Office of Audits
Office of Inspector General
U.S. General Services Administration

GSA Complied with the Payment Integrity Information Act for Fiscal Year 2024

Report Number A250015/B/F/F25001
May 16, 2025

We performed an audit of GSA's compliance with the Payment Integrity Information Act of 2019 (PIIA) for Fiscal Year (FY) 2024. We have no reportable findings or recommendations resulting from this audit. However, we identified two observations for management's attention regarding risk assessment questionnaires, as detailed in the *Observations* section of this report.

We performed this audit as a requirement under the PIIA. This law aims to improve efforts to identify and reduce government-wide improper payments. The PIIA requires federal agencies to review their programs and identify those that are susceptible to significant improper payments. For programs identified, agencies are required to estimate, report, and reduce improper payments through corrective action. Within GSA, the Office of the Chief Financial Officer (OCFO) is responsible for financial reporting and ensuring compliance with the PIIA. The PIIA requires each agency's Office of Inspector General (OIG) to assess agency compliance in six areas (as later described). Our audit objective was to determine if GSA complied with the PIIA for FY 2024.

See ***Appendix A*** – Objective, Scope, and Methodology for additional details.

Background

In FY 2024, the federal government reported approximately $162 billion in estimated improper and unknown payments. Improper payments are a long-standing, widespread, and significant problem in the federal government. The goal of the PIIA is for agencies to improve efforts to identify and reduce improper payments.

Guidance and Regulations

The PIIA defines an improper payment as "any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement." According to the PIIA, the term "improper payment" includes the following:

- any payment to an ineligible recipient;
- any payment for an ineligible good or service;
- any duplicate payment;
- any payment for a good or service not received, except for those payments where authorized by law; and
- any payment that does not account for credit for applicable discounts.

In addition to the PIIA, we used a combination of the following requirements to complete our FY 2024 audit:

- Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs* (November 2009);
- Office of Management and Budget (OMB) Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 2021);
- OMB Memorandum M-18-14, *Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations* (March 2018);
- Public laws related to disaster relief:
    - Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-56, 131 Stat. 1129 (2017);
    - Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, Pub. L. No. 115-72, 131 Stat. 1224 (2017);
    - Bipartisan Budget Act of 2018, Pub. L. No. 115-123, 132 Stat. 64 (2018);
- OMB Circular A-136, *Financial Reporting Requirements* (May 2024);
- FY 2024 Payment Integrity Data Call Instructions Guide; and
- Council of the Inspectors General on Integrity and Efficiency guidance required under the PIIA.

The PIIA requires federal agencies to review their programs and identify those that are susceptible to significant improper payments. Each program with annual outlays of more than $10 million must conduct an improper payment risk assessment at least once every 3 years to determine whether the program is likely to have improper payments above the statutory threshold. The statutory threshold for improper payments is either: (1) both 1.5 percent of program outlays and $10 million of all program payments made during the fiscal year or (2) $100 million.[1] Programs that are not likely to have significant improper payments above the statutory threshold are referred to as being in “Phase 1.”

If the results of a program’s improper payment risk assessment determine that the total annual improper payments are likely to be above the statutory threshold, the programs are referred to as being in “Phase 2.” If a program is identified as Phase 2, agencies are required to estimate, report, and reduce improper payments through corrective action. GSA did not have any Phase 2 programs for FY 2024.

[1] OMB Memorandum M-21-19 (March 5, 2021).

The Office of Inspector General's Role

The PIIA requires the OIG to test for compliance by determining if an agency complied with six requirements summarized below (see *Figure 1* on the next page for a complete description):

- Published payment integrity information with the annual financial statement and its accompanying materials for the most recent fiscal year and posted it on the agency's website;
- Conducted a program-specific risk assessment for required programs and adequately concluded whether these programs are likely to make improper and unknown payments;[2]
- Published improper payment estimates for all programs and activities identified as susceptible to significant improper and unknown payments;
- Published programmatic corrective action plans for these programs;
- Published and developed a plan to meet annual reduction targets for each program assessed to be at risk and measured for improper and unknown payments; and
- Reported an improper and unknown payment rate of less than 10 percent for estimates published in the accompanying materials.

According to OMB Memorandum M-21-19, when determining PIIA compliance, the agency's OIG should evaluate the accuracy and completeness of agency reporting and evaluate agency performance in reducing and recapturing improper payments.

Results

We determined that GSA complied with the PIIA for FY 2024. As shown in *Figure 1* on the next page, GSA met two of the requirements by:

- Publishing payment integrity information with the annual financial statements and posting the annual financial statements and accompanying materials on the GSA website; and
- Conducting improper payment risk assessments for each program with annual expenses greater than $10 million at least once in the last 3 years and adequately concluding whether these programs are likely to make improper and unknown payments above or below the statutory threshold.

The four remaining requirements did not apply because GSA did not report any significant improper payments at the program level for FY 2024.

For details about the programs assessed, see ***Appendix B***.

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[2] An unknown payment is a payment that the agency cannot discern is proper or improper. If an agency is still conducting research or going through the review of a payment at the time that it must finish its sampling and report its results, the payment will be considered an unknown payment for reporting purposes that year.

Figure 1. Summary of GSA's FY 2024 Compliance with the PIIA

FY 2024 Overall Evaluation	Compliant
1a. Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement of the agency for the most recent fiscal year in accordance with OMB guidance;	Compliant
1b. Posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website;	Compliant
2a. Conducted improper payment risk assessments for each program with annual expenses greater than $10 million at least once in the last 3 years;	Compliant
2b. Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold;	Compliant
3. Published improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement;	Not Applicable
4. Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the financial statement;	Not Applicable
5a. Published an improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the financial statement;	Not Applicable
5b. Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate;	Not Applicable
5c. Developed a plan to meet the improper payment and unknown payment reduction target; and	Not Applicable
6. Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the financial statement.	Not Applicable

We have no reportable findings or recommendations resulting from this audit. However, we identified two observations for management's attention.

Observations

Observation 1 – GSA's risk assessment questionnaires lacked information needed to support risk scores; as a result, the risk scores may not be accurate.

We found that several of GSA's risk assessment questionnaires lacked comments to support the risk score that was provided. The risk assessment questionnaires are used to determine if a program is "high risk," meaning it is susceptible to significant improper payments. While not required, including comments allows reviewers to understand how program offices determined their risk ratings.

The risk assessment criteria in the *FY 2024 Risk Assessment Methodology and Summary Results* state that in completing the risk assessments, GSA ensured that "questionnaires were fully completed."[3] We found several instances in which no comments were given to support a risk score. We requested clarification from GSA officials, who provided evidence that GSA requested staff to provide comments even though comments were not required.

When asked, GSA provided risk assessments that were completed with comments. We noted no high-risk programs based on the risk assessments provided. It is important to ensure that GSA's risk assessments are accurate and that each risk score is supported. Without comments to explain the score, it may be difficult to verify if the risk score is accurate. This could lead to high-risk programs being improperly identified as low-risk.

We informed GSA officials of our observation, and they agreed that including comments would be a good practice. GSA should consider requiring comments on risk assessments.

Observation 2 – GSA's risk assessment questionnaires contained ambiguous criteria; as a result, risk scores may not accurately reflect whether a program is susceptible to significant improper payments.

We found that GSA's risk assessment questionnaires contained ambiguous criteria under the *Quality of Internal Monitoring Controls* section; as a result, risk scores may not accurately reflect whether a program is susceptible to significant improper payments. The risk assessment questionnaires are used to determine if a program is "high risk," meaning it is susceptible to significant improper payments.

GSA's risk assessment questionnaires contained two questions on internal controls with ambiguous criteria:

1. Has the program, OIG, or GAO [U.S. Government Accountability Office] performed any program reviews/audits to evaluate whether payments are made properly in the past three years?
2. List current oversight reports relating to the quality of internal monitoring controls relating to improper payments.

For both questions, the criteria for the lowest risk score of 1 is "No audit reports with findings." However, we found that the risk score of 1 was selected for: (1) programs that had been audited, reviewed, or had other oversight performed and had no findings; and (2) programs that had no report because an audit, review, or other oversight was never performed. These are two different circumstances. A program may be low-risk if audits, reviews, or other oversight evaluated whether payments were proper and had no findings. In contrast, it could be misleading to conclude that a program is low-risk when audits, reviews, or other oversight

[3] Public Buildings Service's Financial Operations Division (June 2024).

never evaluated whether the program's payments were proper because there is no support for that conclusion.

We found multiple risk assessments that provided a GSA program with low-risk scores because it did not have an audit, review, or other oversight of its payments. This included the Acquisition Services Fund, the Office of Products and Programs, and the Technology Transformation Services. In all three cases, the programs had risk scores of 1, indicating a low risk of improper payments although there were no audits, reviews, or other oversight that had evaluated whether payments for the program were proper. A lack of audit, review, or other oversight does not support a low-risk determination.

It is important to ensure that GSA's risk assessment questionnaires support a risk score that accurately reflects whether a program is susceptible to significant improper payments. When criteria are ambiguous, it is difficult for employees to identify the correct risk rating, which could lead to high-risk programs being incorrectly identified as low-risk.

Conclusion

We determined that GSA complied with the PIIA for FY 2024. We have no reportable findings or recommendations resulting from this audit. However, we identified two observations for management's attention. Specifically, we noted that risk assessment questionnaires: (1) lacked information needed to support risk scores and (2) contained ambiguous criteria that may not accurately reflect whether a program is susceptible to significant improper payments.

GSA Comments

In an e-mail dated April 21, 2025, the OCFO Office of Financial Management concurred with our observations. See ***Appendix C*** for the comments from the e-mail response.

Appendix A – Objective, Scope, and Methodology

Objective

We performed this audit as a requirement under the PIIA. Our audit objective was to determine if GSA complied with the PIIA for FY 2024.

Scope and Methodology

Within GSA, the OCFO is responsible for financial reporting and ensuring compliance with the PIIA. We examined the OCFO's processes related to compliance with the PIIA for FY 2024.

To accomplish our objective, we performed the following:

- Examined relevant criteria, including public laws, executive orders, auditing and internal control standards, OMB memorandums and circulars, and GSA directives;
- Evaluated the OCFO's processes to identify and reduce improper payments;
- Examined supporting documentation for the OCFO's reporting on improper payments in GSA's FY 2024 *Agency Financial Report*;
- Held discussions with OCFO officials regarding improper payment identification, risk assessment, reporting, and improper payments estimation;
- Reviewed previous GSA OIG improper payment reports;
- Reviewed the OCFO's *Payment Integrity Standard Operating Procedures* document describing the controls related to PIIA compliance;
- Reviewed and implemented the Council of the Inspectors General on Integrity and Efficiency guidance required under the PIIA;
- Evaluated the OCFO's adherence to the GAO's *Standards for Internal Control in the Federal Government* (GAO-14-704G); and
- Assessed the design, implementation, and operating effectiveness of relevant internal controls.

Data Reliability

The Public Buildings Service's Financial Operations Division provided us with spreadsheets from the Financial Information and Operations Division and the Financial Services Division. The two spreadsheets contained information about improper payments for GSA's Public Buildings Service and Federal Acquisition Service. The improper payments information was taken from Pegasys, GSA's core financial system. We also obtained the improper payment risk assessment spreadsheet from GSA that summarized the program outlays and overpayments.

We assessed the reliability of the data by: (1) interviewing GSA officials knowledgeable about the data and (2) reconciling GSA's risk assessment summary to source documentation. We determined that the data was sufficiently reliable for purposes of this audit.

Internal Controls

We assessed internal controls significant within the context of our audit objective against GAO-14-704G, *Standards for Internal Control in the Federal Government*. The methodology above describes the scope of our assessment. Our assessment is not intended to provide assurance on GSA's internal control structure as a whole. GSA management is responsible for establishing and maintaining internal controls.

Compliance Statement

We conducted the audit between October 2024 and March 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – Programs Assessed

Program Names	
Acquisition Services Fund – Operating	Integrated Award Environment (Total Operating Expenses + Reserves)
Assisted Acquisition Services – Flow-Thru	Multiyear 2021–2025 American Rescue Plan Transferred Funds
Building Operations (Annual Funding)	Office of Products and Programs (Office of Solutions)
Construction and Acquisition of Facilities	Operating Expenses (Direct)
Disaster Emergency Funds	Rental of Space
Federal Citizen Services Fund (Reimbursable)	Repairs and Alterations
General Supplies and Services – Flow-Thru	Special Services and Improvements
Government-wide Policy (Direct only)	Technology Transformation Services – Flow-Thru
Government-wide Policy (Reimbursable)	Travel Cards
Information Technology Category – Flow-Thru	Travel, Transportation, and Logistics Categories
Infrastructure Investment and Jobs Act	Working Capital Fund (Reimbursable)

OMB Memorandum M-21-19 requires agencies to conduct improper payment risk assessments for each program with annual outlays greater than $10 million at least once every 3 years. GSA identified 47 programs; of those programs, only 25 programs exceeded outlays of $10 million. Due to this 3-year cycle, 22 programs were due for a risk assessment for FY 2024.

To determine whether the 22 programs are susceptible to significant improper payments, each of GSA's risk assessments calculated and added up quantitative and qualitative scores. If a program shows an overall summary risk score of greater than or equal to 3 and a qualitative risk score of greater than or equal to 2.5, then GSA would assess that program as high-risk. None of the 22 programs were identified as high-risk.

Appendix C – GSA Comments

In an e-mail dated April 21, 2025, the OCFO Office of Financial Management provided the following response to our report:

"The program office concurs with the observations and does not have any further comments."

Appendix D – Report Distribution

Acting GSA Administrator (A)

GSA Deputy Administrator (AD)

Chief Financial Officer (B)

Deputy Chief Financial Officer (B)

Acting Chief of Staff (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Acquisition Audits (JA)

Deputy Assistant Inspector General for Real Property Audits (JA)

Director (JAO)

Controller of the Office of Management and Budget

Committee on Homeland Security and Governmental Affairs of the Senate

Committee on Oversight and Reform of the House of Representatives

Comptroller General of the United States

U.S. House of Representatives Committee on Appropriations

U.S. Senate Committee on Appropriations

CONTACT US

For more information about the GSA OIG, please visit us online at www.gsaig.gov.

Office of Inspector General
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405
Email: oig_publicaffairs@gsaig.gov
Phone: (202) 501-0450 (General)
(202) 273-7320 (Press Inquiries)

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