GAO U.S. Government Accountability Office

COMBATING FRAUD

Managing Risks in Federally Funded, State-Administered Programs

GAO-26-109100 [Accessible Version]

Q&A Report to the Committee on Oversight and Government Reform, House of Representatives

July 23, 2026

Revised August 7, 2026 to provide additional context on recently introduced legislation on program integrity on pages 17 and 18.

Why This Matters

The federal government provided an estimated $1.2 trillion in assistance to state and local governments in fiscal year 2025. Each year, this funding helps support services, including transportation, education, and community development. There are many reasons for, and benefits to, administering federal programs at the state level. However, the reliance on nonfederal agencies to distribute payments, make eligibility decisions, and conduct oversight can heighten fraud risks.

We estimated that the federal government loses between $233 billion and $521 billion—3 percent to 7 percent of average federal obligations government-wide—annually to fraud, according to data from fiscal years 2018 through 2022. GAO and federal investigators have found fraud and related risk factors across a range of federal programs, including those that are administered by states. Though most federal spending is not lost to fraud, every resource that is diverted to fraudsters hinders the federal government's ability to achieve its goals. Managing fraud risks is critical to safeguarding federal funds and maintaining public trust in government.

We were asked to review fraud risks in federally funded, state-administered programs. This report—the first in a body of work—provides information on some of the largest of these programs; how they are administered and overseen; what is known about fraud risks and related risk factors in selected programs; and examples of leading practices, controls, and insights to address the risks.

Key Takeaways

- Twenty programs, supporting services from health care to disaster assistance, made up nearly 90 percent of federal obligations among programs administered by state and other government entities with obligations of over $100 million in fiscal year 2025. Subrecipients, contractors, and others can also be involved in delivering these programs' benefits and services. This decentralized structure can leave programs vulnerable to fraud schemes involving all these groups.
- Information about fraud risks specific to each of the 20 selected programs varies, in part, because federal agencies have not fully assessed their risks. Identified risks include fraudulent claims, access to benefits using stolen identities, and misuse of funds for personal expenses.
- Federal and state agencies can apply our Fraud Risk Framework and other leading fraud risk management practices and leverage federal resources to

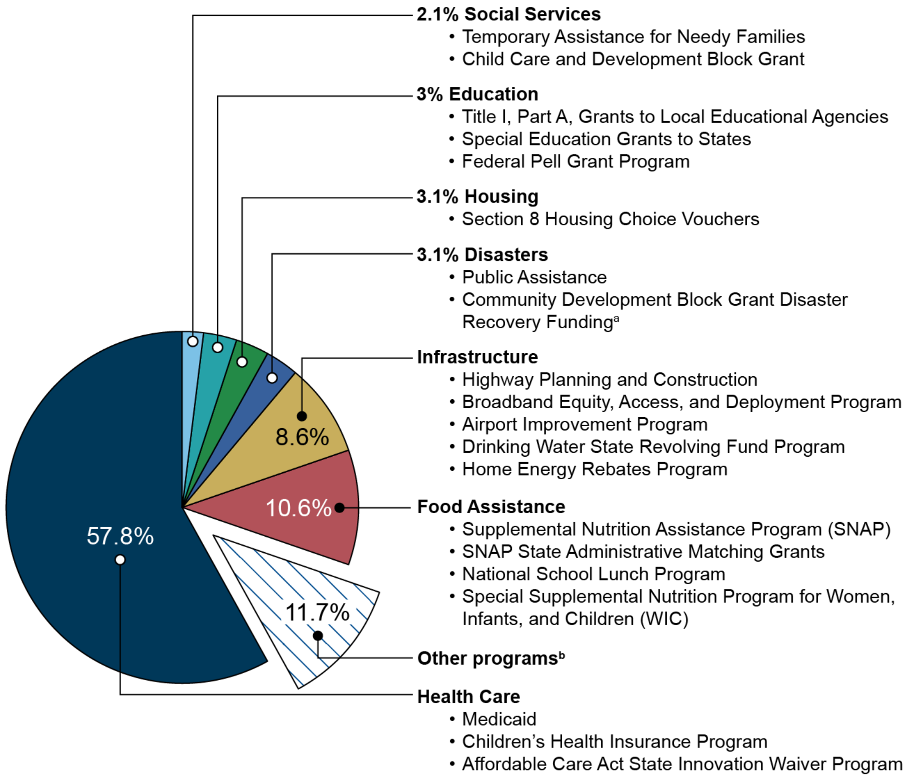
verify payment eligibility. They can also address identified program vulnerabilities, including 22 open GAO recommendations.

- Key insights for Congress and federal agencies in combating fraud involve enhancing analytics for detecting fraud, increasing transparency with prevention activities, and adapting approaches to address evolving threats.

What are some of the largest federally funded, state-administered programs?

Twenty programs, supporting a broad range of services from health care to disaster assistance, made up nearly 90 percent of federal obligations among programs administered by state and other government entities with obligations of over $100 million in fiscal year 2025 (see fig. 1).[1] These 20 programs were some of the largest among 203 such programs, accounting for about $1.1 trillion in total obligated funds.

Figure 1: Proportion of Federal Obligations Among 20 of the Largest Programs Administered by State and Other Government Entities by Service Area, Fiscal Year 2025



Source: GAO analysis of obligations data from USAspending.gov. | GAO-26-109100

Accessible Data for Figure 1: Proportion of Federal Obligations Among 20 of the Largest Programs Administered by State and Other Government Entities by Service Area, Fiscal Year 2025

Top 20 programs by service area:	Total obligations	Percentage
Health Care - Medicaid - Children's Health Insurance Program - Affordable Care Act State Innovation Waiver Program	$702,755,022,531.08	57.8%

Top 20 programs by service area:	Total obligations	Percentage
Food Assistance - Supplemental Nutrition Assistance Program (SNAP) - SNAP State Administrative Matching Grants - National School Lunch Program - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	$128,999,644,491.60	10.6%
Infrastructure - Highway Planning and Construction - Broadband Equity, Access, and Deployment Program - Airport Improvement Program - Drinking Water State Revolving Fund Program - Home Energy Rebates Program	$104,746,499,847.36	8.6%
Disasters - Public Assistance - Community Development Block Grant Disaster Recovery Funding[a]	$37,884,744,936.14	3.1%
Housing - Section 8 Housing Choice Vouchers	$37,575,323,063.03	3.1%
Education - Title I, Part A, Grants to Local Educational Agencies - Special Education Grants to States - Federal Pell Grant Program	$37,020,890,115.95	3.0%
Social Services - Temporary Assistance for Needy Families - Child Care and Development Block Grant	$25,570,744,399.30	2.1%
Other programs[b]	$141,749,053,599.84	11.7%

Source: GAO analysis of obligations data from USAspending.gov. | GAO-26-109100

Note: In addition to states, other government entities administering these programs can include Tribes, territories, and local governments. Some programs may also be administered by nongovernmental entities, such as public colleges and universities. Percentages were calculated among federal programs with obligations of over $100 million.

[a]Most of this funding was supplemental funding for disaster recovery to address housing, infrastructure, and economic revitalization needs.

[b]Examples of other programs include those for child welfare services, workforce training, and environmental protection.

For additional information on each of the 20 programs, see appendix I.

How are funds for these programs administered, and what inherent fraud risks are associated with the different program structures?

The 20 selected programs involve many different entities in delivering benefits and services. This decentralized structure can leave programs vulnerable to fraud schemes involving grantees, subrecipients, contractors, and others. In addition, funds are awarded to states through various grant types that inherently carry different fraud risks, ranging from individuals falsifying evidence to gain access to benefits to administrators embezzling federal and state funds.

Though we focused this report on fraud risks to federal programs, we have previously reported on how fraud can also be financially, physically, and psychologically devastating for individuals and families who may be counting on federal support.[2]

Decentralized structure

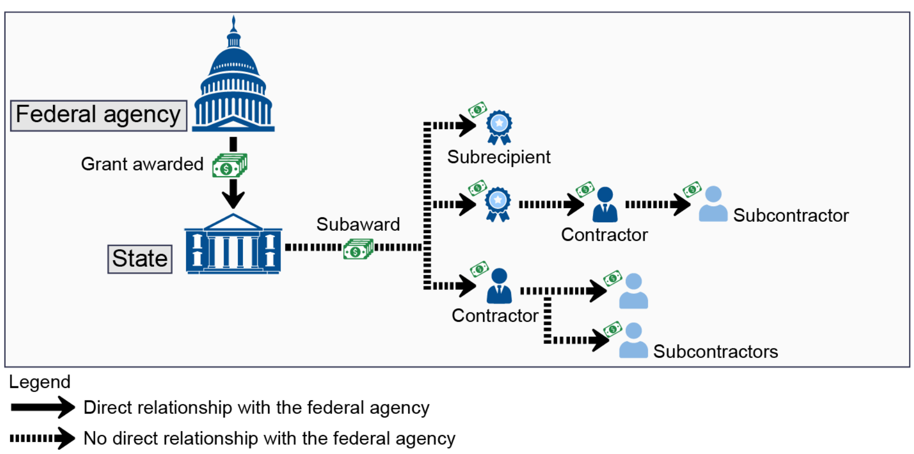
States receiving federal grants can be directly involved in delivering program benefits and services. However, they sometimes need help implementing program goals and requirements. For many programs, funds are passed through to other entities, such as subrecipients, contractors, and subcontractors. Subrecipients help carry out federal grant awards, whereas contractors and subcontractors provide goods or services under specified agreements.

For example, Title I, Part A, grants to support low-achieving students in high-poverty areas involve subrecipients. Funds are allocated to states that pass a portion of them through to school districts (subrecipients) that then pass some funds on to schools. Highway Planning and Construction assistance programs, which support the construction, preservation, and improvement of the nation's highway system, may involve subrecipients, contractors, and subcontractors. This can include local governments, metropolitan planning organizations, and construction companies.

This structure of passing funds through states to various entities may have resulted from a need to balance federal interest in accountability and program effectiveness with a state need for autonomy and flexibility, as reported by the Congressional Research Service.[3] For example, states may be best positioned to determine how to meet their needs and priorities. This funding structure gives them the discretion to determine the specific projects to be funded. In addition, states may have more resources to conduct oversight of federal funds than local governments or nonprofit organizations involved in delivering benefits and services.

While potentially helpful in delivering and prioritizing program benefits and services, the decentralized structure also creates vulnerabilities for fraud. Every level added to the flow of funds creates a new entry point for fraud risks. Oversight of awards also becomes more decentralized. Federal agencies do not have a direct legal relationship with subrecipient entities that receive funds passed through from states, or subawards. Instead, federal regulation assigns most oversight responsibility for those funds to the state. Federal agencies, in turn, oversee states (see fig. 2).[4]

Figure 2: Other Entities That May Be Involved in Federally Funded, State-Administered Programs and Their Oversight Relationship with Federal Agencies



Sources: GAO summary of information from federal agencies; Icons-studio, zfmbek/stock.adobe.com. | GAO-26-109100

Accessible Data for Figure 2: Other Entities That May Be Involved in Federally Funded, State-Administered Programs and Their Oversight Relationship with Federal Agencies

Federal agency	Grant awarded	State	Subaward	Subrecipient	Contractor
Subcontractor	Contractor	Subcontractors	na	na	na

Sources: GAO summary of information from federal agencies; Icons-studio, zfmbek/stock.adobe.com. | GAO-26-109100

Note: We refer to programs as “state administered.” However, some programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

We have reported on past issues with subrecipient oversight, including incomplete reporting, monitoring, and verification of subrecipient eligibility for receiving federal funds, which can put those funds at risk for fraud.[5] Others have also reported that some federal grant programs faced an increased risk of fraud, waste, and mismanagement because of limited visibility and control over expenditures at the award recipient and subrecipient levels.[6]

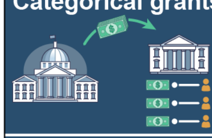
The use of contracts and subcontracts for program delivery presents similar challenges. Visibility diminishes for federal agencies, states, and subrecipients as funds flow to contractors and, in some cases, subcontractors. We have reported on past issues with contractor oversight in grants programs, including data collection and information gaps that limit transparency.

For example, we previously reported that states and subrecipients may unknowingly rely on the same contractor or subcontractor for the same service without considering that contractor’s capacity to deliver across all areas. In those cases, companies that provide bonds to guarantee the contractors’ work, such as in construction, may not be able to cover all costs if the contractors do not complete work as required, or pay all entities involved.[7]

Grant types

Federal funds can be awarded to states through various types of grants. The 20 selected programs generally have elements of categorical, block, formula, and discretionary grants, which can affect the level of flexibility states have over their use of funds and how funds are distributed (see fig. 3). States may be required to share costs or match funds for a portion of a project or program funded through a federal grant. States may also set standards and requirements for program eligibility and how funds are used, in addition to those set under federal law or regulations.

Figure 3: Examples of Grant Types for Selected Federally Funded, State-Administered Programs

Categorical grants 	The federal government provides funds to states and other grantees for narrowly defined purposes.
Block grants 	Amounts set by Congress are generally provided to states and other grantees for broad purposes, which could give grantees substantial discretion in using funds.
Formula grants 	The federal government distributes funding to states and other grantees based on formula factors set in federal law or regulations (e.g., based on state population or poverty rates).
Discretionary grants 	The federal government awards grants to states and other grantees based on a competitive, or merit-based, process.

Sources: Summary of GAO and Congressional Research Service information; Vector Mine, Icons-studio/stock.adobe.com. | GAO-26-109100

Accessible Data for Figure 3: Examples of Grant Types for Selected Federally Funded, State-Administered Programs

Category	Category information
Categorical grants	The federal government provides funds to states and other grantees for narrowly defined purposes.
Block grants	Amounts set by Congress are generally provided to states and other grantees for broad purposes, which could give grantees substantial discretion in using funds.
Formula grants	The federal government distributes funding to states and other grantees based on formula factors set in federal law or regulations (e.g., based on state population or poverty rates).
Discretionary grants	The federal government awards grants to states and other grantees based on a competitive, or merit-based, process.

Sources: Summary of GAO and Congressional Research Service information; Vector Mine, Icons-studio/stock.adobe.com. | GAO-26-109100

Note: There are other ways that the federal government provides federal financial assistance, such as contracts and loans. The definition of grant types can vary across sources, and types are not mutually exclusive. We refer to the selected programs as “state administered.” However, some of these programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

These grant types can carry different fraud risks. For example, programs with categorical grants tend to involve individuals applying for benefits and services that they may be eligible for. Inherent fraud risks include individuals misrepresenting information on their applications, falsifying evidence to gain access, or applying for benefits using stolen identities.

Meanwhile, programs with more flexible block and formula grant structures may be more vulnerable to fraud, waste, and abuse by administrators through embezzlement, use of funds outside of core purposes, or distortion of data to increase allocations determined via formulas (e.g., based on state population or poverty rates). Discretionary grants may be susceptible to conflicts of interest, bribery, or misrepresentation of qualifications from applicants in efforts to receive awards or influence award amounts.

Our body of work in this area provides information about how fraud can happen in any federal program, including those administered at the state level or below. We developed the Antifraud Resource to provide information on fraud schemes that affect the federal government, their underlying concepts, and how to combat such fraud.[8] Using the concepts outlined in the resource, we identified examples of different types of fraud risks that can apply across federally funded, state-administered programs (see fig. 4).

Figure 4: Examples of Fraud Risks in Federally Funded, State-Administered Programs and Possible Involved Parties

Fraud risk description		Possible involved party
Misuse of award funds	Intentional use of program funds for ineligible goods or activities. For example, using program funds for unqualified expenses, such as mortgage payments, gifts, debt relief, or entertainment.	Grantee, subrecipient
Billing fraud	Submitting falsified invoices, such as for fictitious goods or services, misrepresented progress, costs, wages, or substandard materials to receive payment.	Subrecipient, contractor, subcontractor
Conflict of interest	An undisclosed financial or personal interest in a transaction involving program awards or funds. For example, intentionally not identifying subcontractors that have relationships with decision-makers in contract offers or bids.	Grantee, subrecipient, contractor
Corruption	When public officials, grantees, or contractors abuse their position for personal gain or the improper gain of others. For example, using an official position to authorize program funds for ineligible family members and friends or to steer contracts to companies with a financial relationship to the official.	
Embezzlement	Misappropriation of cash or assets entrusted to program administrators and employees. For example, stealing program funds through falsified invoices or misuse of credit cards.	
Bribery and kickbacks	When a person offers, gives, receives, or solicits something of value as payment in order to influence an official act. Payments may take the form of money, goods, or services.	Contractor
Collusion in contract and bid manipulation	When a procurement employee and contractor act together to manipulate the bidding process to benefit a favored contractor or supplier, or contractors agree to cooperate on the winning bid to increase profits.	
Misrepresenting qualifications to obtain contracts	False certification of qualifications to obtain a contract or subcontract. For example, falsely certifying as a small or disadvantaged business to obtain set-aside contracts, operating under a new name after having been debarred, or hiding ineligible beneficial owners.	
Benevolent fraud	When program staff help or steer otherwise ineligible applicants to meet program eligibility requirements, such as by instructing applicants to falsify applications or approving assistance, using their inside knowledge.	Grantees, subrecipient, contractor, beneficiary
Conspiracy	A secret agreement by two or more individuals to commit a crime. For example, grantees and contractors conspiring to use program knowledge and connections to defraud the program they are connected to.	
Misrepresenting identity or eligibility	When applicants falsely report qualifying information, such as identity, income, residence, or need to access program benefits.	Beneficiary
Redirecting payments	Redirection of payments, such as through hacking to change where payments are sent or skimming funds from electronic benefit cards.	External party

Sources: GAO analysis (information); icons-studio/stock.adobe.com (icons). | GAO-26-109100

Accessible Data for Figure 4: Examples of Fraud Risks in Federally Funded, State-Administered Programs and Possible Involved Parties

Fraud risk term	Fraud risk description	Possible involved party
Misuse of award funds	Intentional use of program funds for ineligible goods or activities. For example, using program funds for unqualified expenses, such as mortgage payments, gifts, debt relief, or entertainment.	Grantee, subrecipient
Billing fraud	Submitting falsified invoices, such as for fictitious goods or services, misrepresented progress, costs, wages, or substandard materials to receive payment.	Subrecipient, contractor, subcontractor
Conflict of interest	An undisclosed financial or personal interest in a transaction involving program awards or funds. For example, intentionally not identifying subcontractors that have relationships with decision-makers in contract offers or bids.	Grantee, subrecipient, contractor
Corruption	When public officials, grantees, or contractors abuse their position for personal gain or the improper gain of others. For example, using an official position to authorize program funds for ineligible family members and friends or to steer contracts to companies with a financial relationship to the official.	Grantee, subrecipient, contractor
Embezzlement	Misappropriation of cash or assets entrusted to program administrators and employees. For example, stealing program funds through falsified invoices or misuse of credit cards.	Grantee, subrecipient, contractor
Bribery and kickbacks	When a person offers, gives, receives, or solicits something of value as payment in order to influence an official act. Payments may take the form of money, goods, or services.	Contractor
Collusion in contract and bid manipulation	When a procurement employee and contractor act together to manipulate the bidding process to benefit a favored contractor or supplier, or contractors agree to cooperate on the winning bid to increase profits.	Contractor
Misrepresenting qualifications to obtain contracts	False certification of qualifications to obtain a contract or subcontract. For example, falsely certifying as a small or disadvantaged business to obtain set-aside contracts, operating under a new name after having been debarred, or hiding ineligible beneficial owners.	Contractor
Benevolent fraud	When program staff help or steer otherwise ineligible applicants to meet program eligibility requirements, such as by instructing applicants to falsify applications or approving assistance, using their inside knowledge.	Grantee, subrecipient, contractor,beneficiary
Conspiracy	A secret agreement by two or more individuals to commit a crime. For example, grantees and contractors conspiring to use program knowledge and connections to defraud the program they are connected to.	Grantee, subrecipient, contractor,beneficiary
Misrepresenting identity or eligibility	When applicants falsely report qualifying information, such as identity, income, residence, or need to access program benefits.	Beneficiary
Redirecting payments	Redirection of payments, such as through hacking to change where payments are sent or skimming funds from electronic benefit cards.	External party

Sources: GAO analysis (information); icons-studio/stock.adobe.com (icons). | GAO-26-109100

Note: These descriptions are tailored to our specific purpose and context. Therefore, it is possible that these terms may be used in other sources, including other GAO products, with alternative definitions. In addition, we refer to programs as “state administered.” However, some programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

What is known about fraud risks in the selected programs, and what risks have been identified?

Information about fraud risks specific to each of the 20 selected programs varies, depending on whether federal agencies or other oversight entities have identified them. Identified risks include fraudulent claims, access to benefits using stolen identities, and misuse of funds for personal expenses. Information about fraud risk comes from agencies’ fraud risk assessments, oversight audits and investigations, and adjudicated fraud cases.

Agency fraud risk assessments

Understanding the likelihood and impact of program-specific fraud risks is foundational to managing those risks strategically. However, not all federal agencies have fully assessed their fraud risks for state-administered programs. In reviewing documentation that agencies provided about fraud risk assessments in the 20 selected programs, we noted that most of the agencies had limited information (see fig. 5).

Figure 5: Observations from GAO's Review of Agency Fraud Risk Assessments for Selected Federally Funded, State-Administered Programs, as of June 2026

5 programs

Agencies identified fraud risks and assessed the likelihood of those risks to prioritize action

Department of Agriculture (USDA):
National School Lunch Program

Department of Commerce:
Broadband Equity, Access, and Deployment Program

Department of Energy:
Home Energy Rebates Program

Department of Homeland Security:
Public Assistance

Department of Transportation (DOT):
Airport Improvement Program

10 programs

Agencies identified some fraud risks but did not assess their likelihood

USDA:
Supplemental Nutrition Assistance Program (SNAP) State Administrative Matching Grants; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Department of Education:
Title I, Part A, Grants to Local Educational Agencies; Special Education Grants to States; Federal Pell Grant Program

Department of Health and Human Services (HHS):
Medicaid; Children's Health Insurance Program; Temporary Assistance for Needy Families; Child Care and Development Block Grant

DOT:
Highway Planning and Construction

5 programs

Agencies did not provide assessments

Department of Housing and Urban Development:
Community Development Block Grant Disaster Recovery Funding;
Section 8 Housing Choice Vouchers

Claimed that a fraud-specific risk assessment was not required for fiscal year 2025 because the program was subject to the improper payment assessment process

HHS:
Affordable Care Act State Innovation Waiver Program

Claimed that the program was not subject to program-specific assessment at this time

Environmental Protection Agency:
Drinking Water State Revolving Fund Program

Claimed that the program was not subject to assessment because it was rated at low risk for fraud.

USDA:
SNAP

Was revising its assessment based on Office of Inspector General recommendations[a]

Source: GAO analysis of information from federal agencies. | GAO-26-109100

Accessible Data for Figure 5: Observations from GAO's Review of Agency Fraud Risk Assessments for Selected Federally Funded, State-Administered Programs, as of June 2026

Agencies identified fraud risks and assessed the likelihood of those risks to prioritize action [five programs]	Agencies identified some fraud risks but did not assess their likelihood [ten programs]	Agencies did not provide assessments [five programs]
Department of Agriculture (USDA): National School Lunch Program Department of Commerce: Broadband Equity, Access, and Deployment Program Department of Energy: Home Energy Rebates Program Department of Homeland Security: Public Assistance Department of Transportation (DOT): Airport Improvement Program	USDA: Supplemental Nutrition Assistance Program (SNAP) State Administrative Matching Grants; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Department of Education: Title I, Part A, Grants to Local Educational Agencies; Special Education Grants to States; Federal Pell Grant Program Department of Health and Human Services (HHS): Medicaid; Children's Health Insurance Program; Temporary Assistance for Needy Families; Child Care and Development Block Grant DOT: Highway Planning and Construction	Department of Housing and Urban Development: Community Development Block Grant, Disaster Recovery Funding; Section 8 Housing Choice Vouchers claimed that a fraud-specific risk assessment was not required for fiscal year 2025 because the program was subject to the improper payment assessment process HHS: Affordable Care Act State Innovation Waiver Program Claimed that the program was not subject to program-specific assessment as this time Environmental Protection Agency: Drinking Water State Revolving Fund Program claimed that the program was not subject to assessment because it was rated at low risk for fraud USDA: SNAP Was revising its assessment based on Office of Inspector General recommendations[a]

Source: GAO analysis of information from federal agencies. | GAO-26-109100.

Note: We refer to the selected programs as "state administered." However, some of these programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

[a]See Department of Agriculture Office of Inspector General, *Food and Nutrition Service's Supplemental Nutrition Assistance Program Fraud Risk Assessments*, 27601-0001-24 (Washington, D.C.: May 29, 2025).

We found that five programs provided documentation consistent with leading practices for identifying fraud risks and ranking the types that were most likely to occur so that the agency could prioritize action, such as a prevention strategy. In contrast, five programs did not have an assessment, for various reasons. For example, agency officials for two programs claimed that a fraud-specific risk assessment was not required for fiscal year 2025 because the programs were subject to the improper payment assessment process.

However, federal guidance requires agencies to consider and assess fraud risks.[9] To help agencies manage program integrity risks from fraud, we issued the Fraud Risk Framework in 2015.[10] The Fraud Risk Framework provides a comprehensive set of leading practices—organized within four components—that serve as a guide for agency managers to use when developing efforts to combat fraud in a strategic, risk-based way. The second component—assess—calls for program managers to plan and conduct regular fraud risk assessments and provides leading practices for doing so.

We and others have previously reported on weaknesses in agencies' fraud risk management activities, including assessing fraud risks, for several of the selected programs.[11] Some agencies have addressed recommendations we made to them on addressing fraud risks; other recommendations remain open, as we discuss later in this report.

Oversight audits and investigations

We identified numerous audit and investigative reports from federal and state oversight entities that highlight fraud risks in the 20 selected programs (see fig. 6).[12] Our search, though not exhaustive, indicates that these oversight entities have identified fraud risks in different programs over the last decade.

Figure 6: Examples of Selected Federally Funded, State-Administered Programs with Documented Audit and Investigative Findings Related to Fraud Risks

Airport Improvement Program	In 2015, the Department of Transportation Office of Inspector General (OIG) reported on cases of fraud starting in 2008 involving contractors in airport improvement projects. In one case, an engineering consultant was convicted of falsifying environmental permits used in connection with a $4.3 million project.
Public Assistance	The Department of Homeland Security OIG reported in a 2018 management alert that inadequate monitoring of debris removal following a hurricane posed risks of overstated debris removal and questionable costs for reimbursement.
Community Development Block Grant Disaster Recovery Funding	GAO reported in 2021 on fraud risks, including schemes involving contractors providing false certification of qualifications or eligibility, fraudulently billing after taking a deposit and receiving federal funds, and conspiring to influence the procurement process to circumvent competitive bidding controls.
Section 8 Housing Choice Vouchers	The Department of Housing and Urban Development OIG reported in 2022 on fraud risks, such as assisted households underreporting income or failing to disclose household members; landlords receiving payments for vacant units or collecting prohibited, additional side payments from tenants; and contractors and vendors engaging in bid-rigging or paying kickbacks to enlist others in fraud schemes.
Federal Pell Grant Program	The Department of Education OIG reported in 2025 on fraud risks, such as in student financial aid, including a scheme where two people were charged for orchestrating fraud rings that targeted more than $12 million in aid. One individual allegedly ran a 10-year scheme that involved the submission of fraudulent applications for over 1,200 people, involving over 100 schools in 24 states. The other individual also allegedly ran a 10-year scheme involving over 80 individuals, who were primarily enrolled at the same community college for the same or similar degree programs and online courses.
Child Care and Development Block Grant	One state audit organization reported in 2019 on fraud risks stemming from weaknesses in the state's procedures for verifying families' eligibility and oversight of providers.

Sources: GAO summary of GAO, OIG, and state audit reports. | GAO-26-109100

Accessible Data for Figure 6: Examples of Selected Federally Funded, State-Administered Programs with Documented Audit and Investigative Findings Related to Fraud Risks

Program	Findings
Airport Improvement Program (Infrastructure)	In 2015, the Department of Transportation Office of Inspector General (OIG) reported on cases of fraud starting in 2008 involving contractors in airport improvement projects. In one case, an engineering consultant was convicted of falsifying environmental permits used in connection with a $4.3 million project.
Public Assistance (Disasters)	The Department of Homeland Security OIG reported in a 2018 management alert that inadequate monitoring of debris removal following a hurricane posed risks of overstated debris removal and questionable costs for reimbursement.
Community Development Block Grant Disaster Recovery Funding (Disasters)	GAO reported in 2021 on fraud risks, including schemes involving contractors providing false certification of qualifications or eligibility, fraudulently billing after taking a deposit and receiving federal funds, and conspiring to influence the procurement process to circumvent competitive bidding controls.
Section 8 Housing Choice Vouchers (Housing)	The Department of Housing and Urban Development OIG reported in 2022 on fraud risks, such as assisted households underreporting income or failing to disclose household members; landlords receiving payments for vacant units or collecting prohibited, additional side payments from tenants; and contractors and vendors engaging in bid-rigging or paying kickbacks to enlist others in fraud schemes.
Federal Pell Grant Program (Education)	The Department of Education OIG reported in 2025 on fraud risks, such as in student financial aid, including a scheme where two people were charged for orchestrating fraud rings that targeted more than $12 million in aid. One individual allegedly ran a 10-year scheme that involved the submission of fraudulent applications for over 1,200 people, involving over 100 schools in 24 states. The other individual also allegedly ran a 10-year scheme involving over 80 individuals, who were primarily enrolled at the same community college for the same or similar degree programs and online courses.

Program	Findings
Child Care and Development Block Grant (Social Services)	One state audit organization reported in 2019 on fraud risks stemming from weaknesses in the state's procedures for verifying families' eligibility and oversight of providers.

Sources: GAO summary of GAO, OIG, and state audit reports, | GAO-26-109100

Note: We refer to the selected programs as "state administered." However, some of these programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

Adjudicated fraud cases

All programs have *fraud risks,* even if there have not been judicially determined cases of fraud. Fraud risk is greatest where there is incentive and rationalization to commit fraud and where program vulnerabilities exist that allow fraud to occur.[13] Figure 7 provides illustrative examples of how some of the 20 selected federally funded, state-administered programs have been defrauded.

Figure 7: Examples of Adjudicated Fraud Cases Involving Selected Federally Funded, State-Administered Programs

Program	Fraud scheme	Case outcome
Medicaid • Billing fraud • Identity theft	An operator of two behavioral health companies and a billing manager for one of those companies submitted fraudulent claims for rehabilitation program services, receiving over $3.6 million in reimbursements from Medicaid for services that were not provided. To carry out the scheme, the fraudsters systematically forged signatures, composed fake patient records, and stole the identities of health care providers and Medicaid recipients.	**Operator** Restitution: $3.6 million Prison sentence: 10 years **Billing manager** Restitution: $232,900 Probation: 5 years
Supplemental Nutrition Assistance Program (SNAP) • Bribery • Conspiracy • Corruption	A federal employee carried out a scheme that generated over $66 million in unauthorized transactions. The employee abused their position within the division responsible for identifying fraud by selling hundreds of authorized SNAP retailer numbers to co-conspirators in exchange for bribes. The co-conspirators then used those retailer numbers to illegitimately gain access to the Electronic Benefits Transfer payment network and process SNAP transactions.	**Federal employee** Restitution: $36 million Prison sentence: 24 months
Community Development Block Grant Disaster Recovery Funding • Eligibility misrepresentation	An individual fraudulently applied for, and received, disaster aid by certifying that their primary residence was damaged during a hurricane, when the damaged property was actually a vacation home and, therefore, ineligible for program funds.	**Grant recipient** Restitution: $142,414 Probation: 5 years

Sources: GAO summary of cases adjudicated by the Department of Justice and state Attorneys General; Icons-studio/stock.adobe.com. | GAO-26-109100

Accessible Data for Figure 7: Examples of Adjudicated Fraud Cases Involving Selected Federally Funded, State- Administered Programs

Program	Fraud scheme	Case outcome
Medicaid (Health Care)	Billing fraud; identity theft An operator of two behavioral health companies and a billing manager for one of those companies submitted fraudulent claims for rehabilitation program services, receiving over $3.6 million in reimbursements from Medicaid for services that were not provided. To carry out the scheme, the fraudsters systematically forged signatures, composed fake patient records, and stole the identities of health care providers and Medicaid recipients.	(Operator) Restitution: $3.6 million Prison sentence: 10 years (Billing manager) Restitution: $232,900 Probation: 5 years
Supplemental Nutrition Assistance Program (SNAP) (Nutrition Assistance)	Bribery; conspiracy; corruption A federal employee carried out a scheme that generated over $66 million in unauthorized transactions. The employee abused their position within the division responsible for identifying fraud by selling hundreds of authorized SNAP retailer numbers to co-conspirators in exchange for bribes. The co-conspirators then used those retailer numbers to illegitimately gain access to the Electronic Benefits Transfer payment network and process SNAP transactions.	(Federal employee) Restitution: $36 million Prison sentence: 24 months
Community Development Block Grant Disaster Recovery Funding (Disasters)	Eligibility Misrepresentation An individual fraudulently applied for, and received, disaster aid by certifying that their primary residence was damaged during a hurricane, when the damaged property was actually a vacation home and, therefore ineligible for program funds.	(Grant recipient) Restitution: $142,414 Probation: 5 years

Sources: GAO summary of cases adjudicated by the Department of Justice and state Attorneys General; Icons-studio/stock.adobe.com. | GAO-26-109100

Note: We refer to the selected programs as “state administered.” However, some of these programs are also administered by other entities, such as Tribes, territories, and local governments.

Though adjudicated cases demonstrate fraud risks in a program, resource and other constraints can limit fraud investigations. For example, an Office of Inspector General official noted in our prior reporting that they can only investigate the “worst of the worst” and do not have the capacity to investigate many possible instances of fraud.[14] To help prioritize scarce resources, they said that some investigative organizations have thresholds that may impact the cases organizations investigate. Further, the statute of limitations may cause organizations to prioritize some cases over others. Extending statute of limitations for prosecuting fraud cases could give oversight entities and federal law enforcement additional time to investigate and pursue fraudulently obtained payments.[15]

For additional information on fraud risks and examples of adjudicated fraud cases in the selected programs, see appendix I.

What are other sources of information that can indicate fraud risks?

Though single audits and improper payment estimates are not specifically designed to detect fraud, single audit findings and high rates of estimated improper payments can serve as additional indicators that a program is vulnerable to fraud.

Single audit findings

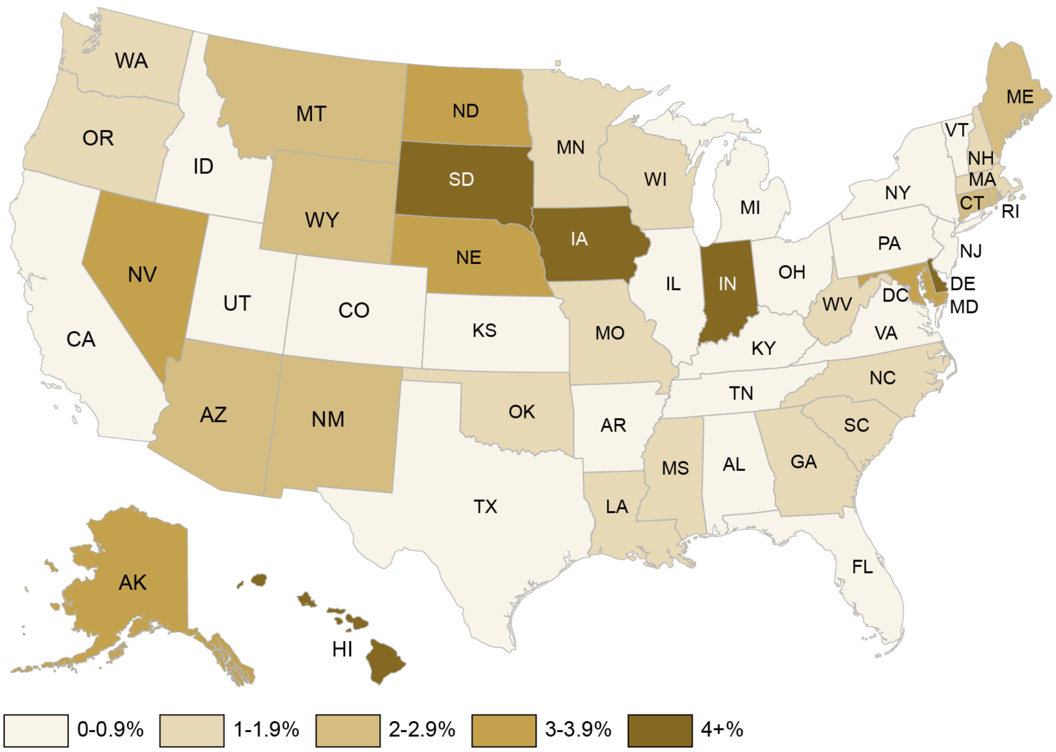
Single audits are an important oversight tool to help ensure that federal award recipients have adequate internal controls over federal funds and are complying with program requirements. For example, some single audits have found that materials used for roads and bridges were not tested appropriately, doctors were paid billions of dollars for medical services without adequate procedures to verify whether the services had been performed, and unauthorized users had access to Medicaid payment systems. The Single Audit Act and related guidance require states and other nonfederal entities to undergo an audit if they spend $1 million or more in federal awards from all sources in a fiscal year.[16]

Single audit findings—particularly those that are severe—may mean that programs lack the controls and necessary safeguards to prevent, detect, and respond to fraud.[17] In addition, persistent findings—findings that repeated as unresolved by corrective action for at least 2 years, or have been reported in three audits—can indicate continuing critical risks and issues within a program.

Our analysis of single audit findings from 2020 through 2024, the most recent years of complete data available, found severe and persistent findings in 18 of the 20 selected federally funded, state-administered programs. On average, about 4 percent of nearly 90,000 single audits of these 18 programs had severe and persistent findings. However, this rate varied across the 18 programs, ranging from about 0.3 percent to nearly 25 percent of audits with severe and persistent findings.[18]

In addition, auditors varied in how often they reported severe and persistent findings across states for the 20 selected programs from 2020 through 2024 (see fig. 8).

Figure 8: Percent of Single Audits with Severe and Persistent Findings for 20 Selected Federally Funded, State-Administered Programs, by State, 2020-2024



Sources: GAO analysis of single audit findings; and Peter Hermes Furian/stock.adobe.com.. | GAO-26-109100

Accessible Data for Figure 8: Percent of Single Audits with Severe and Persistent Findings for 20 Selected Federally Funded, State-Administered Programs, by State, 2020-2024

State	Percentage of audits with severe and repeated findings
South Dakota	7.8%
Iowa	7.2%
Indiana	7.0%
Hawaii	5.1%
Delaware	4.1%
Nebraska	3.8%
Maryland	3.4%
Nevada	3.2%
North Dakota	3.0%
Alaska	3.0%

State	Percentage of audits with severe and repeated findings
Montana	2.6%
Wyoming	2.4%
Rhode Island	2.3%
Connecticut	2.3%
Maine	2.2%
New Mexico	2.0%
Arizona	2.0%
Wisconsin	1.9%
Massachusetts	1.8%
Minnesota	1.8%
North Carolina	1.4%
Oregon	1.4%
Mississippi	1.4%
Washington	1.2%
South Carolina	1.2%
West Virginia	1.2%
Missouri	1.2%
Louisiana	1.2%
New Hampshire	1.0%
Georgia	1.0%
Oklahoma	1.0%
Colorado	0.9%
Florida	0.9%
California	0.9%
Pennsylvania	0.9%
Illinois	0.9%
Michigan	0.8%
Arkansas	0.8%
Virginia	0.8%
Kansas	0.8%
Vermont	0.7%
Alabama	0.6%
New Jersey	0.6%
New York	0.6%
Texas	0.5%
Tennessee	0.4%
Ohio	0.4%
Idaho	0.2%
Kentucky	0.2%
Utah	0.0%

Sources: GAO analysis of single audit findings; and Peter Hermes Furian/stock.adobe.com .. | GAO-26-109100

Note: We refer to the selected programs as “state administered.” However, some of these programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

Figure 9 provides examples of severe findings from past single audits of selected programs, which demonstrate how these audits can raise questions about fraud risks.

Figure 9: Examples of Single Audit Findings in Two States for Two Selected Programs, 2024

Special Education Grants to States	Auditors in one state found that the state education agency had not properly designed or implemented a system of internal controls to monitor subrecipients, including ensuring that subrecipients were audited, if required. Auditors noted since 2023 that the state agency could not ensure proper accountability of subrecipients without monitoring, which could enable subrecipients to use funds for unauthorized purposes without the agency's knowledge.
Child Care and Development Block Grant	Auditors in another state examining the state health and human services agency's management of the program identified multiple questionable claims. This included payments to a day care center for childcare services provided on Thanksgiving, though the center was closed, and no children attended. Auditors noted since 2007 that the state agency had ineffective review procedures to ensure that payments were allowable, adequately supported, and in accordance with state and federal regulations, which increased the risk for errors, fraud, and misuse of state and federal funds.

Sources: GAO summary of single audit findings. | GAO-26-109100

Accessible Data for Figure 9: Examples of Single Audit Findings in Two States for Two Selected Programs, 2024

Category	Category information
Special Education Grants to States (Education)	Auditors in one state found that the state education agency had not properly designed or implemented a system of internal controls to monitor subrecipients, including ensuring that subrecipients were audited, if required. Auditors noted since 2023 that the state agency could not ensure proper accountability of subrecipients without monitoring, which could enable subrecipients to use funds for unauthorized purposes without the agency's knowledge.
Child Care and Development Block Grant (Social Services)	Auditors in another state examining the state health and human services agency's management of the program identified multiple questionable claims. This included payments to a day care center for childcare services provided on Thanksgiving, though the center was closed, and no children attended. Auditors noted since 2007 that the state agency had ineffective review procedures to ensure that payments were allowable, adequately supported, and in accordance with state and federal regulations, which increased the risk for errors, fraud, and misuse of state and federal funds.

Sources: GAO summary of single audit findings. | GAO-26-109100

Estimated improper payments

Estimating improper payments is another key tool in helping agencies identify internal control weaknesses and develop effective corrective actions. Improper payments are any payments that should not have been made, or were made in an incorrect amount, for reasons ranging from unintentional administrative errors to fraud. Though not all improper payments are due to fraud, high rates of estimated improper payments can indicate that a program is vulnerable to fraud.

The Payment Integrity Information Act of 2019 requires agencies to manage improper payments by identifying risks; taking corrective actions; and estimating and reporting on improper payments in programs and activities they administer, among other things. An agency is required to report an annual estimate if it determines in a periodic risk assessment that a program may be susceptible to significant improper payments.

We reported that federal agencies' estimated improper payments across 64 programs in fiscal year 2025 totaled about $186 billion, an increase of about $24 billion from the prior fiscal year.[19] However, these estimates do not represent the full extent of government-wide improper payments. For example, some programs that agencies have determined to be susceptible to significant improper payments, such as Temporary Assistance for Needy Families (TANF), which provides financial assistance and support services to low-income families with children, did not estimate improper payments.

In our prior work, the Department of Health and Human Services (HHS) reported that it does not have the authority to obtain the information it needs to estimate or report improper payments for this program.[20] We recommended that Congress consider providing HHS the authority to require states to report data necessary to estimate and report on such improper payments.

Among the 20 selected federally funded, state-administered programs, federal agencies determined that 10 were susceptible to significant improper payments in fiscal year 2025. They reported program-specific estimates for nine of these programs (see table 1).[21]

Table 1: Estimated Improper Payment Amounts and Rates for Selected Federally Funded, State-Administered Programs Determined to Be Susceptible to Significant Improper Payments, Fiscal Year 2025

Program	Estimated improper payment amount	Estimated improper payment rate
Medicaid	$37.4 billion	6.1%
Supplemental Nutrition Assistance Program	$10.2 billion	10.9%
Highway Planning and Construction	$2.4 billion	3.9%
Section 8 Housing Choice Vouchers	$1.5 billion	4.4%
National School Lunch Program	$1.4 billion	7.0%
Children's Health Insurance Program	$1.4 billion	7.1%
Child Care and Development Block Grant	$922 million	4.9%
Federal Pell Grant Program	$427 million	1.1%
Public Assistance (Presidentially Declared Disasters)a	$261 million	1.2%
Temporary Assistance for Needy Familiesb	Did not report an estimate	Did not report an estimate

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-109100

Note: Improper payment amounts and rates displayed in the table include unknown payments. Agency estimates consider any payments improper if their propriety cannot be determined due to lacking or insufficient documentation. The estimated rate is the estimated improper payments divided by outlays for a program in a fiscal year. In addition, we refer to the selected programs as "state administered." However, some of these programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities.

[a]Federal agencies have flexibility on how they identify programs and activities for improper payment purposes. This program was reported under two separate parts in fiscal year 2025 data. The first part, the Federal Emergency Management Agency's Validate As You Go program, was determined to be susceptible to significant improper payments, which we reported above. The second part, covering the rest of the program, was found not be susceptible to significant improper payments.

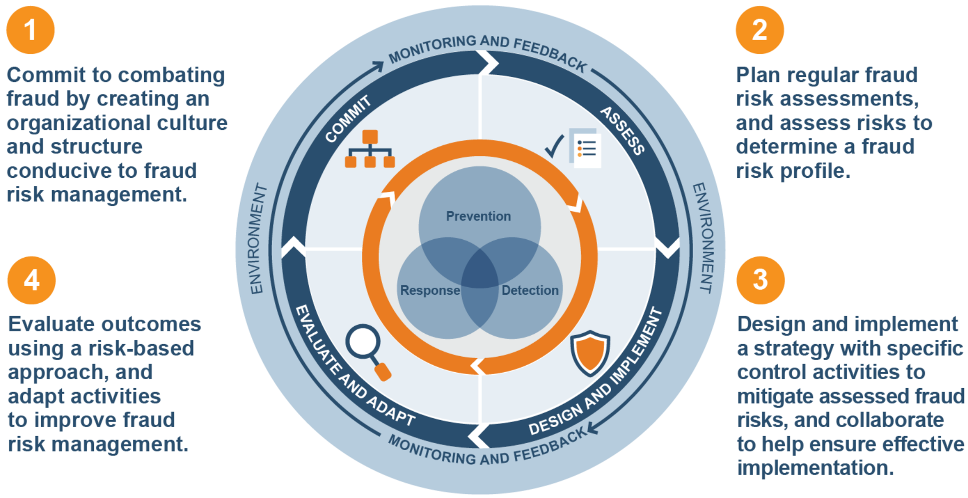
[b]In April 2022, we reported that the Department of Health and Human Services said it does not have the authority to obtain the information it needs to estimate or report improper payments for this program. In 2022, we recommended that Congress consider providing the agency the authority to require states to report data necessary to estimate and report on such improper payments. See *GAO, 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).

What actions can federal and state agencies take to better manage fraud risks and prevent fraud?

Federal and state agencies can apply leading practices and leverage federal analytic and other resources that we and others have emphasized as important to managing fraud risks. They can also take corrective actions to address identified fraud risk management and program integrity weaknesses.

Apply the Fraud Risk Framework and other leading practices for managing fraud risks. As mentioned previously, our Fraud Risk Framework provides a comprehensive set of key components and leading practices to help agency managers combat fraud in a strategic, risk-based way (see fig. 10).

Figure 10: The Four Components of GAO's Fraud Risk Framework



Source: GAO (information and icons). | GAO-26-109100

Accessible Data for Figure 10: The Four Components of GAO's Fraud Risk Framework

1. Commit to combating fraud by creating an organizational culture and structure conductive to fraud risk management
2. Plan regular fraud risk assessments, and assess risks to determine a fraud risk profile.
3. Design and implement a strategy with specific control activities to mitigate assessed fraud risks, and collaborate to help ensure effective implementation.
4. Evaluate outcomes using a risk-based approach, and adapt activities to improve fraud risk management.

Source: GAO (information and icons), | GAO-26-109100

Federal agencies have not consistently applied these components and leading practices across their programs. For example, in our prior work, we found through a survey of 24 federal agencies that a third did not have regular fraud risk monitoring or evaluation activities, and half did not regularly make changes based on evaluation results.[22] Agencies cited challenges, such as not having available staffing, funding, and other resources and expertise to conduct fraud risk management activities.

Given changing environments and the quickly evolving nature of fraud, continually assessing risks and evaluating and adapting controls is critical to staying ahead of new schemes and exploits. Further, evaluations can help agencies demonstrate the integrity of their programs and show the value of their fraud risk management activities through evidence-based return on investment and prevention savings measures. We issued a technical appendix to the Fraud Risk Framework in 2026 to help agencies evaluate outcomes and adapt activities.[23]

Apply the Framework for Managing Improper Payments in Emergency Assistance Programs and other leading practices for reducing program vulnerabilities. Our Framework for Managing Improper Payments in Emergency Assistance Programs provides principles and corresponding leading practices to help agencies at any level of government mitigate improper payments, including those stemming from fraud, before they occur.[24] This framework encourages agencies to develop internal control plans to prepare for future emergencies. As learned during the COVID-19 pandemic, the risk of improper payments and fraud may be higher when the federal government provides emergency assistance.

This is because the desire to provide such assistance quickly can detract from the planning and implementation of effective controls.

An effective, robust internal control system helps agencies adapt to shifting environments, evolving demands, changing risks, and new priorities. Effective practices and controls include

- designing, documenting, and finalizing policies and procedures for overseeing the distribution of funding;
- monitoring the receipt and use of funds, which can include back-end controls to collect overpayments; unused payments; and payments not made, or used properly, from recipients when the quick disbursement of funds makes front-end controls difficult to apply; and
- implementing mechanisms to verify recipients' eligibility and identity.

Leverage federal analytic resources. The Department of the Treasury offers services to federal agencies and states administering federal programs to help them address common payment integrity challenges. These services include the ability to verify recipient identity and eligibility before making an award or issuing a payment through the agency's Do Not Pay program. Information for verification checks available within Treasury's services include bank account identity and eligibility; delinquent debt checks; incarceration records; and the Social Security Administration's full Death Master File, which provides information on deceased individuals. Treasury also automatically screens Treasury-disbursed payments to confirm identity and eligibility.

According to Treasury officials, the agency's efforts to combat improper payments and fraud yielded $7.2 billion in prevention and recovery in fiscal year 2024. Officials also reported a savings of $113.5 million from identified, prevented, or recovered payments to deceased individuals in calendar year 2024, resulting from the agency's first year of a 3-year pilot on using full Death Master File data within the Do Not Pay program.[25] In 2025, Treasury officials said the agency has worked with over 60 federally funded programs to provide access to its services. Though services are available to all federal agencies and states administering federal programs, these entities are not always required to use them.

Analytics are essential for preventing and detecting fraud, particularly as tactics evolve. We previously reported on how the increased use of stolen identities from data breaches, synthetic identities, and widespread availability of advanced technological tools have posed major challenges for officials who are continuously "one step" behind organized fraud groups.[26] For example, these groups can use bots and AI to submit large volumes of applications within minutes, often reusing information and documentation across multiple applications. They also target programs that operate in multiple states or that are linked to other programs by eligibility to access more program benefits, in more states, at the same time. Treasury's centralized verification services can help, for example, identify duplicate applications across states and programs to prevent payments to these organizations.

Treasury's analytic resources could also have benefits for agencies and recipients that use them. For example, these resources could speed up the validation process because data are available, reliable, and the process for validation checks are well-established. In addition, these resources can protect legitimate recipients from delays accessing benefits when identity thieves have accessed those benefits first. The Congressional Research Service has examined the Do Not Pay program and outlined policy considerations for improving its usefulness.[27]

Share information and leverage relationships among and between state and federal agencies. States and state auditors are useful resources for identifying fraud risks in federally funded, state-administered programs. For example, in 2020 and 2021, auditors in one state found that multiple individuals affiliated with the state's TANF program potentially misspent, converted to personal use, or wasted more than $77 million of program funds.

We previously made recommendations to ensure that federal agencies collaborate with their state and local counterparts to improve program integrity. For example, in February 2025, we highlighted open recommendations for HHS to strengthen collaboration with state auditors and leverage their work to inform Medicaid oversight activities and audit processes.[28]

Similarly, in January 2025, we recommended that HHS develop and document a process for communicating with state and local agencies and their respective audit organizations about TANF fraud risks, including when conducting related fraud risk assessments.[29] HHS concurred with this recommendation. In July 2025, HHS provided a copy of its procedures for conducting fraud risk assessments for programs, including TANF. However, these procedures were predecisional and did not include a process for direct and regular communication with state and local agencies and their respective audit organizations about fraud risks.

Take corrective action to address identified program vulnerabilities. Since we issued the Fraud Risk Framework in 2015, we have made dozens of recommendations to enhance fraud risk management across federal programs. Among the 20 selected programs, we made at least 50 recommendations for agencies to better prevent, detect, and respond to fraud. Agencies have implemented 28 of these recommendations. For example, the Departments of Agriculture, HHS, and Homeland Security have reported efforts to strengthen fraud risk management activities through training, risk assessments, and antifraud strategies, based on our recommendations.[30] These efforts are positive, as taking action to address program vulnerabilities identified by GAO and other oversight entities can help federal and state agencies reduce fraud risks and ensure that programs have effective practices and controls to prevent fraud.

However, opportunities exist for agencies to take additional action. For example, 22 recommendations we made to the Environmental Protection Agency and the Departments of Energy, HHS, and Housing and Urban Development remain open. These recommendations address issues related to fraud risk management among the 20 selected programs or across agency programs.[31]

We have also reported on ways that federal agencies can strengthen their use of single audits and ensure they are meeting improper payment reporting requirements within the selected programs. For example, we previously reported on numerous severe or persistent single audit findings across states for TANF.[32] These findings included three that remained unresolved for over a decade. We found issues with HHS's single audit resolution and corrective action procedures, among other things, and made recommendations to HHS to strengthen its procedures.[33] HHS partially agreed with our recommendations, and we will continue to monitor HHS's actions to address them.

In addition, we found that certain agencies—including the Departments of Agriculture, Education, and HHS—did not have sufficient documented policies and procedures to ensure consistent timely reporting for their programs that were not compliant with improper payment reporting requirements.[34] We made related recommendations to address these issues. Agencies agreed with our recommendations, and we will continue to monitor actions to address them. Agencies with programs that remain noncompliant with these reporting requirements for multiple consecutive years are often the same programs that account for some of the largest improper payment estimates government-wide.

What additional insights can help Congress and federal agencies combat fraud?

Our prior work and experiences from the United States and other countries provide insights that can help federal agencies identify fraud risks and thoughtfully manage them in changing environments to safeguard public resources while providing needed services. These insights focus on federal efforts in three areas: (1) enhancing analytics for detecting fraud, (2) increasing transparency with fraud prevention activities, and (3) adapting approaches to address evolving fraud threats.[35]

In implementing efforts to prevent and combat fraud, considerations must account for potential effects on program resources and service delivery. As mentioned previously, challenges to agencies' fraud risk management practices include staffing, funding, or other resource limitations. Other reported challenges include having limited tools and techniques for data analytics and limited expertise.[36] Efforts to prevent fraud must also consider how to protect federal funds without compromising individuals' privacy and creating barriers to access, as some federally funded, state-administered programs are intended to serve the nation's most vulnerable populations.

It is also important to note that our prior estimate of $233 billion to $521 billion lost to fraud annually represents 3 percent to 7 percent of average federal obligations government-wide for fiscal years 2018 through 2022. Fraud risks can vary substantially by program, and these percentages should not be applied to infer fraud incidence at the agency or program level. Risks can depend on factors such as program controls, budget growth or reduction, and the emergence of new fraud schemes.[37]

Enhancing analytics for fraud detection

In a rapidly changing environment where fraudsters can use AI to automate large-scale fraud within seconds, it is essential that agencies at every level continue to improve data analytics use and capabilities.

- **Expand the use of Treasury's Do Not Pay program.** As previously mentioned, Treasury's ability to help federal and state agencies verify recipient identity and eligibility before issuing federal funds has demonstrated financial and program integrity benefits. Further, the agency's centralized information system can be particularly helpful in identifying fraud risks, especially in schemes that may attempt to gain access to programs within and across states.

  Various entities have developed data resources to encourage the use of Treasury's program integrity checks within specific programs. For example, the Unemployment Insurance Integrity Data Hub—which operates in partnership with the Department of Labor—provides state Unemployment Insurance agencies access to selected Do Not Pay data. The Integrity Data Hub also offers cross-matching capabilities to analyze claims that may be submitted to multiple states, a check that is not available within state systems.

  Similarly, the Public Assistance Reporting Information System—administered by HHS and technically operated by the Do Not Pay program—provides a cross-state data matching capability not otherwise available within a state's system. This system can help state agencies share information on programs, including Medicaid, the Supplemental Nutrition Assistance Program, and TANF, and identify individuals or families who may be receiving benefit payments in more than one state simultaneously.

Despite these benefits, about 4 percent of all federal programs use Treasury's full suite of services. Challenges for adoption include the process of establishing data-sharing agreements and related legal barriers. In addition, the Congressional Research Service noted issues with the availability of data needed to verify program eligibility for some programs and possible costs in terms of agency time and resources to use the program's data, despite there being no financial charge to use the program.[38] Further, though some programs leverage selected Do Not Pay data through specific platforms, these platforms may have data-sharing and other functional limitations, which could be addressed, if programs directly use the Do Not Pay program.

Given the potential value of Treasury's services and its availability to federal and state agencies administering federal programs at no charge, further congressional attention could help to increase adoption. Considerations for wider adoption include (1) legal or resource barriers for use, including potential tradeoffs for integrating use with existing compliance processes; and (2) intersections with existing, program-specific requirements for using the Do Not Pay program or related systems, such as the Integrity Data Hub and the Public Assistance Reporting Information System.

Legislation introduced in the 119th Congress—such as H.R. 8463, H.R. 8464, and S. 4378—calls for increasing use of payment integrity tools, among other things.

- **Enhance oversight through an analytics center of excellence.** Congress established the Pandemic Response Accountability Committee (PRAC) as a broad oversight entity in response to the COVID-19 pandemic. The PRAC and its analytics functions highlight the significance of the federal role in detecting and responding to fraud risks.

  For example, the PRAC reported in 2025 that it had supported over 1,100 pandemic-related investigations, covering about $2.43 billion in potential fraud losses. PRAC officials said in 2026 that their unique cross-program, cross-agency capabilities were key to preventing fraud and recovering taxpayer dollars lost to fraud, waste, and abuse.

  To ensure such capabilities are retained, in 2022, we recommended that Congress establish a permanent analytics center of excellence within the oversight community. We noted that such a center could include an AI-based tool to help detect fraud and improper payments.[39] In July 2025, Congress extended the sunset date of the PRAC to September 30, 2034, and expanded its jurisdiction. This included the PRAC's Pandemic Analytics Center of Excellence. However, the PRAC and its analytics center are not permanent or government-wide.

  H.R. 8312, introduced in the 119th Congress, would address this by establishing fraud prevention and program integrity functions and data-sharing authorities within Treasury and a permanent, government-wide Inspector General for Fraud, Accountability, and Recovery.

Increasing transparency with fraud prevention activities

Transparency through reporting and clear requirements can help drive progress on fraud prevention, including in federal programs that are state administered.

- **Reinstate reporting requirements for fraud risk management.** Legislative requirements for agencies to report on their antifraud controls and fraud risk management efforts in their annual financial reports expired in 2020.[40] Since then, there has been no similar requirement for agencies to report on their efforts to manage fraud risks.[41] Consequently, we recommended that Congress amend the Payment Integrity Information Act of 2019 to reinstate the fraud-related reporting requirements. With this information, Congress would be better positioned to identify gaps in agencies' fraud risk management practices, benchmark progress over time, and drive accountability.

  Legislation introduced in the 119th Congress—such as H.R. 8466, H.R. 8467, S. 80, and H.R. 1533—would help address this by requiring agencies to report on fraud risks or related internal controls or to report information on the status of implementing leading practices outlined in the Fraud Risk Framework.

- **Collect quality data on the flow of federal funds.** Comprehensive, high-quality data are essential for timely decisions, particularly given the speed, volume, and sophistication of today's AI-enabled fraud attacks. AI-enabled tools can help combat fraud in the federal government, if the underlying data are of sufficient quality. However, government data for identifying possible fraud can vary in quality, reliability, and availability.

  We previously reported on issues with the completeness and accuracy of data that grantees report on funds they pass through to other entities—or subawards—which is displayed on USAspending.gov.[42] Issues included missing information, impossibly large amounts reported, and likely duplicative records. For example, we found one record on USAspending.gov with a subaward amount of $1 quintillion. We found five others with subaward amounts that exceeded the U.S.'s gross domestic product for the year in which they were made.

  While grantees are responsible for overseeing their subawards, federal agencies are to ensure that their grantees carry out oversight responsibilities. This includes reporting information on subawards for display on USAspending.gov. However, we found that the Office of Management and Budget's (OMB) guidance was unclear on what processes federal agencies are expected to implement to support subaward data quality. We also found that the system used to report subaward data for display on USAspending.gov lacked robust validations and other system controls to ensure the quality of the data.

  We made recommendations to OMB, the General Services Administration, and Treasury to address these issues. The General Services Administration and Treasury concurred with our recommendations. OMB did not have any comments on the report. The agencies took actions, such as issuing guidance that clarified expectations for quality subaward data, disclosing data quality limitations on USAspending.gov, and providing guidance to improve subaward data submissions, respectively. We are continuing to monitor efforts in this area through our ongoing work on subaward oversight and plan to report on the results of this work later this year.

While progress has been made to improve the quality and transparency of federal spending information available on USAspending.gov, congressional action is also needed to ensure continued progress. In 2022, we recommended that Congress amend the DATA Act to (1) clarify the responsibilities and authorities of OMB and Treasury for ensuring the quality of data available on USAspending.gov; and (2) extend the previous requirement for agency inspectors general to review the completeness, timeliness, quality, and accuracy of their respective agency data submissions on a periodic basis.[43]

- **Underscore the importance of GAO's leading practices for fraud risk management.** We previously reported on the lack of prioritization and commensurate commitment to fraud risk management from federal agencies, including those responsible for state-administered programs. As noted above and in our previous work, some agencies continue to lag in implementing our leading practices for fraud risk management, despite legislative and policy guidance that has been in place for a decade to do so.

  Our prior work has shown that when agencies formally designate an entity to design and oversee fraud risk management activities—a leading practice for fraud risk management—their efforts can be more visible across the agency, particularly to executive leadership.[44] Commitment to fraud risk management is fundamental to sustaining progress in other areas outlined in leading practices, such as conducting fraud risk assessments, designing effective controls, and continuously monitoring and evaluating antifraud efforts.

  Implementing our leading practices is key to reducing fraud risks and can support progress toward alleviating areas of high concern. Our High Risk List highlights federal programs and operations that are vulnerable to fraud, waste, abuse, and mismanagement, among other issues.[45] Among the 20 selected programs, Medicaid has remained on the list for over a decade due to (1) significant improper payments; (2) limitations in HHS efforts to ensure that states use Medicaid funds in accordance with federal requirements; and (3) limited federal oversight of states' Medicaid data, including on expenditures and utilization.

  In addition to their application to federal agencies, the practices and concepts described in our Fraud Risk Framework may be applicable to states and subrecipients involved in administering federal programs. Aligning fraud prevention practices of states and subrecipients with those of federal agencies could better protect the trillions of taxpayer dollars at stake in federally funded, state-administered programs.

  Such alignment would need to consider any existing requirements for fraud risk management and their applicability, depending on the subrecipient. For example, a state TANF program providing services and local public housing agencies managing Section 8 Housing Choice Vouchers may be subject to various requirements, of which fraud risk management may already be a part.

  Given lags in some federal agencies' implementation of our leading practices and their potential applicability and utility for states and subrecipients, congressional attention to help underscore their importance could enhance wider adoption. This could support (1) federal agencies' ability to meet legislative requirements for fraud risk management; and (2) state and subrecipient efforts to align fraud prevention practices with federal agencies to better protect federal dollars, noting the considerations mentioned above.

Adapting approaches to address evolving fraud threats

As mentioned, the fraud threat landscape is rapidly changing. A PRAC official cited a case from 2021 in which one Social Security number was used in 40 states in an attempt to gain unemployment benefits—a scheme that was virtually impossible to commit or detect a decade ago. Given the changing risk environment, the requirements and mindset for fraud prevention must similarly evolve.

- **Assess options for building integrity into program design.** Ensuring that payment integrity checks and fraud controls are a part of program design can facilitate fraud prevention. This includes investing in efforts to provide data access for fraud prevention and mechanisms for continuous adaptation to manage evolving fraud threats. In our prior work, 19 of the 24 federal agencies we surveyed reported that having congressionally directed prioritization of budget funds for program integrity improvements would be highly or somewhat motivating to their fraud risk management efforts.[46]

  However, building program integrity provisions into legislation can be challenging, in part, because costs are difficult to determine. Savings that may be generated by fraud prevention activities are generally not considered when the Congressional Budget Office develops estimates of the financial impact of proposed legislation. This can create structural barriers to legislation that include program integrity provisions, according to a policy and research group.

  Another challenge is having empirical data to support cost-benefit analyses of program integrity activities. In January 2026, we issued a guide for evaluating the effectiveness of these activities.[47] Among the methodologies described are options for assessing the impact of interventions on fraud deterrence and return on investment from fraud prevention and detection activities. Agencies' adoption of such practices would provide empirical insights into the value of program integrity activities.

  Information and further analysis of options for estimating the value of program integrity provisions could help Congress identify the true costs and benefits of building integrity into program design. Insights from key agencies involved in these complex analyses, such as the Congressional Budget Office, and evaluation information from agencies would be important for understanding existing practices and options for change.

- **Explore options for a counterfraud profession.** Resources and information shared through our participation in the International Public Sector Fraud Forum provide insights for actions the United States could consider for fraud prevention. Representing government officials across five countries, the forum has a goal to use shared knowledge to reduce the risk and harm of fraud and corruption in the public sector across the world.

  In 2018, the United Kingdom launched the world's first government counterfraud profession and, in 2025, it developed the Practitioners Standard for Fraud Detection as part of the Government Counter Fraud Profession Standards and Guidance.[48] According to these standards, they were designed to present a consistent, cross-government approach to countering fraud, raise the capability of individuals, and increase the quality of counterfraud work.

There is not a direct, comparable professional series or set of standards for fraud risk management in U.S. government positions. Currently, knowledge, skill, and ability areas that specifically include fraud-related duties are noted in two occupational groups in the Office of Personnel Management's *Handbook of Occupational Groups and Families*, which aims to provide agencies with a starting point for classifying federal positions.[49] However, responsibilities within these occupational groups and series are not specific to proactive fraud risk management or are narrowly related to a single program area.

Needs for additional counterfraud skills may be similar to a past situation that prompted the creation and modernization of the Information Technology Management Series within the information technology group to support skills-based hiring. Recognizing the rapidly expanding role of information technology in federal operations in the late 1990s and early 2000s, the Office of Personnel Management began a comprehensive occupational study to replace its outdated Computer Specialist Series and develop the new standard. Over time, the specialty titles have evolved to better reflect the evolving nature of information technology work.

A workforce with skillsets necessary to combat sophisticated and evolving fraud threats could better position the federal government in meeting current and future challenges. However, careful study involving key stakeholders, such as the Office of Personnel Management and affected agencies, would be important. Such an assessment could include insights from international partners, lessons learned from the evolution of the Information Technology Management Series, and experiences from current occupational series modernization efforts.[50]

Agency Comments

We provided a draft of this report to the Environmental Protection Agency and Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Transportation, and the Treasury for review and comment.

The Environmental Protection Agency and Departments of Agriculture, Commerce, Health and Human Services, Housing and Urban Development, Transportation, and the Treasury provided technical comments, which we incorporated as appropriate. The Departments of Education, Energy, and Homeland Security did not have any comments.

How GAO Did This Study

To describe some of the largest federally funded, state-administered programs and how they are administered and overseen, we used USAspending.gov data to identify and select the largest programs using obligations in fiscal year 2025, the most recent complete data at the time of our review. Obligations reflect funds the federal government has committed to spend but has not yet expended (outlayed). Obligated funds may be outlayed in the year they are obligated, or a subsequent year.

Because USAspending.gov data do not identify programs as federally funded, state-administered programs, we used proxies, such as information about the recipient types in developing the list of programs for selection. Specifically, we analyzed data on all government recipients of "grants" and "direct payment for specified use” award types. Government recipients—a term defined by USAspending.gov—include Tribes, territories, and state and local governments. Because some of the 20 selected programs are also administered by other entities, we also included obligations for all recipient types to reflect the size of these programs more fully. For example, this included obligations for public colleges and universities for higher education programs.

To help ensure that we selected the relevant programs, we examined USAspending.gov obligations data for fiscal year 2024, OMB’s Federal Program Inventory data on outlays for fiscal year 2024, and obligations estimated and reported by programs for fiscal year 2025 on SAM.gov. To assess the reliability of these data, we reviewed relevant documentation and conducted electronic testing. We determined that the data were sufficiently reliable for the purpose of identifying some of the largest federally funded, state-administered programs. We reviewed information about these programs, such as by using GAO and Congressional Research Service reports and federal laws, regulations, and agency documents.

To describe what is known about fraud risks and related risk factors in the selected programs, we reviewed information from GAO, Office of Inspector General, and state audit reports from January 2015 through May 2026. We identified the information by contacting federal and state audit organizations to gather information about their relevant reports and using research search engines, such as LexisNexis. We also used generative AI tools to assist in identifying information but did not use outputs from these tools, for example, to summarize information. Our searches were not exhaustive and were intended to provide a range of insights into fraud risks across federally funded, state-administered programs.

We also analyzed single audit findings of all auditees reported to the Federal Audit Clearinghouse from 2020 through 2024 and improper payment estimates federal agencies reported to OMB in fiscal year 2025. We examined publicly available information on adjudicated fraud cases involving the selected programs that were reported by the Department of Justice from January 2015 through May 2026. In addition, we gathered information on fraud risk management activities from federal agencies overseeing the programs.

To describe examples of leading practices and controls, we reviewed existing research and criteria on practices and controls to address fraud risks, including our Fraud Risk Framework and federal standards for internal control.[51] We also reviewed practices and controls developed by experts in the field, both within the United States and internationally. These include ideas developed, in part, by federal entities, such as the Department of Labor, HHS, Pandemic Response Accountability Committee, and Treasury. They also include ideas from the International Public Sector Fraud Forum, which has representation from government officials from Australia, Canada, New Zealand, the United Kingdom, and the United States.

We conducted this performance audit from April 2026 to July 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 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, Administrator of the Environmental Protection Agency, Secretary of Agriculture, Secretary of Commerce, Secretary of Education, Secretary of Energy, Secretary of Health and Human Services, Secretary of Homeland Security, Secretary of Housing and Urban Development, Secretary of Transportation, Secretary of the Treasury, and other interested parties. 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: Rebecca Shea, Director, Forensic Audits and Investigative Service, SheaR@gao.gov and Kathryn Larin, Director, Education, Workforce, and Income Security, LarinK@gao.gov.

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

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

Staff Acknowledgments: Gabrielle Fagan (Assistant Director), Nhi Nguyen (Analyst in Charge), Susan Barnidge, Yue Pui Chin, Paulissa R. Earl, Jessica Farb, Sara Schibanoff Kelly, Robin Marion, Joseph Rini, and Russell Voth made key contributions to this report. Other staff who made key contributions were Mariana Calderón, Leia Dickerson, Kathleen M. Drennan, Laura DuFief, Colin Fallon, Samuel Gaffigan, Minsoo Kim, Barbara Lewis, Sarah Lisk, Laura Pacheco, Steven Putansu, Sabrina Streagle, and Jingxiong Wu.

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Endnotes

[1]In this report, we refer to these programs as "state administered." However, some of the programs are also administered by other entities, such as Tribes, territories, local governments, and public colleges and universities (e.g., for higher education programs). In selecting programs and in the data presented in figure 1, we used Assistance Listing numbers (formerly known as the Catalog of Federal Domestic Assistance numbers) in USAspending.gov data to identify programs with the largest obligations for government recipients. This is defined by the data source to include Tribes, territories, and state and local governments. We later included obligations for all recipient types to fully reflect the size of the selected programs, such as by including obligations for public colleges and universities. The 20 selected programs made up over 85 percent of federal obligations when accounting for total obligations for all recipients. For two of the listing numbers on USAspending.gov, we focused our reporting on the Airport Improvement and Home Energy Rebates Programs because they were the largest among a group of programs listed together under the same number. In addition, for another listing number, because most of the funding was supplemental funding for disaster recovery, we refer to it as Community Development Block Grant Disaster Recovery Funding. The listing number for the Child Care and Development Block Grant includes the discretionary portion of funding for the Child Care Development Fund; it does not include mandatory and matching funds.

[2]GAO, *Fraud Risk in Federal Programs: Continuing Threat from Organized Groups Since COVID-19*, GAO-25-107508 (Washington, D.C.: July 10, 2025). In the report, we highlighted a case in which an organized fraud group was accused of stealing over $181 million between June 2022 and February 2024 from people receiving food assistance benefits and financial support for low-income families. We also cited examples in which people may have been physically harmed when unnecessary medical tests were performed on them so that fraudsters could bill Medicaid for those tests. Further, we reported on an organized fraud group that stole hundreds of identities to further fraud schemes in Unemployment Insurance and other programs from January 2020 to October 2020. We noted that the emotional trauma associated with identity theft may be as devastating as many of the most violent offenses and contributes to anxiety, among other symptoms.

[3]Congressional Research Service, *Federal Grants-in-Aid Administration: A Primer*, R42769 (Washington, D.C.: Mar. 5, 2026).

[4]Pass-through entities, such as states, are responsible for evaluating subrecipients' risk of committing fraud, monitoring subrecipient activities as necessary, and addressing issues that arise. Although federal agencies that award grants do not have a direct legal relationship with subrecipients, they provide indirect oversight by ensuring that states carry out their subrecipient oversight responsibilities.

[5]For example, see GAO, *Grants Management: Recent Guidance Could Enhance Subaward Oversight,* GAO-25-107315 (Washington, D.C.: Mar. 26, 2025).

[6]Council of the Inspectors General on Integrity and Efficiency, *The IG Community's Joint Efforts to Protect Federal Grants from Fraud, Waste, and Abuse* (Jan. 2021).

[7]GAO, *Disaster Recovery: HUD Should Develop Data Collection Guidance to Support Analysis of Block Grant Fraud Risks,* GAO-23-104382 (Washington, D.C.: Aug. 17, 2023).

[8]GAO, "The GAO Antifraud Resource" (Washington, D.C.: Jan. 10, 2022), accessed June 30, 2026, https://antifraud.gaoinnovations.gov.

[9]Office of Management and Budget, *Management's Responsibility for Internal Control*, OMB Circular A-123 (Washington, D.C.: Mar. 10, 2026). In the circular, the Office of Management and Budget (OMB) states that "fraud is a risk that all agencies must consider." The circular further establishes that agencies are to have "internal controls… that support the achievement of mission objectives by mitigating the likelihood and impact to risks, including fraud." In addition, the circular discusses how risk assessments should include the consideration of vulnerabilities to fraud. This includes assessing the likelihood and significance of potential fraud scenarios, including monetary and nonmonetary fraud. The circular further explains that agencies should identify where fraud risk is most likely to occur and ensure that fraud risk is considered when setting risk tolerances and determining appropriate responses to identified risks.

[10]GAO, *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework), GAO-15-593SP (Washington, D.C.: July 28, 2015).

[11]For example, see Department of Transportation Office of Inspector General, *FHWA Lacks Adequate Guidance and Procedures for Its Oversight of Construction Quality Assurance*, ST2025022 (Washington, D.C.: Feb. 18, 2025); and *DOT Should Enhance Its Fraud Risk Assessment Processes for IIJA-Funded Surface Transportation Programs*, ST2023034 (Washington, D.C.: June 20, 2023). Also, see GAO, *Temporary Assistance for Needy Families: Additional Actions Needed to Strengthen Fraud Risk Management*, GAO-25-107290 (Washington, D.C.: Jan. 28. 2025); *Disaster Assistance: FEMA Should Take Additional Actions to Strengthen Fraud Risk Management for Public Assistance Emergency Work Grants*, GAO-20-604 (Washington, D.C.: Sept. 29, 2020); *School Meals Programs: USDA Has Reported Taking Some Steps to Reduce Improper Payments but Should Comprehensively Assess Fraud Risks*, GAO-19-389 (Washington, D.C.: May 21, 2019); and *Medicare and Medicaid: CMS Needs to Fully Align Its Antifraud Efforts with the Fraud Risk Framework*, GAO-18-88 (Washington, D.C.: Dec. 5, 2017).

[12]Oversight entities are independent entities that combat fraud by conducting program audits or making internal control recommendations to program managers. These entities vary by state and program in their authorities and include federal and state inspectors general, auditors, and comptrollers. Federal Offices of Inspector General are responsible for investigations within their affiliated agencies, and state auditors and comptrollers are generally responsible for audits and financial management within their state.

[13]Fraud and fraud risk are distinct concepts. Fraud—obtaining something of value through willful misrepresentation—is challenging to detect because of its deceptive nature. Fraud risk—a function of likelihood and impact—exists when people have an opportunity to engage in fraudulent activity, have an incentive or are under pressure to commit fraud, or can rationalize committing fraud. Whether an act is considered fraud is a determination made through the judicial or other adjudicative system.

[14]GAO, *Fraud Risk Management: 2018-2022 Data Show Federal Government Loses an Estimated $233 Billion to $521 Billion Annually to Fraud, Based on Various Risk Environments*, GAO-24-105833 (Washington, D.C.: Apr. 16, 2024).

[15]GAO, *Payment Integrity: Significant Improvements Are Needed to Address Improper Payments and Fraud*, GAO-24-107660 (Washington, D.C.: Sept. 10, 2024).

[16]Single Audit Act, 31 U.S.C. § 7502, and OMB's implementing guidance in 2 C.F.R. § 200.501. Federal awards are federal financial assistance and cost-reimbursement contracts that nonfederal entities receive directly from federal awarding agencies or indirectly from pass-through entities and include grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. 31 U.S.C. §§ 7501(a)(4),(5); 2 C.F.R. § 200.1. In April 2024, OMB issued revisions to 2 C.F.R. § 200.501, raising the annual threshold of expenditures triggering a single audit or program-specific audit from $750,000 to $1 million, effective October 1, 2024. 89 Fed. Reg. 30,046 (Apr. 22, 2024).

[17]We define a severe finding as one that the auditor determined contributed to (1) a modified opinion on a compliance audit or (2) a material weakness on an internal control over compliance audit.

[18]Independent auditors use a risk-based approach to focus single audits on programs from which a federal award recipient spent the most funds in the audit year. Thus, not all federal programs are reviewed for each recipient each year. Newer programs, and programs that have been subject to fewer single audits for other reasons may have rates of severe and persistent findings that may not relate to program integrity issues. Two programs—the Broadband Equity, Access, and Deployment and the Affordable Care Act State Innovation Waiver Programs—had no single audits with both severe and persistent findings during our review period, though they had 10 and 42 audits completed, respectively. The Supplemental Nutrition Assistance and Children's Health Insurance Programs were the only two among the remaining 18 programs that had rates of severe and persistent findings above the average of 4 percent (19.2 percent and 24.4 percent, respectively). However, they had 229 and 332 audits completed, respectively, compared with the average of nearly 5,000 audits completed across the 18 programs.

[19]GAO, *Payment Integrity: Agencies' Estimated Improper Payments Increased to $186 Billion in Fiscal Year 2025*, GAO-26-108694 (Washington, D.C.: Apr. 27, 2026). This increase is largely attributable to programs that reported estimates in fiscal year 2025 but did not report estimates in the prior fiscal year.

[20]GAO, *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). H.R. 8872, introduced in the 119th Congress, would address this recommendation by providing HHS such authority.

[21]Of the 10 remaining programs, agencies determined that five were not susceptible to significant improper payments (i.e., having improper payments exceeding either $100 million or $10 million plus 1.5 percent of the total amount of program outlays in the preceding year). The remaining five programs were not specifically identified on OMB's list of programs assessed for improper payment risks. Agency officials provided various reasons for this. For example, officials for one program said they received a waiver from the assessment requirement in fiscal year 2025. Officials from another agency said their program had been assessed alongside other programs and was determined not to be susceptible to significant improper payments. Federal agencies have flexibility on how they identify programs and activities for improper payment purposes.

[22]GAO, *Fraud Risk Management: Agencies Should Continue Efforts to Implement Leading Practices*, GAO-24-106565 (Washington, D.C.: Nov. 1, 2023). For this work, we surveyed the 24 agencies listed in the Chief Financial Officers Act of 1990 (CFO Act), as amended. Pub. L. No. 101-576, § 205, 104 Stat. 2838 (1990), codified as amended at 31 U.S.C. § 901(b).

[23]GAO, *Combating Fraud: Approaches to Evaluate Effectiveness and Demonstrate Integrity*, GAO-26-107609 (Washington, D.C.: Jan. 14, 2026).

[24]See GAO, *A Framework for Managing Improper Payments in Emergency Assistance Programs*, GAO-23-105876 (Washington, D.C.: July 13, 2023). This framework is intended to be used by federal agencies in conjunction with existing requirements related to managing improper payments, including those stemming from fraud.

[25]GAO, *Social Security Death Data: Do Not Pay System Has Yielded Financial Benefits, but SSA Should Better Evaluate States' Cost to Obtain Data*, GAO-26-107181 (Washington, D.C.: Feb. 12, 2026).

[26]GAO-25-107508.

[27]Congressional Research Service, *Centralizing Access to Data to Prevent Improper Payments: A Discussion of the Do Not Pay Data System*, R48850 (Washington, D.C.: Feb. 9, 2026).
[28]GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness,* GAO-25-107743 (Washington, D.C.: Feb. 25, 2025).
[29]GAO-25-107290. According to HHS officials, their ability to require stakeholders to provide information on TANF fraud risks is limited. Generally, HHS may only collect data on TANF in accordance with Section 411 of the Social Security Act. However, HHS is not prohibited from requesting input from stakeholders.
[30]For example, see GAO-19-389, GAO-18-88, and GAO-20-604.
[31]See GAO*, Federal Awards: Selected Programs Did Not Fully Include Identified Practices to Enhance Oversight and Fraud Prevention*, GAO-26-107444 (Washington, D.C.: Dec. 4, 2025); GAO-25-107290; *Ukraine: DOE Could Better Assess Fraud Risks and Formalize Its Transition Plans for Nuclear Security and Safety Efforts,* GAO-25-108444 (Washington, D.C.: June 12, 2025); GAO-23-104382; *Disaster Recovery: HUD Should Take Additional Action to Assess Community Development Block Grant Fraud Risks*, GAO-21-177 (Washington, D.C.: May 5, 2021); and *Department of Energy: Use of Leading Practices Could Help Manage the Risk of Fraud and Other Improper Payments*, GAO-17-235 (Washington, D.C.: Mar. 30, 2017).
[32]GAO, *Temporary Assistance for Needy Families: HHS Needs to Strengthen Oversight of Single Audit Findings*, GAO-25-107291 (Washington, D.C.: Apr. 4, 2025). Federal agencies are required to ensure that award recipients' single audit reports are completed and received in a timely manner. Agencies are also required to follow up on audit findings to ensure that the recipient takes appropriate and timely corrective actions.
[33]We recommended that HHS (1) update its single audit resolution procedures; (2) implement a strategy to issue management decisions in a timely manner; and (3) develop procedures to timely impose penalties or, alternatively, obtain corrective compliance plans.
[34]GAO, *Improper Payments: Agency Actions Needed to Help Save Taxpayer Dollars*, GAO-26-108044 (Washington, D.C.: June 4, 2026).
[35]While these insights focus on federal agencies and efforts, they can help agencies at any level of government.
[36]GAO-24-106565.
[37]GAO-24-105833.
[38]Congressional Research Service, R48850. In June 2026, we reported on weaknesses in data interoperability that may hinder agencies' ability to efficiently determine award and payment eligibility. See GAO, *Federal Data: Congressional Action Needed to Improve Interoperability of Award and Payment Eligibility Data*, GAO-26-107466 (Washington, D.C.: June 16, 2026).
[39]GAO, *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).
[40]Pub. L. No. 114-186, §3(c); Pub. L. No. 116-117, codified at 31 U.S.C. §3357(d).
[41]The Payment Integrity Information Act of 2019 includes multiple, ongoing reporting requirements for agencies related to improper payments generally, but none of those specifically mention fraud.
[42]GAO*, Federal Spending Transparency: Opportunities Exist to Improve COVID-19 and Other Grant Subaward Data on USAspending.gov*, GAO-24-106237 (Washington, D.C.: Nov. 16, 2023).
[43]GAO-22-105715. S. 872 and H.R. 2069 (Stop Secret Spending Act of 2025) introduced in the 119th Congress, if enacted, would address the second of these recommendations by expanding the requirements for the federal Offices of Inspectors General of specified federal agencies to periodically submit to Congress, and make publicly available, a report assessing the agency's spending data and use of data standards for 10 years. Related proposed changes to the uniform guidance for grant administration would also lead to improvements on the data, if enacted. Most notably, there are proposals that put more responsibility on agencies for the quality of the data they submit, particularly for subaward data. See the Office of Management and Budget's government-wide guidance on federal awards, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, reprinted in 2 C.F.R. part 200.
[44]For example, see GAO-18-88 and GAO, *Fraud Risk Management: Key Areas for Federal Agency and Congressional Action*, GAO-23-106567 (Washington, D.C.: Apr. 13, 2023).
[45]GAO-25-107743.
[46]GAO-24-106565.
[47]GAO-26-107609.
[48]United Kingdom's Public Sector Fraud Authority, *Government Counter Fraud Profession: Practitioners Standard for Fraud Detection*, Version 1.0 (May 2025).
[49]Office of Personnel Management, *Handbook of Occupational Groups and Families* (Washington, D.C.: Dec. 2018). Accounting and budget includes a series with responsibilities for "conducting activities related to the detection of fraud, waste and abuse." Legal and kindred includes a series with responsibilities for "auditing the annuitant and survivor rolls and taking actions to prevent fraudulent payments." Other occupational groups have related responsibilities, such as "evaluation of the effectiveness of government programs and operations" and "planning, conducting, or managing investigations related to alleged or suspected criminal violations of federal laws." However, these responsibilities are not directly related to fraud risk management.
[50]In an April 24, 2026, memorandum for Chief Human Capital Officers, entitled Modernization and Consolidation of Occupational Series, the Office of Personnel Management announced its intention to modernize federal position classification and job grading standards.
[51]GAO, *Standards for Internal Control in the Federal Government*, GAO-25-107721 (Washington, D.C.: May 15, 2025).