### A Framework for Managing Improper Payments in Emergency Assistance Programs

July 2023, Highlights of GAO-23-105876, a report to congressional committees

#### Why GAO Did This Study

Natural disasters are projected to increase in frequency and intensity. These events, as well as pandemics, cyberattacks, and terrorism, have highlighted challenges federal agencies face in responding to emergencies. In emergencies, the risk of improper payments may be higher because the need to provide assistance quickly can hinder the implementation of effective controls.

#### **IMPROPER PAYMENTS 101**



#### What are improper payments?

Improper payments are any payments that should not have been made or that were made in an incorrect amount—such as overpayments and underpayments.

#### Are they the same as fraud?

While all payments resulting from fraudulent activity are considered improper, not all improper payments are the result of fraud. For example, they can result from lack of agency oversight, mismanagement, errors, and abuse.

#### BY THE NUMBERS

#### \$2.4 trillion

Estimated improper payments since 2003 for certain federal programs and activities

### What are the five principles that can help federal program managers mitigate improper payments in emergency assistance programs?

This framework provides principles to help Congress and federal program managers. When properly and promptly applied, these principles can successfully reduce improper payments.



Commit to managing improper payments

**Identify and** assess improper payment risks, including fraud

**Design and** implement effective control activities

Monitor the effectiveness of controls in managing improper payments

Provide and obtain information to manage improper payments

- Develop internal control plans in advance to prepare for future emergencies
- Identify data-sharing opportunities
- Assign clear roles and responsibilities for managing improper payments
- ☐ Implement open recommendations related to improper payments
- Apply lessons learned from past emergencies

- Leverage prior risk assessments
- Quickly identify and assess new improper payment risks
- Support nonfederal entities in assessing and managing improper payment risks
- □ Define risk tolerance
- ☐ Periodically assess whether ☐ Ensure controls align programs are susceptible to significant improper payments, including fraud
- Establish control activities at the beginning of the program
- Leverage existing resources to create controls quickly
- □ Prioritize prepayment controls and avoid overreliance on "pay and chase" controls
- with statutory requirements
- Establish timely ongoing monitoring and separate evaluations
- □ Estimate improper payments
- ☐ Analyze the root cause of improper payments
- Monitor nonfederal entities' implementation of emergency assistance programs
- Develop corrective actions

- ☐ Provide improper payment information to nonfederal entities
- Provide improper payment information to oversight entities
- □ Obtain and use information from nonfederal entities and state and local auditors

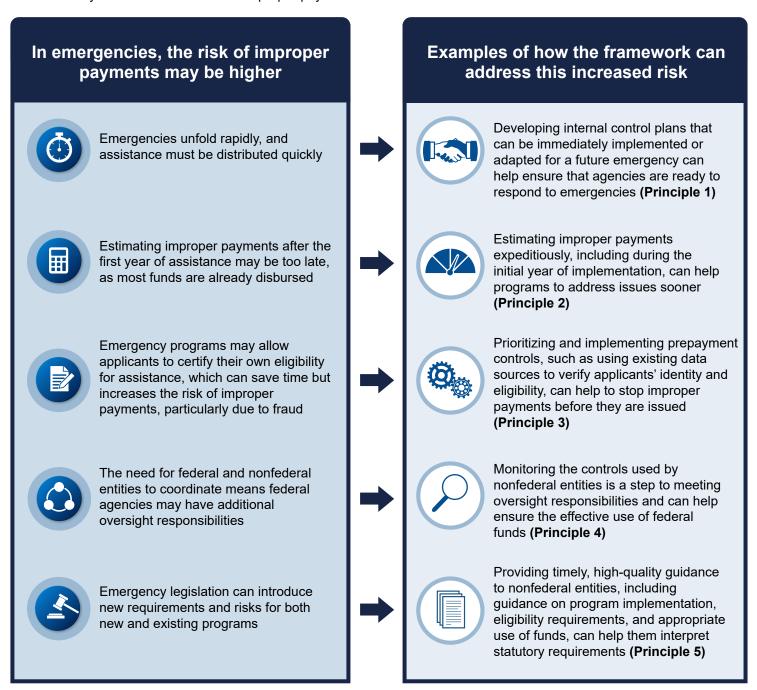
# A Framework for Managing Improper Payments in Emergency Assistance Programs



July 2023, Highlights of GAO-23-105876, a report to congressional committees

# How can applying the principles of GAO's framework help address increased risk during emergencies?

Agencies are better able to manage improper payment risk during emergencies if they have taken steps to manage this risk effectively under normal conditions. When emergencies occur, agencies may need to develop new programs or significantly expand existing ones, which can involve increased risk. This increased risk may require additional emphasis on specific elements of the framework, such as those described below. Delaying or omitting the implementation of these elements may lead to increased risk of improper payments.



Source: GAO (analysis and icons); Lunaraa/stock.adobe.com (icons). | GAO-23-105876