



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



Inspection




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MAY 20 2025

Memorandum

To: Tonya R. Johnson-Simmons
Deputy Chief Financial Officer and Director, Office of Financial Management

From: Kathleen Sedney 
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Final Inspection Report – *U.S. Department of the Interior's Compliance With the Payment Integrity Information Act of 2019 in Its Fiscal Year 2024 Agency Financial Report*
Report No. 2025-FIN-017

This memorandum transmits our inspection report on the U.S. Department of the Interior's (DOI's) compliance with improper payment reporting requirements. Our objective was to determine whether DOI complied with the requirements of the Payment Integrity Information Act of 2019 (PIIA) (Pub. L. No. 116-117) and accurately and completely reported on improper payments in its *Agency Financial Report* (AFR) for fiscal year (FY) 2024 and accompanying materials. Attachment 1 provides our scope and methodology.

We found that DOI complied with PIIA for FY 2024. Specifically, DOI complied with the first requirement by publishing payment integrity information in the AFR and posting the report to its website, and it complied with the second requirement by conducting off-cycle risk assessments for 11 DOI programs¹ and drawing conclusions on the likelihood of improper payments, including underpayments, above or below the statutory threshold. We confirmed that DOI did not identify or report any programs susceptible to significant improper payments.

Figure 1 summarizes DOI's compliance status with respect to each applicable PIIA requirement. The remaining requirements were not applicable for this reporting period because DOI did not identify any programs susceptible to significant improper payments; therefore, it did not calculate or report improper payment estimates for any of its programs for FY 2024.

Figure 1: DOI's Compliance Status with Applicable PIIA Reporting Requirements

Requirement No.	Requirement Description	Status
1a	Publish payment integrity information with the AFR.	Compliant
1b	Post the AFR on the Agency website.	Compliant
2a	Conduct program risk assessments as required.	Compliant
2b	Conclude on the likelihood of improper payments or underpayments above or below the statutory threshold.	Compliant

¹ PIIA requires that off-cycle risk assessments be completed for programs that are new or have significant increases in funding and with annual outlays greater than \$10 million. 31 U.S.C. §§ 3351(2), 3552(a).

Background

Enacted on March 2, 2020, PIIA requires agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments.² PIIA also requires inspectors general to review their respective agencies' compliance with improper payment reporting requirements and issue an annual report.

On March 5, 2021, the Office of Management and Budget (OMB) issued implementation guidance containing a list of PIIA reporting requirements in OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*. During our inspection, we used the guidance contained in Appendix C to OMB Circular A-123 and other guidance as needed and required under PIIA.³

PIIA requires each Federal agency to follow OMB guidance to periodically review and identify all programs and activities that may be susceptible to significant improper payments. PIIA defines significant improper payments as those that constitute (1) more than \$10 million of all program or activity payments made during the fiscal year reported and 1.5 percent of total program outlays or (2) more than \$100 million.

To comply with PIIA, agencies must meet the following requirements:⁴

- 1a. Publish payment integrity information with its annual financial statement.
- 1b. Post the annual financial statement and accompanying materials on the agency website.
- 2a. Conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years.
- 2b. Conclude whether the program is likely to make improper payments and underpayments above or below the statutory threshold.
3. Publish improper payment and underpayment estimates for programs susceptible to significant improper payments and underpayments in the accompanying materials to the annual financial statement.
4. Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- 5a. Publish an improper payment and underpayment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- 5b. Demonstrate improvements to payment integrity or reach a tolerable improper payment and underpayment rate.
- 5c. Develop a plan to meet the improper payment and underpayment reduction target.

² PIIA repealed the Improper Payments Elimination and Recovery Act of 2010 (Pub. L. No. 111-204) and amended the Improper Payments Information Act of 2002 (Pub. L. No. 107-300).

³ These sources consisted of OMB Circular A-136, *Financial Reporting Requirements*, revised May 30, 2024; the "OMB Annual Data Call Instructions" and the "OMB Payment Integrity Question and Answer Platform"; and *Guidance for Payment Integrity Information Act Compliance Reviews*, issued by the Council of the Inspectors General on Integrity and Efficiency on October 22, 2024.

⁴ OMB Circular A-123, *Requirements for Payment Integrity Improvement*, Part VI, Section A, "Achieving and Evaluating Compliance (Agency and OIG Responsibilities)," pp. 43-49, as issued under OMB Memorandum M-21-19, issued March 5, 2021.

6. Report an improper payment and underpayment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

OMB Circular A-123, Appendix C, requires each agency's inspector general to review the agency's improper payment reporting published in the agency's annual *Performance and Accountability Report* or AFR and accompanying materials to determine whether the agency has complied with PIIA.

OMB requires agencies to perform risk assessments at least once every three years for programs that are not determined to be susceptible to significant improper payments. If a program on a three-year risk assessment cycle experiences a significant increase in its funding level, OMB suggests the agency reassess the program's risk susceptibility during the next annual cycle. For newly established programs, agencies should also complete a risk assessment after the first 12 months. In FY 2024, DOI conducted its most recent off-cycle risk assessments of 11 programs that are new or had significant increases in funding. The next three-year full risk assessment of all DOI programs will be performed later this year for FY 2025 PIIA reporting. Attachment 2 lists the 11 DOI programs to which PIIA reporting requirements applied.

Attachment 3 lists the status of the recommendation from the May 2024 PIIA inspection report.

Results of Inspection

We found that DOI complied with all applicable PIIA reporting requirements for FY 2024. DOI met Requirements 1a through 2b by publishing payment integrity information in the AFR and posting the report to the agency website, conducting and reporting risk assessments on 11 programs, and concluding that none of the programs were identified as being at high risk of significant improper payments. The results of our testing are in Attachment 2.

The details of DOI's compliance with the two applicable PIIA reporting requirements follow:

- Requirement 1 (a and b): Publish payment integrity information in the AFR and post the report to the agency website.

DOI published an AFR that included a section related to PIIA reporting as well as a link to <http://www.paymentaccuracy.gov>. It also posted the AFR on its website at <https://www.doi.gov/pfm/afr/2024>.

- Requirement 2 (a and b): Conduct a risk assessment and adequately conclude whether the program is likely to make improper payments and underpayments above or below the statutory level.

DOI reported in its FY 2024 AFR that it completed its off-cycle risk assessments for 11 DOI programs that are new or had significant increases in funding with over \$10 million in outlays from the fourth quarter of FY 2023 through the third quarter of FY 2024. We reviewed the risk assessments for all 11 programs and confirmed that DOI properly assessed the programs for risk using 13 qualitative risk factors. We also confirmed that the results of the risk assessments did not identify any of the programs to be at high risk of improper payments. Our review did not verify whether these 11 programs represent the complete population of programs that should have been assessed for risk.

The remaining PIIA reporting requirements were not applicable for this reporting period because DOI did not identify any programs susceptible to significant improper payments; therefore, it did not calculate or report improper payment estimates for any of its programs for FY 2024.

During our review, we noted that DOI did not perform an improper payment risk assessment for trust fund disbursements. Specifically, the Bureau of Trust Funds Administration is responsible for managing (receipting, investing, disbursing, accounting, reconciling, and reporting) the monetary assets of American Indians held in

trust by DOI.⁵ It makes regular disbursements of those assets to individuals throughout the year. Per the trust funds' FY 2024 financial statements, disbursements totaled about \$897 million.⁶ The volume of disbursements to Tribal members through Individual Indian Money accounts could create a high risk of improper payment. DOI told us that it did not conduct an improper payment risk assessment for these disbursements because the disbursements are not Federal funds. However, the definition of Federal funds does not specifically prohibit the inclusion of trust funds from being subject to the PIIA because such funds could be considered “money that the United States makes available” to the DOI for administration purposes. Subject to our risk-based analysis and available resources, we may further explore this issue in future oversight projects.

Because we are not offering recommendations, we do not require a response to this report. We will notify Congress about our findings, and we will summarize this work in our next *Semiannual Report to Congress*, as required by law. We will also post a public version of this report on our website.

If you have any questions, please contact me at aie_reports@doioig.gov.

Attachments (3)

Cover photo source: teusrenes/stock.adobe.com

⁵ The funds are derived from revenue generated by leasing activities on Tribal lands. They are held in trust and administered by DOI, which makes them available for disbursement to Tribes and Tribal members.

⁶ Dept. of Interior Office of Inspector General, *2024-FIN-022, Independent Auditors' Reports on the Tribal and Other Trust Funds and Individual Indian Monies Trust Funds Financial Statements for Fiscal Years 2024 and 2023 (2024)*.

Attachment 1: Scope and Methodology

The scope of this inspection was to review the improper payment information contained in the U.S. Department of the Interior's (DOI's) *Agency Financial Report* (AFR) for fiscal year (FY) 2024 to ensure it complied with Payment Integrity Information Act of 2019 reporting requirements. We conducted this inspection from February through April 2025.

To accomplish our objective, we:

- Reviewed the AFR for information reported on improper payments.
- Interviewed Office of Financial Management staff as necessary.
- Reviewed DOI payment integrity information reported to the Office of Management and Budget's max.gov and paymentaccuracy.gov.
- Reviewed documentation supporting payment integrity reporting for 11 off-cycle risk assessments of DOI programs that are new or have significant increases in funding with over \$10 million in outlays from the fourth quarter of FY 2023 through the third quarter of FY 2024.
- Reviewed DOI internal controls over AFR preparation and reporting.

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions.

Attachment 2: Fiscal Year 2024 Programs Assessed for Risk of Improper Payments

For fiscal year 2024, the U.S. Department of the Interior (DOI) conducted off-cycle risk assessments on 11 DOI programs that are new or had significant increases in funding and with annual outlays greater than \$10 million and determined the likelihood of improper payments, including underpayments, above or below the statutory threshold. Eight of the 11 programs required off-cycle risk assessments due to expenditures of special supplemental appropriations from the Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), Great American Outdoors Act (GAOA), and Hurricane Relief (HURR).

Program and Funding Source	Compliant with Applicable PIIA Requirements*			
	1a	1b	2a	2b
<i>Departmentwide Programs</i>				
Wildland Fire Management	Yes	Yes	Yes	Yes
Wildland Fire Management – IIJA	Yes	Yes	Yes	Yes
National Parks and Public Land Legacy Restoration Fund – GAOA	Yes	Yes	Yes	Yes
<i>Bureau of Indian Affairs/Bureau of Indian Education</i>				
Construction, Education – IIJA	Yes	Yes	Yes	Yes
<i>Bureau of Land Management</i>				
Management of Land and Resources	Yes	Yes	Yes	Yes
Management of Lands and Resources – IRA	Yes	Yes	Yes	Yes
<i>Bureau of Reclamation</i>				
Aging Infrastructure Account – IIJA	Yes	Yes	Yes	Yes
<i>Fish and Wildlife Service</i>				
Resource Management – IIJA	Yes	Yes	Yes	Yes
Resource Management – IRA	Yes	Yes	Yes	Yes
<i>National Park Service</i>				
Historic Preservation Fund – HURR	Yes	Yes	Yes	Yes

Program and Funding Source	Compliant with Applicable PIIA Requirements*			
	1a	1b	2a	2b
<i>Office of Surface Mining Reclamation and Enforcement</i>				
Abandoned Mine Reclamation Fund	Yes	Yes	Yes	Yes

*PIIA Requirements 3, 4, 5a, 5b, 5c, and 6 were not applicable for this reporting period. See the Results of Inspection section for more information. The Background section provides a description for each PIIA requirement.

Attachment 3: Status of Recommendation from Prior Inspection

The following recommendation is from Report No. 2024-FIN-005, *U.S. Department of the Interior’s Compliance With the Payment Integrity Information Act of 2019 in Its Fiscal Year 2023 Agency Financial Report*, issued May 2024.

Recommendation	Status
2024-FIN-005-01 We recommend that the Office of Financial Management establish and implement a uniform training program for all improper payment risk assessors that provides comprehensive guidance on appropriate assessment of all required risk factors.	Implemented



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