



NASA OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDITS
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May 12, 2025

TO: Stephen Shinn
Acting Chief Financial Officer

SUBJECT: Final Memorandum, *NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2024* (Report No. IG-25-005; Assignment No. A-25-01-00-FMD)

The Payment Integrity Information Act of 2019 (PIIA) was enacted to improve efforts to identify and reduce federal improper payments.¹ The Act requires federal agencies to (1) conduct program-specific risk assessments for each program or activity, (2) publish improper payment estimates for programs susceptible to significant improper payments, and (3) report on corrective actions to prevent and reduce improper payments. The Act also requires Inspectors General to evaluate compliance with PIIA and issue an annual report.

Improper payments are payments the federal government should not have made or made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. They include overpayments, underpayments, duplicate payments, payments to ineligible recipients, and payments for ineligible goods or services and for goods or services not received.² A payment is also considered improper if a discount was available but was not redeemed.

Our overall audit objective was to determine whether NASA complied with PIIA requirements for fiscal year (FY) 2024. To determine compliance, we evaluated NASA's risk assessment methodology. We also evaluated implementation of a recommendation we made in a previous PIIA report.³ See Enclosure I for details of the audit's scope and methodology.

¹ Payment Integrity Information Act of 2019, Pub. L. No. 116-117 (2020).

² An overpayment is a payment amount in excess of what is due whereas an underpayment is a payment amount less than what is due. When an overpayment or underpayment occurs, the improper amount is the difference between the amount due and the amount actually paid.

³ NASA Office of Inspector General, *NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021* ([IG-22-014](#), June 28, 2022).

Background

Each agency is responsible for ensuring it complies with PIIA. If a program does not meet one or more of the Act's criteria, then the agency is not compliant under PIIA. Office of Management and Budget (OMB) Memorandum M-21-19 outlines the PIIA requirements that each agency is subject to, including NASA.⁴ The PIIA requirements, as applicable, are as follows:

- Publish and post payment integrity information on NASA's website.
- Conduct improper payment risk assessments for each applicable program and adequately conclude whether the program is likely to make improper payments.
- Publish improper and unknown payment estimates for programs susceptible to significant improper and unknown payments in the accompanying materials to the Agency Financial Report (AFR).⁵
- Publish corrective action plans for each applicable program.
- Publish improper and unknown payment reduction targets for each applicable program in the accompanying materials to the AFR, demonstrate improvements to payment integrity or reach tolerable improper and unknown payment rates, and develop a plan to meet the reduction targets.
- Report improper and unknown payment estimates of less than 10 percent for each applicable program.

Additionally, all agencies are subject to the reporting requirements in OMB Circular A-136 and the OMB payment integrity annual data call instructions.⁶ OMB guidance requires agencies to include a link in their annual AFR to OMB's PaymentAccuracy.gov website.⁷ It also requires agencies to provide OMB with data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other agency-wide reporting requirements such as improper and unknown payment estimates for programs susceptible to significant improper payments.

The Council of the Inspectors General on Integrity and Efficiency developed guidance to assist Offices of Inspector General required to conduct an annual improper payment review under PIIA.⁸ Our audit approach followed that guidance.

⁴ OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 5, 2021).

⁵ If an agency cannot determine whether a payment is proper or improper at the time of their review, the payment is considered an unknown payment. The AFR provides the Agency's key financial and performance information for the FY; presents progress made during that year; and spotlights NASA missions, objectives, and workforce advancements with these financial resources.

⁶ OMB Circular A-136 Revised, *Financial Reporting Requirements* (May 30, 2024) and OMB M-21-19.

⁷ PaymentAccuracy.gov serves as a centralized location to publish information about improper payments made to individuals, organizations, and contractors. It contains a dashboard and dataset of federal agencies' reported annual payment integrity information that collectively provides a comprehensive picture of federal payment integrity activities.

⁸ Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act OIG Compliance Reviews* (October 22, 2024).

The NASA Office of the Chief Financial Officer's Quality Assurance Division (QAD) is responsible for ensuring compliance with PIIA and reporting on the Agency's activities to identify and collect overpayments as part of NASA's Payment Recapture Audit Program.⁹

NASA's FY 2024 Improper Payment Risk Assessment Process

NASA identifies the total population of its programs subject to improper payment risk assessment requirements after reviewing disbursements recorded in its financial management system for the FY prior to the reporting period.¹⁰ NASA assesses any program with an annual outlay over \$10 million at least once every 3 years to determine whether the program is likely to have improper payments above the statutory threshold. When NASA determines a program to be susceptible to significant improper and unknown payments, the Agency must develop a sampling plan and conduct testing to estimate the amount of improper and unknown payments.

NASA's FY 2024 Improper Payment Reporting Process

To gather data for reporting on its identified and collected overpayments, NASA executes two types of queries of the Agency's financial management system. These queries generate a list of potential overpayments and collections from the previous FY's accounts receivable and accounts payable activity.¹¹ Each potential overpayment is then further researched by the funding NASA center or the NASA Shared Services Center (NSSC) to determine whether it constitutes an overpayment for reporting purposes. QAD aggregates the information gathered from these sources and reviews whether transactions excluded from reporting contain a reasonable explanation as to why they are not overpayments. QAD follows up with the responsible party if the explanation is not sufficient.

In addition, QAD makes inquiries to select offices to identify overpayments that may not have been captured in NASA's system queries. QAD analyzes the offices' submissions to ensure the information they reported applies to the FY under review. QAD then reconciles those submissions with the information initially gathered by the centers and the NSSC to ensure identified transactions were not also identified and reported by the centers and the NSSC. QAD assesses the information received from the centers, the NSSC, and select offices to determine whether transactions included as overpayments are valid, not reported twice, and reported in the correct reporting period. Lastly, QAD is responsible for reporting this information in the accompanying materials to the AFR.¹²

⁹ A payment recapture audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments that is specifically designed to identify and recapture overpayments.

¹⁰ Current FY reporting is based upon information from the prior FY. For the FY 2024 PIIA audit, information reported is based on data from FY 2023.

¹¹ Accounts receivable are funds owed to an organization for goods or services whereas accounts payable are funds an organization owes to suppliers and other creditors for items or services purchased.

¹² Accompanying materials refer to the payment integrity information provided by NASA to OMB through an annual data call that is subsequently published on PaymentAccuracy.gov.

NASA COMPLIED WITH PIIA DURING FY 2024

Based on our review of NASA's AFR, accompanying materials, and risk assessments for the three programs (out of the 78 assessed) that had outlays over \$10 million but had not been assessed within the last 3 years, we found the Agency complied with PIIA requirements as noted in Table 1.¹³ None of the 78 programs were assessed as high risk or susceptible to significant improper and unknown payments. Therefore, NASA did not report improper payment estimates or corrective actions because of its FY 2024 risk assessment process.

Table 1: PIIA Compliance Summary

Criteria for Compliance	Criteria Met?
1. Payment integrity reporting: a. Published payment integrity information with the FY 2024 AFR. b. Post AFR and accompanying materials on NASA's website.	Yes ^a
2. Risk assessments: a. Conducted improper payment risk assessments for each applicable program. b. Adequately concluded whether the program is likely to make improper payments.	Yes
3. Published improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the AFR.	N/A
4. Published corrective action plans for each applicable program.	N/A
5. Improper and unknown payment reduction targets: a. Published improper payment and unknown payment reduction targets for each applicable program in the accompanying materials to the AFR. b. Demonstrated improvements to the payment integrity or reached a tolerable improper payment and unknown payment rate. c. Developed a plan to meet the improper payment and unknown payment reduction targets.	N/A
6. Reported an improper payment and unknown payment estimate of less than 10 percent for each applicable program.	N/A

Source: NASA Office of Inspector General.

Note: N/A refers to criteria not applicable this reporting period.

^a NASA posted its FY 2024 AFR to the Agency's website on December 3, 2024. To comply with Executive Order 14173, *Ending Illegal Discrimination and Restoring Merit-Based Opportunity* (January 21, 2025), the AFR was removed from the website on January 31, 2025, but was subsequently reposted on April 7, 2025.

¹³ Ten of NASA's programs were combined and considered a single program (Institutions and Management) for improper payment risk assessment purposes, resulting in 78 programs being assessed. The three programs with a risk assessment that the Office of Inspector General reviewed as part of this audit were (1) Exploration Operations (515N), (2) RMB - Reim Space Tech Programmatic Program (446T), and (3) xEVA and Human Surface Mobility Program (339P).

NASA CONTINUES TO MAKE ERRORS IN REPORTING OVERPAYMENTS

NASA improved its process for gathering data on identified and collected overpayments by enhancing Agency guidance to include checklists and job aids to facilitate a comprehensive review. However, we found several reporting errors that resulted in overpayments collected being overstated by an immaterial amount.

Overpayments Were Reported in the Wrong Reporting Period

We found that NASA incorrectly reported overpayments collected in the wrong reporting period. Specifically, QAD did not obtain the dates of when select offices collected overpayments. Two transactions identified as collected overpayments were included in the current reporting period (which covers transactions that occurred in FY 2023) but were actually collected during the upcoming reporting period (which covers FY 2024). QAD's review did not effectively ensure that the collected overpayments were reported in the correct reporting period. As a result, the amount reported was overstated by \$229,854.

Overpayments Were Reported Twice

We found that NASA reported overpayments collected twice for two transactions. QAD provided a query report of potential overpayments to NASA centers for their review. The report, however, included line items related to the same transaction that should have been filtered out from the final list. The centers used that report and identified each line item they deemed as an overpayment. After QAD reviewed the centers' identified overpayments, the line items related to the same transaction resulted in the overpayments collected being reported twice. Due to the error, the amount reported was overstated by an immaterial amount of \$614.

RECOMMENDATIONS, MANAGEMENT'S RESPONSE, AND OUR EVALUATION

Based on the results of this year's audit, we will close the one recommendation that remained open from our prior PIIA reviews (recommendation 7, IG-22-014).¹⁴ We made the following recommendation:

Develop a detailed review process, such as a checklist or job aid, outlining the review procedures performed by the Quality Assurance Division within the reporting process for overpayments from sources other than recapture audits to ensure that the primary reviewer and the supervisory quality control reviewers are performing a thorough review of the aggregated submissions of overpayments.

A recommendation is closed when corrective actions are completed and verified or when the recommendation is overcome by events. Although we are not making any formal recommendations for the FY 2024 PIIA review, we would like to communicate areas which NASA may want to give additional

¹⁴ [IG-22-014](#).

attention to as it takes action to improve the overall efficiency of its improper payment reporting process. Those areas include providing more specific instructions to centers and other offices when gathering data for reporting overpayments and making sure reviews are executed as outlined in the checklist and job aids.

We provided a draft of this memorandum to NASA management who reviewed the document and had no comments. If you have questions or wish to comment on the quality or usefulness of this memorandum, contact Laurence Hawkins, Audit Operations and Quality Assurance Director, at 202-358-1543 or laurence.b.hawkins@nasa.gov.

Robert H. Steinau
NASA OIG Senior Official

Enclosure–1

Enclosure I: Scope and Methodology

We performed this audit from December 2024 through April 2025 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 findings and conclusions based on our audit objectives.

Our overall objective was to determine whether NASA complied with the requirements of PIIA in its FY 2024 AFR and accompanying materials. In addition, we evaluated the Agency's implementation of a recommendation we made in a previous report. We used the requirements in OMB Circular A-123, Appendix C (March 2021); OMB Circular A-136 (May 2024); the OMB payment integrity annual data call instructions; the OMB Payment Integrity Question and Answer Platform; and the Council of the Inspectors General on Integrity and Efficiency's guidance required under PIIA while performing this audit.

We interviewed personnel from the Office of the Chief Financial Officer and its contractor responsible for conducting the improper payment risk assessments on NASA's behalf, among others. We also reviewed the PIIA reporting section of the AFR, accompanying materials, and supporting documentation.

Finally, we reviewed applicable federal laws and regulations as well as NASA policy and guidance related to improper payments including the following:

- Payment Integrity Information Act of 2019, Pub. L. No. 116-117 (2020)
- Bipartisan Budget Act of 2018, Pub. L. No. 115-123 (2018)
- OMB Circular A-136 Revised, *Financial Reporting Requirements* (May 30, 2024)
- OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 5, 2021)
- OMB Memorandum M-18-14, *Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations* (March 30, 2018)
- OMB Payment Integrity Annual Data Call Instructions
- NASA Procedural Requirements 9010.3A, *Financial Management Internal Control* (February 3, 2020)
- NASA Office of the Chief Financial Officer, *Recapture Guidance 5.3.4.4.2 Recapture Audit* (FY 2025)
- NASA Office of the Chief Financial Officer, *Procedural Guidance, Payment Integrity Information Act of 2019 and OMB Circular A-123, Appendix C: Requirements for Payment Integrity Improvement* (January 2024)
- Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act OIG Compliance Reviews* (October 22, 2024)

Assessment of Data Reliability

We obtained FY 2023 disbursement data from NASA's core financial system (System, Applications, and Products) and its financial information reporting application (Business Warehouse/Business Objects). Since the results of NASA's external auditor's testing of the financial management system performed as part of its audit of NASA's FY 2023 AFR disclosed no instances of noncompliance, we relied on their conclusions. Although another auditor reported on NASA's financial management systems, we performed additional steps to validate the completeness and accuracy of data. We reviewed FY 2023 disbursement data extracted by NASA from both the core financial system and its reporting application, which the Agency used to determine the universe of programs considered for the FY 2024 improper payment risk assessments and reporting to OMB. We validated the data by tracing NASA program names to the President's budget and NASA's spending plan.

Additionally, we reviewed data system queries of FY 2023 receivables and collections, which NASA used to identify overpayments related to accounts receivable that the Agency reported in its accompanying materials to the AFR. Finally, we reviewed data system queries of FY 2023 vendor credit memorandums related to refunds for prior or current year disbursements, which NASA used to identify overpayments related to accounts payable that the Agency reported in its accompanying materials to the AFR.

Overall, we assessed the reliability of NASA's data by performing electronic testing to check for obvious errors in accuracy and completeness, reviewing related and existing information about the data and system that produced them, and interviewing NASA officials knowledgeable about the data. No discrepancies or data quality issues were noted. We determined that the data was sufficiently reliable for the purposes of our audit.

Review of Internal Controls

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. Specifically, we assessed the information and communication internal control component and the underlying principles relating to the use of quality information and externally communicating the necessary quality information to achieve NASA's reporting objectives. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. Any internal control deficiencies significant to the audit objective are discussed in this report.

Prior Coverage

During the last 5 years, the NASA Office of Inspector General and Government Accountability Office have issued 12 reports of significant relevance to the subject of this memorandum. Reports can be accessed at <https://oig.nasa.gov/audits/> and <https://www.gao.gov>, respectively.

NASA Office of Inspector General

NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2023 ([IG-24-012](#), May 29, 2024)

NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2022 ([IG-23-013](#), May 16, 2023)

NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021 ([IG-22-014](#), June 28, 2022)

NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2020 ([IG-21-020](#), May 18, 2021)

NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2019 ([IG-20-016](#), May 15, 2020)

Government Accountability Office

Improper Payments: Opportunities for Interagency Collaboration and Improvements ([GAO-23-106761](#), September 28, 2023)

Improper Payments: Programs Reporting Reductions Had Taken Corrective Actions That Shared Common Features ([GAO-23-106585](#), June 30, 2023)

Improper Payments: Fiscal Year 2022 Estimates and Opportunities for Improvement ([GAO-23-106285](#), March 29, 2023)

Improper Payments: Improvements Needed to Ensure Reliability and Accuracy in DOE's Risk Assessments and Reporting ([GAO-20-442](#), June 17, 2020)

Payment Integrity: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments ([GAO-20-336](#), April 1, 2020)

The Nation's Fiscal Health: Action Is Needed to Address the Federal Government's Fiscal Future ([GAO-20-403SP](#), March 12, 2020)

Payment Integrity: Federal Agencies' Estimates of FY 2019 Improper Payments ([GAO-20-344](#), March 2, 2020)