

# GAO Highlights

Highlights of [GAO-24-107157](#), a testimony before the Subcommittee on Emerging Threats and Spending Oversight, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

Since March 2020, Congress and the administration have provided trillions of dollars in COVID-19 relief funding to help the nation respond to, and recover from, the pandemic. Agencies across the federal government acted quickly to stand up new programs and greatly scale up existing programs.

While COVID-19 relief programs were critical for assuring public health and economic stability, they also created unprecedented opportunities for fraud due to the dollars involved and other risk factors. While the full extent of fraud associated with the COVID-19 relief funds will never be known with certainty, estimates are in the hundreds of billions. In light of what was likely lost to fraud during the pandemic, the importance of fraud prevention cannot be stressed enough.

This testimony discusses (1) insights for prevention from COVID-19 fraud; and (2) recommendations, matters, and resources for improving fraud prevention in normal operations and future emergencies.

GAO reviewed its prior COVID-19 findings and recommendations on internal controls and fraud risk management practices.

## What GAO Recommends

As of August 2023, agencies needed to take additional action to fully address 95 GAO recommendations to help ensure they are effectively managing fraud risks. Additionally, in [March 2022](#), GAO identified 10 actions Congress could take to strengthen internal controls and financial and fraud risk management practices across the government. All 10 remain open.

View [GAO-24-107157](#). For more information, contact Rebecca Shea at (202) 512-6722 or [shear@gao.gov](mailto:shear@gao.gov).

November 14, 2023







## COVID-19

### Insights and Actions for Fraud Prevention

## What GAO Found

Challenges that agencies faced in implementing COVID-19 relief programs provide insights into fraud prevention for normal operations and future emergencies. Specifically, understanding fraud schemes that emerged during the pandemic can provide opportunities for program managers to identify internal controls that had been circumvented and respond to mitigate the related risks. Data and system challenges, such as limited data sharing, highlight the value of data analytics for fraud prevention. Additionally, thoughtful program design choices that consider fraud vulnerabilities can facilitate fraud prevention.


#### Insights from COVID-19 Relief to Inform Fraud Prevention

 <b>Misrepresentation</b>	<b>Insight #1</b> Self-certification alone is not sufficient as a fraud control to mitigate misrepresentation.
 <b>Fraud conspiracy</b>	<b>Insight #2</b> Assess fraud risks to include emerging and complex schemes—such as those involving conspiracies—from cases affecting other similar programs.
 <b>Not leveraging available data</b>	<b>Insight #3</b> Leverage the Department of the Treasury's free payment integrity services, as well as available program or agency data.
 <b>Legacy systems limit data use</b>	<b>Insight #4</b> Address interoperability issues to support future use of data analytics for fraud prevention and detection.
 <b>Identity theft</b>	<b>Insight #5</b> Assume identity information has been compromised, and develop and apply upfront controls to verify applicant identity.
 <b>Limiting data access and use</b>	<b>Insight #6</b> Ensure payment integrity checks and fraud controls are part of program design, with an emphasis on assuring data access and use for fraud prevention.

Sources: GAO (information); Icons-Studio/stock.adobe.com (icons). | [GAO-24-107157](#)

With strategic fraud risk management, agencies are better positioned to manage fraud during normal operations and emergencies. Sources that provide additional insight for fraud prevention include recommendations GAO has made to agencies, actions GAO identified that Congress can take to strengthen fraud risk management practices across the government, and resources GAO developed to support strategic fraud risk management. Implementing these recommendations and taking these actions, along with leveraging available resources, can enable agencies to carry out their missions and better protect taxpayer dollars from fraud during normal operations and prepare them to face the next emergency.

#### An Insight Based on GAO Resources and Recommendations to Agencies and Congress

 <b>Actions and resources</b>	<b>Insight #7</b> Take actions to better prevent fraud by implementing GAO recommendations and using resources.
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