Postpay Sampling Plan for Defense Travel System (DTS), WinIATS & PCS Travel Claims (FY13)

Background

The Defense Finance & Accounting Service (DFAS) is required to perform random postpay reviews of Defense Travel System (DTS) settled trip records for the Department of Defense, (DoD), per the OUSDC memo of March 3, 1998, "Defense Travel System (DTS) Post-Payment Reviews"). The OUSDC memo delegated authority to DFAS to perform these reviews and provided general sampling, examination and reporting guidelines. Further, DFAS is required to perform postpay reviews of "other than DTS" travel vouchers for which DFAS makes computation and settlement. These reviews are performed on a monthly basis by the Enterprise Standards and Solutions (ESS), Postpay Review and Analysis (PR&A), Travel Postpay Review Section, Indianapolis, IN.

The purpose of the sampling plan is to provide population estimates and applicable confidence intervals, within specified sampling probability (95%) and precision levels (+/-2.5%). In addition, the sampling plan serves as a means to collect data on sampled records regarding the dollar value of overpayments and underpayments as well as settlement value in order to provide sample statistics on the value and percentage of improper payments. Reasons for errors are recorded and used for preparing reports to applicable DTS or travel settlement activities. Identified overpayments are researched to provide recovery amounts and rates. These sample statistics will be used to provide population estimates of improper payments that will in turn be reported quarterly for OSD Metrics and annually as required by the Improper Payments Elimination and Recovery Act (IPERA 2010/IPIA 2002) and OMB guidance to this amendment issued in April 2011.

Guidelines for the performance of travel postpay reviews, both DTS and non-DTS, are found in the DoDFMR Vol. 9, Travel Policy and Procedures, and the DoDFMR Vol. 5, Disbursing Policy and Procedures. The Travel Postpay Review section maintains Standard Operating Procedures (SOP) and Desk Top Procedures with detailed information on the travel postpay review process for both DTS and non-DTS travel settlements (not included as a part of this document). Guidelines for random reviews in support of the improper payments reporting can be found in IPERA. ESS, PR&A serves as the DFAS office of primary responsibility for agency reporting and compliance with IPERA.

Method

The sampling plan is a stratified simple random sample (attribute) type design with the purpose of estimating the percentage of travel settlement vouchers in error, at the component or strata level, as well as providing sample statistics on the dollar value of over and under payments (improper payments) for use in quarterly OSD Metrics as well as annual use in the Department's Annual Financial Report (AFR) and IPERA Survey. The sampling plan presented herein defines the population of travel vouchers or trip records at the service component, activity and a Defense Agencies aggregate for DTS. In addition to these population strata, the non-DTS sampling plan

defines the population of travel vouchers for education programs paid out of the Integrated Automated Travel System for Windows (WinIATS).

The Defense Agencies aggregate is defined as the total population of all travel vouchers or DTS trip records settled by the Defense Agencies for a given timeframe. This sampling method allows for population estimates for Defense Agencies as a group but not for any individual agency. Post stratification can be accomplished to provide sample results for any reviewed records for a given agency, but is not appropriate for agency level probability based population estimates. The Service and Defense Agency samples are based on the population of settled claims from available FY12 completed reviews and the fiscal year cumulative error rates for each Service component and Defense Agencies aggregate.

Similarly, samples sizes for WinIATS and Civilian PCS (non-DTS) are based on results from available FY12 cumulative random reviews results, with minimum monthly service component or activity sample size of 30. The Navy ROTC, Military PCS and Active Army sampling plans are based on the population of settled claims from FY12 with error rates based on the overall fiscal year rate for WinIATS. In previous fiscal years, IMET was included in the Active Army population. Therefore, the occurrence rate of IMET overpayments in the FY12 Army Active sampling and the population of settled IMET claims from FY12 are used for the IMET sampling plan.

The sample size estimates in the following sampling plan overview are subject to change. Reviews are performed on a monthly basis. The sampling plan is for a quarterly estimate and is provided in the below table.

DTS/WinIATS Travel Sampling Plan (FY13)			
DTS Sample Size	**Monthly**	**Quarterly**	**Annual**
Air Force	503	1491	5,966
Army	497	1509	6,038
Defense Agencies	478	1398	5,590
Marine Corps	485	1454	5,816
Navy	466	1434	5,736
Total DTS	2,429	7,286	29,145
WinIATS & PCS Sample Size	**Monthly**	**Quarterly**	**Annual**
Active	198	594	2,376
Defense Agencies	70	211	842
Contingency	241	722	2,889
Reserve	190	569	2,278
Military PCS	201	603	2,410
Civilian PCS	106	317	1,268
Navy ROTC	120	360	1,441
IMET	30	61	246
Total WinIATS/PCS	1,156	3,437	13,750
Estimated Total Sample	3,585	10,723	42,895

Payment/Account Selection

Selection of trip records or travel vouchers for random review is accomplished by use of a Random Number Generator (RNG). Selection must ensure that every voucher within the defined population has an equal chance of being included for sample. For DTS records, the actual sample is selected by the Defense Management Data Center-West (DMDC), Monterey, CA from the DTS Archive & Management Information System (DTSA/MIS). For WinIATS and PCS, population listings or extracts from the applicable databases (e.g., Operational Data Store (ODS)), will be used to define the sample population parameters. Record selection is accomplished by an external RNG.

Treatment of Missing Records

It is unlikely that a sampled trip record or travel voucher would not be available for review due to missing documentation (missing or non-existent). However, if this were to occur, the appropriate DTS or travel voucher processing activity would be notified of the dilemma and research initiated to determine the nature of the missing or non-existent document.

The impact of missing records (no data) can impact the precision of the sample statistic as an estimator of the population proportion of records in error, dollar value of over and under payments, and settlement dollar value of the overall sample. As such, bias can become a factor in the sample statistic as a population estimator. There are a number of methods available to address missing records, but the most appropriate will depend upon the circumstances surrounding number and type of missing records.

In addition, any missing voucher must be thoroughly researched and investigated to determine if there is a loss of funds. If this is the case, then an investigation would need to be performed to determine the source of the loss and the responsible and liable individual. The DoDFMR Vol. 5, Disbursing Policy and Procedures, contains guidelines for handling loss of funds.

Completing the Target Sample

It is imperative that examiners complete the target monthly sample for each component, as assigned, even if this means allotting additional, yet reasonable, time for completion of a component's monthly sample. For reporting purposes, any given component monthly sample that is not complete by the given report cut off date will be carried forward to the next month's report. The travel pay postpay review results support monthly metrics, and therefore, the cutoff dates for reporting are tied to balanced scorecard deadlines.

Trip Records or Travel Vouchers with Errors

The Authorizing/Certifying Official (AO/CO) or Lead Defense Travel Administrator (LDTA) for DTS vouchers is notified of any randomly reviewed record with an error, monetary or non-monetary, with an explanation of the reason for the error. For monetary errors, the traveler is provided an explanation of the error and instruction for repayment and or processing of an amended voucher from the applicable AO/CO or LDTA. In the case of DTS overpayments, the

Debt Management Monitor (DMM), Non-DTS Entry Agent (NDEA) or Traveler creates an amendment to the original trip record which in turn initiates an official notice of indebtedness.

Any monetary errors detected among sampled WinIATS vouchers are provided to the applicable DFAS travel operations office for proper debt notification or supplemental processing.

Summary Reports

Periodic reports are prepared for the Defense Travel Management Office (DTMO) and other travel settlement activity managers and interested senior officials on results of the random reviews (number and percentage of records in error, dollar value of over and under payments, improper payment rate ((overpayment dollars + underpayment dollars)/settlement dollar amount), recovery rates, reasons for errors with applicable sample statistics and appropriate population estimates.

PR&A monitors, analyzes and reports quarterly random review results. Monthly statistics are used for internal DFAS Balanced Scorecard reporting. Quarterly updates are provided for the OSD metric. Annual reports in support of the IPERA requirements are provided to OSD for use in the Department's Agency Financial Report (AFR) and IPERA Survey.

Risk Assessment for Improper Payments

Significant erroneous payments, according to IPERA, are defined as annual erroneous payments that exceed both 1.5 percent of program payments and $10 million. A program is defined at the Departmental level. As such, the reviews of DTS, WinIATS and PCS vouchers settled by DFAS do not constitute all Departmental travel expenditures. At a program level, an overall risk assessment rating using the OMB criterion is defined as High (exceeds 1.5% of payments **and** $10M), Medium (exceed either 1.5% of payments **or** $10M) or Low (does not exceed either 1.5% of payments or $10M). Results from FY12 DTS post pay reviews were estimated to be $308.4M or 5.3 percent of payments and WinIATS at $100.1M and 12.2 percent. Using OMB's program criterion, these results would be classified as High risk. The FY13 DFAS sampling plan as outlined herein considers risk *through use of past fiscal year error (attribute) rates by service component or agency in sample size determination.* The sampling plan will be reevaluated periodically to adjust the component samples in accordance with most recent error trends, as applicable, and to ensure that the annual population estimates (attribute) are within 95 percent probability, plus or minus 2.5 percent precision.

As previously mentioned, periodic reports on results of the review are provided to various management officials. Reports provide statistics on error rates and trends, primary reasons for errors, recommendations for alleviation of future similar errors (corrective actions), and recovery rates. These reports serve as means to identify problem areas that contribute to and increase the risk of improper payments. Internal metrics have been created to measure performance in comparison to established goals as another method to monitor risk.

At this time, there are no known factors that would pose a high risk to any significant increases in improper payments for DTS or WinIATS payments.

Economies and Efficiencies of the Sampling & Review Plan

The FY13 DTS/WinIATS sampling plan, unlike the FY12 plan, is designed to produce quarterly estimates; the FY12 sampling plan was designed on semiannual estimates. The primary reason for this change is to create alignment between OUSD reporting requirements, also quarterly, and the sampling plan estimates. In addition, the FY13 WinIATS sampling plan creates new strata for education programs: Navy ROTC and IMET. In previous fiscal years, IMET was included in the Active Army population. A separate stratum was created for IMET so that further investigation into recoverable and unrecoverable funds could be accomplished within this subpopulation. The FY13 sampling plan continues to support estimates of error rates and improper payments with 95 percent probability, plus or minus 2.5 percent; which exceeds OMB requirements.

References for Statistical Sampling Methodology and IPERA Implementation Guidance

Cochran, William G, *Sampling Techniques* (3rd Ed.), New York: John Wiley & Sons, 1977.

Levy, Paul S and Lemeshow, Stanley, *Sampling of Populations Methods and Applications* (3rd Ed.), New York: John Wiley & Sons, 1999.

Office of Management and Budget (OMB) Memo M-11-16, "Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123, of April 14, 2011.