

Payment Integrity: Agencies' Estimated Improper Payments Increased to \$186 Billion in Fiscal Year 2025

GAO-26-108694

Q&A Report to Congressional Committees

April 27, 2026

Accessible Version

Why This Matters

Improper payments—those that should not have been made or were made in incorrect amounts—have consistently been a government-wide issue. Since fiscal year 2003, cumulative improper payment estimates have totaled about \$3 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.

The Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget (OMB), is required to annually submit audited financial statements for the U.S. government to the President and Congress. GAO is required to audit these statements. 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.

We performed this audit in connection with the statutory requirement for GAO to audit the U.S. government's consolidated financial statements. This report provides an overview of federal agencies' improper payment estimates for fiscal year 2025. Additionally, we discuss agencies' compliance with requirements for reporting and managing improper payments in fiscal year 2024 as well as the recommendations that IGs made to the agencies to improve compliance.

Key Takeaways

- In fiscal year 2025, federal agencies' estimates totaled about \$186 billion in reported improper payments, an increase of about \$24 billion from the prior fiscal year. This increase is largely attributable to programs that reported estimates in fiscal year 2025 but did not report estimates in the prior fiscal year. In addition, the Department of Health and Human Services (HHS) noted an increase in Medicaid improper payments due to increased errors in eligibility redeterminations and provider screening while phasing out COVID-era flexibilities in the Medicaid program. About \$153 billion (approximately 82 percent) of the estimates represent overpayments.
- The improper payment estimates do not represent the full extent of government-wide improper payments. For example, some programs that agencies have determined are susceptible to significant improper payments,

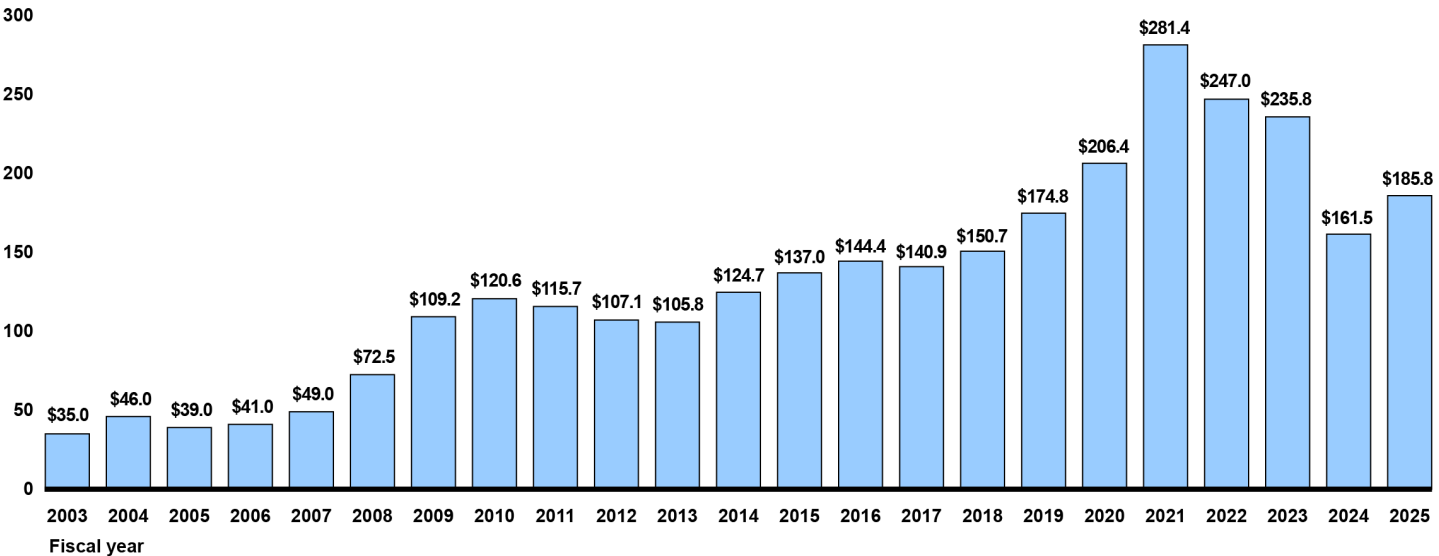
such as HHS’s Temporary Assistance for Needy Families (TANF), did not estimate improper payments. In addition, IGs have reported that agencies’ improper payment estimates are unreliable for some programs.

- In fiscal year 2024, 12 of the 24 agencies that the Chief Financial Officers Act of 1990 (CFO Act) covers fully complied with applicable improper payment criteria, according to their agency IGs.

What are federal agencies’ estimates for fiscal year 2025 improper payments?

Agencies reported about \$186 billion in improper payment estimates for fiscal year 2025.¹ This amount represents an increase of about \$24 billion from the fiscal year 2024 total (see fig. 1).²

Figure 1: Total Reported Executive Branch Agency Improper Payment Estimates, Fiscal Years 2003–2025
Dollars in billions



Source: GAO. | GAO-26-108694

Accessible Data for Figure 1: Total Reported Executive Branch Agency Improper Payment Estimates, Fiscal Years 2003–2025	
Fiscal year	Dollars in billions
2003	\$35.0
2004	\$46.0
2005	\$39.0
2006	\$41.0
2007	\$49.0
2008	\$72.5
2009	\$109.2
2010	\$120.6
2011	\$115.7
2012	\$107.1
2013	\$105.8
2014	\$124.7
2015	\$137.0
2016	\$144.4
2017	\$140.9
2018	\$150.7
2019	\$174.8

2020	\$206.4
2021	\$281.4
2022	\$247.0
2023	\$235.8
2024	\$161.5
2025	\$185.8

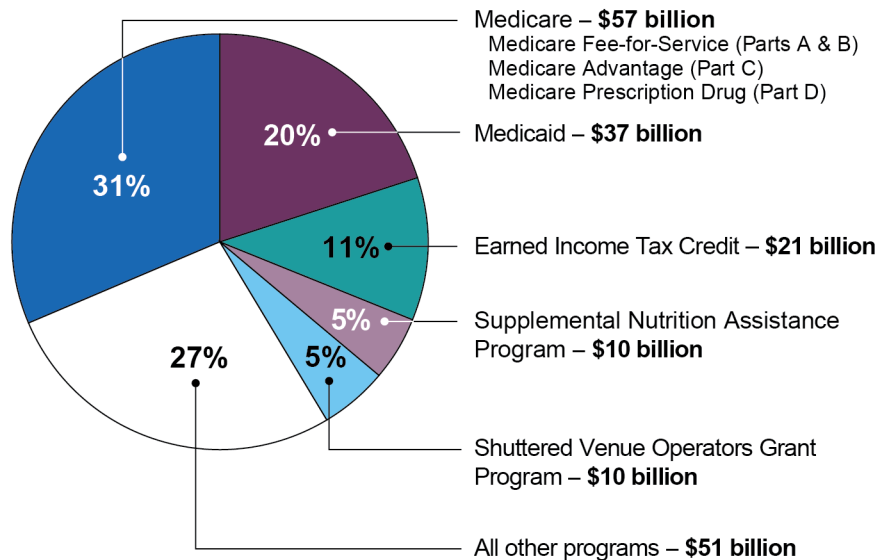
Source: GAO. | GAO-26-108694

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

Our analysis of agency data shows that 15 agencies reported improper payment estimates across 64 programs. As shown in figure 2, about 73 percent (approximately \$136 billion) of the government-wide total of estimated improper payments that agencies reported for fiscal year 2025 is concentrated in five program areas:

- HHS's Medicare, comprising three programs (\$57 billion);³
- HHS's Medicaid (\$37 billion);⁴
- the Department of the Treasury's Earned Income Tax Credit (\$21 billion);
- the Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (\$10 billion); and
- the Small Business Administration's (SBA) Shuttered Venue Operators Grant program (\$10 billion).

Figure 2: Programs Reporting the Largest Percentage of Government-Wide Improper Payments Estimates for Fiscal Year 2025



Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108694

Accessible Data for Figure 2: Programs Reporting the Largest Percentage of Government-Wide Improper Payments Estimates for Fiscal Year 2025

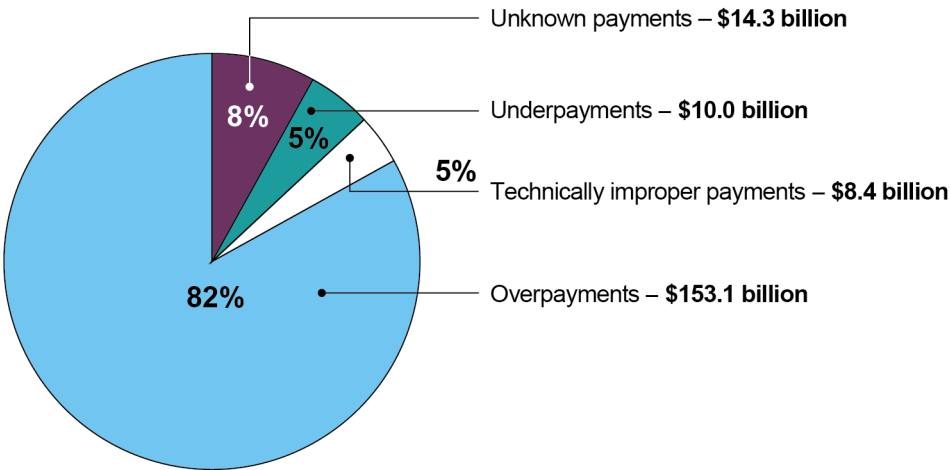
Programs Reporting the Largest Percentage of Government-Wide Improper Payments Estimates for Fiscal Year 2025	Percentage	Dollars in billions
Medicare	20%	\$57
Medicaid	11%	\$37
Earned Income Tax Credit	5%	\$21
Supplemental Nutrition Assistance Program	5%	\$10
Shuttered Venue Operators Grant Program	27%	\$10
All other programs	31%	\$51

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108694

Note: Improper payment estimates displayed in the figure include unknown payments. Executive branch agency estimates of improper payments treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. Percentages in the figure do not sum to 100 percent due to rounding.

As shown in figure 3, most of the total \$186 billion in government-wide improper payment estimates for fiscal year 2025 consisted of overpayments. The remaining improper payments consisted of underpayments, unknown payments, and technically improper payments.⁵

Figure 3: Agencies’ Fiscal Year 2025 Reported Estimated Improper Payments by Type



Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108694

Accessible Data for Figure 3: Agencies’ Fiscal Year 2025 Reported Estimated Improper Payments by Type

Agencies’ Fiscal Year 2025 Reported Estimated Improper Payments by Type	Percentage	Dollars in billions
Unknown payments	8%	\$14.3
Underpayments	5%	\$10.0
Technically improper payments	5%	\$8.4
Overpayments	82%	\$153.1

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108694

The fiscal year 2025 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 do not represent the full extent of government-wide improper payments. For example, the \$186 billion total does not include estimates of improper payments made under HHS’s TANF

program, which spent approximately \$16.5 billion in fiscal year 2025. HHS reported that it does not calculate or report improper payment amounts for this program due to statutory limitations. In April 2022, we recommended that Congress consider providing HHS the authority to require states to report the data it needs to estimate and report on improper payments for TANF.⁶ As of April 2026, Congress had not yet enacted legislation to address this recommendation.

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.⁷ 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.⁸

One of the recommended matters was that, to enhance federal payment integrity, Congress should make permanent a pilot program that requires the Social Security Administration to share its Death Master File with the Do Not Pay system that Treasury maintains. In February 2026, the President signed into law the Ending Improper Payments to Deceased People Act.⁹ This law makes the pilot program permanent, effective December 27, 2026.

As of April 2026, the other nine matters remain open.

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

For fiscal year 2025, eight federal programs reported improper payment estimates of \$5 billion or more (see table 1).¹⁰

Table 1: Federal Programs Reporting Annual Estimated Improper Payment Amounts of at Least \$5 Billion for Fiscal Year 2025

Agency	Program name	Estimated improper payment amount (dollars in billions)	Estimated improper payment rate (percent)
Department of Health and Human Services	Medicaid	\$37.4	6.1
Department of Health and Human Services	Medicare Fee-for-Service	28.8	6.6
Department of Health and Human Services	Medicare Advantage (Part C)	23.7	6.1
Department of the Treasury	Earned Income Tax Credit	21.1	32.7
Department of Agriculture	Supplemental Nutrition Assistance Program	10.2	10.9
Small Business Administration	Shuttered Venue Operators Grant	10.1	68.9
Social Security Administration	Supplemental Security Income	7.3	11.6
Department of Labor	Federal-State Unemployment Insurance	5.6	14.9

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108694

Note: Improper payment estimates displayed in the table include unknown payments. Executive branch 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 improper payment rates of at least 10 percent?

For fiscal year 2025, 19 federal programs reported improper payment rate estimates of at least 10 percent, including six programs whose rates exceeded 25 percent (see table 2).¹¹

Table 2: Federal Programs Reporting Annual Estimated Improper Payment Rates Greater Than 10 Percent for Fiscal Year 2025

Agency	Program name	Estimated improper payment rate (percent)
Small Business Administration	Shuttered Venue Operators Grant Program	68.9
Department of Agriculture	Emergency Conservation Program	55.5
Department of the Treasury	Earned Income Tax Credit	32.7
Department of the Treasury	Refundable Premium Assistance Tax Credit	31.6
Department of the Treasury	American Opportunity Tax Credit	30.7
Department of Housing and Urban Development	Rental Housing Assistance Program Sections 8, 236, & 811	26.4
Corporation for National and Community Service	The Foster Grandparent Program	23.6
Small Business Administration	Paycheck Protection Program (PPP) Loan Forgiveness	19.2
Department of Labor	Federal-State Unemployment Insurance	14.9
Department of the Treasury	Additional Child Tax Credit	13.6
Small Business Administration	PPP Loan Guaranty Purchases	13.3
Department of Defense	Travel Pay Other Defense Organization - Integrated Automated Travel System	13.1
Social Security Administration	Supplemental Security Income	11.6
Department of Defense	Travel Pay Army - Defense Travel System	11.2
Department of Defense	Travel Pay Other Defense Organization - Defense Travel System	11.0
Department of Agriculture	Supplemental Nutrition Assistance Program	10.9
Department of Agriculture	Noninsured Crop Disaster Assistance Program	10.6
Department of Agriculture	Child and Adult Care Food Program	10.5
Department of Health and Human Services	Head Start	10.3

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108694

Note: Improper payment rates displayed in the table include unknown payments. Executive branch 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 three programs reported substantial declines in estimated improper payments for fiscal year 2025 compared with the prior year (see table 3).¹² One agency attributed its decline to improved internal controls, while the other agencies did not provide a reason for their declines. Specifically, HHS noted that it had enhanced its internal controls related to prior authorizations, which are used to verify compliance with coverage, coding, and payment rules before services are rendered and claims are paid. In addition, variability arising from the improper payment estimation process could potentially explain a portion of the reported decreases, given that all improper payment estimates have a margin of error.

Table 3: Federal Programs with Substantial Declines in Estimated Improper Payments from Fiscal Year 2024 to Fiscal Year 2025

Agency/program	Estimated fiscal year 2025 improper payments (dollars in billions)	Decrease in amount from fiscal year 2024 (dollars in billions)	Decrease in rate from fiscal year 2024 (net percentage points)	Reason for decrease from agency financial report
Department of Health and Human Services – Medicare Fee-for-Service	\$28.8	\$2.9	1.1	Improved internal controls.
Small Business Administration – Paycheck Protection Program Loan Guaranty Purchases	0.2	1.5	11.4	No reason provided.
Department of Homeland Security – Federal Emergency Management Agency Public Assistance – Validate As You Go	0.3	1.3	2.6	No reason provided.

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data and agency financial reports. | GAO-26-108694

Note: Improper payment estimates and rates displayed in the table include unknown payments. Executive branch 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. For the purposes of this report, we considered a decline to be substantial if estimated improper payments decreased by over \$1 billion and the improper payment rate decreased more than the reported margin of error.

In addition, one agency that reported an estimate of over \$1 billion for fiscal year 2024 did not report an estimate for fiscal year 2025. Specifically, SBA’s Restaurant Revitalization Fund, which provided emergency assistance to eligible restaurants, bars, and other qualifying businesses affected by COVID-19, did not expend any funds in fiscal year 2025. Because this program did not expend funds, SBA was not required to estimate improper payments for the Restaurant Revitalization Fund in fiscal year 2025. Therefore, the decline in estimated improper payments for this program from fiscal year 2024 to fiscal year 2025 is 100 percent.

How many programs reported substantial increases in improper payments?

According to the PaymentAccuracy.gov data that we analyzed, eight programs reported substantial increases in estimated improper payments for fiscal year 2025 (see table 4). For four of these programs, the increases occurred because the agencies did not report improper payments estimates for the prior fiscal year. For example, SBA reported improper payments estimates for the Shuttered Venue Operators Grant program for the first time in fiscal year 2025. 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 2024 to Fiscal Year 2025

Agency/program	Estimated fiscal year 2025 improper payments (dollars in billions)	Increase in amount from fiscal year 2024 (dollars in billions)	Increase in rate from fiscal year 2024 (net percentage points)	Reason for increase from agency financial report
Small Business Administration – Shuttered Venue Operators Grant Program	\$10.1	\$10.1	68.9	Fiscal year 2025 was first year reporting.
Department of Health and Human Services – Medicaid	37.4	6.3	1.0	Increased errors in eligibility redeterminations and provider screening while phasing out COVID-19 enrollment flexibilities.
Department of the Treasury – Earned Income Tax Credit	21.1	5.2	5.4	No reason provided.
Department of Defense – Commercial Pay – Mechanization of Contract Administration Services	1.4	1.3	0.6	No reason provided.
Department of Housing and Urban Development – Rental Housing Assistance Program – Project Based Rental Assistance – Project Based Section 8 – Rental Housing Assistance Program - Section 236 – Housing for Persons with Disability – Section 811	4.3	4.3	26.1	Revised estimation methodology.

Agency/program	Estimated fiscal year 2025 improper payments (dollars in billions)	Increase in amount from fiscal year 2024 (dollars in billions)	Increase in rate from fiscal year 2024 (net percentage points)	Reason for increase from agency financial report
Department of Housing and Urban Development – Public and Indian Housing – Rental Housing Assistance Program – Tenant-Based Rental Assistance Section 8 – Housing Certificate Fund and Tenant-Based Rental Assistance	1.5	1.5	4.4	Did not report estimates in fiscal year 2024. ^a
Department of Veterans Affairs – Compensation	2.3	2.3	1.5	Did not report estimates in fiscal year 2024. ^a
Social Security Administration – Disability Insurance	2.3	2.3	1.6	Fiscal year 2025 was first year reporting as a separate program. Previously, the Social Security Administration combined Disability Insurance with the Old-Age and Survivors Insurance program.

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data and agency financial reports. | GAO-26-108694

Note: Improper payment estimates and rates displayed in the table include unknown payments. Executive branch 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. Programs that reported estimated improper payments in fiscal year 2025 but not in fiscal year 2024 were counted as an increase is estimated improper payments.

^aThese programs did not report estimates in fiscal year 2024 but did report estimates in years prior to that as well as in fiscal year 2025.

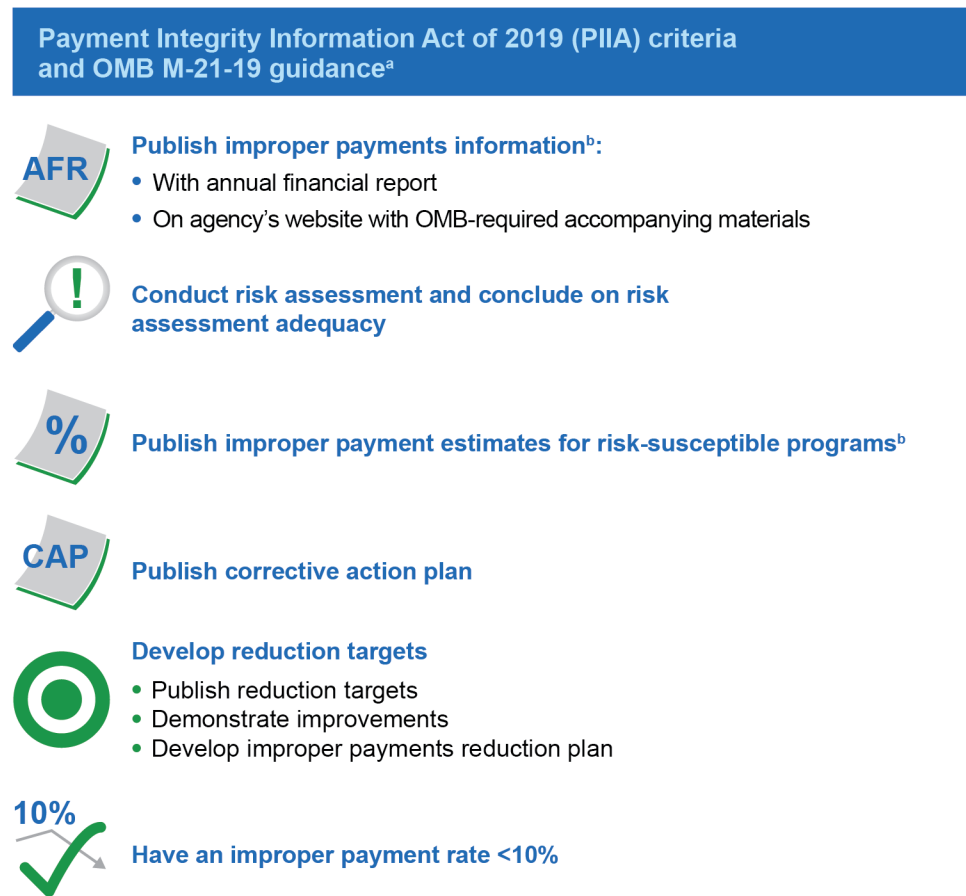
What are the requirements for agencies' management of improper payments?

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.¹³ 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.¹⁴

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.¹⁵ 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 Memorandum M-21-19 (OMB M-21-19) include criteria for determining compliance.

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



Source: GAO analysis of Office of Management and Budget (OMB) information, GAO (images). | GAO-26-108694

^aOMB Memorandum M-21-19 provided guidance for PIIA. The updated guidance was first effective for fiscal year 2021.

^bAll agencies are required to report payment integrity information with their annual financial report published on their website. Separately, if agencies determine a program to be susceptible to risk of improper payments, they must also publish an improper payment estimate for that program.

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,¹⁶ 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.

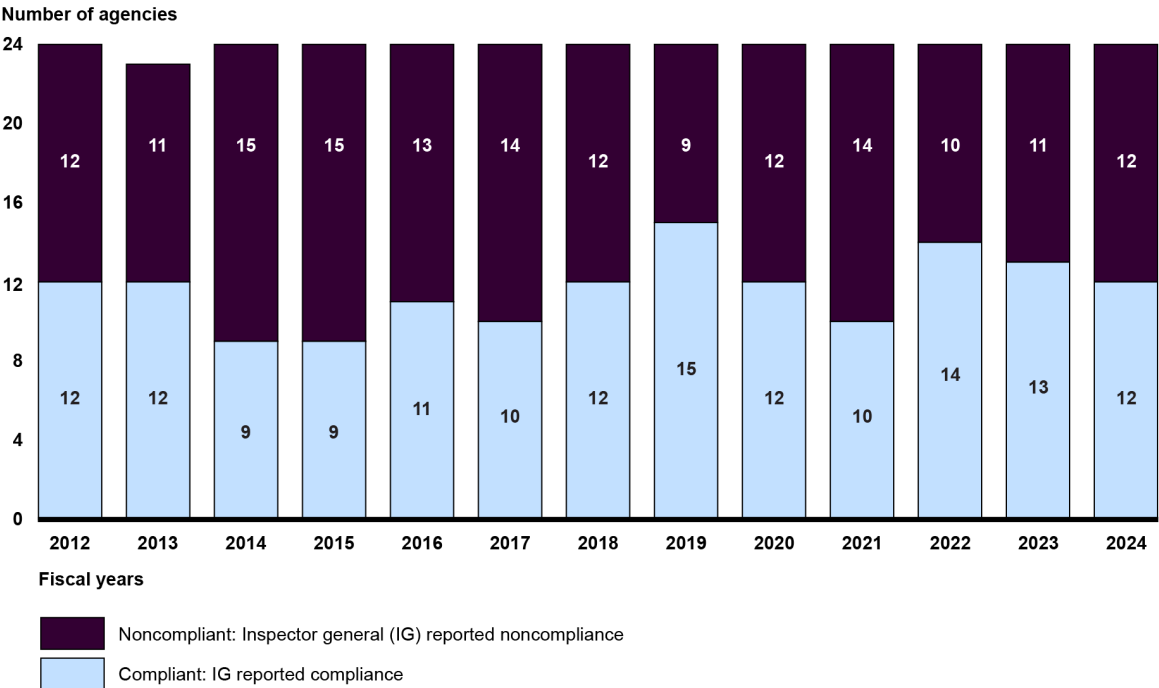
If an IG concludes that any of the agency's programs or activities fail to meet any of the applicable criteria, the agency is considered noncompliant under PIIA for that fiscal year and is required to take additional actions for each year it is noncompliant, such as providing OMB with a description of 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 in fiscal year 2024?

According to their IGs, in fiscal year 2024, the most recent year for which information was available, 12 of the 24 CFO Act agencies fully complied with PIIA criteria and related OMB requirements.¹⁷ This was a decrease from fiscal year 2023, when IGs reported that 13 of these agencies were compliant. The decrease in compliance is attributable to two previously compliant agencies becoming noncompliant (the U.S. Agency for International Development and the Environmental Protection Agency) and one previously noncompliant agency becoming compliant (the Department of Homeland Security).

Figure 5 provides a 13-year comparison of agency compliance rates, as reported by agencies' IGs.¹⁸

Figure 5: CFO Act Agencies' Compliance with PIIA or IPERA Criteria for Fiscal Years 2012 Through 2024, as Reported by Their Inspectors General



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

Source: GAO analysis of CFO Act agencies' IG compliance reports. | GAO-26-108694

Figure 5: CFO Act Agencies' Compliance with PIIA or IPERA Criteria for Fiscal Years 2012 Through 2024, as Reported by Their Inspectors General

Fiscal Year	Noncompliant: Inspector general (IG) reported noncompliance	Compliant: IG reported compliance
2012	12	12
2013	11	12
2014	15	9
2015	15	9
2016	13	11
2017	14	10
2018	12	12
2019	9	15
2020	12	12
2021	14	10
2022	10	14
2023	11	13
2024	12	12

Source: GAO analysis of CFO Act agencies' IG compliance reports. | GAO-26-108694

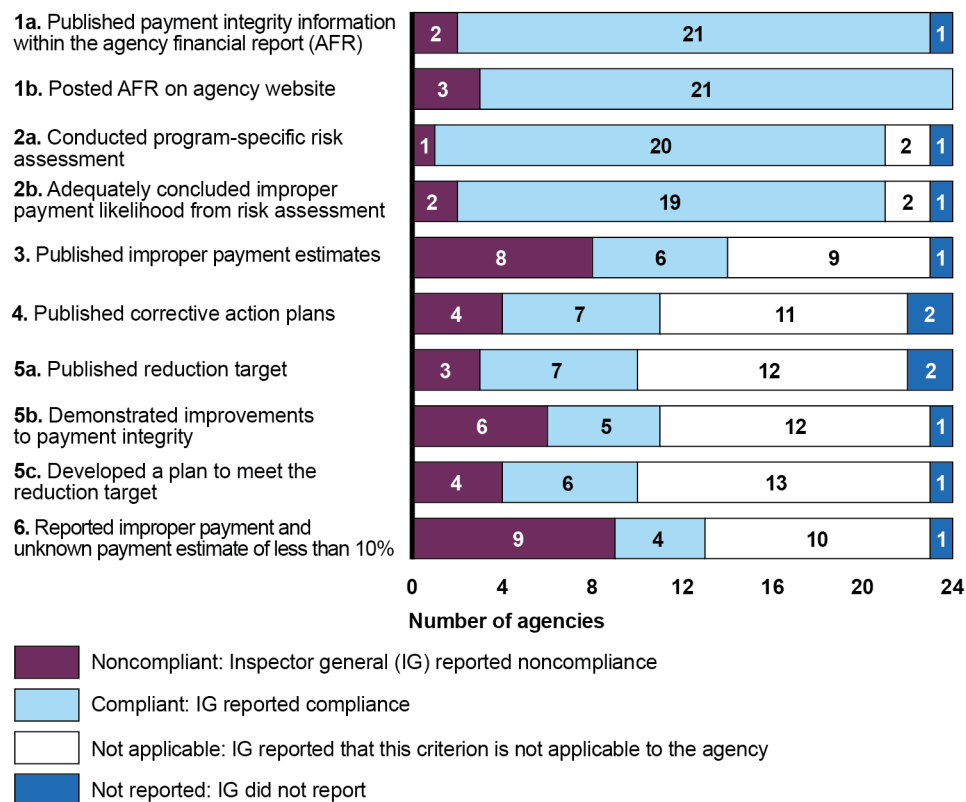
Note: The National Science Foundation's (NSF) Office of Inspector General did not report on NSF's compliance for fiscal year 2013.

While the IGs for 12 of the CFO Act agencies determined that their respective agencies were compliant with PIIA criteria in fiscal year 2024, the IGs for two of these agencies issued recommendations regarding improper payments. The recommendations were related to the reliability of estimates and identifying root causes of improper payments, among other findings.

As shown in figure 6, each of the 10 criteria had at least one noncompliant agency in fiscal year 2024, and a few criteria had relatively high noncompliance rates. For example, IGs found that nine of the 14 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 2024, as Reported by Their Inspectors General



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

Source: GAO analysis of IG compliance reports. | GAO-26-108694

Accessible Data for Figure 6: CFO Act Agencies' Compliance with PIIA and OMB Criteria for Fiscal Year 2024, as Reported by Their Inspectors General

CFO Act Agencies' Compliance with PIIA and OMB Criteria for Fiscal Year 2024	Noncompliant	Compliant	Not applicable	Not reported
1a. Published payment integrity information within the agency financial report (APR)	2	21	0	1
1b. Posted AFR on agency website	3	21	0	0
2a. Conducted program-specific risk assessment	1	20	2	1
2b. Adequately concluded improper payment likelihood from risk assessment	2	19	2	1
3. Published improper payment estimates	8	6	9	1
4. Published corrective actions plans	4	7	11	2
5a. Published reduction target	3	7	12	2
5b. Demonstrated improvements to payment integrity	6	5	12	1

5c. Developed a plan to meet the reduction target	4	6	13	1
6. Reported improper payment and unknown payment estimate of less than 10%	9	4	10	1

Source: GAO analysis of IG compliance reports. | GA)-26-108694

Note: The U.S. Agency for International Development's (USAID) IG's office stated that it was unable to report on USAID's compliance with PIIA and OMB criteria for fiscal year 2024 because USAID did not have staff available to respond to its IG's information requests. In addition, the Department of Health and Human Service (HHS) IG reported that HHS was unable to publish corrective action plans and reduction targets for the Temporary Assistance for Needy Families program, which did not publish an estimate. Because of this, HHS IG did not report on whether this program was compliant with criteria 4 and 5a above.

Twelve agencies were noncompliant with at least one criterion in fiscal year 2024, as reported by their IGs (see fig. 7).

Figure 7: 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 2024, as Reported by Their Inspectors General

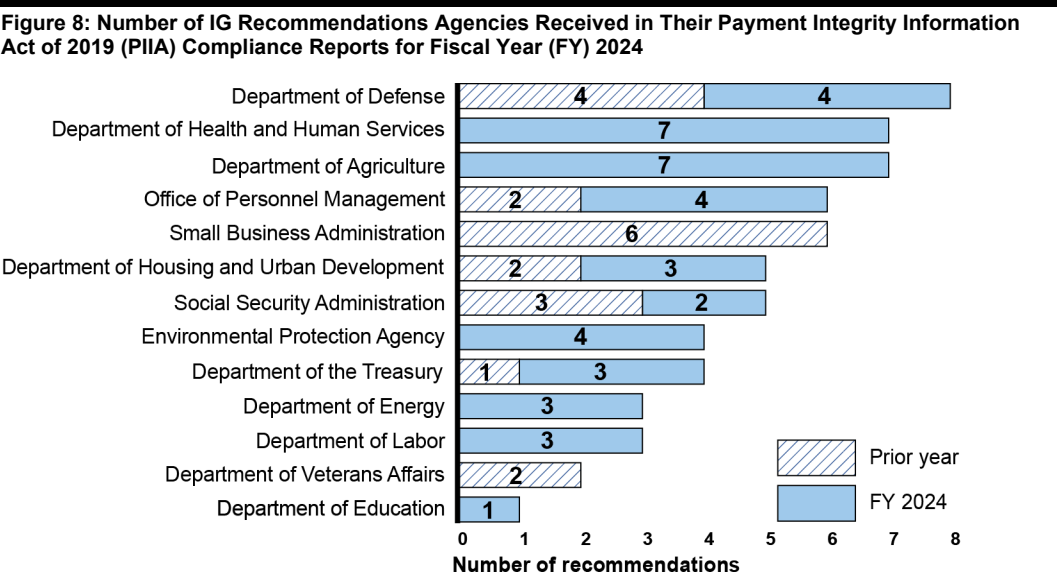
Criteria	Agency	Criteria that agency did not comply with
 Publish improper payments information in agency financial report (AFR) on agency website  Conduct risk assessment and conclude on risk assessment adequacy  Publish improper payment estimates for risk-susceptible programs  Publish corrective action plan (CAP)  Develop reduction targets^a  Have an improper payment rate <10%	Department of Agriculture	    10%
	Department of Defense	 
	Department of Health and Human Services	   10%
	Department of Housing and Urban Development	
	Department of Labor	      10%
	Department of the Treasury	 10%
	Department of Veterans Affairs	 10%
	Environmental Protection Agency	  10%
	Office of Personnel Management	    10%
	Small Business Administration	     10%
	Social Security Administration	  10%
	U.S. Agency for International Development	

Source: GAO analysis of Office of Management and Budget (OMB) information, GAO (images). | GAO-26-108694

^a"Develop reduction targets" criterion contains three requirements: (a) publish reduction targets, (b) demonstrate improvements, and (c) develop improper payments reduction plan. For this figure, if an agency was noncompliant with any of these three requirements, we considered it noncompliant with this criterion.

What recommendations did CFO Act agency IGs make to improve compliance with improper payment laws and guidance?

For fiscal year 2024, 13 of the 24 CFO Act agencies received a total of 61 recommendations from their IGs in their PIIA compliance reports. Twenty of these recommendations were repeated from prior years, while 41 were new based on fiscal year 2024 data. Figure 8 shows the number of recommendations each agency received. For example, the Department of Defense received eight total recommendations in its PIIA compliance report, with four of those being new recommendations for fiscal year 2024.



Source: GAO. | GAO-26-108694

Accessible Data for Figure 8: Number of IG Recommendations Agencies Received in Their Payment Integrity Information Act of 2019 (PIIA) Compliance Reports for Fiscal Year (FY) 2024

Number of IG Recommendations Agencies Received in Their Payment Integrity Information Act of 2019 (PIIA) Compliance Reports for Fiscal Year (FY) 2024	Prior year	FY 2024
Department of Defense	4	4
Department of Health and Human Services	0	7
Department of Agriculture	0	7
Office of Personnel Management	2	4
Small Business Administration	6	0
Department of Housing and Urban Development	2	3
Social Security Administration	3	2
Environmental Protection Agency	0	4
Department of the Treasury	1	3
Department of Energy	0	3
Department of Labor	0	3
Department of Veterans Affairs	2	0
Department of Education	0	1

Source: GAO. | GA)-26-108694

Note: Two agencies that were compliant with PIIA and Office of Management and Budget requirements, the Departments of Energy and Education, received recommendations from their respective IGs related to reporting, estimation methodology, and root causes. The U.S. Agency for International Development, which announced it had ceased implementing foreign assistance in July 2025, was deemed noncompliant but did not receive any IG recommendations in its PIIA compliance report.

Table 5 shows the number of recommendations by category from the compliance reports of the 24 CFO Act agencies. The IG reports with open recommendations can be found in appendix I.

Table 5: Number of Open Recommendations by Category Reported by Inspectors General (IG) to CFO Act Agencies in their PIIA Compliance Reports for Fiscal Year 2024

Category	Number of open recommendations	Example of recommendation
Root Causes	24	The Department of Health and Human Services IG recommended that agency officials responsible for the Head Start program (1) focus on the root causes of improper payments and (2) evaluate critical and feasible actions to help recipients comply with program requirements.
Methodologies	14	The Environmental Protection Agency IG recommended that agency officials develop and document internal processes to ensure that the agency's sampling methodology produces valid improper payments estimates.
Reporting	13	The Department of Labor IG recommended that agency officials update review procedures to (1) ensure accurate responses to Office of Management and Budget (OMB) payment integrity data call prompts; compliance with PIIA; and that information is complete, accurate, and consistent before the final submission of the OMB payment integrity data call and (2) further refine reviews of published information on PaymentAccuracy.gov.
Estimates	7	The Department of Housing and Urban Development IG recommended that agency officials develop and implement a detailed plan for testing and reporting estimated improper payments for the Office of Public and Indian Housing Tenant-Based Rental Assistance and Project-Based Rental Assistance programs.
Risk Assessments	7	The Department of Defense IG recommended that the Assistant Secretary of the Navy (Financial Management and Comptroller) reevaluate the agency's Travel Pay Navy–Defense Travel System program and report the program's estimates in the appropriate PIIA reporting phase.
Reducing Improper Payments	6	The Department of Veterans Affairs IG recommended that the Under Secretaries for Benefits and Health reduce improper and unknown payments to below 10 percent for the pension program and Purchased Long-Term Services and Supports program, respectively.
Recovery Audits	3	The Office of Personnel Management IG recommended that Retirement Services officials develop internal controls to monitor all activity involving replacement payments, retain all documentation, and ensure collection of all overpayments.

Legend: CFO Act = Chief Financial Officers Act of 1990; PIIA = Payment Integrity Information Act of 2019.

Source: GAO analysis of IG compliance reports. | GAO-26-108694

Agency Comments

We provided a draft of this report to OMB for review and comment. OMB did not provide 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 2024 to fiscal year 2025. 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 2024, the most recent available year.

We conducted this performance audit from August 2025 to April 2026 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 Rand Paul, M.D.
Chairman
The Honorable Gary C. Peters
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable James Comer
Chairman
The Honorable Robert Garcia
Ranking Member
Committee on Oversight and Government Reform
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>.

GAO Contact Information

For more information, contact: Kristen Kocielek, Managing Director, Financial Management and Assurance, KocielekK@gao.gov.

Media Relations: Sarah Kaczmarek, Managing Director, Media@gao.gov.

Congressional Relations: David A. Powner, Acting Managing Director, CongRel@gao.gov.

Staff Acknowledgments: Matt Valenta (Assistant Director), Laura Pacheco (Analyst in Charge), Seth Brewington, Marcia Carlsen, Victoria Cline, Giovanna Cruz, Joshua Edelman, Megan Jones, Ian Kendrick, Sarah Lisk, and Diana Vu.

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Appendix I: Fiscal Year 2024 PIIA Compliance Reports with Open Recommendations

Thirteen of the 24 Chief Financial Officers (CFO) Act agencies had open recommendations in their fiscal year 2024 Payment Integrity Information Act (PIIA) compliance reports.

1. **Department of Agriculture:** Department of Agriculture, Office of Inspector General, *USDA's Compliance with Improper Payment Requirements for Fiscal Year 2024*, [50024-0016-11](#) (May 2025).
2. **Department of Defense:** Department of Defense, Office of Inspector General, *Audit of the Department of Defense's FY 2024 Compliance with Payment Integrity Information Act Requirements*, [DODIG-2025-105](#) (May 27, 2025).
3. **Department of Education:** Department of Education, Office of Inspector General, *U.S. Department of Education's Compliance with Payment Integrity Information Reporting Requirements for Fiscal Year 2024*, [ED-OIG/A25DC0225](#) (May 27, 2025).
4. **Department of Energy:** Department of Energy, Office of Inspector General, *The Department of Energy's Payment Integrity Reporting in the Fiscal Year 2024 Agency Financial Report*, [DOE-OIG-25-20](#) (May 27, 2025).
5. **Department of Health and Human Services:** Department of Health and Human Services, Office of Inspector General, *Department of Health and Human Services Met Many Requirements, but Did Not Fully Comply With the Payment Integrity Information Act of 2019 and Applicable Improper Payment Guidance for Fiscal Year 2024*, [OAS-25-17-042](#) (May 2025).
6. **Department of Housing and Urban Development:** Department of Housing and Urban Development, Office of Inspector General, *HUD Did Not Comply with the Payment Integrity Information Act of 2019*, [2025-FO-0006](#) (May 13, 2025).
7. **Department of Labor:** Department 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 2024*, [22-25-007-13-001](#) (May 27, 2025).
8. **Department of the Treasury:** Department of the Treasury, Office of Inspector General, *Financial Management: Audit of Treasury's Compliance with the PIIA Requirements for Fiscal Year 2024*, [OIG-25-027](#) (May 27, 2025).
9. **Department of Veterans Affairs:** Department of Veterans Affairs, Office of Inspector General, *Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2024*, [24-03777-113](#) (May 21, 2025).
10. **Environmental Protection Agency:** Environmental Protection Agency, Office of Inspector General, *Audit of the EPA's Fiscal Year 2024 Compliance with the Payment Integrity Information Act of 2019*, [25-P-0033](#) (May 27, 2025).

11. **Office of Personnel Management:** Office of Personnel Management, Office of Inspector General, *Audit of the U.S. Office of Personnel Management's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2024*, [2025-IAIG-003](#) (May 23, 2025).
12. **Small Business Administration:** Small Business Administration, Office of Inspector General, *Independent Auditors' Report on SBA's Fiscal Year 2024 Compliance with the Payment Integrity Information Act of 2019*, [25-15](#) (May 15, 2025).
13. **Social Security Administration:** Social Security Administration, Office of Inspector General, *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2024*, [152415](#) (May 2025).

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 branch 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 2024 Estimates*, [GAO-25-107753](#) (Washington, D.C.: Mar. 11, 2025).

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 2025 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).

⁸Congress partially addressed this matter by extending the sunset date of the Pandemic Response Accountability Committee (PRAC), which includes the PRAC's data analytics platform, to 2034 and expanding its jurisdiction. However, the PRAC and its analytics center are neither permanent nor government-wide. Pub. L. No. 119-21, § 90102, 139 Stat. 72, 363 (2025).

⁹ Pub. L. No. 119-77, 140 Stat. 745.

¹⁰The \$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.

¹¹As 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).

¹²PaymentAccuracy.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.

¹³31 U.S.C. § 3352.

¹⁴31 U.S.C. § 3353(a).

¹⁵OMB M-21-19, issued on March 5, 2021, became effective starting in fiscal year 2021.

¹⁶OMB 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 branch agency "publishes improper payment reductions targets prepared under [31 U.S.C. § 3352(d)] that the executive branch 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."

¹⁷The 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 branch 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 2025. However, PIIA applies to both CFO Act and non-CFO Act executive branch agencies. According to PaymentAccuracy.gov,

48 out of the 63 executive branch agencies reporting in fiscal year 2024 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 2025 for agencies' fiscal year 2024 compliance with PIIA criteria.

¹⁸This 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).