Guidance for Payment Integrity Information Act Compliance Reviews

November 8, 2022

Note: The following guide was developed to assist Offices of Inspector General (OIG) required to conduct an annual improper payment review under the Payment Integrity Information Act of 2019 (Public Law 116-117, 134 STAT. 113). This is only a guide and each OIG should use its professional judgement in determining the level of work it should perform based on its specific agency’s programs.

Questions can be submitted to Judith.Oliveira@ssa.gov or to OMB through its MAX page at https://community.max.gov/x/QJhofg.
Steps/Guidance for OIG Payment Integrity Information Act Compliance Reviews

BACKGROUND

The Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). Payment integrity information is published with the agency’s annual financial statement in accordance with payment integrity guidance in OMB Circular A-136. The agency must also publish any applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying materials to the annual financial statement are the payment integrity information published on paymentaccuracy.gov. Agency’s Inspectors General are to review payment integrity reporting for compliance and issue an annual report.

PLANNING STEPS

Objectives:

Our objective is to determine whether <INSERT AGENCY NAME> complied with the Payment Integrity Information Act of 2019 (PIIA) for Fiscal Year (FY) 20XX.

Scope: We will review the payment integrity information in the <INSERT AGENCY> annual financial statement and the accompanying materials to the financial statement for FY 20XX.

Legal Requirements/Compliance with PIIA:

The term “compliance” with PIIA and OMB guidance means that the agency complied with the 10 items listed in 1a through 6 below. If the agency does not meet one or more of these requirements, then it is not 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 FY in accordance with OMB guidance;

1b. posted the annual financial statement and accompany materials required under guidance of OMB on the agency website;

2a. conducted improper payment risk assessments for each program with annual outlays greater than $10,000,000 at least once in the last three years;

2b. adequately concluded whether the program is likely to make improper payment (IP) and unknown payments (UP) above or below the statutory threshold;

3. published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement;

4. published 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;

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1 This information is provided by the agency to OMB through the Annual Data Call and is then subsequently published on paymentaccuracy.gov.
2 To achieve compliance, the agency must publish any applicable payment integrity information in its annual financial statement in accordance with payment integrity guidance provided in OMB Circular A-136. In addition, the agency must publish any applicable payment integrity information required in the accompanying materials to the annual financial statements in accordance with applicable guidance. The agency’s payment integrity information that is published on paymentaccuracy.gov is the most common accompanying materials to the annual financial statement.
5a. published an IP and UP 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. demonstrated improvements to payment integrity or reached a tolerable IP and UP rate;³

5c. developed a plan to meet the IP and UP reduction target; and

6. reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

**General Methodology:**

Our compliance review for FY 20XX will use a combination of the requirements in [OMB Circular A-123, Appendix C](M-21-19, March 2021), [OMB Circular A-136](June 3, 2022)), OMB Annual Data Call Instructions (on the max.gov improper payment page), [OMB Payment Integrity Question and Answer Platform](https://paymentaccuracy.gov), and this CIGIE guide. The following steps are a general guide for conducting work to address the PIIA requirements listed above under legal requirements.

1. Review the payment integrity section of the agency’s FY 20XX financial statement and any accompanying material to assess the agency’s compliance with PIIA and related OMB guidance.

2. Review information on [https://paymentaccuracy.gov](https://paymentaccuracy.gov) through the annual OMB payment integrity data call. The information collected through the data call and published on [paymentaccuracy.gov](https://paymentaccuracy.gov) is considered accompanying materials to the financial statement.

3. Review applicable Federal laws, OMB guidance, and agency policy and procedures.

4. Request source data from the agency used to support applicable payment integrity information in the financial statement and accompanying materials.

5. Analyze the source data to ensure accuracy and completeness of payment integrity information in the financial statement and accompanying materials.

6. Conclude whether the agency met each of the ten PIIA compliance requirements for each of the reported programs. An agency has to meet all 10 requirements (1a, 1b, 2a, 2b, 3, 4, 5a, 5b, 5c, and 6) to be compliant.

7. Since programs vary from agency to agency, each OIG needs to determine whether an issue is significant in the context of the agency under review and the OIG’s objective for its review. However, generally, if an OIG considers something significant, it should have a substantial impact on the payment integrity information in the agency’s financial statement and/or accompanying materials. OIGs should use professional judgement to determine whether an issue is significant when assessing compliance with PIIA requirements.

8. OIGs should leverage any prior or on-going work in deciding the level of work to do for the PIIA compliance review. For example, consider whether any interviews conducted by the OIG as part of the financial statement audit—or any other audit, evaluation, or inspection—can be used to document your current understanding of the procedures, oversight, and internal controls in place for preparing the payment integrity information in the financial statement and accompanying materials.

9. The OIG should evaluate whether an agency has published payment integrity information with the financial statement or in accompanying materials for the most recent fiscal year. In determining compliance, the OIG should evaluate the

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a) accuracy, completeness, and timeliness of improper payment risk assessments and whether appropriate conclusions were reached in determining if a program is likely to make IPs and/or UPs above or below statutory thresholds.

b) adequacy of the agency’s sampling and estimation methodology plans (S&EMP), accuracy of IP and UP estimates, and whether the sampling and estimation plans used are appropriate given program characteristics. For example, when determining compliance, the OIG should evaluate whether the program’s improper payment rate estimates are accurate.

c) corrective action plans to determine whether they are adequate and focused on the true causes of IPs and UPs, adequately addressing the causes, effective, effectively implemented, prioritized within the agency, and reducing IPs.

d) published reduction targets and whether they were appropriately aggressive and realistic given program characteristics.

e) agency demonstrated improvement to payment integrity or reached a tolerable IP and UP rate.

f) agency’s plan to meet IP and UP reduction targets, focus on the actions the program will take during the following year to meet the IP and UP reduction targets they have established for the following FY.

g) published IP and UP estimate, of which should be less than 10 percent to be in compliance with PIIA. If the IP and UP estimate is greater than or equal to 10 percent, the OIG should take into consideration whether the program has demonstrated that it has achieved a tolerable IP and UP rate when evaluating this criterion and when providing recommendations to achieve compliance.

10. If the agency published corrective action plan(s) for programs reporting IP plus an UP estimate that is above the statutory threshold, then the OIG should also review the oversight and/or financial controls used by the program to identify and prevent IPs and UPs. If an agency and OIG agree a program has reached a tolerable IP and UP rate, then the OIG should evaluate and take into account whether the corrective action plans will maintain the tolerable IP and UP rate for the program.

11. If the OIG determines that a program is non-compliant for any particular criterion, then the final OIG report must provide concrete recommendations to the program and/or other part of the agency regarding the specific actions and steps the program must take to achieve compliance with the criterion.

Agencies found non-compliant with PIIA and OMB guidance are required to perform additional reporting to OMB, Congress, and the Comptroller General depending upon the number of years the OIG found them not in compliance. For every program the OIG finds non-compliant for FY 2021, this will be considered the first year of non-compliance.

12. OIGs should use professional judgement to determine the extent of testing to meet its objectives. If an agency has high priority programs (as designated by OMB), then there are additional reporting requirements in Appendix C of OMB Circular A-123 that OIGs should consider.

**Nature of the Program**: The payment integrity section for FY 20XX of the financial statement and any accompanying materials for <INSERT AGENCY NAME>. The main component/bureau/division/office responsible for compiling the payment integrity information is the <INSERT COMPONENT/BUROEAU/DIVISION/OFFICE NAME>.

The purpose of the payment integrity section of the financial statement, outlined by PIIA, is to improve efforts to identify and reduce Government-wide improper payments, and for other purposes.
The main websites for improper payment resources is [https://paymentaccuracy.gov/resources/](https://paymentaccuracy.gov/resources/) and the improper payment pages on max.gov.

**Internal Controls:** Obtain an understanding of the controls in place for compiling, validating, and reporting the payment integrity information in the financial statement and accompanying materials. If the agency published corrective action plan(s) for programs reporting IP plus an UP estimate that is above the statutory threshold, then the OIG should review the oversight and/or financial controls used by the program to identify and prevent IPs and UPs. Refer to the OIG’s prior reviews as appropriate. The OIG may want to obtain information from the agency related to its OMB Circular A-123 internal control testing related to improper payments.

If information systems controls are determined to be significant to meet the objective of the OIG review, obtain a sufficient understanding of information systems controls necessary to assess the engagement’s risk and plan the OIG review within the context of the objectives. If the OIG is not reviewing the systems controls or the OIG deems them not significant, please explain. For example, the OIG may conclude a low risk of the agency misstating the payment integrity information in the financial statement based on prior audit work.

**Criteria:**

- Public Law 116-117, *Payment Integrity Information Act of 2019*
- OMB Annual Data Call Instructions (on max.gov page)
- OMB Payment Integrity Question and Answer Platform – on max.gov page - [https://community.max.gov/display/Finance/Payment+Integrity+Information+Act+Required+Submissions+to+OMB](https://community.max.gov/display/Finance/Payment+Integrity+Information+Act+Required+Submissions+to+OMB)
- 31 U.S.C. 3321, *Disbursing Authority in the Executive Branch*
- Appendix C of OMB Circular A-123, *Requirements for Payment Integrity Improvement*, M-21-19, March 2021
- GAO’s *Green Book, Standards for Internal Controls in the Federal Government*: The GAO Standards for Internal Control in the Federal Government discusses the importance of appropriate documentation for transactions. It states, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination.” (Page 48 of GAO-14-704G dated September 2014.)
- CFO Council guide to determine a tolerable rate of improper payments as defined in OMB Circular A-123 Appendix C (M-21-19) [https://www.cfo.gov/assets/files/TolerableRateGuide_final.pdf](https://www.cfo.gov/assets/files/TolerableRateGuide_final.pdf)
- OMB training on Circular A-123 Appendix C (M-21-19) [https://www.cfo.gov/policies-and-guidance/#priority_area=payment-integrity&type=*](https://www.cfo.gov/policies-and-guidance/#priority_area=payment-integrity&type=*). (These training sessions are also on the max.gov improper payment page.)

**Evidence:** Identify potential sources of information to use as evidence. Determine the amount and type of information needed to obtain sufficient, appropriate evidence to address the review’s objectives. If the team believes that it is likely that sufficient, appropriate evidence will not be available, evaluate whether the lack of sufficient, appropriate evidence is due to internal control deficiencies or other program weaknesses, and whether the lack of sufficient, appropriate evidence could be the basis for a finding. See evidence sections in *Government Auditing Standards* and/or *Quality Standards for Inspections and Evaluations*.

**Risk of Fraud:** Assess the risk of fraud occurring that is significant within the context of the objectives or that could affect the findings and conclusions. If an OIG identifies factors that indicate fraud has occurred or is likely to have occurred, it should design procedures to provide reasonable assurance of detecting such fraud.
For example, if an OIG did not identify fraud in prior year OIG payment integrity reviews, it may want to assess the risk of fraud occurring as low in the context of the OIG payment integrity review’s objective. Also, consider whether the prior audits, evaluations, investigations, or other work by the OIG indicate a higher risk of improper payments or actual improper payments that were not included in the risk assessments of the agency.

**Risk and Significance:** Assess the significance of the engagement’s risk within the context of the objectives. The OIG will determine if the risk is high, medium or low based on the assessment of inherent, control, and detection risks. The OIG should reduce the risk to an appropriate level. To reduce risk, the scope and methodology for the review should be developed to ensure sufficient, appropriate evidence is obtained and that findings and conclusions will be proper and complete.

**Relying on Others:** If the team intends to use the work of non-OIG auditors, 1) perform procedures that provide a sufficient basis for using that work; 2) obtain evidence concerning the non-OIG auditors’ qualifications and independence, and determine whether the scope, quality, and timing of the work performed by the non-OIG auditors are adequate for reliance in the context of the current objectives; and 3) if applicable, request a copy of the non-OIG audit organization’s latest peer review report and any letter of comment.

**Prior Work:** Identify and review relevant prior work. Evaluate whether the agency took appropriate corrective action to address findings and recommendations from any prior engagements that are significant within the context of the current objectives. Use this information in assessing risk and determining the nature, timing, and extent of current work, including determining the extent to which testing the implementation of the corrective actions is applicable to the current objectives. Also, consider whether the prior OIG audits, evaluations, investigations, or other prior work indicate a higher risk of improper payments or actual improper payments that were not included in the risk assessments of the agency.

Examples of prior work from GAO that some OIG may want to include, if appropriate to its agency, include the following.

- **COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments** (GAO-22-105397), April 27, 2022
- **PAYMENT INTEGRITY: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments** (GAO-20-336), April 2020
- **IMPROPER PAYMENTS – Most Selected Agencies Improved Procedures to Help Ensure Risk Assessments of All Programs and Activities** (GAO-18-36), November 2017
- **MEDICARE ADVANTAGE PROGRAM INTEGRITY - CMS's Efforts to Ensure Proper Payments and Identify and Recover Improper Payments** (GAO-17-761T), July 19, 2017
- **IMPROPER PAYMENTS - Improvements Needed in CMS and IRS Controls over Health Insurance Premium Tax Credit** (GAO-17-467), July 2017
- **VETERANS AFFAIRS - Improper Payment Estimates and Ongoing Efforts for Reduction** (GAO-17-633T), May 24, 2017
- **IMPROPER PAYMENTS - Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended** (GAO-17-15), October 2016
- **IMPROPER PAYMENTS - DOE’s Risk Assessments Should Be Strengthened** (GAO-17-36), December 2014
- **IMPROPER PAYMENTS - Government-Wide Estimates and Reduction Strategies** (GAO-14-73T), July 9, 2014
- **DOD FINANCIAL MANAGEMENT - Significant Improvements Needed in Efforts to Address Improper Payment Requirements** (GAO-13-227), May 2013
**Staffing:** OIG management must assign sufficient staff and specialists with adequate collective professional competence to perform the review. List the staff assigned to the project and their respective roles. If the team plans to use the work of a specialist or contract out the work, document the nature and scope of the work to be performed by the specialist/contractor. See *Government Auditing Standards* and/or *Quality Standards for Inspections and Evaluations*, as needed, for guidance.

**Independence:** Staff assigned to the project must be independent and must avoid situations that could lead reasonable and informed third parties to conclude that the staff are not independent and thus not capable of exercising objective and impartial judgment on all issues associated with conducting the review and reporting on the work. Documentation of independence considerations provides evidence of the staff’s judgments in forming conclusions regarding compliance with independence requirements. If the engagement is performed as an audit, staff should apply the generally accepted government auditing standards (GAGAS) conceptual framework to identify threats to independence, evaluate the significance of threats identified (both individually and in the aggregate), and apply safeguards as needed to eliminate threats or reduce them to an acceptable level. Document threats to independence that require the application of safeguards, along with the safeguards applied. If the OIG performs the engagement as an evaluation or inspection, staff should apply the guidance on independence in the *Quality Standards for Inspections and Evaluations*.

**OIG Start Notice:** Inform the agency of the planned review.

**Entrance Conference:** If necessary, schedule and hold an entrance conference with the agency.

**Data Reliability:** Obtain data needed to meet objective and assess its reliability as appropriate for the objective.

**Review Standards:** Determine whether the OIG will perform its review in compliance with *GAO-21-368G, Government Auditing Standards: 2018 Revision Technical Update April 2021, Quality Standards for Inspection and Evaluation*, or other requirements agreed to by the OIG and its parent agency.

**FIELD WORK STEPS** – Suggested steps.

1. Search the agency’s website to determine whether the financial statement with the payment integrity information is on the agency’s website. Document the location of the report on the website and whether the report and any accompanying materials includes the required information, such as estimates for all programs identified as susceptible to significant improper payment, corrective action plans, etc. Use the checklist, on page 12 of this guide to determine whether the agency included all requirements in the financial statement and accompanying information based on A-136 guidance, A-123 Appendix C and Data Call.

2. Interview agency staff and/or officials to gain an understanding of the procedures, oversight, and internal controls in place for preparing (if applicable) the (a) required risk assessment, (b) payment integrity section of the financial statement, Data Call, and any accompanying materials (c) estimation methodologies, (d) corrective action plans, and (e) reduction target rates. Identify any significant changes since the OIG’s last review.

3. Review source data/documents from the agency to support the accuracy and completeness of payment integrity information in the financial statement, Data Call, and any accompanying materials, as well as to gain an understanding of the relevant internal controls. Determine whether the source data supports that the improper payment information in the financial statement and accompanying materials to the financial statement is accurate and complete. Based on the prior year’s work and applying auditor’s professional judgment, determine (a) the type of source documents to review, such as high-level documents or more detailed documents; (b) whether you should review payments that were proper or improper and test using the procedures performed by the agency to determine whether the OIG comes to the same conclusion about
the payment; and (c) whether sampling is necessary. In addition, OIGs should consider whether detailed testing of transactions is needed or whether it is sufficient to do a walkthrough of the agency’s current process and make a determination as to whether the process is reasonable and consistently applied.

4. Assess the agency’s risk assessment(s) if applicable.
   
a) Gain an understanding of the agency’s process for conducting the risk assessment. Identify any significant changes to the risk assessment process since the OIG’s last review.

b) Determine whether all programs that were scheduled for a risk assessment had one completed (that is, not less than every 3 years).

c) Select and review risk assessment(s) to ascertain (i) the risk factors used, (ii) whether the agency has adequate documentation of its analysis and conclusions, and (iii) whether the risk score is reasonable based on prior work, your knowledge and understanding of the program, and your professional judgement. Based on your prior work and professional judgment, determine whether there is a higher risk of IPs or actual IPs that were not included in the IP risk assessment. Determine whether a detailed review of all risk assessments is warranted or whether a more limited review or sampling is appropriate.

d) For the risk assessments reviewed, determine—based on your prior work (including audits, examinations, and legal actions), any testing conducted for the current review, and your professional judgement—whether (a) there are any flaws/concerns with the level of risk associated with the program that would be significant to the payment integrity information reported by the agency, (b) the risk assessment for the required programs and activities comply with OMB guidance, and (c) the results of the risk assessment adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold.

e) If the agency conducted a risk assessment for each applicable program/activity as required (that is, not less than every 3 years) and you conclude there are no significant issues with the agency’s risk assessment process or with any of the risk assessments reviewed by the OIG, then the agency met this PIIA criterion.

   If the OIG has concerns with the risk assessment process or with any of the risk assessments it reviewed, but they are not significant to the payment integrity information reported in the agency’s financial statement or accompanying materials to the financial statement, then the OIG should conclude that the agency met this PIIA criterion, but the OIG should consider disclosing its concerns in its report and explain why they are not significant to the information included in the agency’s financial statement or accompanying materials to the financial statement. Conversely, if the OIG concerns are significant then the OIG should conclude that the agency did not meet this PIIA criterion.

The PIIA criteria is whether the agency conducted a program-specific risk assessment for each applicable program or activity as required. If the agency did not include all required programs/activities in the risk assessment every 3 years, then it did not meet this PIIA criterion.

If the risk assessment excludes or misrepresents risks that the OIG deems to be significant—that is, these issues significantly alter the information reported by the agency in its financial statement or the accompanying materials to the financial statement—then the OIG should conclude that the agency did not meet this PIIA criterion.

If the agency did not conduct a risk assessment this year because it was not required (since risk assessments for programs should be done no less than every 3 years), then this step is not applicable.
5. Evaluate the agency’s improper payment rate estimate and sampling and estimation methodology plans (S&EMP) (if applicable).
   a) Obtain documentation that supports the agency’s improper payment estimates, including S&EMPs.
   b) Select samples and perform testing on the agency’s documentation to determine whether the information included is suitable for developing a statistical estimate.
   c) Review the accuracy of IP and UP estimates and whether S&EMP is appropriate given program characteristics
   d) Review S&EMP to assess whether the S&EMP is reasonably expected to produce an IP and UP estimate that is representative of the program’s annual IPs and UPs. The assessment might include ensuring the mathematical formulas are correct and an appropriate statistical process was used. (The OIG is not required to recreate every step of the S&EMP.)
   e) Conduct any additional procedures as necessary.

6. Review the agency’s corrective action plans (if applicable).
   a) Obtain evidence to support whether the agency implemented effective corrective actions. Effective corrective actions include those focused on root causes, actually implemented, and are reducing improper payments.
      i. Evaluate the root cause and eligibility classification and determine whether the program has correctly identified the causes of IPs and UPs.
      ii. Review the oversight and/or financial controls used by the program to identify and prevent IPs and UPs.
      iii. Evaluate and take into account whether the corrective action plans:
            1. Are focused on the true causes of IPs and UPs;
            2. Are adequately addressing those causes;
            3. Are effective;
            4. Are effectively implemented;
            5. Are prioritized within the agency; and
            6. Are reducing IPs.
      iv. Determine whether there are actions the agency can take to improve its improper payment corrective actions, related controls, and its performance in reducing improper payments.
      v. Determine whether the agency reviewed annually its existing corrective actions to determine whether (a) any existing action can be intensified or expanded to reduce improper payments and (b) the original intent of the corrective action is still achieving its intended purpose and result.
      vi. For long-term, multi-year corrective actions that will be implemented and refined on a continuous basis, determine whether the agency identified annual benchmarks that can be used to demonstrate the progress of the implementation and/or the initial impact on improper payment prevention and reduction.
      vii. Conduct additional procedures as necessary.
   b) If the agency published a corrective action plan for those programs and activities assessed to be at risk for significant improper payments and the OIG concludes—based on its prior work, current work, and professional judgement—that there are no significant issues with the corrective action plans, then the
agency met the PIIA criteria. If the OIG has concerns with the corrective action plan, but they are not significant to the improper payment information reported in the agency’s financial statement and accompanying materials, then the OIG should conclude that the agency met this PIIA criterion. The OIG should determine whether to disclose its concerns in its report and explain why they are not significant to the information included in the agency’s financial statement or the accompanying materials to the financial statement.

c) If the corrective action plan does not include all programs/activities at risk for significant improper payments as required or there are issues that the OIG considers significant, then the agency did not meet the PIIA criteria and the issues should be described in the OIG’s report.

d) If the agency does not have a corrective action plan or does not have a corrective action for a particular root cause, ask the agency and/or obtain documentation as to why.

e) Evaluate the root cause category classification and determine whether the agency has accurately classified the true root causes of improper payments (if applicable).

f) Review the agency’s reporting to OMB, Congress, and the Comptroller General for non-compliance for the same program or activity with a prior corrective action plan. Determine whether the additional requirements were met timely and completely.

   i. Annual report: Each agency will submit to Congress and the Comptroller General 1) a list of each program or activity determined to be non-compliant; and 2) actions that are planned to bring the program or activity into compliance.


g) If the OIG agrees with the agency that they have reached a tolerable IP and UP rate, then the OIG should evaluate and take into account whether the corrective action plans will maintain the tolerable IP and UP rate for the program.

7. Determine agency compliance with reduction targets and improvements to payment integrity (if applicable).

   a) Gain an understanding of how the agency established its reduction targets. (Note: For programs still working to establish a baseline estimate, OMB does not expect the program to publish a reduction target until a full baseline has been established.)

   b) Determine whether the agency set reduction targets for future improper payment levels in its financial statement and accompanying materials for all programs and activities at risk for significant improper payments as required. Reduction targets should be appropriately aggressive and realistic given the program characteristics. If all required programs/activities were not included in the reduction targets, then the agency did not meet this PIIA criteria.

   c) Determine whether the agency demonstrated improvements to payment integrity. If an agency did not demonstrate improvements, then the agency did not meet this PIIA criterion. OIGs should use professional judgement in determining whether the agency demonstrated improvements. Note: The agency reduction targets for the current year may be reported in the prior year’s financial statement. Therefore, OIGs may need to obtain last year’s financial statement reduction targets for the applicable programs and activities at risk for significant improper payments.

   d) Determine whether the Agency demonstrated improvements to payment integrity or reached a tolerable IP and UP rate.

      i. Consider whether the program has taken any new action within the past year to improve payment integrity. Examples of improvements include

         (a) Reducing the IP and UP estimate,
         (b) Meeting set reduction targets,
         (c) Enhancing or expanding sampling and estimation methods,
         (d) Developing or implementing new mitigation strategies,
(e) Determining the tolerable IP and UP rate,
(f) Expanding or enhancing corrective action plans, or
(g) Moving from low to high value payment integrity related work.

ii. If a program cannot demonstrate new actions then the IG should consider whether the
program has achieved a tolerable IP and UP rate and is taking actions to maintain the
tolerable rate.

e.) Determine whether the Agency developed a plan to meet the reduction targets. If all required
programs/activities were not included in the plan, then the agency did not meet this PIIA criterion.
Failing to meet a reduction target does not equate to non-compliance. The plan to meet the IP and UP
reduction target is specifically focused on the actions that program will take during the following year to
meet the IP and UP reduction target they have established for the following FY. The OIG should
consider whether the program has a plan to meet the IP and UP reduction target they have established
for the following FY.

8. Determine whether the agency’s IP and UP rate is less than 10 percent for each program/activity for which
the improper payment estimate was published (if applicable). If the rate is not less than 10 percent for any
required program/activity, then the agency did not meet this PIIA criterion.

   a. If the rate is above 10 percent, consider whether the program has demonstrated it achieved a
tolerable IP and UP rate when evaluating this criterion and when providing recommendations to
achieve compliance.

9. For agencies with high-priority programs,4 PIIA requires the agency to submit quarterly reports to its OIG
and OMB that includes plans it has taken or plans to take to recover improper payments and intends to take
to prevent future improper payments. This information is published in Payment Integrity Scorecards on
paymentaccuracy.gov and fulfills the High Dollar Overpayment Reporting Requirements, as well as the
High-Priority Program Reporting Requirements.

   a. Assess the information provided on the Scorecard and determine the extent of OIG oversight
warranted to prevent monetary loss IPs.

   b. Use professional judgement to determine whether you should perform any testing to evaluate the
accuracy and completeness of these reports.

   c. Provide the agency head with concrete and actionable recommendations for modifying the
agency’s plans for actions the agency plans to take to recover or prevent IPs and UPs.

10. Review the oversight or financial controls to identify and prevent improper payments for agencies with high
priority programs (if applicable).

11. Perform an overall evaluation of the agency’s efforts to prevent and reduce IPs and UPs to determine
whether further improvement should be recommended (per OMB Circular A-123 Appendix C, section
VI.C.3). As part of this evaluation, consider the following steps.

   a. Review improper payments trends (e.g., IP and UP rates, IP and UP amounts) and performance in
meeting reduction targets.

   b. Review the agency’s reporting of identified and recaptured improper payments.

   c. Review the agency’s oversight and/or financial controls used to prevent and reduce improper payments.

   d. Review the agency’s actions implemented to prevent and reduce improper payments.

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4 A program automatically becomes high-priority when its annual reported monetary loss IP estimate is greater than or equal to
$100,000,000, regardless of IP and UP rate.
e. Identify each program with a reported IP and UP estimate above the statutory threshold and for which the OIG is unable to provide recommendations for actions to improve the prevention and reduction of IP and UP. For each identified program, does the OIG agree with the agency’s decision on whether the program has reached a tolerable IP and UP rate?

12. Discuss with the agency the status of prior years’ recommendations.

13. Discuss any concerns/questions with the agency.

**CHECKLIST**

To assist with the work, see the attached Excel worksheet, which has checklist of items to review.

**REPORTING**

When reporting on whether an agency complied with the PIIA criteria, OIGs should use a compliant/non-compliant approach that takes into account whether its current work, prior work, and professional judgement lead the OIG to conclude that it has concerns regarding completeness or inaccuracies that would significantly alter the payment integrity information reported by the agency in its financial statement and accompanying materials. If an agency fails to meet one or more of the requirements 1a through 6 (found on page 2 to 3 of this guide under Legal Requirements), then it is not compliant under PIIA.

The report should contain a high-level summary in the beginning of the report that (a) clearly states the agency’s compliance status (i.e., compliant or non-compliant) and (b) indicates which of the 1a through 6 requirements the agency complied with and which requirements the agency did not comply with. A table (see OMB M-21-19, Table 8, page 52) should also be included in the beginning of the report that includes the (a) criteria assessed, (b) name of each program assessed, and (c) whether the program(s) were compliant or non-compliant for each of the criteria assessed.

For each criteria, 1a through 6, that the agency is non-compliant, the final report must provide concrete recommendations to the program and/or other part of the agency regarding specific actions and steps the program must take to achieve compliance. Recommendations may be for either compliance or improvement. Compliance recommendations would enable the agency to achieve compliance with PIIA criteria 1a through 6. Improvement recommendations should be considered when the OIG identifies an action that would address payment integrity.

If an agency has many programs, consider summarizing them—instead of listing each program—in the table. For example, if there are many programs/activities, the OIG could list just the non-compliant programs in a table with a sentence stating that there is an appendix with a table listing all the programs at the end of the report. If there are no non-compliant programs, the OIG could make that statement in the beginning of the report indicating that all the Agency’s programs were found in compliance and that there is an appendix with a table listing all the programs at the end of the report.

In addition, the report must include an evaluation of the agency’s efforts to prevent and reduce IPs and UPs (per OMB Circular A-123 Appendix C, section VI.C.3).
The final OIG report should be published within 180 days after the day of the publication date for the financial statement and the accompanying materials to the financial statement, whichever is later. If the 180th day falls on a weekend, the report should be published the next business day.

OIGs should submit its report to

a) The head of its executive agency.
b) The Committee on Homeland Security and Governmental Affairs of the Senate. Email report to reports.@hsgac.senate.gov (Republicans) and point of contact for Democrats.
c) The Committee on Oversight and Reform of the House of Representatives. Email report to oversight démocrats@mail.house.gov (Democrats) and point of contact for the Republicans.
d) The appropriate authorizing and appropriations committees of Congress,
e) The Comptroller General of the United States (i.e., GAO). Email report to IPcompliancereports@gao.gov.
f) The Controller of the Office of Management and Budget. OIGs should upload their final compliance report to OMB’s Max page at Payment Integrity Information Act Required Submissions to OMB.

Each OIG should follow its normal protocol for transmitting reports to OMB, Congress, and GAO. Listed above are email addresses to assist you with this. For the Congressional committees we do not have a general email address to send the OIG compliance reports to, a point of contact will be provided at a later date to assist you.