EVALUATION REPORT

Evaluation of the Department's Compliance with Payment Integrity Information Act Requirements for Fiscal Year 2025

REPORT NO. OIG-26-023-I

July 23, 2026

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

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Office of Audit and Evaluation
Washington, DC 20230

July 23, 2026

MEMORANDUM FOR: Howard W. Lutnick
Secretary of Commerce

FROM: Arthur L. Scott Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Evaluation of the Department's Compliance with Payment Integrity Information Act Requirements for Fiscal Year 2025*
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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 2025. Based on our review, we concluded that the Department complied with PIIA's criteria for FY 2025. We did not identify any significant 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.

Attachment

Introduction

As mandated by the Payment Integrity Information Act of 2019[1] (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) 2025.

PIIA is intended to improve efforts to identify and reduce improper payments government-wide. Broadly defined, improper payments are payments that the federal government has made for the wrong amount, to the wrong entity, or for the wrong reason.[2] In FY 2025, agencies across the government made an estimated $186 billion in improper payments.[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 July 14, 2025); and OMB's FY 2025 *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

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

[2] According to 31 U.S.C. § 3351(4)(A), 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." 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, as stated in 31 U.S.C. § 3351(4)(B). Per 31 U.S.C. § 3352(c)(2), 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.

[3] U.S. Government Accountability Office. June 4, 2026. *Improper Payments: Agency Actions Needed to Help Save Taxpayer Dollars*, GAO-26-108044, 1.

[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.

selected programs and activities, and routine monitoring and minimization activities such as post-payment reviews.

The Department reported the results of these FY 2025 actions and other required improper payment data to OMB for inclusion on PaymentAccuracy.gov.[6] During FY 2025, the Department reported approximately $52 million in overpayments that had been identified for recapture and approximately $51 million in overpayments recovered—a recovery rate of about 99 percent.[7]

Conclusion on the Department's Compliance

Based on our review, we concluded that the Department complied with the PIIA criteria outlined below for FY 2025. We did not identify any significant actions needed to further improve the Department's measures for preventing and reducing improper payments and unknown payments.

To determine the Department's compliance with PIIA, we reviewed the "Payment Integrity" section of its FY 2025 *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 of this report 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 materials[10] 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

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

[7] From PaymentAccuracy.gov, select "Agencies & Programs," in the "Agency-wide Payment Integrity overview" section, select Department of Commerce, in the "Recover information" section, select "Recovery audits and activities program." Accessed April 2026.

[8] U.S. Department of Commerce. January 2026. *Fiscal Year 2025 Agency Financial Report*, 190.

[9] Office of Management and Budget. March 5, 2021. "Requirements for Effective Estimation and Remediation of Improper Payments" (app. 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.

conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold

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

Appendix 2 shows departmental programs' compliance with these criteria. Notably, none of the departmental programs were required to publish improper payment estimates because the Department's FY 2025 risk assessment process did not identify them as susceptible to significant improper or unknown payments.

Appendix 1. Scope and Methodology

We initiated this evaluation in March 2026 to determine the Department's compliance with PIIA for FY 2025. 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 July 14, 2025
  - OMB's FY 2025 *Payment Integrity Annual Data Call Instructions Guide*, updated November 2025
  - Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act OIG Compliance Reviews*, November 2025
- Reviewed the "Payment Integrity" section in the Department's FY 2025 AFR and the accompanying materials (Annual Improper Payments 2025 Dataset) included on PaymentAccuracy.gov.
- Obtained and analyzed documents related to the Department's FY 2025 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 2025.
- Reviewed the Department's compliance with applicable PIIA provisions.

In addition, we assessed internal controls that were significant to our objective by interviewing staff responsible for improper payment oversight and reporting from the:

- Office of the Secretary's Office of Financial Management
- National Oceanic and Atmospheric Administration
- National Institute of Standards and Technology

- U.S. Census Bureau
- U.S. Patent and Trademark Office

We also reviewed relevant policies and procedures and compared improper payment data to source documentation.

We used computer-processed data to support our conclusion. We assessed the reliability of 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 March 2026 through July 2026 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

Table 1 summarizes the compliance requirements and results for the Department's FY 2025 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*

Table 1. 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
Census's State Children's Health Insurance Program	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
Census's Working Capital Fund	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
Economic Development Administration's Grants	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
International Trade Administration's Global Markets	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
National Institute of Standards and Technology's (NIST's) – Intra-Governmental Payment and Collection/Other/Miscellaneous	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
NISTS's Other Transaction Agreements	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
NISTS's Payments to Employees	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
NIST's Purchase Cards	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]
National Technical Information Service's Collect and Disseminate Technical Information – Clearinghouse Program	Yes	Yes	Yes	Yes	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]	NA[†]

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
National Telecommunications and Information Administration's (NTIA's) Broadband Infrastructure Program and Tribal Broadband Connectivity Program	Yes	Yes	Yes	Yes	NA†	NA†	NA†	NA†	NA†	NA†
NTIA's Digital Equity Program	Yes	Yes	Yes	Yes	NA†	NA†	NA†	NA†	NA†	NA†
NTIA's Domestic and International Policies and Advanced Communications Research; Spectrum Management; Public Safety Communications	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 Public Wireless Supply Chain Innovation Fund	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. The Department completed 14 program risk assessments during FY 2025.

† The Department was not required to report improper payment data for this program in FY 2025, 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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