

FY 2020 OMB Supplemental Data Call

MCC

MCC Agency Reporting

Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Please describe the steps the agency has taken to detect and recover improper payments.

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	Other (free text)	See the free text for question #2 explanation below.	Other

Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

MCC occasionally identifies improper payments through internal control processes and other reviews, including OIG reporting. In these instances, MCC pursues recapture of overpayments appropriately. The cumulative improper payments identified for recapture related to the Administrative Fund mainly consists of overpayments to MCC employees stationed overseas and payments on some MCC contracts. The overpayments to overseas employees were first disclosed in FY 2016 and have been recaptured according to repayment plans over the previous fiscal years. The remaining improper payment balance includes open balances related to the repayment plans. The cumulative improper payments identified for recapture associated with the Compact Fund mainly represents questioned costs noted in audit reports and independent compliance audit work performed on behalf MCAs. In July 2019, MCC requested \$3.2 Million from the Government of Malawi, as refund of Compact fund that was used in violation of the Compact agreement. MCC recovered \$1.9 Million in FY 2019 of this debt and continued the efforts in FY 2020 culminating in the recapture of the remaining balance of that debt in FY 2020.

Question 3: Recovery Audits (PIIA Section: 3352)

Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.

MCC does not complete Recovery Audits. See Question #4 for additional information.

Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.

MCC applied for a OMB Recapture Audit Waiver in September 2017. MCC conducted an analysis of self-identified improper payments and noted that the combined funds have less than a 0.6% improper payment rate as of June 30, 2017. Based on previous testing history and isolated nature of self-identified improper payments, MCC concluded that a payment recapture audit would not be cost effective and add benefit to the MCC internal control structure for all MCC funds. OMB did not have any objections to the request.

MCC will continue to reevaluate the need for recovery audits in future fiscal years as part of its OMB Circular No. A-123 Assessment Program.

Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

Please describe your agency's progress:

- Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- Identifying risk and vulnerabilities to fraud, and*
- Establishing strategies, procedures, and other steps to curb fraud.*

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	1 – In Beginning Stages

Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

MCC is currently conducting a fraud risk assessment to determine if we have adequately identified all potential fraud risks and addressed them through the proper design and implementation of preventative and detective controls. Additionally, the agency's compliance with the "Assess Fraud Risk" principle is assessed as part of the GAO Green Book compliance assessment. MCC has established entity-level controls relating to include its Anti-fraud and Corruption Policy, fraud and corruption reporting mechanisms, and an anti-fraud training program. The Anti-fraud and Corruption Policy outlines the roles, responsibilities, and principles which govern MCC and Millennium Challenge Accounts (MCAs) with respect to preventing, detecting, and remediating the risk of fraud and corruption. The agency has established multiple reporting mechanisms for employees and MCA staff to report suspected instances of fraud. As part of the MCC's Anti-fraud and Corruption Program, all MCAs undergo a specific fraud risk assessment to help MCC and MCAs identify project specific fraud risks for each Compact and Threshold program.

Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a)(3) (C))

Please indicate the following:

- *Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.*
 - *Whether it was likely to be above or below the statutory threshold.*
- *The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.*
- *If they had substantial changes to RA methodology.*

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Compact	Likely to be Below Statutory Threshold	Other	NO
Threshold	Likely to be Below Statutory Threshold	Other	NO
Audit	Likely to be Below Statutory Threshold	Other	NO
Due Diligence	Likely to be Below Statutory Threshold	Other	NO
609(g)	Likely to be Below Statutory Threshold	Other	NO
614(g)	Likely to be Below Statutory Threshold	Other	NO
Admin	Likely to be Below Statutory Threshold	Other	NO

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Global Health	Likely to be Below Statutory Threshold	Other	NO

Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

In FY 2020, MCC updated the questions and the nature of the risk assessment to determine programs with a high susceptibility of improper payments to align with the specific payment types used within each program. MCC analyzed the Digital Accountability and Transparency Act of 2014 (DATA Act) File B, Object Class and Program Activity Report for FY 2019 to determine the payment types within each Program. Payment types include salaries, contract/vendor payments, intra-governmental transactions, and grant payments. Questions were updated to align with the IPIA, as amended and the Appendix C risk factors as well as tailored to MCC's payment types used to support agency programs. MCC did not deem this to be a substantial change to the risk assessment methodology, but an enhancement of the previous assessment. MCC did not have any programs determined to be susceptible to significant improper payments.

Note - MCC completed the risk assessment in Quarter 4 of FY 2020 which is the reason for the "Other" selection above. Additionally, MCC did not complete a formal risk assessment on the 614(g) and Audit Funds. The 614(g) fund had no payment activity in FY 2019 and the Audit Fund is limited to \$5 million on an annual basis and is an interagency agreement with the USAID OIG. Therefore, both funds were assessed as low risk.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

CliftonLarsonAllen (CLA) completed an audit for the United States Agency for International Development (USAID) Office of Inspector General (OIG) of MCC's compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA), as amended for FY 2019. CLA concluded MCC was in compliance with IPERA for FY 2019. Not applicable above designates that MCC did not have programs or activities determined to be susceptible to significant improper payments under Part I.B.2 of Appendix C of OMB A-123. Additionally, for programs or activities deemed to be not susceptible to significant improper payments, MCC is required to perform a risk assessment at least once every three years under Part I.C.I of Appendix C. MCC conducted a risk assessment in FY 2017 and was not required to conduct a risk assessment in FY 2019. Additionally, MCC has conducted a risk assessment for FY 2020. Therefore, the compliance criteria 2 through 6 is not applicable.

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Not applicable, no programs were deemed to be non-compliant as of the most recent OIG IPERA audit.

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Not applicable, no programs were deemed to be non-compliant as of the most recent OIG IPERA Audit.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Not applicable, no programs were deemed to be non-compliant as of the most recent OIG IPERA Audit.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Monthly	Monthly

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

MCC works diligently with the Interior Business Center (IBC) its financial service provider, to maintain oversight of payments. MCC adjudicated those payments monthly on the DO NOT PAY (DNP) portal and researched all matches or flags for any probable or possible improper payments. In cases where DNP were to provide a listing of unmatched payments, which were payments that Treasury could not match to the Death Master File (DMF) or SAM, MCC would investigate through the DNP Discoverer application within Oracle to verify the payments before adjudicating the monthly report on the DNP Portal.