



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

# GSA Complied with the Payment Integrity Information Act in Fiscal Year 2022

Report Number A230016/B/T/F23003  
May 17, 2023



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

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We performed an audit of GSA’s compliance with the Payment Integrity Information Act of 2019 (PIIA) in Fiscal Year (FY) 2022 and have no reportable findings or recommendations.

We performed this audit as required by 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 in FY 2022.

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

### Background

In FY 2022, the federal government reported over \$246 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 2022 audit:

- Executive Order 13520, *Reducing Improper Payments* (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); and
  - Bipartisan Budget Act of 2018, Pub. L. No. 115-123, 132 Stat. 64 (2018);
- OMB Circular A-136, *Financial Reporting Requirements* (June 2022);
- OMB Annual Data Call Instructions;
- OMB Payment Integrity Question and Answer Platform;
- Council of the Inspectors General on Integrity and Efficiency guidance required under the PIIA; and
- OMB instructions or waivers on the reporting of improper payments for specific programs.<sup>1</sup>

The PIIA requires federal agencies to review their programs and identify those that are susceptible to significant improper payments. OMB Memorandum M-21-19 states that improper payments are considered significant in a program if, in a given year, the gross improper payments in that program: (1) exceed both 1.5 percent of program payments and \$10 million or (2) exceed \$100 million regardless of the improper payment percentage. If a program is identified as being susceptible to significant improper payments, agencies are required to estimate, report, and reduce improper payments through corrective action. An agency is required to assess each program's risk every 3 years.

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<sup>1</sup> In August 2019, GSA received a waiver from OMB for reporting an improper payment Sampling and Estimation Methodology Plan for the Rental of Space Program. GSA has incorporated the Rental of Space Program into its improper payment 3-year risk assessment cycle.

## 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;<sup>2</sup>
- 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 compliance with the PIIA, 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 in FY 2022. 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 Agency 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 2022.

This audit has no reportable findings or recommendations.

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

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<sup>2</sup> 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 2022 Compliance with the PIIA

FY 2022 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

### Conclusion

We determined that GSA complied with the PIIA in FY 2022 and have no reportable findings or recommendations resulting from this audit.

### GSA Comments

The OCFO concurred with the audit report. The OCFO’s written comments are included in their entirety in **Appendix C**.

## **Audit Team**

This audit was managed out of the Information Technology and Finance Audit Office and conducted by the individuals listed below:

Sonya Panzo	Associate Deputy Assistant Inspector General for Auditing
Cairo Carr	Audit Manager
Bruce McLean	Auditor-In-Charge
Jennifer Rutili	Auditor
Johnathan Jefferson	Auditor

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## **Appendix A – Objective, Scope, and Methodology**

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### **Objective**

We performed this audit as a requirement under the PIIA. The objective of our audit was to determine if GSA complied with the PIIA for FY 2022.

### **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 in FY 2022.

To accomplish our objective, we performed the following:

- Examined relevant criteria, including public laws, executive orders, auditing and internal control standards, OMB memorandums and circular, 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 2022 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 PIIA compliance testing instructions for disaster relief funding;
- 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 U.S. Government Accountability Office's (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 U.S. Department of Agriculture financial divisions in Fort Worth, Texas; and Kansas City, Missouri, provided us with spreadsheets containing information about improper payments for GSA's Public Buildings Service and Federal Acquisition Service. The two spreadsheets contained information taken from Pegasys, which is GSA's core financial system. We also obtained the improper payment risk assessment from GSA summarizing the program outlays and overpayments.

We assessed the reliability of the data by: (1) reconciling GSA's risk assessment summary to source documentation and (2) interviewing GSA officials to assess data reliability. 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 2022 and March 2023 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 objective.



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## ***Appendix B – Program Assessed***

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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 51 programs; of those programs, only 20 programs exceeded outlays of \$10 million. Due to this 3-year cycle, only one program—the Acquisition Workforce Training Fund—was due for a risk assessment in FY 2022. We assessed GSA’s results related to the risk assessment completed for this program. We found the one program to be compliant with PIIA criteria numbers 1a, 1b, 2a, and 2b; the remaining criteria (numbers 3, 4, 5a, 5b, 5c, and 6) were not applicable (see *Figure 1* on page 4 of the report).

## Appendix C – GSA Comments

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Office of the Chief Financial Officer

MEMORANDUM FOR SONYA PANZO  
ASSOCIATE DEPUTY ASSISTANT INSPECTOR GENERAL  
FOR AUDITING  
INFORMATION TECHNOLOGY AND FINANCE AUDIT  
OFFICE (JA-T)

FROM: KATHY HAMMER DocuSigned by:  
Kathy Hammer  
DC4D73C525344A7 4/26/2023  
DIRECTOR, OFFICE OF FINANCIAL MANAGEMENT (BG)  
OFFICE OF THE CHIEF FINANCIAL OFFICER (B)

SUBJECT: Response to the Office of the Inspector General Draft Report  
"GSA Complied With the Payment Integrity Information Act in  
Fiscal Year 2022" Assignment Number A230016

The Office of the Chief Financial Officer (OCFO) appreciates the opportunity to comment on the Office of the Inspector General draft report "GSA Complied with the Payment Integrity Information Act in Fiscal Year 2022" (A230016).

The OCFO concurs with the report. As acknowledged in the report, the General Services Administration fully complied with the requirements of the Payment Integrity Information Act in Fiscal Year 2022.

Thank you for your effective communication and professionalism throughout this audit process.

Should you have any questions regarding this matter, please contact me at [kathy.hammer@gsa.gov](mailto:kathy.hammer@gsa.gov).

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## ***Appendix D – Report Distribution***

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GSA Administrator (A)

GSA Deputy Administrator (AD)

Chief Financial Officer (B)

Deputy Chief Financial Officer (B)

Chief of Staff (B)

Director of Financial Management (BG)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Acquisition Program Audits (JA)

Deputy Assistant Inspector General for Real Property Audits (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)

Controller of the Office of Management and Budget

Senate Committee on Homeland Security and Governmental Affairs

House Committee on Oversight and Accountability

Comptroller General of the United States

House Committee on Appropriations

Senate Committee on Appropriations