

GAO Highlights

Highlights of [GAO-20-442](#), a report to congressional committees

Why GAO Did This Study

Improper payments—payments that should not have been made or were made in an incorrect amount—are a significant problem in the federal government. Agencies are required to perform risk assessments to identify programs that are susceptible to significant improper payments.

House Report 115-697 included a provision for GAO to review DOE’s system for tracking improper payments. This report examines the extent to which (1) the amounts reported in DOE’s AFRs for fiscal years 2015 through 2019 were accurate and complete, and (2) its fiscal year 2018 risk assessment provided a reasonable basis for its risk determination. GAO reviewed DOE’s improper payment reporting for fiscal years 2015 through 2019 and its fiscal year 2018 risk assessment, and reviewed documents and interviewed officials from 10 of 48 reporting sites selected to provide a range of sites and about half of fiscal year 2018 reported improper payments.

What GAO Recommends

GAO is making nine recommendations to DOE, including to track and disclose information on improper payments identified later and determine whether these payments exceeded \$100 million in any year, and to revise its risk assessment process to ensure the process has a reasonable basis and reliable results. DOE agreed with six of the recommendations, but did not agree with three recommendations, including to revise its risk assessment process. GAO maintains that the recommended actions are valid.

View [GAO-20-442](#). For more information, contact Allison B. Bawden at (202) 512-3841, bawdena@gao.gov or Beryl H. Davis at (202) 512-2623, davisbh@gao.gov.

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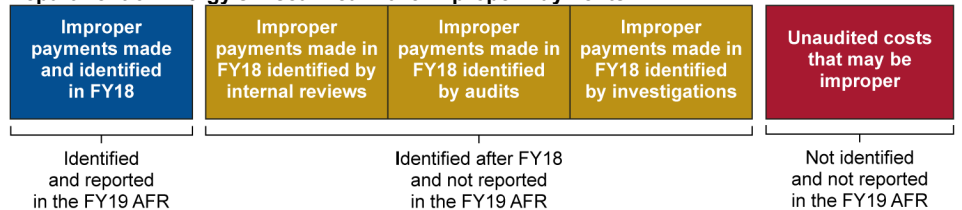
IMPROPER PAYMENTS

Improvements Needed to Ensure Reliability and Accuracy in DOE’s Risk Assessments and Reporting

What GAO Found

The improper payments amounts that the Department of Energy (DOE) reported in its annual agency financial reports (AFR) for fiscal years 2015 through 2019 may not be accurate or complete. Agencies with programs that are susceptible to significant improper payments—including those with more than \$100 million of improper payments in a year—are required to report statistically valid estimates of their improper payments. DOE determined these requirements did not apply, but optionally reported information on actual improper payments it made and identified in the prior year. For example, in its fiscal year 2019 AFR, DOE reported fiscal year 2018 improper payments—such as those made to contractors for unallowable costs—totaling about \$36 million, less than 0.1 percent of its outlays. However, DOE did not disclose that these amounts do not include improper payments identified through reviews, audits, and investigations completed several years after it issues its AFR (see figure). For example, as of September 2019, DOE had not audited \$23.8 billion of its \$38.5 billion in fiscal year 2018 outlays. Such audits may increase the improper payments in a year by millions of dollars. For example, based on a 2017 audit, DOE identified \$34 million in fiscal year 2010 improper payments. DOE does not always track information on the year improper payments were made that would allow it to determine whether improper payments identified later would increase the total to more than \$100 million. By tracking and disclosing such information, DOE could better inform Congress, the public, and others about whether it exceeded the \$100 million threshold and should be subject to additional reporting requirements.

Department of Energy’s Fiscal Year 2018 Improper Payments



AFR = agency financial report FY = fiscal year
 Source: GAO analysis of Department of Energy information. | GAO-20-442

Note: Segments of the bar are not sized to scale and do not represent the amount of improper payments.

DOE determined that its risk of significant improper payments was low in its fiscal year 2018 risk assessment. However, GAO found that the risk assessment may not provide a reasonable basis for DOE’s determination. DOE did not provide sufficient documentation to support that it considered the known lag in identifying improper payments as an inherent risk, nor did it provide sufficient documentation to support its rationale for the scale it used to score risk factors or for weighting risk ratings of payment reporting sites. For example, a payment site processing \$3 million of outlays had the same weight in the overall assessment as a payment site processing \$5.7 billion of outlays. As a result, DOE cannot demonstrate that its low-risk determination is reasonable and that its risk assessment process produces reliable results.