



# **Department of Defense High Dollar Improper Payments**

**Quarter 3, Fiscal Year 2012**

# What is a High Dollar Improper Payment?

Per the Office of Management and Budget (OMB) implementing guidance (Circular A-123, Appendix C, Part III) for Executive Order 13520, “Reducing Improper Payments and Eliminating Waste in the Federal Government,” high dollar improper payments are defined as follows:

- For payments to individuals, a high dollar improper payment is when the amount paid is \$5,000 or greater and more than 50 percent higher than the correct amount.
- For payments to entities (commercial vendors and contractors), a high dollar improper payment is when the amount paid is \$25,000 or greater and more than 50 percent higher than the correct amount.

# Reasons for High Dollar Improper Payments

- The primary reason for high dollar improper payments to individuals was late receipt of death certificate or notification of death.
  - Overpayments may continue for more than one month if notification of death is not timely.
  - Death notifications can also be often obtained through Social Security Administration Master Death File match.
- The main causes for commercial high dollar overpayments are technician input errors, contractor billing errors, and progress payment under recoupment errors.
- Approximately 81.2 percent of Quarter 3 improper payments were recouped as of June 30, 2012, for both individuals and commercial entities.
  - A receivable is established as soon as the overpayment is identified.
  - Collection continues until the debt is satisfied.
  - Commercial overpayments can sometimes be recaptured quickly through offset of a pending invoice for the same firm.

# Notes

- Click here for additional details on the causes and corrective actions for [Quarter 3, FY 2012's high dollar improper payments.](#)
- Click here for additional details on the transactions that were identified as high dollar improper payments for [Quarter 3, FY 2012.](#)