



The Department Complied with Payment Integrity Information Act Requirements for Fiscal Year 2024

REPORT NO. OIG-25-020-I

MAY 27, 2025

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation





May 27, 2025

MEMORANDUM FOR: Howard W. Lutnick
Secretary of Commerce

A handwritten signature in black ink, reading "Roderick Anderson", is positioned below the "MEMORANDUM FOR:" line.

FROM: Roderick Anderson
Acting Inspector General

SUBJECT: *The Department Complied with Payment Integrity Information
Act Requirements for Fiscal Year 2024*
Report No. OIG-25-020-I

Attached is the final report on our evaluation of the U.S. Department of Commerce's compliance with the Payment Integrity Information Act of 2019 (PIIA) for fiscal year 2024. Based on our review, we concluded that the Department complied with PIIA's criteria for FY 2024. We did not identify any actions needed to further improve the Department's measures for preventing and reducing improper payments and unknown payments.

We will post this report on [our website](#) per the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420). In addition, as required by PIIA, we will provide the report to the U.S. Senate Committee on Homeland Security and Governmental Affairs, the U.S. House Committee on Oversight and Reform, the U.S. Senate Committee on Appropriations, the U.S. House Committee on Appropriations, the Comptroller General of the United States, and the Controller of the Office of Management and Budget.

We appreciate your staff's cooperation and professionalism during this evaluation. If you have any questions or concerns about the report, please contact me at 202-794-7788 or Richard Bachman, Assistant Inspector General for Audit and Evaluation, at 202-793-3344.

Attachment

cc: George E. Jenkins, Deputy Chief Financial Officer and Director, Office of Financial Management, performing the non-exclusive functions and duties of the Chief Financial Officer





Introduction

As mandated by the Payment Integrity Information Act of 2019¹ (PIIA) and in accordance with guidance issued by the Office of Management and Budget (OMB), we initiated this evaluation to determine whether the U.S. Department of Commerce complied with PIIA in fiscal year (FY) 2024.

PIIA is intended to improve efforts to identify and reduce improper payments government-wide. Broadly defined, improper payments are payments the federal government has made for the wrong amount, to the wrong entity, or for the wrong reason.² In FY 2024, agencies across the government made an estimated \$162 billion in payment errors.³ Resolving the problem of improper payments is of the utmost importance because they can negatively impact the public's trust in the government and distract from the benefits of federal programs.

On March 2, 2020, PIIA set forth improper payment requirements for executive agencies. These requirements include (1) conducting program-specific risk assessments for each program or activity, (2) publishing improper payment estimates for programs susceptible to significant improper payments, and (3) reporting on corrective actions to reduce improper payments.⁴

To meet the requirements, the Department followed OMB Circular A-123, Appendix C (March 5, 2021), OMB Circular A-136 (revised May 30, 2024), and OMB's FY 2024 *Payment Integrity Annual Data Call Instructions Guide*. It also performed procedures to detect and prevent improper payments and unknown payments,⁵ including risk assessments of selected programs and activities, and routine monitoring and minimization activities such as post-payment reviews.

¹ Pub. L. No. 116-117, 134 Stat. 113, 123 (2020) (codified at 31 U.S.C. § 3353(a)).

² An improper payment is “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.” 31 U.S.C. § 3351(4)(A). It includes any payment (1) to an ineligible recipient, (2) for an ineligible good or service, (3) that is duplicate, (4) for a good or service not received (except for those payments where authorized by law), and (5) that does not account for credit for applicable discounts. *Id.* § 3351(4)(B). When an executive agency's review is unable to discern whether a payment was proper because of insufficient or lack of documentation, this payment must also be included in the improper payment estimate. 31 U.S.C. § 3352(c)(2).

³ Total of improper payments and unknown payments from [PaymentAccuracy.gov](https://www.paymentaccuracy.gov); under “The Numbers,” see the Improper Payment Totals tab of the FY2024 Payment Accuracy Dataset. Accessed December 2024.

⁴ 31 U.S.C. § 3352(a), (c), (d).

⁵ A payment whose propriety cannot be determined by the agency due to insufficient or missing documentation.

The Department reported the results of these FY 2024 actions and other required improper payment data to OMB for inclusion on PaymentAccuracy.gov.⁶ During FY 2024, the Department reported approximately \$33.6 million in overpayments that had been identified for recapture and approximately \$31.5 million in overpayments recovered—a recovery rate of about 94 percent.⁷

Conclusion on the Department’s Compliance

Based on our review, we concluded that the Department complied with the PIIA criteria for FY 2024. We did not identify any significant actions needed to further improve prevention and reduction measures within the Department.

To determine the Department’s compliance with PIIA, we reviewed the “Payment Integrity” section of its FY 2024 *Agency Financial Report (AFR)*,⁸ the materials accompanying the *AFR*, and other improper-payment-related documentation. We also assessed the Department’s efforts related to preventing and reducing improper payments and unknown payments. Appendix 1 contains additional details on the scope and methodology of this evaluation.

To comply with PIIA, the Department must adhere to the following criteria:⁹

1. (a) Publish payment integrity information with the agency’s *AFR* for the most recent fiscal year and (b) post the *AFR* and accompanying materials¹⁰ required by OMB on the agency’s website
2. (a) Conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last 3 years and (b) adequately conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold

⁶ PaymentAccuracy.gov was created by the U.S. Department of the Treasury, in coordination with the U.S. Department of Justice and OMB, as a centralized location for publishing information about improper payments made by the federal government to individuals, organizations, and contractors.

⁷ From [PaymentAccuracy.gov](https://www.paymentaccuracy.gov); under “The Numbers,” see the Department of Commerce’s Agency Level Results tab of the FY2024 Annual Improper Payments Dashboard. Accessed December 2024.

⁸ U.S. Department of Commerce. December 2024. [Fiscal Year 2024 Agency Financial Report](#), 173.

⁹ Office of Management and Budget. March 5, 2021. “Requirements for Payment Integrity Improvement” (appendix C, Section VI). *Management’s Responsibility for Enterprise Risk Management and Internal Control*, circular A-123.

¹⁰ Accompanying materials are public information in a location separate from the agency *AFR*, such as the information published on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

3. Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the materials accompanying the *AFR*
4. Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the materials accompanying the *AFR*
5. (a) Publish 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 *AFR*, (b) demonstrate payment integrity improvements or reach a tolerable improper payment and unknown payment rate, and (c) develop a plan to meet the improper payment and unknown payment reduction targets
6. Report 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 *AFR*

We show departmental programs' compliance with these criteria in appendix 2.



Appendix 1. Scope and Methodology

We initiated this evaluation In December 2024 to determine the Department’s compliance with PIIA for FY 2024. To accomplish our objective, we:

- Reviewed relevant laws, regulations, and other guidance, including:
 - Payment Integrity Information Act of 2019 (Pub. L. No. 116-117), March 2, 2020
 - OMB Circular A-123, Appendix C, as revised by OMB Memorandum M-21-19, March 5, 2021
 - OMB Circular A-136 (revised), May 30, 2024
 - OMB FY 2024 *Payment Integrity Annual Data Call Instructions Guide*, updated September 2024
 - Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act OIG Compliance Reviews*, October 22, 2024
- Reviewed the “Payment Integrity” section in the Department’s FY 2024 *AFR* and the accompanying materials (Annual Improper Payments 2024 Dataset) included on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov)
- Gained an understanding of internal controls by interviewing staff responsible for improper payment oversight and reporting in the Office of the Secretary’s Office of Financial Management, the National Oceanic and Atmospheric Administration (NOAA), the National Institute of Standards and Technology (NIST), the U.S. Census Bureau, and the U.S. Patent and Trademark Office
- Obtained and analyzed documents related to the Department’s FY 2024 risk assessments and improper payment reporting, including the risk assessment tracking log, completed risk assessments, and the summary of improper payments and amounts recaptured
- Reviewed departmental processes and practices for identifying, assessing, and reporting programs and activities susceptible to significant improper payments
- Reviewed departmental processes and practices in place to prevent, reduce, and recapture improper payments during FY 2024
- Reviewed the Department’s compliance with applicable PIIA provisions

In addition, we assessed the reliability of the Department's FY 2024 improper payments data by identifying the data sources, understanding how the data was extracted, and analyzing the data. We also traced data to source documents. We determined that the data was sufficiently reliable for the purposes of this report.

We conducted our evaluation from December 2024 through May 2025 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401–424), and Department Organization Order 10-13, as amended October 21, 2020.

We conducted this evaluation in accordance with *Quality Standards for Inspection and Evaluation* (December 2020) issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that the evidence must sufficiently and appropriately support the evaluation findings providing a reasonable basis for conclusions and recommendations related to the objective. We believe that the evidence obtained provides a reasonable basis for our conclusion based on our evaluation objective.



Appendix 2. PIIA Compliance Requirements

The table below summarizes the compliance requirements and results for the Department's FY 2024 risk assessments. The programs were compared against the following compliance criteria:

- 1a** Published payment integrity information with the *AFR*
- 1b** Posted the *AFR* and accompanying materials on the agency website
- 2a** Conducted improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last 3 years
- 2b** Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold
- 3** Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the *AFR*
- 4** Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the *AFR*
- 5a** Published improper payment and unknown payment reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the *AFR*
- 5b** Demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate
- 5c** Developed a plan to meet the improper payment and unknown payment reduction targets
- 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 *AFR*

Compliance Criteria

Program Name *	1a Info in AFR	1b AFR posted	2a Risks assessed	2b Adequate Conclusion	3 Payment estimates	4 Corrective plans	5a Reduction targets	5b Improve- ments	5c Planning for targets	6 Estimates reported
Bureau of Economic Analysis	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Bureau of Industry and Security's Dual Use Export Administration and Enforcement	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Census's Current Demographic Statistics	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Census's Current Economic Statistics	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Census Bureau - Decennial Census	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Census's Enterprise Data Capture and Dissemination System - Enterprise Dissemination Services	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Census's Geographic Support	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Census's Periodic Economic Statistics	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Economic Development Administration's Salaries and Expenses	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
International Trade Administration's (ITA's) Enforcement and Compliance	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]

Compliance Criteria

Program Name *	1a Info in AFR	1b AFR posted	2a Risks assessed	2b Adequate Conclusion	3 Payment estimates	4 Corrective plans	5a Reduction targets	5b Improve- ments	5c Planning for targets	6 Estimates reported
ITA's Executive Direction and Administration	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
ITA's Industry and Analysis	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Minority Business Development Agency's Minority Business Development and Advocacy	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NIST's Contracts/Purchase Orders	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NIST's Grants	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NIST's Intra-governmental Payments and Collections/Other/ Miscellaneous	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NIST's Payments to Employees	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NIST's Purchase Card	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NOAA's Grants	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NOAA's Labor and Payments to Employees	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NOAA's Purchase Orders and Contracts	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
National Telecommunications and Information Administration's (NTIA's) Connecting Minority Communities Pilot Program	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]

Compliance Criteria

Program Name *	1a Info in AFR	1b AFR posted	2a Risks assessed	2b Adequate Conclusion	3 Payment estimates	4 Corrective plans	5a Reduction targets	5b Improve- ments	5c Planning for targets	6 Estimates reported
NTIA's Digital Equity Program	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NTIA's First Responder Network Authority	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
NTIA's Middle Mile Program	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]
Office of the Secretary - Departmental Management	Yes	Yes	Yes	Yes	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]	NA [†]

Source: OIG analysis of departmental data

* We assessed these departmental programs including improper payment risk assessments, if applicable. The Department completed 27 program risk assessments during FY 2024, including one for OIG. Since we did not review OIG's risk assessment, it is not included in this table.

[†] The Department was not required to report improper payment data for this program in FY 2024, as the Department's risk assessment process did not identify the program as susceptible to significant improper payments and unknown payments.

REPORT

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