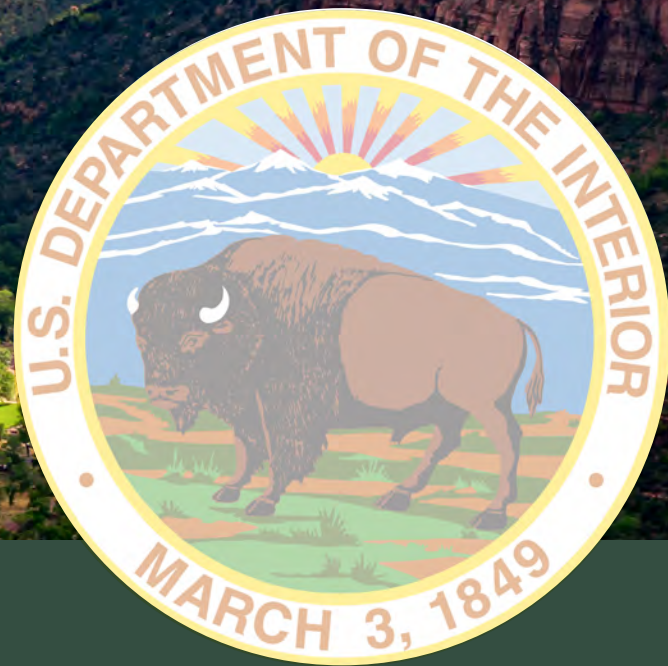




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



Inspection



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

JUN 05 2026

Memorandum

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

From: Nicki Miller *Nicki Miller*
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 2025 Agency Financial Report*
Report No. 2026-FIN-009

This memorandum transmits our final 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 reported on improper payments in its Agency Financial Report (AFR) for fiscal year (FY) 2025 and accompanying materials. See Attachment 1 for our scope and methodology.

We found that DOI complied with PIIA for FY 2025. Specifically, DOI complied with the first requirements by publishing payment integrity information in the AFR and posting the report to its website, and it complied with the second requirement by conducting in-cycle risk assessments for 103 DOI programs and drawing conclusions on the likelihood of improper payments 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 with each applicable PIIA requirement. DOI did not identify any programs susceptible to significant improper payments; therefore, PIIA reporting requirements 3, 4, 5a, 5b, 5c, and 6 were not applicable for this reporting period.

Figure 1: DOI’s Compliance Status With Applicable PIIA Reporting Requirements

No.	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 above the statutory threshold.	Compliant

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.¹ 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-123² 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. Adequately 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.
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.

¹ PIIA repealed the Improper Payments Elimination and Recovery Act of 2010 (Pub. L. No. 111-204), which had amended the Improper Payments Information Act of 2002 (31 U.S.C. § 3321 note).

² OMB Circular A-123, *Management's Responsibility for Internal Control*, was revised on March 10, 2026; however, the revisions did not affect the provisions contained in Appendix C.

³ These sources consisted of OMB Circular A-136, *Financial Reporting Requirements*, revised July 14, 2025; the "OMB Annual Data Call Instructions" and the "OMB Payment Integrity Question and Answer Platform"; and the Council of the Inspectors General on Integrity and Efficiency *Guidance for Payment Integrity Information Act Compliance Reviews*, issued November 2025.

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

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 2025, DOI conducted its most recent three-year risk assessment of 103 programs. Attachment 2 lists the 103 DOI programs to which PIIA reporting requirements applied.

Results of Inspection

We found that DOI complied with all applicable PIIA reporting requirements for FY 2025. DOI met Requirements 1a through 2b by publishing payment integrity information in its AFR and posting the report to its website, conducting and reporting risk assessments on 103 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.

DOI complied with the two applicable PIIA reporting requirements as follows:

- Requirement 1a and 1b: 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 <https://paymentaccuracy.gov/>. DOI also posted the AFR on its website at <https://www.doi.gov/pfm/afr/2025>.

- Requirement 2a and 2b: 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 2025 AFR that it completed its in-cycle risk assessments of 103 DOI programs with over \$10 million in outlays, totaling approximately \$33.3 billion in payments, for the assessment period from the fourth quarter of FY 2024 through the third quarter of FY 2025. We reviewed the risk assessments for all 103 programs and confirmed that DOI assessed the programs for risk using 13 qualitative risk factors in accordance with its policies and procedures. 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 103 programs represent the complete population of programs that should have been assessed for risk.

The remaining PIIA reporting requirements (nos. 3, 4, 5a, 5b, 5c, and 6) were not applicable for this reporting period because DOI did not identify any programs susceptible to significant improper payments. As a result, DOI did not calculate or report improper payment estimates for any of its programs for FY 2025.

Other Matters

OMB Memorandum M-21-19 states that, "agenc[ies] should develop an IP risk assessment methodology that is appropriate to ensure that the result of the IP risk assessment reasonably supports whether the program is or is not susceptible to significant IPs. . . . Additionally, agencies should be mindful that, when evaluating compliance, the Inspector General (IG) will evaluate and [consider] the adequacy of the IP risk assessment and the IP risk assessment methodology used." Furthermore, the CIGIE guidance states that "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 [AFR] . . . the OIG should conclude that the agency met . . . PIIA criterion, but the OIG should consider disclosing its concerns in its report."

In our prior year inspections of DOI's compliance with PIIA reporting, we commented on issues associated with DOI's risk assessment methodology. In particular:

- In our FY 2021 review (Report No. 2022-FIN-015), we found that DOI's risk assessment methodology did not include sufficient support for the decision to use an equally weighted system across all risk factors. We recommended that the Office of Financial Management (PFM) reassess its use of an equally weighted qualitative factor approach to determine whether the approach provides a reasonable assurance that high-risk programs will be identified and revise the methodology to include sufficient justification for the selected approach used. PFM implemented these recommendations and began applying a risk assessment methodology with weighted factors for the FY 2023 reporting period.
- In our FY 2022 review (Report No. 2023-FIN-010), we found that DOI had made progress in addressing the equally weighted system, but it did not apply a new methodology to the in-cycle risk assessments of 110 applicable programs. DOI did, however, collaborate with five other Federal agencies to observe and develop proposed enhancements to strengthen the risk assessment process.
- In our FY 2023 review (Report No. 2024-FIN-005), we found that DOI's methodology did not adequately evaluate qualitative factors for all programs.
- In our FY 2024 review, (Report No. 2025-FIN-017), we reported that DOI's developed methodology for assessing risks used a weighted system across all risk factors and that DOI performed an off-cycle risk assessment of 11 DOI programs.

In our current year's inspection, only 3 out of 103 programs were assessed as medium risk, and no programs were assessed as high risk. We concluded that DOI complied with all applicable PIIA reporting requirements for FY 2025 and make no recommendations. Given that this is the first year that all programs were available for review using DOI's weighted system methodology, we may consider future work related to the effectiveness of the methodology.

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 (2)

Attachment 1: Scope and Methodology

Scope

The scope of this inspection was to review the payment integrity information contained in DOI's AFR for FY 2025 to ensure it complied with PIIA reporting requirements. We conducted this inspection from February through April 2026.

Methodology

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.

To accomplish our objective, we:

- Reviewed the AFR for information reported on improper payments.
- Interviewed PFM staff as necessary.
- Reviewed DOI payment integrity information reported to OMB's max.gov and paymentaccuracy.gov.
- Reviewed documentation supporting payment integrity reporting for 103 in-cycle risk assessments of DOI programs with over \$10 million in outlays from the fourth quarter of FY 2024 through the third quarter of FY 2025.

Attachment 2: FY 2025 Programs Assessed for Risk of Improper Payments

For FY 2025, DOI conducted in-cycle risk assessments of 103 DOI programs with over \$10 million in annual outlays to determine the likelihood of improper payments above the statutory threshold. We reviewed DOI's AFR, risk assessments, and paymentaccuracy.gov and determined that all 103 programs complied with PIIA requirements.

Program and Funding Source*	Compliant With Applicable PIIA Requirements [†]			
	1a	1b	2a	2b
<i>Departmental Operations</i>				
Assistance to Territories	Yes	Yes	Yes	Yes
Compact of Free Association	Yes	Yes	Yes	Yes
Energy Community Revitalization Program	Yes	Yes	Yes	Yes
Federal Trust Programs	Yes	Yes	Yes	Yes
Interior Franchise Fund	Yes	Yes	Yes	Yes
Land and Water Conservation Fund	Yes	Yes	Yes	Yes
National Indian Gaming Commission	Yes	Yes	Yes	Yes
National Parks and Public Land Legacy Restoration Fund	Yes	Yes	Yes	Yes
Natural Resource Damage Assessment and Restoration Fund	Yes	Yes	Yes	Yes
Office of Natural Resources Revenue	Yes	Yes	Yes	Yes
Office of the Secretary	Yes	Yes	Yes	Yes
Payment to the United States Territories, Fiscal Assistance	Yes	Yes	Yes	Yes
Payments in Lieu of Taxes	Yes	Yes	Yes	Yes
Salaries and Expenses, Office of the Inspector General	Yes	Yes	Yes	Yes
Salaries and Expenses, Office of the Solicitor	Yes	Yes	Yes	Yes
Wildland Fire Management	Yes	Yes	Yes	Yes
Working Capital Fund	Yes	Yes	Yes	Yes
<i>Bureau of Indian Affairs/Bureau of Indian Education</i>				
Child Care Entitlement to the States, Administration for Children and Families	Yes	Yes	Yes	Yes
Construction	Yes	Yes	Yes	Yes
Contract Support Costs	Yes	Yes	Yes	Yes
Education Construction	Yes	Yes	Yes	Yes
Federal-Aid Highways (Liquidation of Contract Authorization)	Yes	Yes	Yes	Yes
Guaranteed Loan Financing Account	Yes	Yes	Yes	Yes
Highway Infrastructure Programs	Yes	Yes	Yes	Yes

Program and Funding Source*	Compliant With Applicable PIIA Requirements[†]			
	1a	1b	2a	2b
Indian Land and Water Claim Settlements and Miscellaneous Payments to Indians	Yes	Yes	Yes	Yes
Low Income Home Energy Assistance, Administration for Children and Families	Yes	Yes	Yes	Yes
National Parks and Public Land Legacy Restoration Fund	Yes	Yes	Yes	Yes
Operation and Maintenance, Indian Irrigation Systems	Yes	Yes	Yes	Yes
Operation of Indian Education Programs	Yes	Yes	Yes	Yes
Operation of Indian Programs	Yes	Yes	Yes	Yes
Payment to States for the Child Care and Development Block Grant, Administration for Children and Families	Yes	Yes	Yes	Yes
Payments for Tribal Leases	Yes	Yes	Yes	Yes
Power Systems, Indian Irrigation Projects	Yes	Yes	Yes	Yes
Selis-Qlispe Ksanka Settlement Trust Fund	Yes	Yes	Yes	Yes
Temporary Assistance for Needy Families, Administration for Children and Families	Yes	Yes	Yes	Yes
Training and Employment Services, Employment and Training Administration	Yes	Yes	Yes	Yes
Wildland Fire Management	Yes	Yes	Yes	Yes
<i>Bureau of Land Management</i>				
Departmental Operations, Office of the Secretary	Yes	Yes	Yes	Yes
Energy Community Revitalization Program	Yes	Yes	Yes	Yes
Forest Ecosystems Health and Recovery	Yes	Yes	Yes	Yes
Land Acquisition	Yes	Yes	Yes	Yes
Land and Resources Management Trust Fund	Yes	Yes	Yes	Yes
Oregon and California Grant Lands	Yes	Yes	Yes	Yes
Payments to Counties, Oregon and California Grant Lands	Yes	Yes	Yes	Yes
Payments to State and County from Clark County, Nevada Land Sales	Yes	Yes	Yes	Yes
Permit Processing Fund	Yes	Yes	Yes	Yes
Recreation Enhancement Fee Program	Yes	Yes	Yes	Yes
Service Charges, Deposits and Forfeitures	Yes	Yes	Yes	Yes
Southern Nevada Public Land Management	Yes	Yes	Yes	Yes
Working Capital Fund	Yes	Yes	Yes	Yes
<i>Bureau of Ocean Energy Management</i>				
Ocean Energy Management	Yes	Yes	Yes	Yes

Program and Funding Source*	Compliant With Applicable PIIA Requirements [†]			
	1a	1b	2a	2b
<i>Bureau of Reclamation</i>				
California Bay-Delta Restoration	Yes	Yes	Yes	Yes
Central Valley Project Restoration Fund	Yes	Yes	Yes	Yes
Colorado River Dam Fund, Boulder Canyon Project	Yes	Yes	Yes	Yes
Lower Colorado River Basin Development Fund	Yes	Yes	Yes	Yes
Policy and Administration	Yes	Yes	Yes	Yes
Reclamation Water Settlements Fund	Yes	Yes	Yes	Yes
Upper Colorado River Basin Fund	Yes	Yes	Yes	Yes
Utah Reclamation Mitigation and Conservation Account	Yes	Yes	Yes	Yes
Water and Related Resources	Yes	Yes	Yes	Yes
Working Capital Fund	Yes	Yes	Yes	Yes
<i>Bureau of Safety and Environmental Enforcement</i>				
Energy Community Revitalization Program	Yes	Yes	Yes	Yes
Offshore Safety and Environmental Enforcement	Yes	Yes	Yes	Yes
Oil Spill Research	Yes	Yes	Yes	Yes
<i>U.S. Fish and Wildlife Service</i>				
Construction	Yes	Yes	Yes	Yes
Cooperative Endangered Species Conservation Fund, from Land and Water Conservation Fund	Yes	Yes	Yes	Yes
Cooperative Endangered Species Conservation Fund	Yes	Yes	Yes	Yes
Departmental Operations, Office of the Secretary	Yes	Yes	Yes	Yes
Federal Aid to Wildlife Restoration	Yes	Yes	Yes	Yes
Federal-Aid Highways (Liquidation of Contract Authorization)	Yes	Yes	Yes	Yes
Land Acquisition	Yes	Yes	Yes	Yes
Migratory Bird Conservation Account	Yes	Yes	Yes	Yes
Multinational Species Conservation Fund	Yes	Yes	Yes	Yes
National Parks and Public Land Legacy Restoration Fund	Yes	Yes	Yes	Yes
Natural Resource Damage Assessment and Restoration Fund	Yes	Yes	Yes	Yes
North American Wetlands Conservation Fund	Yes	Yes	Yes	Yes
Resource Management	Yes	Yes	Yes	Yes
Sport Fish Restoration Account	Yes	Yes	Yes	Yes
State and Tribal Wildlife Grants	Yes	Yes	Yes	Yes
Wildland Fire Management	Yes	Yes	Yes	Yes

Program and Funding Source*	Compliant With Applicable PIIA Requirements†			
	1a	1b	2a	2b
<i>National Park Service</i>				
Centennial Challenge	Yes	Yes	Yes	Yes
Construction	Yes	Yes	Yes	Yes
Contribution for Annuity Benefits	Yes	Yes	Yes	Yes
Donations	Yes	Yes	Yes	Yes
Federal-Aid Highways (Liquidation of Contract Authorization)	Yes	Yes	Yes	Yes
Highway Infrastructure Programs	Yes	Yes	Yes	Yes
Historic Preservation Fund	Yes	Yes	Yes	Yes
Historic Preservation Fund, Interior	Yes	Yes	Yes	Yes
Land Acquisition and State Assistance	Yes	Yes	Yes	Yes
National Recreation and Preservation	Yes	Yes	Yes	Yes
Natural Resource Damage Assessment and Restoration Fund	Yes	Yes	Yes	Yes
Operation and Maintenance of Quarters	Yes	Yes	Yes	Yes
Operation of the National Park System	Yes	Yes	Yes	Yes
Outer Continental Shelf Revenues, LWCF Share from Certain Leases	Yes	Yes	Yes	Yes
Park Buildings Lease and Maintenance Fund	Yes	Yes	Yes	Yes
Park Concessions Franchise Fees	Yes	Yes	Yes	Yes
Recreation Enhancement Fee Program	Yes	Yes	Yes	Yes
<i>Office of Surface Mining Reclamation and Enforcement</i>				
Abandoned Mine Reclamation Fund	Yes	Yes	Yes	Yes
Payments in Lieu of Coal Fee Receipts	Yes	Yes	Yes	Yes
Regulation and Technology	Yes	Yes	Yes	Yes
Supplemental Payments to United Mine Workers of America Health Plans	Yes	Yes	Yes	Yes
<i>U.S. Geological Survey</i>				
Surveys, Investigations, and Research	Yes	Yes	Yes	Yes
Working Capital Fund	Yes	Yes	Yes	Yes

* Information from DOI risk assessment results published on <https://paymentaccuracy.gov/agency/DOI>.

† Information from OIG's evaluation of compliance with PIIA requirements.



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