U.S. Government Accountability Office

COMBATING FRAUD

Managing Risks in Federally Funded, State-Administered Programs

GAO-26-109100
Q&A Report to the Committee on Oversight and Government Reform, House of Representatives
July 23, 2026

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.

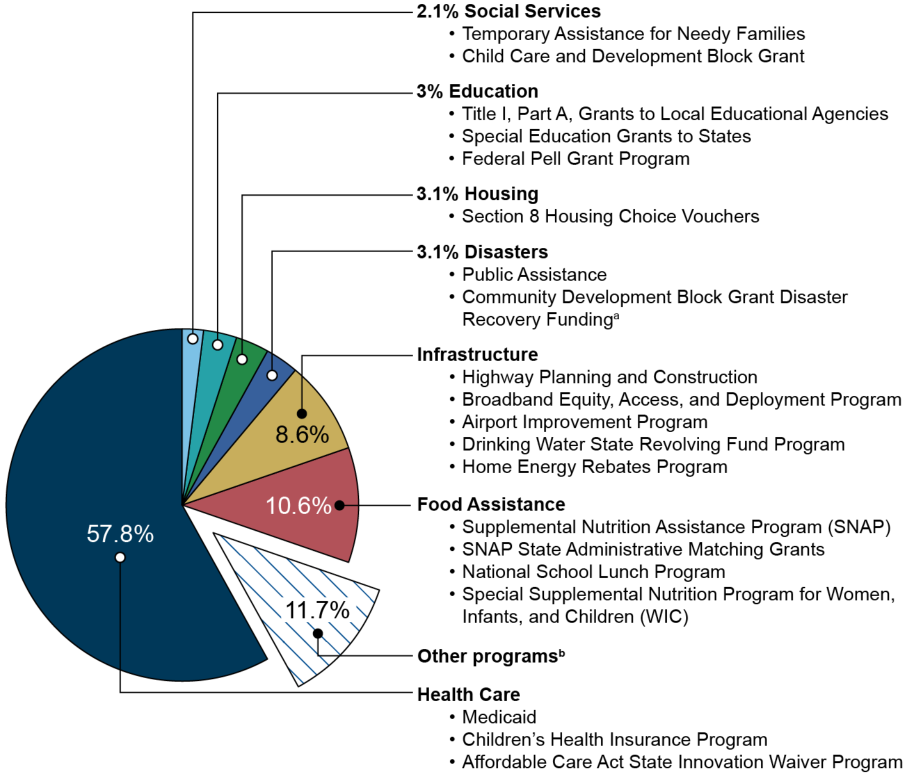
Key Takeaways

- 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

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

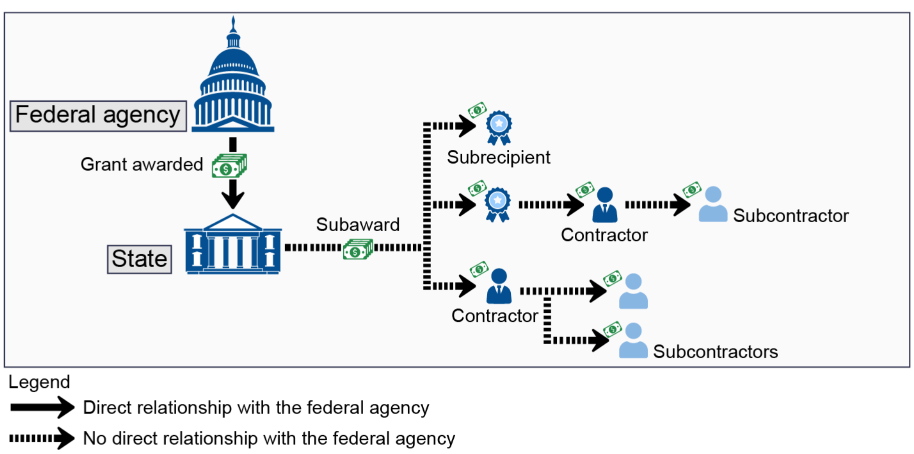
States receiving federal grants can be directly involved in delivering program benefits and services. However, they sometimes need help implementing program goals and requirements. For many programs, funds are passed through to other entities, such as subrecipients, contractors, and subcontractors. Subrecipients 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

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

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

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

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

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

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

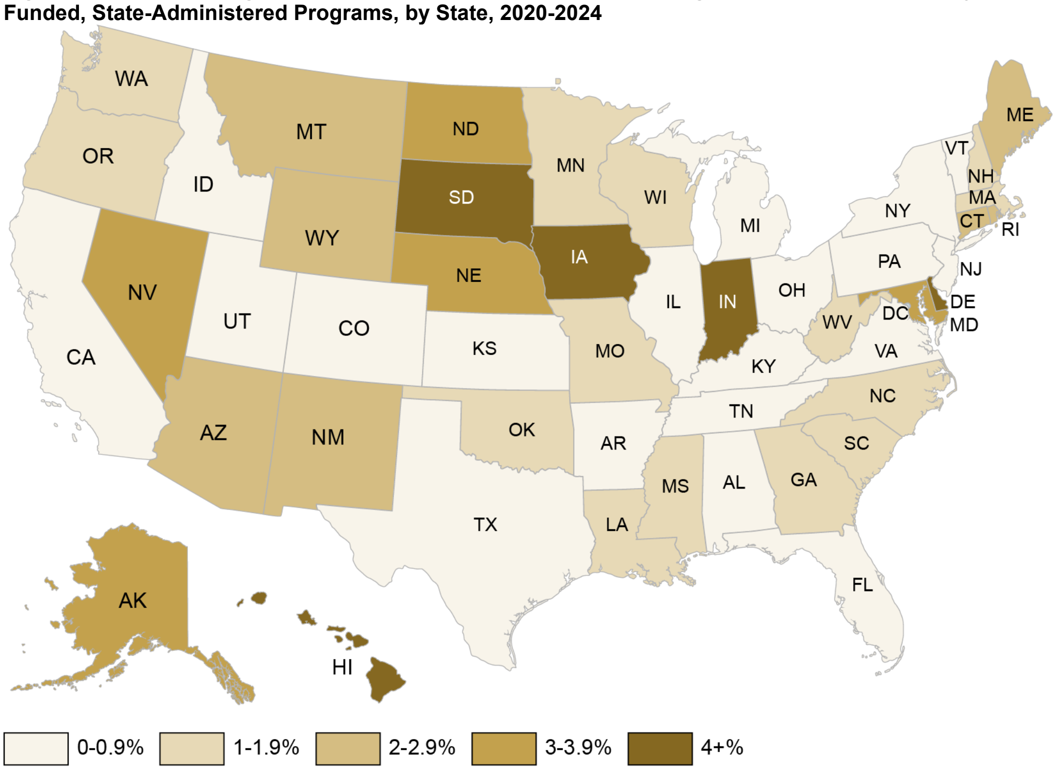
Single audits are an important oversight tool to help ensure that federal award recipients have adequate internal controls over federal funds and are complying with program requirements. For example, some single audits have found that materials used for roads and bridges were not tested appropriately, 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

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

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 Families[b]	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.

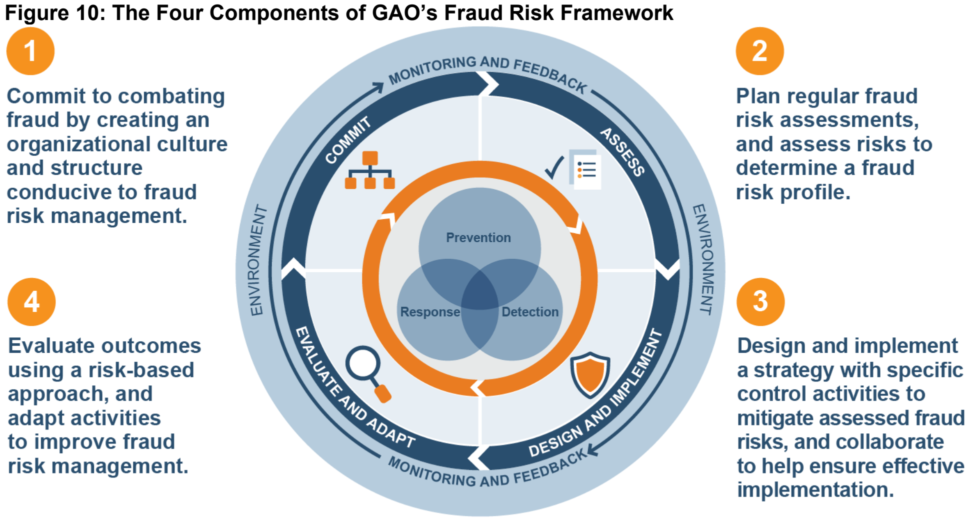
[b]In April 2022, we reported that the Department of Health and Human Services said it does not have the authority to obtain the information it needs to estimate or report improper payments for this program. In 2022, we recommended that Congress consider providing the agency the authority to require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

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.

  H.R. 1533, introduced in the 119th Congress, calls for increasing use of payment integrity tools by states, 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.

  S. 80 and H.R. 1533, introduced in the 119th Congress, would address this by requiring agencies 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.

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).

Appendix I: Federally Funded, State-Administered Program Profiles

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. These obligations were for government recipients, including Tribes, territories, and state and local governments, and many other entities can be involved in delivering the programs' benefits and services. This decentralized structure can leave programs vulnerable to fraud schemes involving grantees, subrecipients, contractors, and others.

State and federal agencies share responsibility for managing fraud risks. For example, state agencies are often required to have controls in place to prevent fraud. Federal agencies provide oversight of those controls.

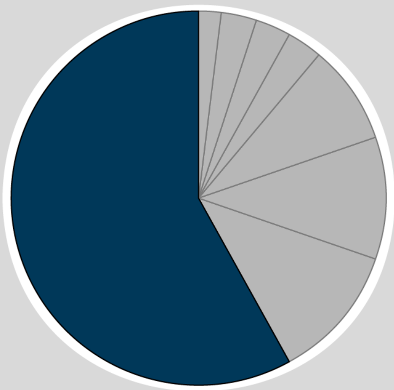
Single audits are an important oversight tool for ensuring that states have adequate internal controls over federal funds and are complying with program requirements, if states spend $1 million or more in federal awards from all sources in a fiscal year.

Federal Offices of Inspectors General investigate fraud and work with the Department of Justice to prosecute fraud cases.

This appendix provides an overview of each of the 20 programs, ordered by service area. Each overview begins by showing the size of the service area in terms of federal obligations among programs administered by state and other government entities with obligations of over $100 million in fiscal year 2025. It then outlines key information related to program obligations for all recipients, administration, specific oversight approaches, and fraud risks. Where available, we included examples of adjudicated fraud cases to illustrate the identified risks. In addition, the appendix references our relevant open recommendations, when applicable, that could strengthen fraud risk management activities.

.

Health care



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

Federal obligations in fiscal year 2025

$666.1 billion

Federal agency responsible

Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS)

Medicaid

Source: manassanant/stock.adobe.com. | GAO-26-109100

Medicaid is a joint, federal-state program that finances health care for certain low-income and medically needy individuals. About 67.1 million people were enrolled in Medicaid as of March 2026. The federal government and states share in the financing of Medicaid, with the federal government matching state expenditures according to a formula. Under the formula, the percentage of expenditures that the federal government provides depends on a state's average per capita income. States have flexibility, within federal parameters, in establishing eligibility limits and deciding what services to cover.

Administration and oversight of funds

States are primarily responsible for administering and overseeing Medicaid. They assess program eligibility and enroll beneficiaries. States also enroll providers and pay them directly for services or contract with managed care plans to whom states generally pay a monthly rate per enrollee to arrange for services.

States are required to carry out most of the day-to-day program integrity functions, including preventing and detecting fraud. These responsibilities are split between state Medicaid agencies, Medicaid Fraud Control Units, and state auditors. CMS provides oversight of states' program integrity efforts, and the agency also conducts audits and investigations.

Fraud and fraud risks

Fraud in Medicaid can be carried out by health care providers, managed care plans, or beneficiaries. However, identified cases of fraud have most commonly been carried out by providers.

Examples of Adjudicated Fraud Cases Involving Medicaid

Fraud scheme		Case outcome
	***Billing fraud*** Two health care providers submitted fraudulent claims for services to children that were never rendered. Among other things, they also documented false psychological disorders to justify the services.	Restitution: $6.6 million total (includes criminal restitution and civil penalties) Prison sentences: up to 5 years
	***Health care provider fraud; kickbacks*** Three individuals associated with a pharmacy—including the pharmacy owner—orchestrated a medication reimbursement scheme to defraud a state's Medicaid program of nearly $270 million. One conspirator paid illegal kickbacks to patient marketers in exchange for beneficiary information and then paid illegal kickbacks to a nurse practitioner to sign prefilled prescriptions without having met the patients, reviewed their medical records, or determined that the medications were medically necessary.	As of June 2026, the three individuals have pleaded guilty to fraud charges and await sentencing

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Children’s Health Insurance Program (CHIP)

Source: manassanant/stock.adobe.com. | GAO-26-109100

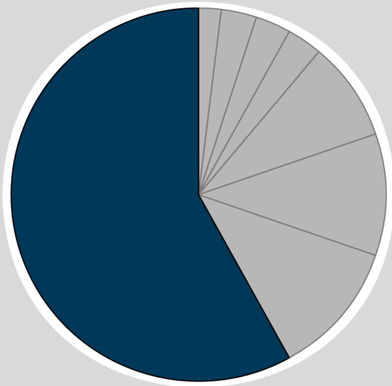
CHIP is a joint federal-state program that finances health care for certain children in families with household incomes too high for Medicaid eligibility but too low to afford private insurance. As with Medicaid, the federal government and states share in the financing of CHIP, with the federal government matching state expenditures according to a formula that considers a state’s average per capita income. Unlike Medicaid, federal funding for CHIP is capped, with states receiving annual allotments. CHIP served over 7.2 million children in March 2026.

Administration and oversight of funds

States have primary responsibility for administering and overseeing CHIP. They assess program eligibility and enroll beneficiaries. States enroll providers and pay them directly for services or contract with managed care organizations to whom states generally pay a monthly rate per enrollee to arrange for services. Most states have operated some, or all, of their CHIP program as an extension of their Medicaid program.

States also conduct program integrity functions, including preventing and detecting fraud. These responsibilities are split between the state agency that operates CHIP, Medicaid Fraud Control Units, and state auditors. CMS provides oversight of states’ program integrity efforts, and the agency also conducts audits and investigations.

Health care



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

Federal obligations in fiscal year 2025

$20.5 billion

Federal agency responsible

Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS)

Fraud and fraud risks

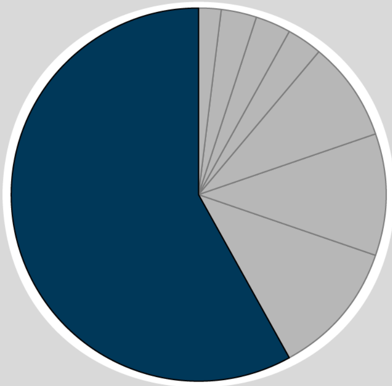
Fraud in CHIP can be carried out by beneficiaries, managed care plans, or providers. Because of the structure of this program, its fraud risks are similar to Medicaid.

Example of Adjudicated Fraud Case Involving the Children’s Health Insurance Program (CHIP)

Fraud scheme	Case outcome
 ***Billing fraud*** The former chief executive officer of a medical clinic caused improperly coded claims and diagnosis codes to be submitted to health care payors, including CHIP, in order to receive higher payments than those authorized by the payors. The individual personally changed bills submitted by clinicians and taught billing staff to routinely change bills by submitting claims for visits that were marked at higher levels than the ones indicated by the clinician and by adding patient diagnoses and procedures to the claims before they were submitted to the payors.	Restitution: $370,657 Prison sentence: 30 months

Sources: GAO analysis of Department of Justice information; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Health care



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

Federal obligations in fiscal year 2025

$16.1 billion

Federal agencies responsible

Department of Health and Human Services (HHS) and the Department of theTreasury

Affordable Care Act State Innovation Waiver Program

Source: manassanant/stock.adobe.com. | GAO-26-109100

State innovation waivers allow states to access federal funding and waive certain federal requirements to promote affordable health care coverage for their residents. Under the program, the federal government may provide implementation funding in amounts equal to what the federal government would have spent absent the waiver, for example, on tax credits for health insurance premiums. This is referred to as pass-through funding. As of May 2026, 21 states had approved waivers in effect.

Administration and oversight of funds

State agencies, such as departments of insurance or health insurance marketplace agencies, administer and provide oversight of state innovation waivers. States have most frequently used waivers for reinsurance programs, where the state makes reinsurance payments to health insurance plans to reduce premiums for enrollees. These reinsurance payments typically reimburse plans for a percentage of an enrollee’s costs above a specified threshold.

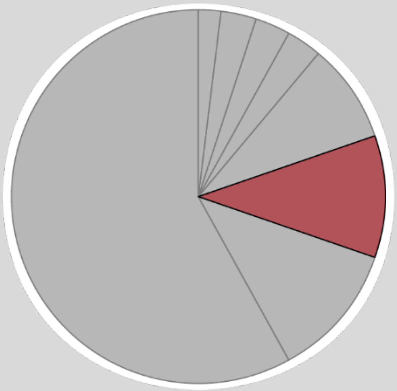
HHS and Treasury share federal oversight of state innovation waivers. The departments jointly calculate the amount of pass-through funding paid to states on an annual basis. States are required to report annually on waiver implementation, which may include reporting on spending of pass-through funds.

Fraud and fraud risks

We have not reviewed fraud or fraud risks in state innovation waivers and did not identify relevant audits by the HHS or Treasury Offices of Inspector General.

We also did not identify adjudicated fraud cases for this program. However, because of the structure of pass-through funding to states, a fraud risk could involve state program officials inflating assumptions about without-waiver spending or other methods to fraudulently increase pass-through funding.

Food assistance



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

Federal obligations in fiscal year 2025

$87.1 billion

Federal agency responsible

U.S. Department of Agriculture, Food and Nutrition Administration (FNA)

Supplemental Nutrition Assistance Program (SNAP)

Source: R.Gino Santa Maria/stock.adobe.com. | GAO-26-109100

SNAP is the nation's largest nutrition assistance program, providing benefits to about 42 million low-income people in fiscal year 2025. SNAP provides benefits on an electronic benefit transfer card, which recipients can use to purchase food at about 249,000 retail stores and 10,000 meal services.

The federal government pays the full cost of SNAP benefits to the states and shares administrative costs with them (see the profile on "SNAP State Administrative Matching Grants" for more information). Beginning in fiscal year 2028, some states with higher payment error rates will be required to contribute varying amounts toward SNAP benefit costs.

Administration and oversight of funds

FNA administers SNAP in partnership with states. FNA oversees SNAP at the federal level, including authorizing retailers to redeem benefits and determining states' accuracy in paying benefits.

State agencies (and in some cases counties) carry out day-to-day administration of SNAP by determining households' eligibility and calculating benefits. States contract with vendors to operate systems to issue benefits to households and pay retailers for purchases of eligible items.

FNA and states have a shared role in combating fraud, with FNA responsible for retailer fraud and states responsible for recipient fraud.

Fraud and fraud risks

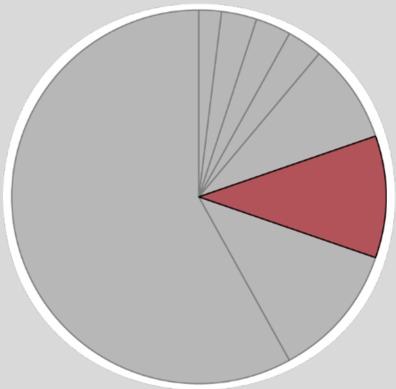
Fraud in SNAP can be carried out by recipients, retailers, or internal and external parties.

Examples of Adjudicated Fraud Cases Involving the Supplemental Nutrition Assistance Program (SNAP)

Fraud scheme	Case outcome
Skimming; conspiracy An individual participated in a large, multistate criminal conspiracy using electronic skimming devices to steal $2.4 million dollars of program benefits. The conspirators then encoded the stolen data on cloned electronic benefit transfer cards and used the stolen benefits to illegally purchase goods with an estimated value of more than $2.4 million from grocery stores. They packaged and transported the goods to another state in private vehicles or via commercial carrier and then sold them on the black market.	Restitution: $61,874 Prison sentence: 24 months
False claims; trafficking A grocery store owner whose store was not an authorized SNAP retailer used stolen identification numbers of legitimate SNAP retailers to redeem SNAP benefits in exchange for cash.	Restitution: $1.8 million Prison sentence: 18 months

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Food assistance



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

Federal obligations in fiscal year 2025

$6.7 billion

Federal agency responsible

U.S. Department of Agriculture (USDA), Food and Nutrition Administration (FNA)

SNAP State Administrative Matching Grants

Source: R.Gino Santa Maria/stock.adobe.com. | GAO-26-109100

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) help cover states' costs related to administering SNAP (see the profile for SNAP for more information). The federal government funds the full cost of SNAP benefits and generally reimburses states for 50 percent of their allowable administrative costs. Beginning in fiscal year 2027, the federal reimbursement for administrative costs will be reduced to 25 percent. USDA estimates that obligations will decrease that year to $3.2 billion.

Administration and oversight of funds

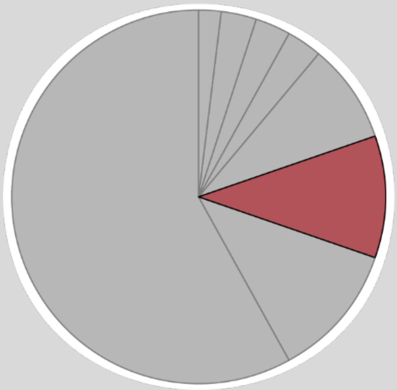
FNA administers these grants, approves states' plans for operating SNAP, and reimburses the states for expenses claimed on quarterly and annual forms. FNA monitors states' compliance with SNAP rules through management evaluations and financial management reviews, which include examining supporting documentation for claimed expenses.

State agencies (and in some cases counties) carry out day-to-day administration of SNAP. The State Administrative Matching Grants support salaries for state and county staff who make eligibility decisions and investigate fraud; costs related to systems to issue and redeem benefits using electronic benefit transfer cards; and services to help SNAP recipients find work, among other things.

Fraud and fraud risks

Fraud in State Administrative Matching Grants for SNAP can be carried out by grantees (states). While we did not identify adjudicated fraud cases for this program, the USDA Office of the Inspector General (OIG) has examined whether states could improperly claim SNAP benefit costs as administrative costs, allowing them to receive reimbursement for costs paid by the federal government. In inspections of eight selected states to date, the OIG found that FNA had adequate controls in place to help ensure this misclassification did not occur.

Food assistance



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

Federal obligations in fiscal year 2025

$27.7 billion

Federal agency responsible

U.S. Department of Agriculture (USDA), Food and Nutrition Administration (FNA)

National School Lunch Program (NSLP)

Source: R.Gino Santa Maria/stock.adobe.com. | GAO-26-109100

The NSLP provides subsidized lunch for eligible school-age children nationwide. In fiscal year 2025, NSLP served an average of 30 million students across public or nonprofit private schools, 73 percent of whom received free, or reduced-price, meals. The program primarily provides cash subsidies for meals that meet federal nutrition requirements to state agencies and, in turn, school food authorities (SFA). NSLP also distributes domestically produced USDA foods to schools to support American farmers while helping schools meet dietary guidelines.

Administration and oversight of funds

FNA, states, and SFAs administer NSLP. FNA issues regulations and guidance and reimburses states for qualifying meals. States (typically departments of education) issue guidance and reimburse school districts for meals. SFAs provide meals that meet nutritional requirements, verify student eligibility for free or reduced-price meals, and ensure meals are properly counted and claimed.

FNA and states share oversight responsibilities. FNA assesses states' oversight of schools through periodic management evaluations. States review school districts' compliance with NSLP requirements, such as proper eligibility certification and meal claiming. In 2023, FNA issued a rule to improve program integrity that included criteria to levy fines for failure to correct repeated program violations by states, SFAs, or schools.

Fraud and fraud risks

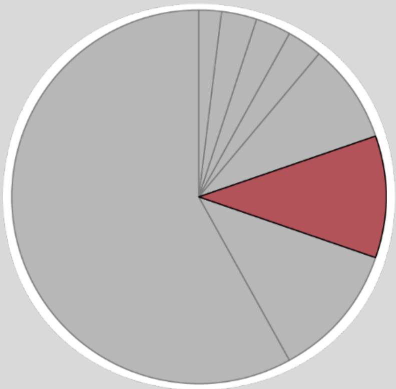
Fraud in NSLP can be carried out by SFAs, other internal parties, or external vendors.

Examples of Adjudicated Fraud Cases Involving the National School Lunch Program

Fraud scheme		Case outcome
	***Misrepresentation*** The president and primary owner of a fruit juice manufacturing company pleaded guilty to conspiracy to selling tainted fruit juice to customers, including selling adulterated grape juice concentrate to a customer for use in the program. From 2012 to 2019, the company misrepresented the age and quality of the products and admitted to blending juice concentrate, which was stored outside for years and exposed to the elements, with newer concentrate and selling the tainted, and potentially unsafe, product as if it were new.	Criminal forfeiture: $742,139 Probation: 3 years
	***False claims*** A food services manager at a public high school defrauded the program of over $179,000 by submitting false claims for reimbursement. The food services manager claimed that students received free, or reduced-price, meals when, in fact, the students were absent, and the meals were never provided.	Restitution: $51,300 Probation: 5 years

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Food assistance



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

Federal obligations in fiscal year 2025

$7.5 billion

Federal agency responsible

U.S. Department of Agriculture, Food and Nutrition Administration (FNA)

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Source: R.Gino Santa Maria/stock.adobe.com. | GAO-26-109100

WIC provides healthy foods, personalized nutrition education, breastfeeding support, and referrals to other services to low-income pregnant and postpartum women, infants, and young children who are found to be at nutritional risk. In fiscal year 2025, WIC served an average of 6.9 million individuals. Applicants are assessed for eligibility based on income, nutritional risk, and residency at local clinics and provided benefits to redeem specific foods based on participant category and individual nutritional needs. Recipients obtain WIC-approved foods at authorized stores, using electronic benefits. About 37,000 stores are authorized to accept WIC benefits.

Administration and oversight of funds

FNA administers WIC at the federal level and provides grants to states (typically departments of public health). States distribute funding for administrative costs and services to about 1,800 local agencies and 10,000 clinics. States also authorize and reimburse retailers for WIC food purchases—the majority of WIC costs.

Oversight is shared by FNA and states. FNA approves states' annual plans, which must include a description of how the state will monitor recipient, employee, and retailer fraud. FNA also oversees state monitoring of stores and local clinic sites and monitors states' compliance with WIC regulations through periodic management evaluations and financial management reviews.

Fraud and fraud risks

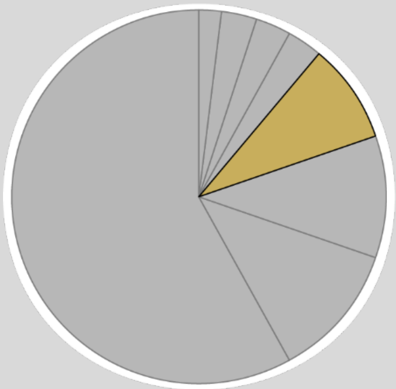
Fraud in WIC can be carried out by retailers, recipients, or external parties.

Examples of Adjudicated Fraud Cases Involving the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Fraud scheme	Case outcome
 ***False claims; trafficking*** Three pharmacy operators engaged in a scheme resulting in more than $4 million in WIC fraudulent reimbursements from the federal government. From 2009 to 2013, the pharmacy employed people to purchase high-value infant formula WIC vouchers from WIC recipients for a fraction of their face value instead of providing the infant formula and nutritious food listed on the vouchers. The pharmacy received approximately $6.5 million in payments for the WIC vouchers' redemption; however, it had only purchased approximately $1.3 million in food and infant formula.	Restitution: more than $4 million total Prison sentences: 3 years to 4 years and 6 months
 ***Eligibility misrepresentation*** A community leader received various forms of public assistance, including WIC, for which he was not eligible. The individual failed to disclose paid employment, as well as his ownership of several businesses.	Restitution: more than $80,000 Prison sentence: 21 months

Sources: GAO analysis of Department of Justice and U.S. Department of Agriculture Office of the Inspector General information; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Infrastructure



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

Federal obligations in fiscal year 2025

$67.2 billion

Federal agency responsible

Department of Transportation, Federal Highway Administration (FHWA)

Highway Planning and Construction

Source: denklim/stock.adobe.com. | GAO-26-109100

Highway Planning and Construction assistance is funding provided through a variety of programs to build, improve, and preserve the nation's roadway and bridge infrastructure. FHWA provides most of this funding to state departments of transportation (DOT) through federal-aid highway formula programs. Statutory formulas are used to calculate the total amount of funding each eligible recipient receives for projects, such as those on certain roads and bridges. For example, one formula is based on previous amounts each state received from the program and highway user tax payments, among other factors.

Administration and oversight of funds

FHWA distributes most Highway Planning and Construction funding to state DOTs and provides oversight and technical assistance. State DOTs are generally responsible for implementing eligible projects and overseeing project development and construction by contractors. They typically have the discretion to permit localities to administer eligible projects, using this funding.

FHWA notifies state DOTs and any other eligible recipients of each fiscal year's funding amounts available to them. State DOTs propose eligible projects for the funding and begin them after signing project agreements with FHWA. FHWA typically reimburses state DOTs with program funds for work completed as the projects progress. Both FHWA and state DOTs are responsible for ensuring that the project costs for which state DOTs seek reimbursement are eligible.

Fraud and fraud risks

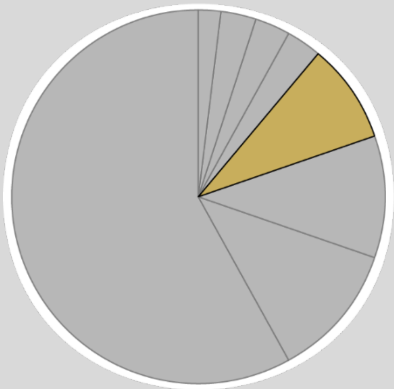
Fraud in Highway Planning and Construction can be carried out by grantees or contractors.

Examples of Adjudicated Fraud Cases Involving Highway Planning and Construction Funding

Fraud scheme		Case outcome
	***Misrepresentation*** Two owners and operators of a construction company that provided services for three states committed highway project fraud by underapplying paint and glass beads while paint-striping roads. They manipulated daily reports submitted to the states and attached physical manipulation devices to application trucks to falsely inform and mislead states into believing they had complied with contractual requirements.	Restitution: $579,014 total Prison sentences: 8 to 16 months
	***Bid-rigging*** A president of a paving and asphalt contractor attempted to monopolize the market for highway crack-sealing services in two states by proposing that their company and its competitor allocate regional markets. They proposed that the competitor stop competing for projects administered in two states and, in return, their company would stop competing with the competitor for projects in two other states.	Restitution: $27,000 fine Probation: 3 years

Sources: GAO analysis of Department of Justice information; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Infrastructure



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

Federal obligations in fiscal year 2025

$16.9 billion

Federal agency responsible

Department of Commerce, National Telecommunications and Information Administration (NTIA)

Broadband Equity, Access, and Deployment Program (BEAD)

Source: denklim/stock.adobe.com. | GAO-26-109100

BEAD is a grant program that includes funds for deployment of broadband in the United States to unserved and underserved areas. The program provides funding to states and territories (including the District of Columbia) which, through a multistep planning process requiring NTIA review and approval, provides funding on a competitive basis to subgrantees (i.e., internet service providers) to build broadband networks. As of May 2026, NTIA has approved 54 of the 56 state and territorial final proposals, allowing states and territories to use available grant funds to execute their subgrants.

Administration and oversight of funds

As directed by the Infrastructure Investment and Jobs Act of 2021, NTIA allocates BEAD funds to states and territories, which receive the funds after obtaining NTIA approval of their proposals. States and territories then award subgrants on a competitive basis to internet service providers. Oversight is shared by NTIA and states and territories. The program includes semiannual and other reporting requirements for states and territories to report to NTIA and for subgrantees to report to their administering state or territory on the use of grant funds (which NTIA may request for review). The National Institute of Standards and Technology also performs certain administrative functions to review and administer grants.

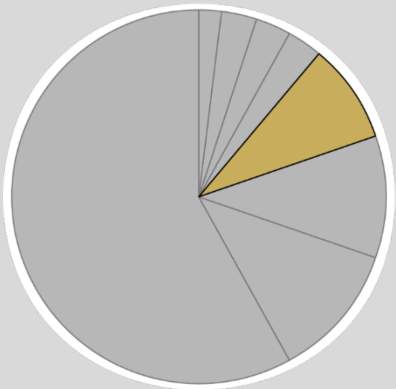
Fraud and fraud risks

Fraud in BEAD could be carried out by grantees and subgrantees (i.e., internet service providers) and internal parties.

As a newer program that began providing funding to states in fiscal year 2023, fraud risk management for BEAD has not been reviewed by us. However, in a 2023 report, we reviewed fraud risk management for other NTIA broadband deployment grant programs and found that NTIA's approach did not align with leading practices (see GAO-23-105426). We made numerous recommendations for NTIA to strengthen its fraud risk management of these broadband programs, including to designate a dedicated entity to lead fraud risk management activities, identify inherent fraud risks, and assess the likelihood and impact of these risks. NTIA agreed with the recommendations and fully implemented all of them. According to NTIA, the agency took actions to enhance fraud risk management activities in alignment with our Fraud Risk Framework, and these actions also apply to BEAD.

While we did not identify adjudicated fraud cases for BEAD, in an adjudicated fraud case involving a different NTIA broadband grant program, a grant manager created fraudulent invoices and expense reports to misappropriate more than $800,000. In April 2025, the grant manager was sentenced to 28 months in prison and ordered to pay $828,152 in restitution. NTIA's current fraud risk assessment for BEAD and other broadband programs identifies fraudulent invoices and expense reports as an inherent fraud risk, among other risks, such as collusion and conflicts of interest. It also ranks the types of fraud risks that are most likely to occur so that the agency can prioritize action, such as a prevention strategy.

Infrastructure



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

Federal obligations in fiscal year 2025

$8.9 billion

Federal agency responsible

Department of Transportation, Federal Aviation Administration (FAA)

Airport Improvement Program (AIP)

Source: denklim/stock.adobe.com. | GAO-26-109100

About 3,300 airports in the United States are eligible to receive federal AIP grants to fund eligible airport infrastructure projects. AIP is funded through FAA authorization acts and annual appropriations from the Airport and Airway Trust Fund. In addition, three COVID-19 relief laws, enacted in 2020 and 2021, provided additional funding for eligible airports to respond to the pandemic. The Infrastructure Investment and Jobs Act provided additional federal funding for eligible airport infrastructure projects under the Airport Infrastructure Grant Program. Generally, most types of airfield improvements—such as runways, lighting, navigational aids, and land acquisition—are eligible for AIP funding.

Administration and oversight of funds

Ten states participate in the AIP State Block Grant Program and assume responsibility for administering AIP grants for certain smaller airports. For most other airports, FAA awards AIP grants to the airport sponsor, which can be a municipal or state agency or airport authority. AIP funds must be used on projects that are eligible and justified, included in airports' capital improvement plans, and approved by FAA. For all AIP projects, the airport sponsor provides matching funds, ranging from 75 percent to 95 percent, depending on the size of the airport or type of project.

The level of grant oversight is determined by a risk level FAA assigns to the airport, which is based on weighted percentages of 10 factors, such as a history of previous single audit findings. To receive funds, the airport sponsors must meet requirements and submit reimbursement requests.

Fraud and fraud risks

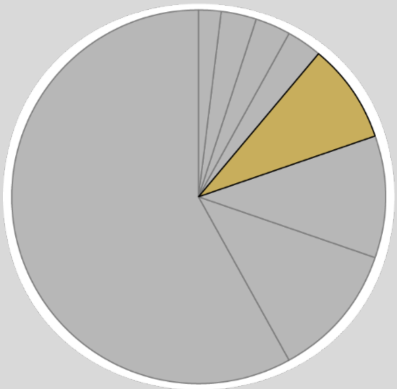
Fraud in AIP can be carried out by contractors.

Examples of Adjudicated Fraud Cases Involving the Airport Improvement Program (AIP)

Fraud scheme		Case outcome
	***Document falsification*** A civil engineer who worked as a contracted project manager connected to a $4.3 million Federal Aviation Administration (FAA)-funded airport improvement project falsified a state seal to avoid scrutiny of state environmental regulators. The forged seal represented that the plans had a necessary storm water permit, which guarded against excessive erosion and runoff.	Restitution: $118,000 Prison sentence: 12 months and 1 day
	***Misrepresentation*** A contractor fraudulently obtained a design-build contract on an airport project with the FAA by misrepresenting that they were eligible to engage in federal contracting, while they were ineligible to hold a government contract based on a previous bribery case. About 2 months after being ordered to not engage in federal contracting, the contractor falsely certified, through a new company, that they were not prohibited from engaging in federal contracting.	Restitution: $40,000 Prison sentence: 6 months

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Infrastructure



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

Federal obligations in fiscal year 2025

$6.0 billion

Federal agency responsible

Environmental Protection Agency (EPA)

Drinking Water State Revolving Fund (SRF) Program

Source: denklim/stock.adobe.com. | GAO-26-109100

EPA's Drinking Water SRF Program provides funds to build, upgrade, and replace drinking water infrastructure. States make loans to local communities and utilities for various drinking water projects, such as replacing water mains. States may also use Drinking Water SRF funds for other purposes, such as to refinance or guarantee local debts and as security or revenue for repayment of state-issued bonds.

Administration and oversight of funds

EPA provides annual grants to states to fund state-level Drinking Water SRF programs. States must generally provide a minimum of a 20 percent match, though, according to EPA, Congress has waived this match requirement for disaster-related appropriations and in the Infrastructure Investment and Jobs Act. Each state has established state-level revolving funds into which federal and state funds are deposited. Repayments and interest payments are also deposited in the Drinking Water SRF fund and, together with federal and state money, are made available for future loans and other purposes.

EPA and state staff share oversight of the Drinking Water SRF funds. EPA requires its regional staff to annually review state Drinking Water SRF programs' financial information, assessing program financial statements, state reports, and other relevant information before issuing a report to states that details findings. State staff oversee Drinking Water SRF funds, loans and repayments, and project construction.

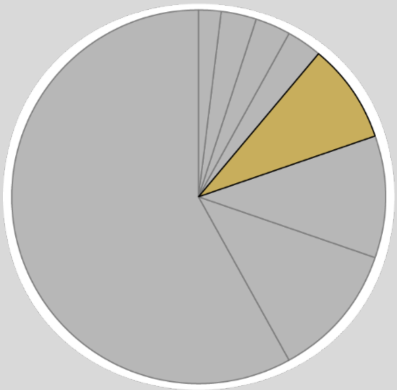
Fraud and fraud risks

Fraud in the Drinking Water SRF Program can be carried out by grantees or loan recipients. While we have not identified adjudicated fraud cases for this program, the EPA Office of Inspector General (OIG) has reported findings related to single audits that raise concern about EPA's fraud risk management.

For example, in October 2025, the OIG reported that nine states that did not have audited financial statements were provided a total of $251.3 million in Drinking Water SRF funds in fiscal year 2022. The OIG reported that without audited financial statements for the Drinking Water SRF Program, the EPA lacked sufficient clarity on the operations of the SRFs to identify potential fraud, waste, and abuse. EPA disagreed with these findings.

Also, in September 2022, the OIG identified over 300 instances of noncompliance with federal laws, regulations, and program requirements by nonfederal entities using EPA grant dollars from multiple EPA programs, including the Drinking Water SRF Program. Single audits performed over 3 years found noncompliance with federal award requirements for grants and other assistance provided within programs that were expected to receive Infrastructure Investment and Jobs Act funding. The report provided an example of noncompliance with timely subrecipient monitoring that could result in placing the federal government at risk for improper payments, including those due to fraud.

Infrastructure



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

Federal obligations in fiscal year 2025

$5.9 billion

Federal agency responsible

Department of Energy (DOE)

Home Energy Rebates Program

Source: denklim/stock.adobe.com. | GAO-26-109100

The Home Energy Rebates Program provides grant funds to Tribes, territories, and states to offer home energy savings rebates across a variety of households and income levels and to specifically enable energy improvements within underserved and underrepresented communities. The $8.8 billion appropriated for the program is available through September 30, 2031.

In January 2025, DOE paused funding for this program. In May 2026, DOE's Office of Critical Minerals and Energy Innovation—established as part of DOE's organizational realignment in November 2025—issued guidance describing changes to the program and stating plans to publish further details on these changes.

Administration and oversight of funds

For the Home Energy Rebates Program, DOE provides grant funding to State Energy Offices and Indian Tribes. DOE is responsible for providing oversight and guidance, and the states are responsible for the administration of rebate programs at the state level. Approved states receive funding via grants through a predetermined formula. Once states receive approval of their plans, they can begin issuing rebates to applicants. Applicants submit rebate applications to states for review and approval. Applicants may be individuals or companies working on behalf of individuals or building owners.

Fraud and fraud risks

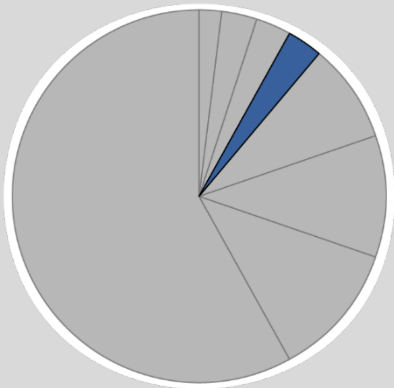
Fraud in the Home Energy Rebates Program can be carried out by applicants.

While we did not identify adjudicated fraud cases for this program, the DOE Office of Inspector General (OIG) has reported on fraud risks in this program. For example, in a September 2024 report on using lessons learned from pandemic relief programs to protect funding made available under the Inflation Reduction Act for Home Energy Rebate programs, the OIG noted that these grants would be a high-value target for individuals and criminal groups to exploit. One fraud risk that the OIG identified was fraudsters applying for multiple rebates by submitting unique names for each rebate application. Unless an applicant's identity is fully validated, the risk of receiving fraudulent rebates remains.

The OIG also identified the risk of fraudsters applying for rebates across multiple states or using the same purchase to apply for multiple rebate claims. In addition, the OIG reported that, according to DOE management, many states rely on applicant self-certification. To address this known fraud risk, DOE suggests that states allow self-certification for a limited set of applicants. The OIG recommended that DOE continue developing a comprehensive fraud prevention plan for the Home Energy Rebates Program, incorporating lessons learned to include, among other things, best practices for data analytics for fraud prevention. DOE concurred with the recommendations and reported on corrective actions, such as updating data collection requirements, implementing quarterly integrity reviews, and requiring grantees to use the Department of the Treasury's Do Not Pay program to verify information on potential contractors.

In addition, we have previously reported on DOE's efforts to manage fraud risk across agency programs, noting areas for improvement (see GAO-17-235 and GAO-25-108444). As of May 2026, GAO has three open recommendations to DOE to help the agency take a more strategic approach to managing risks, including fraud risks, across agency programs.

Disasters



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

Federal obligations in fiscal year 2025

$28.3 billion

Federal agency responsible

Department of Homeland Security, Federal Emergency Management Agency (FEMA)

Public Assistance

Source: Satoshi Kina/stock.adobe.com. | GAO-26-109100

Public Assistance provides grant funds to Tribes, territories, and state and local governments, as well as certain private nonprofit organizations, to assist them in responding to, and recovering from, major disasters or emergencies. The program provides assistance for debris removal; life-saving emergency protective measures; and the repair or replacement of disaster-damaged publicly owned roads, bridges, schools, hospitals, and power infrastructure, among other activities. Between calendar years 2020 and 2025, FEMA obligated at least $100 billion to all 50 states, the District of Columbia, and several U.S. territories and Tribes.

Administration and oversight of funds

FEMA is responsible for monitoring grant recipients, while recipients are to monitor subrecipients. Subrecipients, in turn, monitor activities, including those of contractors, to assure compliance with applicable federal requirements.

Fraud and fraud risks

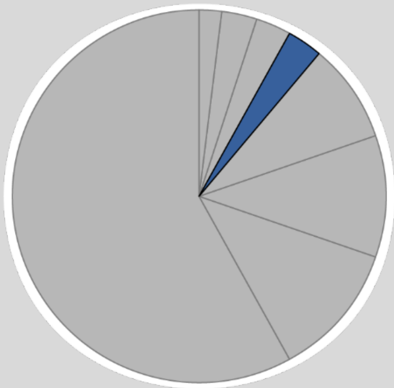
Fraud in Public Assistance can be carried out by grantees, subrecipients, or contractors.

Examples of Adjudicated Fraud Cases Involving Public Assistance

Fraud scheme		Case outcome
	***Bribery*** Following a hurricane, a Federal Emergency Management Agency (FEMA) official and a contractor for a local power authority participated in a bribery scheme related to power grid restoration work. The contractor provided the FEMA official with hotel accomodations; security services; and first class airfare, among other things. In exchange, the FEMA official influenced, and exerted pressure on, the power authority and FEMA to award restoration work and accelerate payments to the contractor.	Monetary penalties: FEMA official—$15,100 Contractor—$20,100 Prison sentences: FEMA official and contractor—6 months and 1 day each
	***Falsified evidence*** Contractors devised a scheme related to procuring tarps for hurricane victims and the fraudulent acquisition of state and federal grant funds. The contractors first defrauded a state and public energy provider by providing false information to receive grants over $3 million to build a textile manufacturing plant. They used the fraudulently obtained funds to buy tarps to satisfy a separate $30 million contract with FEMA for hurricane victims in Puerto Rico. They purchased tarps from a country that did not meet the contract specifications. The contractors falsified records suggesting they had legally procured the tarps and that the tarps met the agreed-upon specifications.	Restitution: over $7 million total Prison sentences: 50 months each

Sources: GAO analysis of court documentation and Department of Justice information; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Disasters



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

Federal obligations in fiscal year 2025

$9.9 billion

Federal agency responsible

Department of Housing and Urban Development (HUD)

Community Development Block Grant Disaster Recovery (CDBG-DR) Funding

Source: Satoshi Kina/stock.adobe.com. | GAO-26-109100

HUD's Community Development Block Grant was established in 1974, with the stated goal of developing viable urban communities. Since 1992, Congress has passed several dozen supplemental appropriations for CDBG after disasters. CDBG-DR provides grants to help communities with unmet needs after a disaster, especially in low- and moderate-income areas. Grantees may use their CDBG-DR grants to address a range of unmet recovery needs related to housing, infrastructure, and economic revitalization. Funds can also be used for hazard mitigation.

Administration and oversight of funds

State and local government agencies administer CDBG-DR funding and may distribute funds to subrecipients. CDBG-DR's flexibility as a block grant program allows grantees to use their program funds for a broad range of disaster-related activities, including the rehabilitation and reconstruction of damaged homes and rehabilitation of public facilities and infrastructure, such as roads.

HUD is to conduct oversight of grantee activities and expenditures. Grantees are required to submit quarterly performance reports to HUD. Additionally, grantees must monitor the performance and compliance of any subrecipients.

Fraud and fraud risks

Fraud in CDBG-DR can be carried out by grantees, subrecipients, contractors, subcontractors, or beneficiaries.

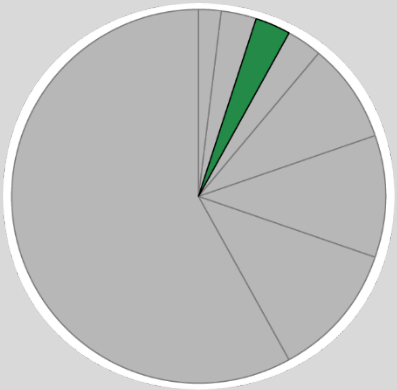
Examples of Adjudicated Fraud Cases Involving Community Development Block Grant Disaster Recovery Funding

Fraud scheme		Case outcome
	***Document falsification*** A certified lead renovator was contracted by a city to perform work on several properties, using program funds. The contractor failed to comply with regulations related to toxic substances, resulting in lead-based paint chips being scattered throughout the properties. The contractor failed to train workers on lead-safe work practices and then falsified employee training records to conceal the conduct.	Fine: $1,000 Prison sentence: 16 months
	***Eligibility misrepresentation*** An individual fraudulently applied for, and received, a house that was newly rebuilt, using funds intended for hurricane victims. The individual failed to disclose their true place of residence and also leased the property received from the Department of Housing and Urban Development.	Restitution: $211,763.20 Prison sentence: 12 months and 1 day

Sources: GAO analysis of Department of Housing and Urban Development Office of Inspector General information, Department of Justice information, and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

In addition, we have previously reported on fraud risk management related to CDBG-DR, noting areas for improvement (see GAO-21-177 and GAO-23-104382). We made recommendations to HUD to strengthen its fraud risk management, including to comprehensively assess fraud risks and to develop guidance to collect data to support eligibility decisions and to facilitate identifying risks. HUD has taken some steps to address the recommendations but, as of May 2026, the recommendations remain open.

Housing



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

Federal obligations in fiscal year 2025

$37.6 billion

Federal agency responsible

Department of Housing and Urban Development (HUD), Office of Public and Indian Housing

Section 8 Housing Choice Vouchers (HCV)

Source: fotopak/stock.adobe.com. | GAO-26-109100

The HCV program provides rental subsidies through state and local public housing agencies to help eligible, low-income households afford housing in the private market. HCV is the largest federal rental assistance program. In fiscal year 2025, the program assisted about 2.4 million households.

Assisted households generally pay 30 percent of their adjusted monthly income toward rent. Public housing agencies receive subsidies from HUD to pay the remainder of the rent to property owners.

Administration and oversight of funds

About 2,200 public housing agencies nationwide administer the HCV program on HUD's behalf. These agencies conduct day-to-day program operations, including reporting tenant and landlord information, approving and inspecting rental units, determining eligibility for assistance, and managing waiting lists. Public housing agencies are also responsible for ensuring that rents are reasonable and for periodically reexamining the income and composition of assisted households.

HUD's Office of Public and Indian Housing has mechanisms to oversee public housing agencies' administration of the HCV program. These include compliance monitoring reviews to assess agencies' management of assistance programs, reviews of agencies' self-reported indicators of program compliance, monitoring agencies' use of an income verification system, and reviews of agencies' single audits.

Fraud and fraud risks

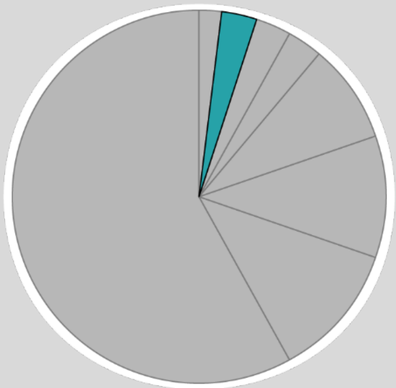
Fraud in the HCV program can be carried out by assisted households, landlords, contractors, vendors, public housing agencies staff, or external parties.

Examples of Adjudicated Fraud Cases Involving Section 8 Housing Choice Vouchers

Fraud scheme		Case outcome
	***Eligibility misrepresentation*** A program recipient concealed their marriage from the Department of Housing and Urban Development. The marriage, cohabitation, and receipt of spouse's income rendered the recipient ineligible to receive program funds. The recipient also pleaded guilty to fraud involving Social Security benefits.	Restitution: $141,055 Probation: 3 years
	***False claims; eligibility misrepresentation*** An individual claimed $341,455 in Section 8 Program subsidies by falsely reporting that they did not own their residence. In fact, they used the name of a Russian national living in Russia to purchase the home and claimed that they made rent payments to this person.	Restitution: $341,455 Prison sentence: 1 year

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Education



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

Federal obligations in fiscal year 2025

$18.3 billion

Federal agency responsible

Department of Education (Education), Office of Elementary and Secondary Education

Title I, Part A, Grants to Local Educational Agencies (Title I)

Source: Education GAO file photo. | GAO-26-109100

Title I, the largest program in the Elementary and Secondary Education Act of 1965, as amended, provides flexible funding to states and school districts to expand and improve educational programs in schools with high concentrations of students from low-income families. Title I supported an estimated 26 million students in nearly 90 percent of school districts and 60 percent of public schools in fiscal year 2025. Title I funds may be used for additional instructional staff, professional development, after-school programs, and other strategies for raising student achievement.

Administration and oversight of funds

Education allocates funds to state educational agencies via formula grants. States allocate most funds to school districts that subsequently distribute funds to schools. Schools may further distribute funds to vendors.

Through fiscal year 2025, Education annually reviewed selected states' compliance with fiscal requirements, including state oversight of school districts' practices. In 2026, Education suspended its monitoring and focused on closing prior findings and reviewing grant balances. In June 2026, Education said it plans to conduct streamlined monitoring in 2027 but did not provide specifics on its monitoring plans.

Fraud and fraud risks

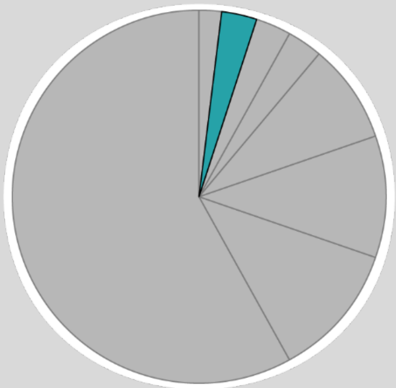
Fraud in Title I can be carried out by state or district officials, or vendors.

Examples of Adjudicated Fraud Cases Involving Title I, Part A, Grants to Local Educational Agencies

Fraud scheme	Case outcome
 ***Bribery; corruption*** A director of state and federal programs for a school district accepted thousands of dollars in bribes for giving preferential treatment to a company providing tutoring services. The program director falsely informed parents that the tutoring program was mandatory, when it was not.	Special assessment: $200 Prison sentence: 5 years
 ***False claims*** A tutoring company admitted to receiving millions of dollars in federal funds to which it was not entitled by repeatedly submitting false claims for reimbursement in connection with a program to provide tutoring services to children at underperforming schools. In its settlement with the government, the company admitted to submitting claims for reimbursement for thousands of hours of tutoring services based on falsified student attendance records.	Settlement: According to the settlement, the tutoring company agreed to pay up to $10 million to the United States in damages and penalties under the False Claims Act

Sources: GAO analysis of court documentation and Department of Justice information; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Education



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

Federal obligations in fiscal year 2025

$14.1 billion

Federal agency responsible

Department of Education, Office of Special Education Programs (OSEP)

Special Education Grants to States

Source: Education GAO file photo. | GAO-26-109100

The Individuals with Disabilities Education Act (IDEA) is the primary federal special education law. Under IDEA, eligible students with disabilities are entitled to a free, appropriate public education in the least restrictive environment from ages 3 through 21. IDEA provides formula grants to assist states in providing special education and related services through the Grants to States program. Combined with state and local funds, these grants cover the costs of providing a free, appropriate public education. For example, funds may be used for special education teacher salaries or related services, such as physical therapy.

Administration and oversight of funds

OSEP administers IDEA and is responsible for monitoring states to ensure they comply with federal law. IDEA authorizes formula grants to states under Part B of IDEA, formula grants to states for the infants and families program under Part C, and discretionary grants under Part D to institutions of higher education and other nonprofit organizations.

Typically, state educational agencies receive, administer, and monitor Special Education Grants to States. They are responsible for distributing the funds to eligible school districts. States may reserve a portion of their funding for statewide activities and are required to distribute most of their allocation to school districts.

Fraud and fraud risks

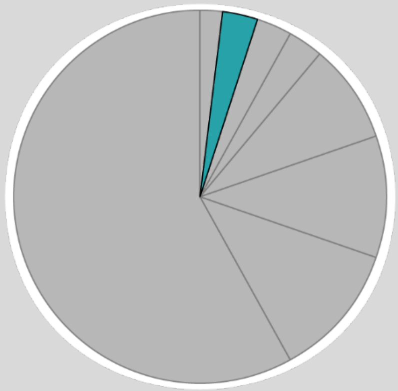
Fraud in Special Education Grants to States can be carried out by grantees, school districts, and entities providing education services.

Examples of Adjudicated Fraud Cases Involving Special Education Grants to States

Fraud scheme		Case outcome
	***False claims*** An entity who claimed to be providing tutoring and mentoring services for students with special needs collected more than $75,000 for work that was never performed. The entity submitted invoices and time sheets with forged signatures of tutors and parents to claim that tutoring services were provided, when they had not been.	Restitution: $75,398 Prison sentence: 26 weekends in jail
	***Kickbacks; false claims*** The owner and operator of an entity providing special education services inflated the amount of compensation the entity paid to its contractors and employees. The owner fraudulently received funds to pay multiple contractors who performed little or no work, who then kicked back as much as 50 percent of the salary they fraudulently received to the owner. The owner also regularly received kickbacks from employees that they deliberately overpaid.	Restitution: $2,151,318 Prison sentence: 24 months

Sources: GAO analysis of Department of Justice information; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Education



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

Federal obligations in fiscal year 2025

$40.0 billion

Federal agency responsible

Department of Education (Education), Federal Student Aid (FSA)

Federal Pell Grant Program

Source: Education GAO file photo. | GAO-26-109100

Federal Pell Grants are the largest source of federal grant aid supporting students' access to higher education. About 7 million undergraduate students received aid in award year 2024–2025.

Federal Pell Grants are need-based aid that help primarily undergraduate students from lower-income families pay for college expenses, including tuition, fees, and room and board. Students from the lowest-income households are generally eligible for the maximum Pell Grant award—$7,395 per year in the 3 most recent award years (2023–2026).

Administration and oversight of funds

Federal Pell Grant eligibility is determined when students complete and submit the Free Application for Federal Student Aid. Colleges receive eligibility information for prospective students from Education. They then factor in the cost of attendance and the student's enrollment status, among other factors, before finalizing the student's grant amount.

Education makes funds available to colleges to disburse Federal Pell Grants to students. Colleges generally credit student accounts with the grant disbursement or pay funds directly to students, if there is no balance on their account.

Colleges review and verify certain information submitted on the Free Application for Federal Student Aid and ensure that students receive correct amounts. The FSA office and the Education Office of the Inspector General oversee program integrity, including conducting college audits to monitor compliance and identify fraud.

Fraud and fraud risks

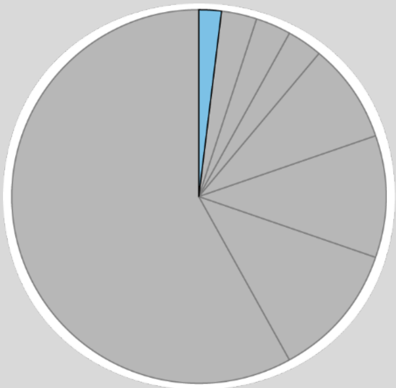
Fraud in Federal Pell Grants can be carried out by students and external parties.

Examples of Adjudicated Fraud Cases Involving the Federal Pell Grant Program

Fraud scheme	Case outcome
 ***False claims*** From about 2016 to 2023, an individual organized, led, and conspired with approximately 80 fictitious students to fraudulently apply for an estimated $4.7 million in federal student aid at multiple community colleges, of which more than $3.5 million was disbursed. The individual collected and used the personally identifiable information of the fictitious students to submit fraudulent applications for admission at targeted schools and then made it appear as if they were attending classes and completing coursework.	Restitution: $3.6 million Prison sentence: 5 years
 ***Identity fraud; false claims*** An individual collected the personal information of fellow inmates while incarcerated for another crime. After being released from prison, the individual used that information to fraudulently obtain a total of $338,610 in student loans and tax refunds. The individual fraudulently obtained additional federal education loans that totaled $804,434. They continued the scheme even after they were being investigated—and after agreeing to plead guilty—using information from three other victims and filing for additional fraudulent student loans and fraudulently obtaining Pell Grants.	Restitution: $857,618 Prison sentence: 10 years

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

Social services



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

Federal obligations in fiscal year 2025

$17.0 billion

Note: This reflects obligations reported in USAspending.gov.Funds appropriated for grantees are fixed at $16.5 billion annually

Federal agency responsible

Department of Health and Human Services (HHS), Administration for Children and Families (ACF)

Temporary Assistance for Needy Families (TANF)

Source: Stepan Popov/stock.adobe.com. | GAO-26-109100

TANF is a federal block grant that provides funding to states to help low-income individuals and families. States have flexibility to use funds for cash assistance and various nonassistance services, such as child care, work support, and child welfare. States also annually spend approximately $15 billion in state funds on one or more of TANF's four statutory purposes, though, according to HHS, state spending in recent years has been higher. TANF's flexibility, combined with limited federal reporting, creates complexity for oversight and accountability.

Administration and oversight of funds

ACF awards TANF funds to states. State agencies administer TANF and may provide cash assistance directly to families, or fund services through state programs, local entities, or other service providers. States often combine TANF with other funding streams, making it difficult to isolate TANF-specific spending and outcomes.

ACF oversees TANF by reviewing state plans outlining how each state intends to run its TANF program, collecting and publishing state expenditure data, monitoring resolution of annually required audit findings, and assessing TANF fraud risks. States generally have discretion in determining eligibility and how to use funds and are responsible for overseeing providers and maintaining controls to prevent improper payments and misuse of funds.

Fraud and fraud risks

Fraud in TANF can be carried out by state or local agencies, subrecipients, or beneficiaries. In recent years, federal and state officials have announced large fraud cases.

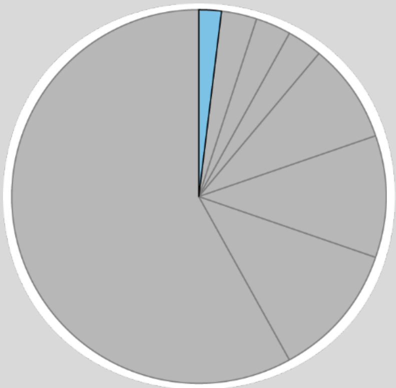
Examples of Adjudicated Fraud Cases Involving Temporary Assistance for Needy Families (TANF)

Fraud scheme		Case outcome
	***Billing fraud*** Multiple TANF subrecipient employees fraudulently billed for false mileage and payroll expenses for former and nonexistent staff and used the TANF funds for personal real estate and vehicles, resort vacations, cosmetic surgery, tattoos, and jewelry.	Restitution: over $3.7 million total Prison sentences: 3 to more than 5 years
	***Misrepresentation; conspiracy*** A couple received TANF benefits after misrepresenting themselves as extremely low income and not disclosing accounts and assets totaling more than $45,000.	Restitution: $28,000 Prison sentence: over 2 years

Sources: GAO analysis of court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

In January 2025, we reported on TANF fraud risk management, noting areas of weakness (see GAO-25-107290). We made seven recommendations to HHS to strengthen fraud risk management for the program, including that HHS develop clear guidance and standard procedures for regular risk assessments and communicate with state and local stakeholders. HHS has taken some steps to address the recommendations, but, as of May 2026, the recommendations remain open.

Social services



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

Federal obligations in fiscal year 2025

$8.6 billion

Federal agency responsible

Department of Health and Human Services (HHS), Administration for Children and Families (ACF)

Child Care and Development Block Grant (CCDBG)

Source: Stepan Popov/stock.adobe.com. | GAO-26-109100

The CCDBG is the main federal funding for the Child Care and Development Fund (CCDF). CCDF provides funds to states to subsidize child care for low-income families, so parents can work, attend school, or participate in job training. States have substantial flexibility to establish eligibility criteria that determine which families will be served. Each state sets rates for provider payments and family co-payments. ACF estimates that around 1 million families receive CCDF subsidies each month.

Administration and oversight of funds

ACF's Office of Child Care administers CCDF. Each state must submit a plan that identifies the purposes for which funds will be spent and describes the processes to investigate and recover fraudulent payments and impose sanctions in response to fraud. The Secretary of HHS has the responsibility to approve state plans and review and monitor state compliance with the approved plan, including through on-site visits. HHS has a designated office to lead fraud risk management activities across all HHS programs. States administer day-to-day program integrity functions, including preventing and detecting fraud, and are not required by law to report this information to HHS. Thus, fraud risks can vary by state based on their specific administration methods.

Fraud and fraud risks

Fraud in CCDBG can be carried out by grantees (i.e., states), child care providers, and applicants.

Examples of Adjudicated Fraud Cases Involving the Child Care and Development Block Grant (CCDBG)

Fraud scheme		Case outcome
	***False claims*** Owners of day care centers submitted false claims relating to the number of children attending the centers to receive payments through the CCDBG program. The claims contained false information about the number of children attending the centers and the hours children were at each day care.	Restitution: $143,127 total Prison sentence: 8 months (Owner 1) Probation: 5 years (Owner 2)
	***Kickbacks; eligibility misrepresentation; false claims*** Two child care providers colluded with parents to help them fraudulently qualify for the Child Care and Development Fund program and then offered free housing and kickbacks to parents who enrolled their children in their child care center. One of the providers charged the state for full-time care, even though some children never attended, and others came sporadically.	Restitution: $300,000 total Prison sentences: 30 days to 5 years

Sources: GAO analysis of Department of Justice information and court documentation; Icons-Studio/stock.adobe.com (icons). | GAO-26-109100

In May 2026, ACF rescinded aspects of a 2024 final rule for CCDF that the agency said weakened oversight and increased fraud risk. These changes remove requirements, including paying providers based on enrollment rather than attendance and paying providers in advance of services.

Though not directed at this program specifically, GAO has three open recommendations related to fraud risk management for HHS programs generally, including clearly establishing a process for conducting fraud risk assessments and requiring the assessment of the likelihood and impact of each fraud risk identified in a program, as well as the related fraud risk tolerance (see GAO-25-107290).