



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

GSA Complied with the Payment Integrity Information Act for Fiscal Year 2025

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

We performed an audit of GSA’s compliance with the Payment Integrity Information Act of 2019 (PIIA) for Fiscal Year (FY) 2025. We have no reportable findings or recommendations resulting from this audit.

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 2025.

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

Background

In FY 2025, the federal government reported approximately \$186 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.

The PIIA requires federal agencies to review their programs and identify those that are susceptible to significant improper payments. Further, Office of Management and Budget (OMB) Memorandum M-21-19 requires each agency to conduct improper payment risk assessments for each program with annual outlays greater than \$10 million 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 “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 “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 2025.

New Executive Orders

On March 25, 2025, the president signed two executive orders (EOs) to promote the financial integrity and operational efficiency of the federal government. They include:

- EO 14247: *Modernizing Payments To and From America’s Bank Account*, directs the U.S. Department of the Treasury (Treasury) to:
 - Phase out issuance of paper checks for all federal disbursements by September 30, 2025, to the extent permitted by law;
 - Develop and implement a comprehensive public awareness campaign to inform federal payment recipients of the transition to electronic payments; and
 - Eliminate the need for physical lockbox services.
- EO 14249: *Protecting America’s Bank Account Against Fraud, Waste, and Abuse*, requires the following, as applicable and consistent with law:
 - Compliance with the disbursement requirements and instructions, including pre-certification requirements, published by the Secretary of the Treasury;
 - Use of standard financial management solutions by all heads of the Chief Financial Officers Act agencies through the Financial Management Marketplace, which is administered by the Financial Management Quality Service Management Office;² and
 - Reduction of non-Treasury disbursing offices.

¹ OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 2021).

² OMB designated the U.S. Department of the Treasury as the Financial Management Quality Service Management Office in June 2020.

For both EOs, the heads of all federal agencies were required to submit a compliance plan to the OMB Director within 90 days of the date of these orders. In response, GSA created a compliance plan addressing the EOs, confirming it already completes pre-certification verifications, currently uses one of the approved financial management systems, and has no non-Treasury disbursing offices. Additionally, GSA created a timeline for phasing out paper check disbursements and a plan for updating vendor profiles to allow for electronic disbursements. Finally, GSA detailed its current phased approach for eliminating physical lockboxes.

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, which are summarized below (see *Figure 1* on page 5 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;³
- 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.

In addition to the PIIA, we used a combination of the following requirements to complete our FY 2025 audit:

- EO 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs* (November 2009);
- EO 14247, *Modernizing Payments To and From America's Bank Account* (March 2025);

³ 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.

- EO 14249, *Protecting America’s Bank Account Against Fraud, Waste, and Abuse* (March 2025);
- OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 2021);
- OMB Circular A-136, *Financial Reporting Requirements* (July 2025);
- FY 2025 Payment Integrity Data Call Instructions; and
- Council of the Inspectors General on Integrity and Efficiency guidance required under the PIIA.

Results

We determined that GSA complied with the PIIA for FY 2025. As shown in *Figure 1* on the next page, GSA met two of the requirements by:

- Publishing payment integrity information with the annual financial statement and posting the annual financial statement and accompanying materials on the GSA website; and
- Conducting improper payment risk assessments for each program with annual outlays greater than \$10 million at least once every 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 2025.

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

Figure 1. Summary of GSA’s FY 2025 Compliance with the PIIA

FY 2025 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

There are no reportable findings or recommendations resulting from this audit.

Conclusion

We determined that GSA complied with the PIIA for FY 2025.

GSA Comments

The Agency notified us that it did not plan to make any comments for this report as there were no recommendations.

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 2025.

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 2025.

To accomplish our objective, we:

- Examined relevant criteria, including public law, EOs, auditing and internal control standards, OMB memorandums and circulars, GSA directives, and GSA's compliance plan to address EOs 14247 and 14249;
- 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 2025 *Agency Financial Report*;
- Reviewed previous discussions with OCFO officials regarding improper payment estimation, identification, risk assessment, and reporting;
- 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 U.S. Government Accountability Office'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 GSA 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 Agency's program outlays and overpayments.

We assessed the reliability of the data by: (1) confirming with GSA officials that their process did not change from the prior year and (2) reconciling GSA's risk assessment summary to source

documentation. We determined that the data was sufficiently reliable for purposes of this audit.

Sampling

We requested a detailed outlay report from the Public Buildings Service's Financial Operations Division. Due to the high number of payments and the multiple systems needed to create the outlay report, we sampled outlays for September 2024, the last month in the period of review.⁴ We chose a judgmental sample, prioritizing high outlays and different vendors. After testing, we determined the data from the outlay report could be traced back to the source documentation. Although the sample cannot be projected to the population as we only reviewed 1 month of outlays, it allowed us to address our audit objective.

Internal Controls

We assessed internal controls significant within the context of our audit objective against internal control guidance for federal agencies. 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 2025 and February 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁴ The FY 2025 audit examines the improper payment data for the previous year, FY 2024.

Appendix B – Programs Assessed

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, 28 programs exceeded outlays of \$10 million. Due to this 3-year cycle, only three programs were due for a risk assessment in FY 2025:

- Acquisition Workforce Training;
- Audit Contracts and Contract Administration; and
- Inflation Reduction Act.

To determine whether these three programs are susceptible to significant improper payments, each of GSA's risk assessments calculated and added up quantitative and qualitative scores. GSA assesses its programs as high-risk if they show: (1) an overall summary risk score of greater than or equal to 3, and (2) a qualitative risk score of greater than or equal to 2.5. None of the three programs were identified as high-risk.

Appendix C – Report Distribution

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Deputy Chief Financial Officer (B)

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