

DoD Quarter 1, FY 2015 High Dollar Overpayments Report

The Office of Management and Budget (OMB) issued revised guidance for improper payments reporting on October 20, 2014, as OMB Circular A-123, Appendix C. The primary changes for this report are the new thresholds for individual and entity overpayments. The individual threshold has been increased from \$5,000 to \$25,000 and 50 percent higher than the payment should have been. The entity threshold has been increased from \$25,000 to \$100,000 and 50 percent higher than the payment should have been.

HIGH DOLLAR IMPROPER OVERPAYMENTS TO INDIVIDUALS

Defense Finance and Accounting Service (DFAS) Civilian Pay

For Quarter 1 (Q1), Fiscal Year (FY) 2015, Civilian Pay's overall improper payment rate was 0.2 percent. This represents \$5.2 million in over and under payments out of \$4.3 billion in civilian pay disbursements.

No high dollar overpayments were identified in the quarterly random sample. However, when the Q1 in-service collections were subjected to a simple random sample after adjusting for threshold criteria, 175 records were chosen from the 218 records identified. The review found 32 debts (18 percent) met the threshold criteria totaling \$943,000. Of this amount, 21 percent (\$199,000) was recovered as of the end of the quarter. Collection actions continue through ongoing payroll deductions and installment plans.

DFAS Military Pay

For Q1, DFAS Military Pay's overall improper payment rate was 0.25 percent. This represents \$67.4 million in over and under payments out of \$27.3 billion paid.

The Q1, FY 2015, random review of Military Pay did not produce any high dollar overpayments. However, when the Q1 in-service collections were sorted based on threshold criteria and then subjected to a simple, random sample, 135 Active and 96 Reserve debts were chosen for review. The review found 17 Active Duty (13 percent) and 17 Reserve/Guard (18 percent) debts meeting the high dollar threshold with \$434,000 in total overpayments for Active Duty and \$567,000 in total overpayments for Reserve/Guard. DFAS collected \$174,000 (40 percent recovery) for Active Duty Pay and \$367,000 (65 percent recovery) for Reserve/Guard pay. Collection actions continue through ongoing payroll deductions and installment plans.

No Military Retired and Annuitant Pay debts were identified during Q1, FY 2015, which met the threshold criteria.

DoD Travel Pay

The Q1, FY 2015, random review for the Defense Travel System identified 12 high dollar overpayments for a total of \$318,000; for the Integrated Automated Travel System for Windows (WinIATS), no temporary duty or permanent change of station claims met the high dollar threshold.

Overall for Q1, FY 2015, Travel Pay produced a 9.7 percent error rate representing over and under payments of \$458.2 million out of \$6.6 billion total travel payments disbursed. No collections were recorded during Q1 for Travel overpayments.

HIGH DOLLAR IMPROPER OVERPAYMENTS TO ENTITIES

DFAS

For Q1, FY 2015, 17 high dollar overpayments to entities were identified totaling \$2.9 million out of \$70.9 billion in commercial payments at DFAS. Only \$1,462.22 has been recovered as of the end of the quarter. DFAS conducted a root cause analysis of the three largest overpayments:

- BAE Systems Ordnance Systems Inc. - \$1.1 million duplicate payment. An invoice was input manually as well as systemically resulting in a duplicate payment. The DFAS General Fund Enterprise Business System (GFEBS) entitlement team is using this case as a training tool to raise awareness of similar occurrences. Accounts Payable operations has recently created a working group to target improper payment root causes within GFEBS and offer meaningful insight so solutions can be developed.
- Elekta, Inc. - \$500,000 overpayment caused by a vendor billing error. The goods and services had not yet been delivered, but the invoice was still input. DFAS will use this example as a training exercise to ensure invoices that shouldn't be input are blocked by the payment official as well as to review systemic controls. DFAS continually reaches out to vendors, process partners, and contractors to ensure proper billing methods are practiced in order to prevent improper payments.
- Dun & Bradstreet, Inc. - \$158,000 overpayment that was actually a reconciliation error. This was a timing issue where the company invoicing requested the invoice be rejected, but the request was not received in time to stop payment. DFAS continually reaches out to vendors, process partners, and contractors to ensure proper billing methods are practiced in order to prevent improper payments.

Defense Health Agency

For Q1, FY 2015, only one reportable entity disbursed high dollar overpayments. The total was \$131,053.16 of which \$80,565.41 has been recovered to date.

U.S. Army Corps of Engineers. No high dollar improper payments for Q1, FY 2015.

Department of the Navy ERP. No high dollar improper payments for Q1, FY 2015.