates 10 Percent or Higher for Fiscal Year 2023

Agency	Program	Program outlays (dollars in millions)	Improper payment estimate (dollars in millions)	Improper payment rate (percent)
Corporation for National and Community Service	Senior Companion Program	34.4	5.4	15.6
Department of Agriculture	Farm Service Agency – Emergency Conservation Program – Disasters	85.1	34.4	40.4
Department of Agriculture	Farm Service Agency – Livestock Forage Disaster Program	1,233.6	168.6	13.7
Department of Agriculture	Farm Service Agency – Noninsured Crop Disaster Assistance Program	239.9	25.1	10.5
Department of Agriculture	Food and Nutrition Services – Supplemental Nutrition Assistance Program	75,987.0	8,773.1	11.6
Department of Health and Human Services	Centers for Medicare & Medicaid Services – Children’s Health Insurance Program	16,670.3	2,135.6	12.8
Department of Labor	Employment & Training Administration – Federal State Unemployment Insurance	28,149.3	4,635.7	16.5
Department of Labor	Employment & Training Administration – Unemployment Insurance – Federal Pandemic Unemployment Assistance	121,202.9	43,551.1	35.9
Department of the Treasury	Internal Revenue Service – Additional Child Tax Credit	3,771.6	546.1	14.5
Department of the Treasury	Internal Revenue Service – American Opportunity Tax Credit	5,220.9	1,651.4	31.6
Department of the Treasury	Internal Revenue Service – Earned Income Tax Credit	65,375.3	21,881.1	33.5
Department of the Treasury	Internal Revenue Service – Premium Tax Credit	3,679.6	958.2	26.0
Department of Veterans Affairs	Pension	3,862.3	419.3	10.9
Department of Veterans Affairs	Purchased Long Term Services and Supports	3,662.3	1,418.0	38.7
Small Business Administration	Paycheck Protection Program – Loan Forgiveness	46,281.0	18,738.3	40.5
Small Business Administration	Paycheck Protection Program – Loan Guarantee Purchases	8,274.2	4,066.5	49.2

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

Note: Improper payment estimates and rates displayed in the table include both improper and unknown payments as reported on PaymentAccuracy.gov. Executive agency estimates of improper payments also treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. Agencies report payment integrity information in their annual agency financial reports or performance and accountability reports and on PaymentAccuracy.gov. Consult these sources for additional agency-reported information, including estimated improper and unknown payment amounts and rates, root causes, and corrective actions.

How many programs have reported improper payment rates of 10 percent or higher for consecutive fiscal years?

Ten of the 16 programs that reported improper payment rates of 10 percent or higher in fiscal year 2023 have done so for consecutive years. Two of these programs reported rates of 10 percent or higher for 2 consecutive years, and eight programs have done so for 3 consecutive years, or since PIIA was enacted. Table 4 shows estimated improper payment rates reported by agencies for the last 3 fiscal years for programs with reported estimates of 10 percent or higher for fiscal year 2023.

Table 4: Estimated Improper Payment Rates Reported for Fiscal Years 2021 through 2023 for Programs Reporting Rates of 10 Percent or Higher for Fiscal Year 2023

na	na	Fiscal year estimated improper payment rate (percent)	Fiscal year estimated improper payment rate (percent)	Fiscal year estimated improper payment rate (percent)
Agency	Program	2023	2022	2021
Corporation for National and Community Service	Senior Companion Program	15.6	26.2	20.4
Department of Agriculture	Farm Service Agency – Emergency Conservation Program – Disasters	40.4	29.2	13.5
Department of Agriculture	Farm Service Agency – Livestock Forage Disaster Program	13.7	9.3	8.0
Department of Agriculture	Farm Service Agency – Noninsured Crop Disaster Assistance Program	10.5	9.5	12.3
Department of Agriculture	Food and Nutrition Services – Supplemental Nutrition Assistance Program	11.6	NR	NR
Department of Health and Human Services	Centers for Medicare & Medicaid Services – Children’s Health Insurance Program	12.8	26.8	31.8
Department of Labor	Employment & Training Administration – Federal State Unemployment Insurance	16.5	22.2	18.9
Department of Labor	Employment & Training Administration – Unemployment Insurance – Federal Pandemic Unemployment Assistance	35.9	NR	NR
Department of the Treasury	Internal Revenue Service – Additional Child Tax Credit	14.5	15.8	13.3
Department of the Treasury	Internal Revenue Service – American Opportunity Tax Credit	31.6	36.1	26.3
Department of the Treasury	Internal Revenue Service – Earned Income Tax Credit	33.5	31.6	27.8
Department of the Treasury	Internal Revenue Service – Premium Tax Credit	26.0	27.4	NR
Department of Veterans Affairs	Pension	10.9	11.7	7.8
Department of Veterans Affairs	Purchased Long Term Services and Supports	38.7	47.5	72.8
Small Business Administration	Paycheck Protection Program – Loan Forgiveness	40.5	NR	NR
Small Business Administration	Paycheck Protection Program – Loan Guarantee Purchases	49.2	NR	NR

Legend: NR = Not reported. A designation of NR may be due to a program's lack of reporting requirement for that fiscal year, not failure to report.

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

Note: Improper payment rates displayed in the table include both improper and unknown payments as reported on PaymentAccuracy.gov. Executive agency estimates of improper payments also treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. Agencies report payment integrity information in their annual agency financial reports or performance and accountability reports and on PaymentAccuracy.gov. Consult these sources for additional agency-reported information, including estimated improper and unknown payment amounts and rates, root causes, and corrective actions.

What were the reported types and causes of improper payments for programs with rates of 10 percent or higher?

According to agencies that reported improper payment rates of 10 percent or higher for fiscal year 2023, most of these payments were either overpayments, technically improper payments, or unknown payments. Agencies reported a variety of causes, including being unable to verify recipient eligibility and insufficient supporting documentation to identify a payment as proper (see table 5).

Table 5: Most Common Types of Improper Payments Reported in Programs with Estimated Improper Payment Rates of 10 Percent or Higher for Fiscal Year 2023

Agency and program	Most common type of improper payments ^a	Cause
Corporation for National and Community Service: Senior Companion Program	Unknown payments	Unable to prove if payment is proper or improper due to missing documentation
Department of Agriculture: Farm Service Agency – Emergency Conservation Program – Disasters	Overpayments (within the agency's control)	Certain program documentation not approved and filed prior to payment approval
Department of Agriculture: Farm Service Agency – Livestock Forage Disaster Program	Technically improper payments	Approving officials did not follow program requirements to have essential documents filed prior to payment
Department of Agriculture: Farm Service Agency – Noninsured Crop Disaster Assistance Program	Technically improper payments	Essential documents not approved, late-filing procedures not followed, and information missing from file
Department of Agriculture: Food and Nutrition Services – Supplemental Nutrition Assistance Program	Overpayments (outside the agency's control)	State eligibility determinations and state errors in providing benefits to recipients
Department of Health and Human Services: Centers for Medicare & Medicaid Services – Children's Health Insurance Program	Overpayments (outside the agency's control)	Recipient eligibility not verified and claims not properly adjudicated
Department of Labor: Employment & Training Administration – Federal State Unemployment Insurance	Overpayments (outside the agency's control)	Federal law requires states to make payments until an official determination has been made that payments are no longer due; as a result, payments may later be determined as improper as new information is obtained
Department of Labor: Employment & Training Administration – Unemployment Insurance – Federal Pandemic Unemployment Assistance	Overpayments (within the agency's control) and unknown payments	Overpayments: state agencies inadequately used functions to verify applicant eligibility for unemployment benefits Unknown payments: payment accuracy assessments unable to conduct full review due to unavailable or insufficient information
Department of the Treasury: Internal Revenue Service – Additional Child Tax Credit, American Opportunity Tax Credit, Earned Income Tax Credit, Premium Tax Credit	Overpayments (outside the agency's control)	Regulatory structure of program lacks preapproval process and relies on taxpayer self-certification
Department of Veterans Affairs: Pension	Overpayments (within the agency's control)	Beneficiaries did not timely report changes in Social Security income

Agency and program	Most common type of improper payments ^a	Cause
Department of Veterans Affairs: Purchased Long Term Services and Supports	Technically improper payments	Contract orders for care through Community Nursing Home program were placed without proper authority
Small Business Administration: Paycheck Protection Program – Loan Forgiveness	Unknown payments	Insufficient supporting documentation
Small Business Administration: Paycheck Protection Program – Loan Guaranty Purchases	Unknown payments	Insufficient supporting documentation

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

^aThe Office of Management and Budget provides guidance for agencies to report improper payments using these categories.

What corrective actions did agencies identify for causes of improper payments for programs with rates of 10 percent or higher?

Agencies identified various corrective actions for addressing improper payments in programs with estimated rates of 10 percent or higher reported for fiscal year 2023. Some of these included training, technical assistance and guidance to states, and automation. Table 6 summarizes the corrective actions that agencies reported on PaymentAccuracy.gov for fiscal year 2023.

Table 6: Agency-Identified Corrective Actions for Programs with Reported Estimated Improper Payment Rates of 10 Percent or Higher for Fiscal Year 2023

Agency and program	Agency-identified corrective actions
Corporation for National and Community Service: Senior Companion Program	A Payment Integrity Corrective Action Plan working group was created in fiscal year 2022 to establish corrective actions focused on reducing the agency's improper payments. The actions include enhanced trainings created in fiscal year 2022.
Department of Agriculture: Farm Service Agency – Emergency Conservation Program – Disasters	The agency will ensure that reviews are being completed timely and results are monitored and evaluated to ensure that program policies are being followed.
Department of Agriculture: Farm Service Agency – Livestock Forage Disaster Program	Monthly training will be conducted that will focus on issues identified in improper payment testing. Comprehensive program training on the program and payment eligibility will be part of future training. Additionally, the agency will monitor the program to identify weaknesses.
Department of Agriculture: Farm Service Agency – Noninsured Crop Disaster Assistance Program	The agency will emphasize accountability to program administrators in addition to conducting training at state offices, tentatively scheduled for fiscal year 2024.
Department of Agriculture: Food and Nutrition Services – Supplemental Nutrition Assistance Program	As corrective actions must originate in and be tailored to each state agency's circumstances and particular root causes of payment error, the agency will focus on providing training and equipping state agencies with the knowledge and tools needed to develop root cause analysis and corrective action plans.
Department of Health and Human Services: Centers for Medicare & Medicaid Services – Children's Health Insurance Program	The agency works closely with the state agencies to develop corrective action plans. Additional improper payment mitigation strategies include enhancing training, technical assistance and guidance to states, and sharing provider enrollment data with states. Additionally, the agency will continue to conduct audits at the state level.
Department of Labor: Employment & Training Administration – Federal State Unemployment Insurance	The agency will continue to evaluate the effectiveness of unemployment insurance integrity strategies, document best practices, and provide guidance and technical assistance to states to improve unemployment insurance program operations and reduce improper payments.
Department of Labor: Employment & Training Administration – Unemployment Insurance – Federal Pandemic Unemployment Assistance	The agency holds meetings regularly with the Office of Inspector General to discuss emerging unemployment insurance fraud issues and antifraud measures that target high-risk areas. Additionally, the agency works with states to provide training and provide technical assistance.

Agency and program	Agency-identified corrective actions
Department of the Treasury: Internal Revenue Service – Additional Child Tax Credit, American Opportunity Tax Credit, Earned Income Tax Credit, Premium Tax Credit	The agency meets with stakeholders with the goal to increase voluntary taxpayer compliance and continues to analyze returns claiming each credit and identify improvement opportunities for the next filing season. Additionally, the agency continues to leverage interagency data sharing to validate taxpayer refunds more accurately.
Department of Veterans Affairs: Pension	Audits will be conducted to ensure that policies and procedures are properly applied in making accurate pension rate decisions. Additionally, automation will be used for various processes, such as verifying beneficiary reported income with other agency-reported income.
Department of Veterans Affairs: Purchased Long Term Services and Supports	Program system updates are being considered to assist in payment eligibility procedures. Additionally, processes are being analyzed to ensure that payments are validated prior to disbursement.
Small Business Administration: Paycheck Protection Program – Loan Forgiveness	The program will continue to provide training to review staff on topics and issues related to loan forgiveness, such as verification of borrower eligibility.
Small Business Administration: Paycheck Protection Program – Loan Guaranty Purchases	The program will continue to provide training to review staff on topics and issues related to loan guaranty purchases, such as the review of borrower certifications and supporting documentation.

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107482

Did agencies report all required improper payment estimates?

No. As noted above, PIIA requires an estimate when an agency’s risk assessment determines that a program may be susceptible to significant improper payments. Agencies failed to report any improper payment estimates for nine such programs for fiscal year 2023. Table 7 lists these nine programs along with the reasons agencies cited for failing to report estimates.

Table 7: Agency-Identified Reasons for Not Reporting Risk-Susceptible Programs’ Improper Payment Estimates as Required for Fiscal Year 2023

Agency and program	Agency-identified reason for not reporting
Department of Agriculture: Food and Nutrition Service – Summer Food Service Program	The program is in the process of developing an improper payment estimate in accordance with a Sample and Estimation Methodology Plan to be approved by the Office of Management and Budget (OMB). Data will be collected over a 5-year period that began in mid-2023.
Department of Health and Human Services: Foster Care	Program reviews were suspended at the onset of the pandemic in fiscal year 2020. Due to this suspension, there is not enough recent data to calculate an improper payment estimate. The agency will resume onsite reviews and report improper payment estimates in fiscal year 2024.
Department of Health and Human Services: Temporary Assistance for Needy Families	The agency continues to not report an improper payment estimate due to statutory limitations that do not require states to provide data needed to develop and report an estimate. In the President’s Budget request for fiscal years 2024 and 2025, the agency proposed new statutory authority to gather more comprehensive data on the program. According to the agency, if enacted, this proposal will enhance monitoring of program activities and help establish an improper payment rate.
Department of Homeland Security: Federal Emergency Management Agency Public Assistance – Validate As You Go	According to the agency, the program had obligated over \$70.59 billion for COVID-19 public assistance as of November 2023. Due to the increase in assessment burden to obtain the necessary documentation in verifying these obligations, improper payment rate reporting to cover fiscal year 2021 disbursements has been delayed until 2024. The strategic pause affected the program’s ability to coordinate the receipt of adequate documentation to fully determine the appropriateness of all fiscal year 2021 disbursement sample transactions selected for fiscal year 2023.

Agency and program	Agency-identified reason for not reporting
Department of Housing and Urban Development: Project-Based Rental Assistance	According to the inspector general’s compliance report, a lack of proper planning and coordination from leadership in the program and support offices prevented the agency from addressing the root causes behind the failure to report improper payment estimates. The Office of the Chief Financial Officer (OCFO) reported to the inspector general and OMB that it is unable to complete improper payment testing because (1) it was delayed in implementing a secure platform designed to collect supporting data and documentation and (2) it had limited staffing resources with the technical knowledge of the payment cycles. The compliance report also stated that the agency has been unable to test for improper payments in its largest rental assistance programs for 7 years because it has been unsuccessful in working with the Offices of Public and Indian Housing, Multifamily Housing Programs, and the Chief Information Officer to securely collect program files needed to test payments. The OCFO reported to OMB and the inspector general that it may not be able to produce estimates in these programs until 2027.
Department of Housing and Urban Development: Tenant-Based Rental Assistance	According to the inspector general’s compliance report, a lack of proper planning and coordination from leadership in the program and support offices prevented the agency from addressing the root causes behind the failure to report improper payment estimates. The OCFO reported to the inspector general and OMB that it is unable to complete improper payment testing because (1) it was delayed in implementing a secure platform designed to collect supporting data and documentation and (2) it had limited staffing resources with the technical knowledge of the payment cycles. The compliance report also stated that the agency has been unable to test for improper payments in its largest rental assistance programs for 7 years because it has been unsuccessful in working with the Offices of Public and Indian Housing, Multifamily Housing Programs, and the Chief Information Officer to securely collect program files needed to test payments. The OCFO reported to OMB and the inspector general that it may not be able to produce estimates in these programs until 2027.
Office of Personnel Management: Federal Employees Health Benefits – Experience Related Carriers	According to the inspector general’s compliance report, a risk assessment of the program was conducted in fiscal year 2022 and it was determined that the agency is now required to report an improper payment estimate for the program beginning fiscal year 2023. However, an improper payment estimate was not reported for the program on PaymentAccuracy.gov for fiscal year 2023. According to the agency, the program has since split between two differentiated activities, which resulted in two new risk assessments being performed in fiscal year 2023. Based on these risk assessments, one activity was determined to be risk-susceptible and the other activity was determined to be not risk-susceptible. As a result, an improper payment estimate was not reported in fiscal year 2023. The agency stated that it needs time to implement the new improper payment methodology, as health insurance carriers need to collect the data and report them to the agency.
Small Business Administration: Restaurant Revitalization Fund	According to the inspector general’s compliance report, in October 2023, OMB requested the agency to conduct further analysis on the estimation and methodology related to the COVID-19 program to ensure compliance with the Payment Integrity Information Act of 2019 (PIIA). As a result, the program did not publish payment integrity information in its fiscal year 2023 agency financial report. The agency stated that it will review and report improper payment data for total programmatic outlays related to the program and will continue oversight and review efforts of improper payment data reported in the agency financial report and the annual OMB improper payment data call.
Small Business Administration: Shuttered Venue Operators Grant	According to the inspector general’s compliance report, in October 2023, OMB requested the agency to conduct further analysis on the estimation and methodology related to the COVID-19 program to ensure compliance with the PIIA. As a result, the program did not publish payment integrity information in its fiscal year 2023 agency financial report. The agency stated that it will review and report improper payment data for total programmatic outlays related to the program and will continue oversight and review efforts of improper payment data reported in the agency financial report and the annual OMB improper payment data call.

Source: GAO analysis of agency annual report data. | GAO-24-107482

Agency Comments and Our Evaluation

We provided a draft of this report to the Corporation for National and Community Service (CNCS), Department of Agriculture (USDA), Department of Health and Human Services (HHS), Department of Homeland Security (DHS), Department of Housing and Urban Development (HUD), Department of Labor (DOL), Department of the Treasury, Department of Veterans Affairs (VA), OMB, Office of Personnel Management (OPM), and Small Business Administration (SBA) for review and comment.

We received written comments from SBA, which are reprinted in appendix I and summarized below. USDA did not provide comments on the report. CNCS, DHS, DOL, HUD, OPM, and VA did not have any comments on the report. HHS, OMB,

and Treasury provided technical comments which we incorporated as appropriate.

In its comments, SBA raised concerns that we report unknown payments as improper payments. SBA stated that by reporting these payments together, our report's improper payment figures are inflated and could mislead the public. We disagree. Our report's improper payment figures present information accurately and in accordance with PIIA. When performing improper payment risk assessments and estimates under PIIA, executive agencies are required to treat as improper any payments for which propriety cannot be determined due to lacking or insufficient documentation.¹⁹ While 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, the above statutory requirements related to risk assessments and estimates apply to the total estimate. Where appropriate, we indicated in our draft and final report that improper payment estimates and rates include both improper and unknown payments as reported by agencies on PaymentAccuracy.gov. Further, in our report, we identified the portion of total improper payment estimates in fiscal year 2023 that was attributable to unknown payments (see figure 1 in the report).

SBA also commented that our report is missing context that explains the distinction between the different amounts of unknown and improper payments. SBA noted that approximately 95 percent of the Paycheck Protection Program (PPP) Loan Forgiveness improper payment estimate was composed of unknown payments. SBA noted that, for fiscal year 2023, agencies categorized 19 percent of reported improper payment estimates as unknown payments. SBA stated our report did not discuss the atypical composition of the PPP Loan Forgiveness improper payment estimate or include the emergency context that generated this composition. However, the intent of our audit was to summarize agencies' reported improper payment estimates and not to provide all payment integrity information reported by agencies for their programs. Where appropriate, we indicated readers could consult annual agency financial reports or performance and accountability reports, as well as PaymentAccuracy.gov, for additional agency-reported payment integrity information, including information on root causes and corrective actions. Further, in table 5 of the report, we identified the most common type of improper payment for each program listed. For SBA's PPP program, the most common type was unknown payment due to insufficient documentation to verify the propriety of the payments.

SBA further commented that the report would have benefitted from a coordinated response by all agencies through OMB and that SBA was not given enough time to coordinate with OMB or other agencies. We generally do not facilitate coordinated responses on behalf of agencies, though OMB may choose to do so at its discretion. While our audit was conducted over a short period—between March 2024 and June 2024—agencies were promptly notified of our work. Specifically, we sent notification letters to the agencies within our scope between March 28, 2024, and April 4, 2024.²⁰ These letters included the subject and source of our work, our objectives, our planned start date, and gave agencies the opportunity to request an entrance conference.

In its comments, SBA noted its entrance conference was scheduled after the release of the statement of facts and within a few days of its exit conference. We sent SBA a notification letter on April 1, 2024. At SBA's request, we held an entrance conference on May 10, 2024—a time agreed to by both GAO and SBA. On account of the short duration of our audit, we held our exit conference the following week on May 17, 2024.

How GAO Did This Study

To conduct this work, we reviewed relevant federal statutes, standards, and guidance related to managing improper payments, as well as relevant GAO reports. In addition, we reviewed agencies' improper payment information for fiscal years 2021, 2022, and 2023, as reported on OMB's PaymentAccuracy.gov website, as well as agency financial reports. We also reviewed PIIA criteria compliance reports issued by agency IGs. We compiled and reviewed this information to determine what root causes and corrective actions agencies identified in programs with reported improper payment rates of 10 percent or higher and to identify those programs that lacked required estimates for fiscal year 2023.

The examples of federal requirements, standards, and guidance described in this report are not intended to present a comprehensive, detailed analysis of all existing improper payment management requirements, standards, or guidance.

We conducted this performance audit from March 2024 to June 2024 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.

List of Addressees

The Honorable David Valadao
Chairman
The Honorable Adriano Espaillat
Ranking Member
Subcommittee on Legislative Branch
Committee on Appropriations
House of Representatives

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

GAO Contact Information

For more information, contact: M. Hannah Padilla, Director, Financial Management and Assurance, PadillaH@gao.gov, (202) 512-5683.

Sarah Kaczmarek, Acting Managing Director, Public Affairs, KaczmarekS@gao.gov, (202) 512-4800.

A. Nicole Clowers, Managing Director, Congressional Relations, ClowersA@gao.gov, (202) 512-4400.

Staff Acknowledgments: Daniel Flavin (Assistant Director), Christopher Klemmer (Analyst in Charge), Seth Brewington, Marcia Carlsen, and Jason Kelly.

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Appendix I Comments from the US Small Business Administration

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416



June 14, 2024

Hannah Padilla
Director
Financial Management and Assurance
U.S. Government Accountability Office

Dear Ms. Padilla:

Thank you for providing the U.S. Small Business Administration (SBA) with the opportunity to comment on the Government Accountability Office (GAO) draft report titled, "Improper Payments: Key Concepts and Information on Programs with High Rates or Lacking Estimates" (24-107482).

House Report 117-389 (H. Rept. 117-389) charges GAO with providing quarterly reports on federal governmentwide improper payments. SBA has concerns with how GAO presents the payment information. GAO reports unknown payments as improper payments. However, an unknown payment, as defined by OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, is "a payment that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or lack of documentation. [Unknown payments] are not [improper payments] . . ." By reporting both improper payments and unknown payments together, the report's improper payment figures are grossly inflated and could mislead the public.

The quarterly reporting requirement in H. Rept. 117-389, in effect, requires GAO to take improper payment data out of the contexts in which they were originally reported by agencies in their financial reports and other sources to provide an overview of federal government improper payment estimates and related GAO-identified issues and concerns regarding those estimates. In SBA's case, this missing context explains the distinction

between the different amounts of unknown and improper payments and, if included in the GAO report, would lead to a more accurate public understanding of SBA payments.

GAO, however, has included individually identified agency improper payment estimates in its report without providing the necessary broader context. SBA believes GAO must balance providing potentially useful agency-level improper payment estimate data against the risk of misleading the public about the nature or composition of that data.

Specifically, SBA has ample basis to conclude that this report might be particularly misleading regarding SBA's specific improper payment estimates. For example, Figure 1 of the report breaks down FY23 improper payments estimates by type (totaling \$235.8 billion (B)) as follows:

- 74% Overpayments (\$175.1B)
- 19% Unknown Payments (\$44.6B)
- 5% Underpayments (\$11.5B)
- 2% Technically Improper Payments (\$4.6B)

The report does not discuss either SBA's atypical improper payment estimate composition of approximately 95% unknown payments or the emergency context of unprecedented pandemic relief programs that generated this composition. The following is SBA's attempt to address the most damaging omissions from the reporting on SBA improper payment estimates:

GAO reports that SBA estimated \$18,738.3 million in improper payments related to SBA Paycheck Protection Loan Forgiveness without noting what was reported in SBA's FY23 annual financial report, \$17,852.22 million of those improper payments were unknown payments (95% of the total reported) for the following reasons:

In response to the historic threat posed to small businesses by the COVID-19 pandemic, the U.S. Small Business Administration delivered an unprecedented \$1.2 trillion in emergency grants and loans over a two-year span.

A high percentage of the unknown payments were payments made in connection with loan forgiveness in SBA's Paycheck Protection Program (PPP). In response to the FY 2023 PIIA Compliance Audit conducted by SBA's OIG, SBA separated PPP into three payment integrity reporting categories (PPP Approvals, PPP Forgiveness, and PPP Purchases) and subsequently initiated the improper payments review process shortly thereafter.

PPP loan forgiveness requests were generally submitted via SBA's forgiveness platform. Although the lenders and borrowers were required to retain supporting

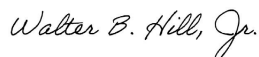
documentation, they were not required to submit that documentation to SBA and lenders occasionally had to request documents from borrowers.

SBA asked lenders to submit their documents as soon as possible. As a result of the compressed time between documentation requests and reporting improper payment rates, many borrowers and lenders were unable to provide complete documentation. Those PPP loans with documentation requests outstanding were categorized as “Unknown” payments since SBA did not have sufficient supporting documentation to determine whether the forgiveness payment was proper or improper.

As SBA conveyed to GAO in meetings, SBA believes this report would have benefitted from a coordinated response by all identified agencies through OMB. A coordinated response would have allowed GAO to consider including specific information in a limited number of footnotes that the government deemed particularly necessary to mitigate the substantial and damaging public misunderstanding of the agency estimates created as a result of the report’s format, content, and omissions. SBA was disappointed that it was not notified, or otherwise given an opportunity to comment on, GAO’s previous improper payment report issued per *H. Rept. 117-389 [GAO 24-106927 “Improper Payments: Information on Agencies’ Fiscal Year 2023 Estimates”]*. After discovering the existence of report 24-106927, SBA requested that GAO provide SBA notice and an opportunity to comment on this report; however, SBA was not given enough time to coordinate with OMB and/or other agencies to facilitate a coordinated response. SBA’s entrance conference for this audit was scheduled after the release of the report’s statement of facts and within a few days of SBA’s exit conference.

SBA extends its gratitude to GAO for providing SBA the opportunity to comment on this draft report and for taking SBA’s views into consideration.

Sincerely,



Walter B. Hill Jr.

Chief Risk Officer

Office of Enterprise integrity

Office of Strategic Management and Enterprise Integrity

Office of Performance, Planning, and the Chief Financial Officer

U.S. Small Business Administration

Accessible Text for Appendix I Comments from the US Small Business Administration

June 14, 2024

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Sincerely,

Walter B. Hill Jr.

Chief Risk Officer

Office of Enterprise integrity

Office of Strategic Management and Enterprise Integrity

Office of Performance, Planning, and the Chief Financial Officer

U.S. Small Business Administration

Endnotes

¹31 U.S.C. § 3351(4).

²31 U.S.C. §3352(c)(2).

³Office of Management and Budget, *Requirements for Payment Integrity Improvement, Circular No. A-123, Appendix C*, OMB M-21-19 (Washington, D.C.: Mar. 5, 2021). OMB's PaymentAccuracy.gov data call for fiscal year 2023 also 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 that are identified as susceptible to improper payments.

⁴Overpayments may be unintentional or fraudulent. Unintentional overpayments are accidental in nature. Fraudulent overpayments are caused by willful misrepresentation for the purpose of obtaining funds, services, or benefits as determined through a court or other adjudicative process.

⁵GAO, *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).

⁶OMB's PaymentAccuracy.gov data call for fiscal year 2023 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 that are identified as susceptible to improper payments.

⁷31 U.S.C. §3352(c)(2).

⁸31 U.S.C. §3352(c)(1)(A).

⁹Office of Management and Budget, *Requirements for Payment Integrity Improvement*.

¹⁰OMB guidance states that, to the extent possible, the data used for estimating improper payments in a given program should coincide with the fiscal year being reported. For their fiscal year 2023 estimates, agencies reported using sampling time frames that ranged from calendar year 2015 (i.e., January 2015 through December 2015) to fiscal year 2023 (i.e., October 2022 through September 2023).

¹¹HHS also attributed the decline to improvements in state compliance with requirements. The department could not determine how much of the decline was due to flexibilities granted during the public health emergency versus improvements in state compliance.

¹²Additional discussion on the relationship between improper payments and fraud can be found in our December 2023 report. GAO, *Improper Payments and Fraud: How They Are Related but Different*, [GAO-24-106608](#) (Washington, D.C.: Dec. 7, 2023).

¹³GAO, *Fraud Risk Management: 2018–2022 Data Show Federal Government Loses an Estimated \$233 Billion to \$521 Billion Annually to Fraud, Based on Various Risk Environments*, [GAO-24-105833](#) (Washington, D.C.: Apr. 16, 2024).

¹⁴Separate evaluations provide feedback on the effectiveness of an entity's ongoing monitoring of its internal control system. GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

¹⁵GAO, *A Framework for Managing Improper Payments in Emergency Assistance Programs*, [GAO-23-105876](#) (Washington, D.C.: July 2023).

¹⁶GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, [GAO-22-105715](#) (Washington, D.C.: Mar. 17, 2022).

¹⁷Executive agencies are required by law to prepare annual financial statements and have them audited. 31 U.S.C. § 3515.

¹⁸Council of the Inspectors General on Integrity and Efficiency (CIGIE), *Guidance for Payment Integrity Information Act Compliance Reviews* (Washington, D.C.: October 2023). CIGIE's guidance notes that each office of inspector general should use its professional judgment in determining the level of work it should perform based on its specific agency's programs.

¹⁹31 U.S.C. § 3352(a)(3)(A), (c)(2).

²⁰GAO, *GAO's Agency Protocols (Updated January 23, 2019)*, [GAO-19-55G](#) (Washington, D.C.: Nov. 19, 2018).