



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-26-14

What Was Audited

In FY 2025, improper and unknown federal payments government-wide totaled approximately \$186 billion. The Payment Integrity Information Act of 2019 (PIIA) requires Inspectors General to annually determine whether agencies complied with the Act and established requirements for agencies that were deemed noncompliant.

Kearney & Company, P.C., (Kearney) acting on behalf of the Office of Inspector General's (OIG), conducted this audit to determine whether the Department of State (Department) complied with PIIA for FY 2025. As part of this objective, Kearney also evaluated the Department's efforts to prevent and reduce improper and unknown payments.

What OIG Recommends

Because the Department was found to be in compliance with PIIA requirements for FY 2025, OIG is not offering any recommendations as a result of this audit. The Bureau of the Comptroller and Global Financial Services' response to a draft of this report is reprinted, in its entirety, in Appendix C.

June 2026

OFFICE OF AUDITS

FINANCIAL MANAGEMENT DIVISION

Audit of Department of State FY 2025 Compliance With Payment Integrity Requirements

What Was Found

For the FY 2025 reporting period, Kearney found that the Department had complied with payment integrity requirements, as presented in Table 1.

Table 1: Compliance With PIIA Criteria

Payment Integrity Criteria	Compliance
Published payment integrity information with the annual financial statement and in accompanying materials	Yes
Posted the annual financial statement and accompanying materials on the agency website	Yes
Conducted risk assessments	Yes
Concluded whether each program was likely to make improper and unknown payments above or below the statutory threshold	Yes
Published improper and unknown payment estimates*	N/A
Published corrective action plans*	N/A
Published reduction targets*	N/A
Demonstrated improvements to payment integrity or reached a tolerable rate*	N/A
Developed a plan to meet reduction target*	N/A
Reported estimate less than 10 percent for each program with a published estimate*	N/A

*Criteria did not apply because no program was identified as high risk.

Source: Kearney prepared using criteria from Office of Management and Budget Circular A-123, Appendix C.

Kearney found that the Department published the FY 2025 financial statements and accompanying material, which included all applicable payment integrity information, on its website. In addition, the Department conducted program-specific risk assessments and made appropriate conclusions related to the risk assessments. Specifically, the Department performed risk assessments for all 33 programs as part of its 3-year risk assessment approach. The programs subject to risk assessments during FY 2025 are listed in Table B.1.

During the evaluation of the Department's efforts to prevent and reduce improper payments, Kearney did not identify any needed improvements involving improper and unknown payments determination, the associated estimation methodology, or actions to improve prevention and reduction.