

Improper Payments: Information on Agencies' Fiscal Year 2024 Estimates

GAO-25-107753

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

March 11, 2025

Why This Matters

Improper payments—those that should not have been made or were made in the incorrect amount—have consistently been a government-wide issue. Since fiscal year 2003, cumulative improper payment estimates by executive branch agencies have totaled about \$2.8 trillion, and the actual amount of improper payments may be significantly higher. Reducing improper payments is critical to safeguarding federal funds.

The Payment Integrity Information Act of 2019 (PIIA) requires agencies to manage improper payments by identifying risks, taking corrective actions, and estimating and reporting on improper payments in programs they administer. PIIA also requires each agency's inspector general (IG) to issue an annual report on compliance with applicable PIIA criteria. We have reported on improper payments in our audit reports on the U.S. government's consolidated financial statements since fiscal year 1997, and we have found that these payments represent a material deficiency or weakness in internal controls. Specifically, we have noted that the federal government is unable to determine the full extent of its improper payments or to reasonably assure that it takes appropriate actions to reduce them.

House Report 117-389, which accompanied the Legislative Branch Appropriations Act, 2023, includes a provision for GAO to provide quarterly reports on improper payments. This is our ninth such report, and it provides an overview of federal agencies' improper payment estimates for fiscal year 2024. Additionally, we discuss agencies' compliance with requirements for reporting and managing improper payments in fiscal year 2023.

Key Takeaways

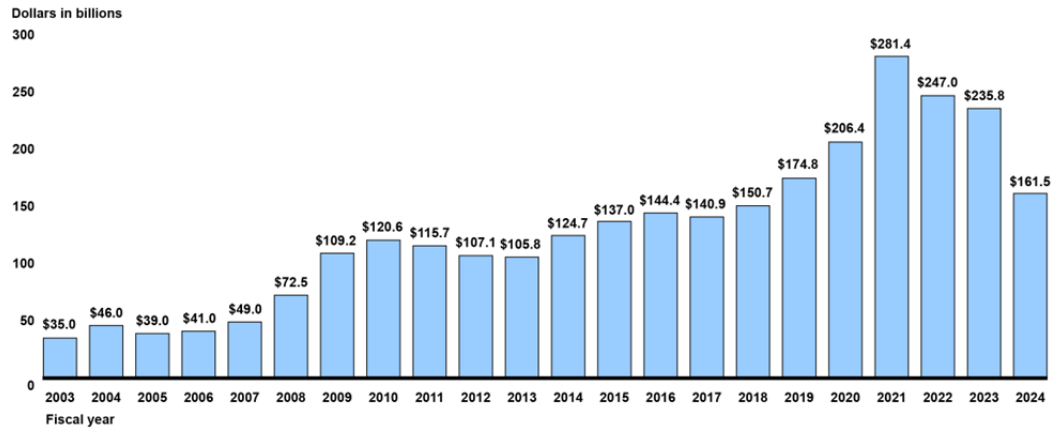
- In fiscal year 2024, federal agencies' estimates totaled about \$162 billion in improper payments, a decrease of about \$74 billion from the prior fiscal year. The reduction in estimated improper payments is largely attributable to the termination or winding down of certain COVID-19 programs. About \$135 billion (approximately 84 percent) of the estimates represent overpayments.
- The improper payment estimates do not represent the full extent of government-wide improper payments. The total of fiscal year 2024 improper payment estimates represent a small subset of all federal programs. For example, some programs that agencies have determined are susceptible to significant improper payments, such as the Department of Health and Human Services' (HHS) Temporary Assistance for Needy Families (TANF), do not estimate improper payments. In addition, IGs have reported that agencies' improper payment estimates are unreliable for some programs.

- In fiscal year 2023, 13 of the 24 agencies that the Chief Financial Officers Act of 1990 (CFO Act) covers fully complied with applicable improper payment criteria, as reported by their agency IGs.

What are federal agencies' estimates for fiscal year 2024 improper payments?

Agencies reported about \$162 billion in improper payment estimates for fiscal year 2024.¹ This amount represents a decrease of about \$74 billion from the fiscal year 2023 total (see fig. 1).²

Figure 1: Total Reported Executive Agency Improper Payment Estimates, Fiscal Years 2003–2024



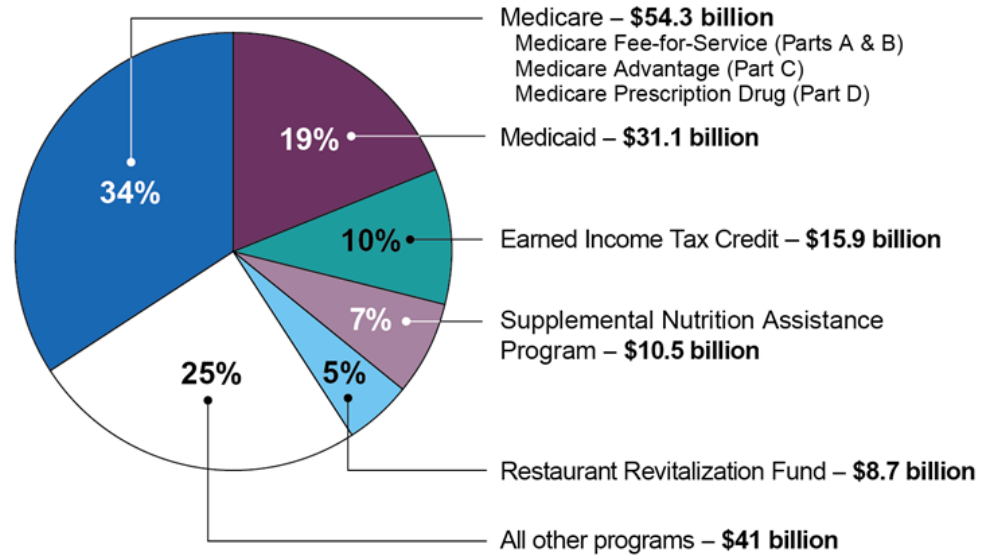
Source: GAO | GAO-25-107753

Note: Prior year improper payment estimates have not been adjusted for inflation.

Our analysis of agency data shows that 16 agencies reported improper payment estimates across 68 programs, representing a small subset of all federal programs. As shown in figure 2, about 75 percent (\$121 billion) of the government-wide total of estimated improper payments that agencies reported for fiscal year 2024 is concentrated in five program areas:

- HHS's Medicare, comprising three programs (\$54 billion);³
- HHS's Medicaid (\$31 billion);⁴
- the Department of the Treasury's Earned Income Tax Credit (\$16 billion);
- the Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (\$11 billion); and
- the Small Business Administration's (SBA) Restaurant Revitalization Fund (\$9 billion).

Figure 2: Programs Reporting the Largest Percentage of Government-Wide Improper Payments Estimates for Fiscal Year 2024

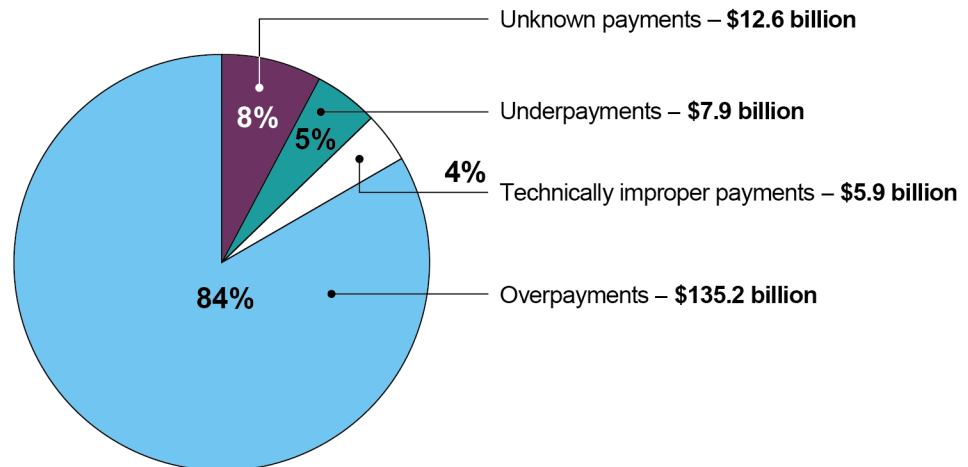


Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-25-107753

Note: Improper payment estimates displayed in the figure include both improper and unknown payments. Executive agency estimates of improper payments treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation.

As shown in figure 3, most of the total \$162 billion in government-wide improper payment estimates for fiscal year 2024 consisted of overpayments. The remaining improper payments consisted of underpayments, unknown payments, and technically improper payments.⁵

Figure 3: Agencies' Fiscal Year 2024 Reported Estimated Improper Payments by Type



Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-25-107753

Note: Percentages in the figure do not sum to 100 percent due to rounding.

The fiscal year 2024 improper payment estimates do not include certain programs that agencies have determined are susceptible to significant improper payments. As a result, the total reported estimates potentially do not represent the full extent of government-wide improper payments. For example, the \$162 billion total does not include estimates of improper payments made under HHS's

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.⁶ As of January 2025, Congress had not yet acted on this recommendation. In addition, various other programs did not report improper payment estimates for fiscal year 2024, such as the Department of Housing and Urban Development (HUD) Office of Public and Indian Housing's Tenant-Based Rental Assistance and the SBA's Shuttered Venue Operators Grant program.

GAO has made numerous recommendations to Congress and agencies to help reduce improper payments government-wide. In March 2022, GAO recommended 10 matters for congressional consideration to enhance transparency and accountability of federal spending. 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.⁷ As of January 2025, these matters remain open.

How many programs reported improper payment amounts of at least \$5 billion?

For fiscal year 2024, eight federal programs reported improper payment estimates of \$5 billion or more (see table 1).⁸

Table 1: Federal Programs Reporting Annual Estimated Improper Payment Amounts of at Least \$5 Billion for Fiscal Year 2024

Agency	Program name	Estimated improper payment amount (dollars in billions)
Department of Health and Human Services	Medicare Fee-for-Service	\$32
Department of Health and Human Services	Medicaid	31
Department of Health and Human Services	Medicare Advantage (Part C)	19
Department of the Treasury	Earned Income Tax Credit	16
Department of Agriculture	Supplemental Nutrition Assistance Program	11
Small Business Administration	Restaurant Revitalization Fund	9
Social Security Administration	Supplemental Security Income	6
Department of Labor	Federal State Unemployment Insurance	6

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-25-107753

Note: Improper payment estimates displayed in the table include both improper and unknown payments. Executive agency estimates of improper payments treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation.

How many programs reported improper payment rates of at least 10 percent?

For fiscal year 2024, 18 federal programs reported improper payment rate estimates of at least 10 percent, including six programs whose rates exceeded 25 percent (see table 2).⁹

Table 2: Federal Programs Reporting Annual Estimated Improper Payment Rates Greater Than 10 Percent for Fiscal Year 2024

Agency	Program name	Estimated improper payment rate (percent)
Department of Agriculture	Emergency Conservation Program – Disasters	45.2
Small Business Administration	Restaurant Revitalization Fund	30.3
Department of the Treasury	Refundable Premium Assistance Tax Credit	28.5
Department of the Treasury	American Opportunity Tax Credit	27.7
Department of the Treasury	Earned Income Tax Credit	27.3
Small Business Administration	Paycheck Protection Program (PPP) Loan Forgiveness	25.2
Small Business Administration	PPP Loan Guaranty Purchases	24.7
Corporation for National and Community Service	The Foster Grandparent Program	17.6
Department of Labor	Federal State Unemployment Insurance	15.9
Department of Veterans Affairs	Pension	13.9
Department of Veterans Affairs	Purchased Long Term Services and Supports	13.5
Department of Agriculture	Livestock Forage Disaster Program	12.9
Department of Agriculture	Agriculture Risk Coverage and Price Loss Coverage	12.8
Department of Health and Human Services	Head Start	12.0
Department of Agriculture	Supplemental Nutrition Assistance Program	11.7
Department of Agriculture	Noninsured Crop Disaster Assistance Program	11.6
Department of the Treasury	Additional Child Tax Credit	10.7
Social Security Administration	Supplemental Security Income	10.6

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-25-107753

Note: Improper payment rates displayed in the table include both improper and unknown payments. Executive agency estimates of improper payments treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. The estimated improper payment rate is the estimated amount in improper payments divided by the amount in program outlays for a given program in a given fiscal year.

How many programs reported substantial declines in improper payments?

Our analysis of PaymentAccuracy.gov data found that eight programs experienced substantial declines in reported estimated improper payments for fiscal year 2024 compared to the prior year (see table 3).¹⁰ Agencies attributed these declines to factors such as terminating or winding down certain programs. These include programs specific to the COVID-19 pandemic and programs for which agencies had temporary review flexibilities during the public health emergency (e.g., Medicaid). In addition, variability arising from the improper

payment estimation process could potentially explain a portion of the reported declines.

Table 3: Federal Programs with Substantial Declines in Estimated Improper Payments from Fiscal Year 2023 to Fiscal Year 2024

Agency/program	Estimated fiscal year 2024 improper payments (dollars in billions)	Decrease in amount from fiscal year 2023 (dollars in billions)	Decrease in rate from fiscal year 2023 (net percentage points)	Reason for decrease from agency financial report
Department of Labor – Federal Pandemic Unemployment Assistance	\$0	\$44	35.9	Termination of program.
Department of Health and Human Services – Medicaid	31	19	3.5	Improved state compliance and COVID-19 review flexibilities. ^a
Small Business Administration – Paycheck Protection Program Loan Forgiveness	0.4	18	15.3	Winding down of program.
Department of the Treasury – Earned Income Tax Credit	16	6	6.2	Agency focus on outreach and education around refundable tax credits.
Social Security Administration – Old-Age, Survivors, and Disability Insurance	4	4	0.4	No reason provided.
Small Business Administration – COVID-Economic Injury Disaster Loan	0	3	8.1	Winding down of program.
Small Business Administration – Paycheck Protection Program Loan Guaranty Purchases	2	2	24.4	Winding down of program.
Department of Health and Human Services – Children’s Health Insurance Program	1	1	6.7	Improved state compliance and COVID-19 review flexibilities. ^a

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data and agency financial reports. | GAO-25-107753

Note: Improper payment estimates and rates displayed in the table include both improper and unknown payments. Executive agency estimates of improper payments treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. The estimated improper payment rate is the estimated amount in improper payments divided by the amount in program outlays for a given program in a given fiscal year.

^aThe Department of Health and Human Services (HHS) attributes the decline in fiscal year 2024 in part to flexibilities granted to states during the COVID-19 public health emergency. For example, states were required to keep people continuously enrolled in Medicaid regardless of whether their eligibility status changed. Thus,

according to HHS, payments that would have previously been determined to be improper would not be improper under the relaxed requirements.

How many programs reported substantial increases in improper payments?

According to the PaymentAccuracy.gov data that we analyzed, four programs experienced substantial increases in reported estimated improper payments for fiscal year 2024 (see table 4). For two of these programs, the increases were because the agencies did not report improper payments estimates for the prior fiscal year. In addition, variability arising from the improper payment estimation process could potentially explain a portion of the reported increases.

Table 4: Federal Programs with Substantial Increases in Estimated Improper Payments from Fiscal Year 2023 to Fiscal Year 2024

Agency/program	Estimated fiscal year 2024 improper payments (dollars in billions)	Increase in amount from fiscal year 2023 (dollars in billions)	Increase in rate from fiscal year 2023 (net percentage points)	Reason for increase from agency financial report
Small Business Administration – Restaurant Revitalization Fund	\$9	\$9	30.3	First time reporting in fiscal year 2024.
Department of the Treasury – Additional Child Tax Credit	3	3	(3.7) ^a	From fiscal year 2023 to 2024, reported claims increased significantly, from about \$4 billion to about \$32 billion.
Department of Homeland Security – Validate As You Go (VAYGo)	2	2	3.9	Program did not report improper payments in fiscal year 2023; resumed reporting of improper payments in fiscal year 2024.
Social Security Administration – Supplemental Security Income	6	1	1.4	No reason provided.

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data and agency financial reports. | GAO-25-107753

Note: Improper payment estimates and rates displayed in the table include both improper and unknown payments. Executive agency estimates of improper payments treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. The estimated improper payment rate is the estimated amount in improper payments divided by the amount in program outlays for a given program in a given fiscal year.

^aAgency reported an increase in the estimated improper payment amount because of an increase in outlays, despite the decrease in the improper payment rate.

What are the requirements for agencies' management of improper payments?

PIIA requires executive branch agencies to, among other things, (1) review all programs and activities and identify those that may be susceptible to significant improper payments (commonly referred to as conducting a risk assessment), (2) publish improper payment estimates for those programs and activities, (3) implement corrective actions to reduce improper payments and set reduction targets, and (4) report on the results of addressing the foregoing requirements.¹¹ In addition, PIIA requires the IG at each executive branch agency to issue an annual report on the agency's compliance with applicable PIIA criteria.¹²

The Office of Management and Budget (OMB) plays a key role in developing guidance for executive branch agencies on estimating and reporting on improper payments. OMB Circular No. A-123, appendix C, includes guidance for IGs on how to determine agency compliance with applicable PIIA criteria.¹³ It also

includes guidance for executive branch agencies on the corrective actions that PIIA requires them to take if IGs find them noncompliant.

As shown in figure 4, PIIA and OMB M-21-19 include criteria for determining compliance.

Figure 4: Executive Agency Compliance Criteria and Requirements as Outlined Under the Payment Integrity Information Act of 2019 and Federal Guidance

OMB Memorandum M-21-19 provided guidance for the Payment Integrity Information Act of 2019 (PIIA). The updated guidance was first effective for fiscal year 2021

PIIA criteria and OMB M-21-19 guidance

-  **Publish improper payments information:**
 - With annual financial report
 - On agency's website with OMB-required accompanying materials
-  **Conduct risk assessment and conclude on risk assessment adequacy**
-  **Publish improper payment estimates**
-  **Publish corrective action plan**
-  **Develop reduction targets**
 - Publish reduction targets
 - Demonstrate improvements
 - Develop improper payments reduction plan
-  **Have an improper payment rate <10%**

Source: GAO analysis of Office of Management and Budget (OMB) information, GAO (images). | GAO-25-107753

Specifically, OMB instructs IGs to report on whether their agencies

- 1a. publish payment integrity information with their annual financial statements,
- 1b. post their annual financial statements and accompanying materials on their websites,
- 2a. conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last 3 fiscal years,
- 2b. adequately conclude whether each program is likely to make improper payments and unknown payments above or below the statutory threshold (either \$100 million or both 1.5 percent of program outlays and \$10 million),
3. publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statements,
4. publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statements,

- 5a. publish an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statements,
- 5b. demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate,
- 5c. develop a plan to meet their improper payment and unknown payment reduction targets,¹⁴ and
- 6. report improper payment and unknown payment estimates of less than 10 percent for each program for which they published estimates in the accompanying materials to their annual financial statements.

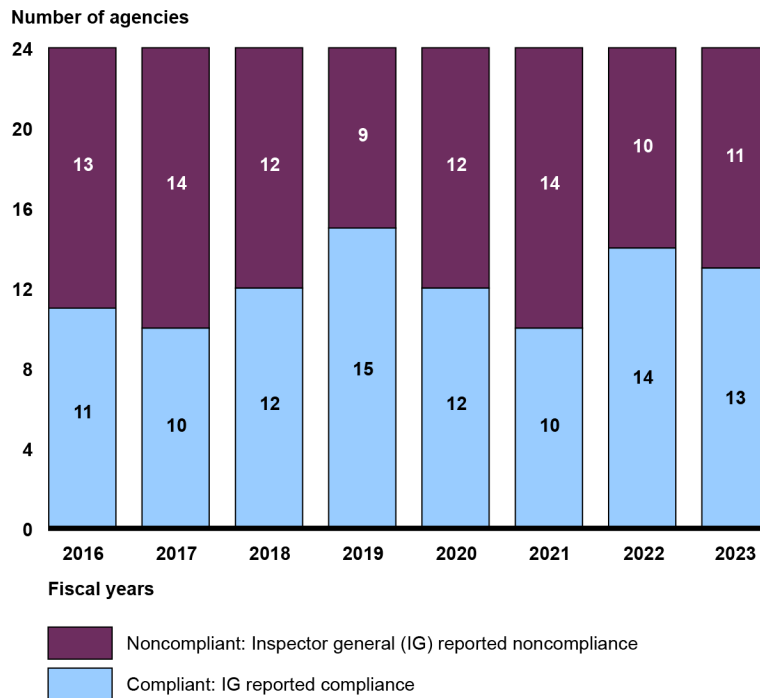
The criteria described above do not apply to all programs or agencies. For example, if an agency determines through its risk assessment that none of its programs or activities are susceptible to significant improper payments, criteria three through six would not be applicable.

If an IG concludes that any of the agency’s programs or activities fail to meet any of the applicable criteria, the agency is considered noncompliant under PIIA for that fiscal year and is required to take additional actions for each year it is noncompliant, such as providing OMB with a description of the actions that the agency will take to come into compliance.

How many CFO Act agencies complied with applicable legal criteria and guidance for management of improper payments?

According to their IGs, in fiscal year 2023, the most recent available year, 13 of the 24 CFO Act agencies fully complied with PIIA criteria and related OMB requirements.¹⁵ This was a decrease from fiscal year 2022, when IGs reported that 14 of these agencies were compliant. Figure 5 provides an 8-year comparison of agency compliance rates, as reported by agencies’ IGs.¹⁶

Figure 5: CFO Act Agencies’ Compliance with PIIA or IPERA Criteria for Fiscal Years 2016 Through 2023, as Reported by Their Inspectors General



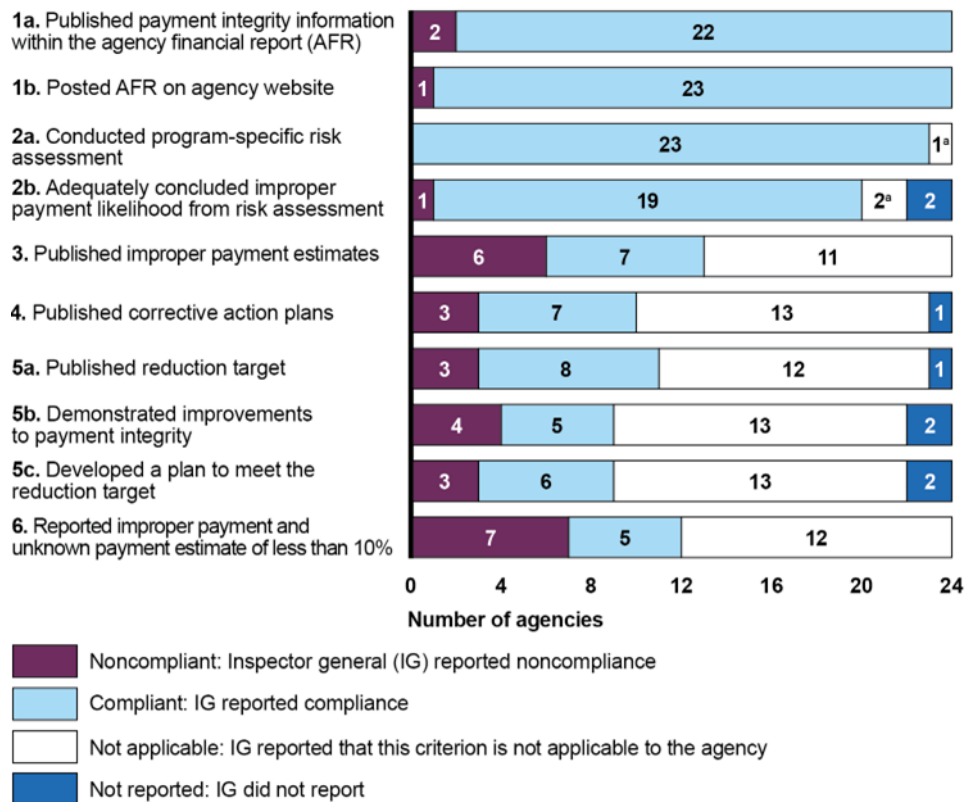
IPERA: Improper Payments Elimination and Recovery Act of 2010
 PIIA: Payment Integrity Information Act of 2019
 CFO Act: Chief Financial Officers Act of 1990

Source: GAO analysis of CFO Act agencies’ IG compliance reports. | GAO-25-107753

The decrease in compliance with PIIA and related OMB criteria from fiscal years 2022 to 2023 is attributable to two previously compliant agencies becoming noncompliant. Additionally, one previously noncompliant agency became compliant.¹⁷ While the IGs for 13 of the CFO Act agencies determined their respective agencies were compliant with PIIA criteria in 2023, the IGs for five of these agencies issued recommendations regarding improper payments. The recommendations were related to the reliability of estimates and adequacy of risk assessments, among other findings.

As shown in figure 6, nine of the 10 criteria had at least one noncompliant agency in fiscal year 2023, and a few criteria had relatively high noncompliance rates. For example, IGs found that seven of the 12 agencies for which criterion 6 was applicable had at least one program reporting an improper payment estimate of over 10 percent.

Figure 6: CFO Act Agencies' Compliance with PIIA and OMB Criteria for Fiscal Year 2023, as Reported by Their IGs



CFO Act - Chief Financial Officers Act of 1990
 PIIA - Payment Integrity Information Act of 2019
 OMB - Office of Management and Budget

Source: GAO analysis of IG compliance reports. | GAO-25-107753

^aThe Department of Health and Human Services' (HHS) IG determined that criteria 2a and 2b were not applicable for HHS for specific programs identified in its IG compliance report. However, HHS IG found that the agency did not risk assess every program with annual outlays greater than \$10 million at least once in every 3 years.

Eleven agencies were noncompliant with at least one criterion in fiscal year 2023, as reported by their IGs (see table 5).

Table 5: Chief Financial Officers Act of 1990 Agencies Noncompliant with Payment Integrity Information Act of 2019 and Office of Management and Budget Criteria for Fiscal Year 2023, as Reported by Their Inspectors General

Agency	Criteria that agency did not comply with
Department of Agriculture	Publish corrective action plans Publish reduction target Report improper payments and unknown payment estimates of less than 10 percent
Department of Defense	Publish improper payment estimates
Department of Health and Human Services	Publish improper payment estimates Demonstrate improvements to payment integrity Develop a plan to meet the reduction target Report improper payments and unknown payment estimates of less than 10 percent
Department of Homeland Security	Publish improper payment estimates
Department of Housing and Urban Development	Publish improper payment estimates
Department of Labor	Publish payment integrity information within the agency financial report (AFR) Publish reduction target Develop a plan to meet the reduction target Report improper payments and unknown payment estimates of less than 10 percent
Department of the Treasury	Adequately conclude improper payment likelihood from risk assessment Report improper payments and unknown payment estimates of less than 10 percent
Department of Veterans Affairs	Report improper payments and unknown payment estimates of less than 10 percent
Office of Personnel Management	Publish improper payment estimates Publish corrective action plans Demonstrate improvements to payment integrity Report improper payments and unknown payment estimates of less than 10 percent
Small Business Administration	Publish payment integrity information within the AFR Post AFR on agency website Publish improper payment estimates Publish corrective action plans Publish reduction target Demonstrate improvements to payment integrity Develop a plan to meet the reduction target Report improper payments and unknown payment estimates of less than 10 percent
Social Security Administration	Demonstrate improvements to payment integrity

Source: GAO analysis of inspectors general compliance reports. | GAO-25-107753

IGs identified a variety of causes for agencies' noncompliance with these criteria and published numerous findings and recommendations for improvements.

- High improper payment rate estimates.** IGs found seven agencies (USDA, HHS, Department of Labor (DOL), Treasury, Department of Veterans Affairs (VA), Office of Personnel Management (OPM), and SBA) noncompliant with OMB criterion 6. IGs recommended that three of the seven (HHS, DOL, and

VA) reduce their improper payment rate estimates below the 10 percent threshold. For example, DOL's IG recommended that DOL maintain its current focus on increasing technical assistance and funding to states to improve the improper payment reduction strategies and thereby reduce the improper payment estimate rate.¹⁸

- **Unreliable estimates.** IGs designated six agencies (Department of Defense, HHS, Department of Homeland Security, HUD, OPM, and SBA) as noncompliant with OMB criterion 3. IGs recommended that these six and two additional agencies, USDA and Education, address their unreliable improper payment estimates. For example, the SBA IG reported that SBA's published improper payment estimates were not accurate and that the population of outlays subjected to sampling, testing, and reporting was not complete.¹⁹ As a result, the SBA IG issued multiple recommendations, including that the agency ensure that timely and complete reconciliations are performed on the population of transactions used for estimating improper payments and that the agency implement statistically acceptable sampling and estimation methodology plans.
- **Inadequate risk assessments.** The Treasury IG found that Treasury was noncompliant with OMB criterion 2b, as the agency did not adequately complete its risk assessments for all programs.²⁰ According to the IG, this could lead to an inaccurate assessment of a program's susceptibility to improper payments. As a result, the IG recommended that the agency accurately complete and review program-specific risk assessments. The IG also recommended that Treasury consider all information available when answering risk assessment questions. In addition, IGs made recommendations to six other agencies (Department of Energy, HHS, Department of the Interior, Environmental Protection Agency, OPM, and SBA) to modify risk assessment methodologies or update their related processes.

Agency Comments

We provided a draft of this report to OMB for review and comment. OMB did not have any comments on the report.

How GAO Did This Study

To conduct this work, we compiled improper payment estimates from OMB's PaymentAccuracy.gov website. We summarized and compared the improper payment estimates to identify any substantial changes from fiscal year 2023 to fiscal year 2024. A substantial change in improper payments is one in which the estimated improper payment amount changed by at least \$1 billion, and the improper payment rate changed more than the reported margin of error for the agency estimate of improper payments. We reviewed the agencies' respective agency financial reports or performance and accountability reports and the PaymentAccuracy.gov website to determine what factors agencies identified as the causes for these changes. In addition, we reviewed the PIIA criteria compliance reports each agency's IG issued for fiscal year 2023, the most recent available year.

We conducted this performance audit from August 2024 to March 2025 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 G. 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>.

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Endnotes

¹An improper payment is defined by law as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes 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 for such payments where authorized by law), and any payment that does not account for credit for applicable discounts. 31 U.S.C. § 3351(4). When an executive agency's review is unable to discern whether a payment was proper because of insufficient or lack of documentation, this payment must also be included in the improper payment estimate. 31 U.S.C. §3352(c)(2).

²GAO, *Improper Payments: Information on Agencies' Fiscal Year 2023 Estimates*, [GAO-24-106927](#) (Washington, D.C.: Mar. 26, 2024).

³The Medicare improper payment estimate is composed of the Medicare Fee-For-Service, Medicare Advantage (Part C), and Medicare Prescription Drug (Part D) programs.

⁴Medicaid is a federal-state program that provides health coverage assistance for certain individuals who qualify due to low income or other criteria. HHS annually computes Medicaid improper payments as a weighted average of states' improper payment estimates for three component parts: fee-for-service, managed care, and beneficiary eligibility determinations.

⁵OMB's [PaymentAccuracy.gov](#) data call for fiscal year 2024 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 or activities that are identified as susceptible to improper payments. According to OMB M-21-19, "overpayments" are payments exceeding the amount due, and are payments that, in theory, should or could be recovered. "Underpayments" are those in which recipients did not receive the funds to which they were

entitled. “Unknown payments” are those that a program cannot determine were either proper or improper. “Technically improper payments” are those in which recipients received funds they were entitled to, but the payment failed to follow all applicable statutes or regulations.

⁶GAO, *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).

⁷GAO, *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).

⁸The \$5 billion threshold was selected because the programs that met this threshold combine to cover over 75 percent of all government-wide reported improper payment estimates.

⁹As described later in this report, agencies must report an improper payment rate of less than 10 percent for each program for which they publish an estimate if they are to be considered in “compliance” under PIIA. 31 U.S.C. § 3351(2)(F).

¹⁰PaymentAccuracy.gov is an official U.S. government website managed by OMB. It contains, among other things, information about current and historical rates (i.e., agency-reported amounts as a percentage of outlays) and amounts of improper payments, root causes of monetary loss and improper payments, monetary-loss recovery efforts, and high-priority program scorecards. In addition, for purposes of this report, a program that has experienced a substantial decline or increase in improper payments is one in which the estimated improper payments amount decreased or increased by at least \$1 billion, and the improper payment rate decreased or increased more than the reported margin of error for the agency estimate of improper payments. This latter condition reduces but does not eliminate the possibility that the observed declines or increases are due to variability arising from the improper payment estimation process.

¹¹31 U.S.C. § 3352.

¹²31 U.S.C. § 3353(a).

¹³OMB M-21-19, issued on March 5, 2021, became effective starting in fiscal year 2021.

¹⁴OMB M-21-19’s criteria 5a, 5b, and 5c relate to 31 U.S.C. § 3351(2)(E), which states that compliance means that the executive agency “publishes improper payment reductions targets prepared under [31 U.S.C. § 3352(d)] that the executive agency may have in the accompanying materials to the annual financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets.”

¹⁵The CFO Act, Pub. L. No. 101-576, 104 Stat. 2838 (Nov. 15, 1990) (codified as amended in scattered sections of 31 U.S.C.), among other things, established chief financial officers to oversee financial management activities at 23 major executive departments and agencies. The list now includes 24 entities, which are often referred to collectively as CFO Act agencies, and is codified as amended at 31 U.S.C. § 901(b). We focused on the 24 CFO Act agencies because the improper payment estimates for those agencies accounted for over 99 percent of the federal government’s reported estimated improper payments for fiscal year 2024. However, PIIA applies to both CFO Act and non-CFO Act executive agencies. According to PaymentAccuracy.gov, 44 out of the 59 executive branch agencies reporting in fiscal year 2023 were determined by their respective IGs to be compliant with PIIA criteria. Per OMB M-21-19, the compliance reports are due within 180 days following the publishing of agencies’ annual financial statements and accompanying materials, which typically occurs in mid-November. The most recent IG compliance reports available were issued in 2024 for agencies’ fiscal year 2023 compliance with PIIA criteria.

¹⁶This comparison includes Improper Payments Elimination and Recovery Act of 2010 (IPERA) (Pub. L. No. 111-204, 124 Stat. 2224) requirements for fiscal years prior to 2020 and PIIA requirements for fiscal year 2020 onward. IPERA established a requirement for agency IGs to report annually on their respective agencies’ compliance. In March 2020, Congress and the President enacted PIIA, which repealed IPERA and the other improper payments reporting-related statutes and enacted substantially similar provisions, including those related to IGs’ reporting on agency compliance with criteria and the compliance criteria themselves. Pub. L. No. 116-117, 134 Stat. 113 (codified at 31 U.S.C. §§ 3351-58).

¹⁷The two agencies that became noncompliant with applicable PIIA criteria in fiscal year 2023 were the Office of Personnel Management and Social Security Administration. The agency that became compliant with applicable PIIA criteria in fiscal year 2023 was the Department of Education.

¹⁸Department of Labor, Office of Inspector General, *The U.S. Department of Labor Did Not Meet the Requirements for Compliance with the Payment Integrity Information Act for FY 2023*, 22-24-007-13-001 (Washington, D.C.: May 2024).

¹⁹Small Business Administration, Office of Inspector General, *Independent Auditors' Report on SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019*, 24-16 (Washington, D.C.: May 2024).

²⁰Department of the Treasury, Office of Inspector General, *Audit of Treasury's Compliance with the PIIA Requirements for Fiscal Year 2023*, OIG-24-029 (Washington, D.C.: May 2024).