

## Why GAO Did This Study

Fraud poses a significant risk to the integrity of federal programs and erodes public trust in government. The increased flow of federal funds associated with the COVID-19 pandemic has increased opportunities for fraud. While the extent of fraud associated with COVID-19 relief programs has not yet been fully determined, available information indicates substantial levels of fraud and potential fraud occurred. For example, in December 2022, GAO reported that estimated fraud in DOL's Unemployment Insurance programs during the pandemic totaled over \$60 billion.

To help federal program managers strategically manage their fraud risks during both normal operations and emergencies, GAO published the Fraud Risk Framework in July 2015. It provides a comprehensive set of leading practices that serve as a guide for agency managers to use when developing efforts to combat fraud. Since 2015, GAO has issued over 70 reports with numerous recommendations to help federal agencies manage their fraud risks.

This report highlights areas where GAO's prior work has shown that federal agencies and Congress can take action to help ensure effective fraud risk management.

## What GAO Recommends

From July 2015 through December 2022, GAO made 142 recommendations to over 40 agency or program offices related to one or more of the five key areas. As of January 2023, 74 of the recommendations had not been fully implemented.

View [GAO-23-106567](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or [BagdoyanS@gao.gov](mailto:BagdoyanS@gao.gov).

# FRAUD RISK MANAGEMENT

## Key Areas for Federal Agency and Congressional Action

### What GAO Found

GAO's prior work has highlighted five areas in which federal agencies need to take additional actions to help ensure they are effectively managing fraud risks, consistent with leading practices in GAO's *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework).

#### Federal Agencies Need to Improve Fraud Risk Management Efforts in Five Areas



Source: GAO (information and icons). | GAO-23-106567

GAO has recently made several recommendations to, for example, the Department of Labor (DOL) to improve fraud risk management in the Unemployment Insurance programs, including recommendations to assess fraud risks and to design and implement an antifraud strategy. DOL has begun taking steps to implement these recommendations, but its work remains incomplete. Completing these efforts would help DOL manage Unemployment Insurance fraud risks more effectively.

GAO's prior work has also identified actions that Congress can take to strengthen fraud risk management practices across the government.

- **Reinstating the requirement for agencies to report on their antifraud controls and fraud risk management efforts in agency financial reports.** In March 2022, GAO recommended that Congress amend the Payment Integrity Information Act of 2019 to reinstate certain reporting requirements. Requiring agencies to report annually on their antifraud controls and fraud risk management efforts will help facilitate congressional oversight and focus agency attention on strategic fraud risk management—both during normal operations and in emergencies—and help align their efforts with leading practices.
- **Establishing a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.** Inspectors General did not have access to a government-wide analytical capability to help identify fraud until more than a year after agencies began distributing relief funds. Without permanent government-wide analytics capabilities to assist the oversight community, agencies will have limited resources to apply to nonpandemic programs to ensure robust financial stewardship, as well as to better prepare for applying fundamental financial and fraud risk management practices to future emergency funding.