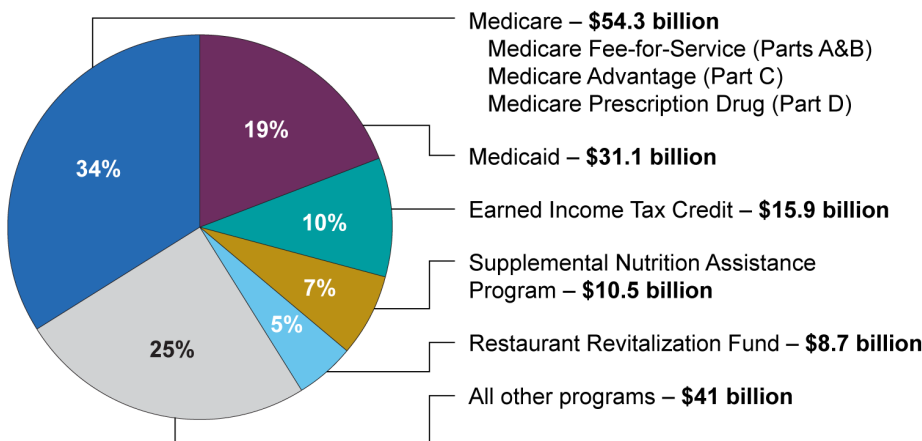A testimony before the Subcommittee on Government Operations, Committee on Oversight and Government Reform, House of Representatives. For more information, contact: Sterling Thomas at ThomasS2@gao.gov

What GAO Found

The federal government has tools and resources to help agencies combat fraud and improper payments. GAO has recommended improvements to the use of these tools and resources. For example, Congress should consider making permanent the Social Security Administration's requirement to share its full death data with the Do Not Pay system to help prevent fraud and improper payments. Further, GAO has identified leading practices for managing fraud risks at federal agencies and has made recommendations to agencies to implement these practices. For example, in 2024, GAO recommended that the Department of Defense revise its Fraud Risk Management Strategy to include data analytics as a method to address fraud. Further, by implementing GAO's recommendation, the Small Business Administration identified $4.7 billion in loans from the Paycheck Protection Program that were made before September 2020 and that went to ineligible recipients or were used for unauthorized purposes.

Programs Reporting the Largest Estimates of Improper Payments in Fiscal Year 2024

Medicare – **$54.3 billion**
  Medicare Fee-for-Service (Parts A&B)
  Medicare Advantage (Part C)
  Medicare Prescription Drug (Part D)

Medicaid – **$31.1 billion**

Earned Income Tax Credit – **$15.9 billion**

Supplemental Nutrition Assistance Program – **$10.5 billion**

Restaurant Revitalization Fund – **$8.7 billion**

All other programs – **$41 billion**

Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-26-108850

Artificial intelligence (AI) and data analytics have the potential to enhance efforts to combat fraud and improper payments but also have challenges. For example, data analytics and AI could help agencies sift through large volumes of data. However, agencies need solid, reliable data and a human in the loop to ensure data reliability and appropriate application of the technology. GAO's *AI Accountability Framework for Federal Agencies and Other Entities* includes key practices for ensuring data used in AI systems are high quality, reliable, and appropriate for the intended purpose. Further, to improve the use of data analytics in identifying fraud and improper payments, GAO recommended in 2022 that Congress establish a permanent analytics center of excellence.

Additionally, the federal government requires an AI-ready workforce if AI is to help combat fraud and improper payments. However, GAO has identified mission-critical gaps in science, technology, engineering, and mathematics skills within the federal workforce and has reported on challenges agencies face in attracting and developing individuals with AI expertise.

Why GAO Did This Study

The distinct, yet interrelated, problems of fraud and improper payments are long-standing and pervasive. Fraud involves obtaining something of value through willful misrepresentation. Improper payments are payments that should not have been made or that were made in the wrong amount. GAO estimated that the federal government loses between $233 billion and $521 billion annually due to fraud, based on data for fiscal years 2018 through 2022. Since fiscal year 2003, cumulative improper payment estimates reported by executive branch agencies have totaled about $2.8 trillion. In fiscal year 2024, five programs accounted for most improper payments. These issues impact the integrity of federal programs and erode public trust.

The advancement of AI and other innovative technologies presents opportunities and challenges for combatting fraud and improper payments. This statement discusses (1) examples of tools and resources Congress and federal agencies can leverage to improve existing efforts to combat fraud and improper payments without the use of AI, (2) opportunities and challenges for using data analytics and AI to combat fraud and improper payments, and (3) challenges in developing an AI-ready federal workforce. This statement is based on a body of work GAO issued between 2015 and 2025 including GAO-25-108172, GAO-25-107508, GAO-21-519SP, and GAO-25-107653.

What GAO Recommends

GAO has made numerous recommendations to federal agencies and matters for Congressional consideration to address fraud and improper payments in federal programs.