



Audit of the U.S. Department of Justice's
Fiscal Year 2024 Compliance With the
Payment Integrity Information Act of 2019
Reporting Requirements



AUDIT DIVISION

25-058

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Objective

The Payment Integrity Information Act of 2019 (PIIA), Public Law 116 - 117, aims to improve efforts to identify and reduce government-wide improper payments. PIIA requires agencies to assess every federal program and dollar disbursed for improper payment risk, measure the accuracy of payments, and initiate program improvements to ensure payment errors are reduced. PIIA also requires each agency's Office of the Inspector General (OIG) to issue an annual report on its agency's compliance with PIIA reporting requirements.

The objectives of this audit were to determine whether the Department of Justice (Department) complied with reporting requirements contained within the PIIA and to evaluate the Department's efforts to prevent and reduce improper and unknown payments, for the fiscal year ended September 30, 2024.

Background

PIIA requires agencies to review all programs and activities and identify programs that are susceptible to significant improper payments based on Office of Management and Budget (OMB) Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular No. A-123, Requirements for Payment Integrity Improvement* (OMB Circular No. A-123 Appendix C). For those programs or activities that are deemed susceptible to significant improper payments, either by the agency or by law, the agency must obtain a statistically valid estimate of the annual amount of improper payments and thereafter implement a plan to reduce improper payments.

Additionally, PIIA requires agencies to conduct payment recovery audits for each program and activity that expends \$1 million or more annually, if conducting such audits is cost effective. Agencies must have a cost-effective program of internal controls to prevent, detect, and recover overpayments resulting from payment errors. All agencies are required to establish annual

targets for their payment recovery audit programs that will drive annual performance. Payment integrity information is published with the agency's annual financial statement (also known as the Agency Financial Report, or AFR) in accordance with payment integrity guidance in OMB Circular A-136, *Financial Reporting Requirements*, dated May 30, 2024 (OMB Circular A-136).

Each agency's OIG is required to perform its annual compliance review in accordance with the Council of the Inspectors General on Integrity and Efficiency Guidance for Payment Integrity Information Act OIG Compliance Reviews dated October 22, 2024 (CIGIE Guide). The OIG's report must be issued no later than 180 days after issuance of the AFR or the accompanying materials to the AFR, whichever is later. The accompanying materials to the AFR are the payment integrity information published on paymentaccuracy.gov.

Audit Results in Brief

The OIG determined that the Department complied with the PIIA reporting requirements for the fiscal year ended September 30, 2024. The table on the following page summarizes the Department's compliance status with the reporting requirements for each of its programs.

The OIG's evaluation of the Department's efforts to prevent and reduce improper and unknown payments did not identify needed improvements.

This report includes no recommendations for the Department.

Table
Compliance Status

Reporting Requirements	Programs				
	Administrative, Technology, and Other	Litigation	Law Enforcement	State, Local, Tribal, and Other Assistance	Prisons and Detention
Published payment integrity information with the AFR	Compliant	Compliant	Compliant	Compliant	Compliant
Posted the AFR and accompanying materials on the Department's website	Compliant	Compliant	Compliant	Compliant	Compliant
Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last 3 years	Compliant	Compliant	Compliant	Compliant	Compliant
Adequately concluded whether the program is likely to make improper and unknown payments above or below the statutory threshold	Compliant	Compliant	Compliant	Compliant	Compliant
Published improper and unknown payments estimates for programs susceptible to significant improper payments in the accompanying materials to the AFR	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the AFR	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Published improper 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	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Has demonstrated improvements to payment integrity or reached a tolerable improper and unknown payment rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Has developed a plan to meet the improper and unknown payments reduction target	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Reported an improper 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	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Source: Department of Justice OIG analysis

Audit Approach

We performed our audit using the requirements set forth in OMB Circular No. A-123 Appendix C, OMB Circular No. A-136, OMB Annual Data Call Instructions, OMB Payment Integrity Data Call Questions, and the CIGIE Guide.

Our procedures consisted of the following:

- reviewed the payment integrity information published in the Department's AFR and the accompanying materials;
- gained an understanding of controls;
- reviewed the Department's risk assessment;
- confirmed proper inclusion of programs;
- evaluated the risk factors recommended by OMB Circular No. A-123 Appendix C;
- determined if any programs were deemed to be susceptible to significant improper payments, defined as gross annual improper payments in the program exceeding the statutory thresholds;¹ and
- re-performed calculations that populate the payment integrity information published in the accompanying materials to the AFR.²

Additionally, the OIG evaluated the Department's efforts to prevent and reduce improper and unknown payments. To be effective in preventing and reducing improper and unknown payments, the Department's programs should prioritize efforts toward preventing improper and unknown payments from occurring to avoid operating in a "pay-and-chase" environment. All programs should have a structured and systematic approach to recognizing where the potential for improper and unknown payments can arise and subsequently address the risk, as appropriate. The OIG made inquiries of Department staff, reviewed policies and procedures, and examined responses to OMB data calls. The OIG evaluated the Department's use of the Department of the Treasury's Do Not Pay Initiative to reduce improper and unknown payments prior to making the payment.

We conducted this performance audit 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 objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Audit Results

The OIG determined that the Department complied with the PIIA reporting requirements. Compliance means that the Department met the PIIA reporting requirements listed in the Table and OMB guidance. If an agency fails to meet one or more of the requirements, then it is non-compliant overall.

Among the reporting requirements, PIIA requires the Department to post the AFR and accompanying materials on the Department's website. Although the Department posted the AFR and accompanying materials to its website immediately following issuance in November 2024, the AFR was removed from its website and was not available between January 30, 2025, and April 25, 2025. The Department stated the AFR was removed while it reviewed the AFR content for compliance with executive orders. The Department re-posted the AFR to its website prior to the completion of our audit. Therefore, we concluded that the Department complied with the reporting requirement.

No needed improvements were identified during the OIG's evaluation of the Department's efforts to prevent and reduce improper and unknown payments.

The Department's AFR and accompanying materials submitted to OMB included its review of the specified requirements to collect and publish information on the Department's improper and unknown payments for the fiscal year ended September 30, 2024. The Department's risk assessment did not identify any programs susceptible to significant improper payments. Therefore, programmatic corrective actions plans, improper and unknown payment reduction targets, and estimates for programs less than 10 percent were not required to be published in the accompanying materials to the AFR.

¹ Statutory threshold is either \$10,000,000 and 1.5 percent of the program's total annual outlays or \$100,000,000.

² The risk factors examined by the Department and its components included the following – whether the program or activity is new to the agency; recent major changes in funding, authorities, practices, or procedures; results of OMB Circular No. A-123 Appendix C assessment, OIG audits/reviews, and other external audits/reviews; results of monitoring activities; results of recapture audit activities; process complexities; volume and dollar amount of payments; inherent risk; capability of personnel; and payments or payment eligibility decisions made by non-Department entities.