

FY 2020 OMB Supplemental Data Call

STATE

State Agency Reporting

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

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

Not Applicable – The Department of State (DoS) does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

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	4-Change Process (instructions, checklist, policy)		Other
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)		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.

The DoS bureau CGFS incorporates preventative and recovery improper payment activities at the Department, Bureau, post, and program levels to support PIIA efforts and ensure integrity and accuracy of payments. As an integral part of our process, improper payment reviews are

performed by the payment issuing offices using various manual and automated data analysis techniques to identify, validate and collect improper payments, including data mining, manual sampling of vendor payment records, and U.S. Treasury taxpayer identification number matching.

Improper payment identification and collection are essential functions of the Accounts Payable operations in the Office of Claims (CGFS/F/C) internal debt management unit. This Unit assists in identifying potential systemic issues leading to improper payments, which facilitates immediate implementation of corrective actions. During 2020, CGFS/F/C identified transactions totaling \$4,494,936 of actual duplicate/improper payments, of which we recovered \$4,002,569 in addition to collecting \$377,407 of the prior year unrecovered balance. Also, in 2020 the Department identified employee claims overpayments totaling \$62,254, of which we recovered \$22,187. Additionally, we recovered \$8,624 from prior year identified travel overpayments.

The Office of Global Compensation (CGFS/GC) leverages an overpayment unit to review, calculate, and notify employees of salary or allowance overpayments. Salary overpayments occur for various reasons in the Department's complex global pay environment, much is dependent on timely notification of events impacting pay. For example, late receipt of a cable notifying CGFS that an employee departed an overseas mission for official duty travel or on personal leave can result in an overpayment of allowances. The payroll systems have programmatic internal controls and system edits in place to assist in preventing overpayments. In 2020, CGFS/GC identified and confirmed payroll overpayments totaling \$6.89 million, of which \$4.25 million has been recovered. To date, CGFS/GC has collected 83 percent of prior year debts. This is notable since recovery can be delayed due to a debtor's request for administrative review or a waiver. Efforts to collect outstanding payroll debts use the most effective means to maximize collection, such as salary offsets. In addition to salary overpayments, CGFS/GC performs procedures to identify overpayments impacting Foreign Service annuities and in 2020 identified overpayment transactions totaling \$337,648 and recovered \$57,332 of current and prior year debts. These overpayments occur for reasons such as annuity reductions due to divorce, annuitant re-employment, and untimely notification of death. CGFS continues the use of the Do Not Pay Death Master File (DMF) on a pre-payment basis to better identify when annuitant deaths occur. This and other internal controls greatly assist ANP in preventing and managing improper payments.

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.

The Bureau of the Comptroller and Global Financial Services (CGFS) has a two-tiered improper payment monitoring and review program that consists of activities performed by the payment issuing office and secondly by the Office of Oversight and Management Analysis (OMA). The subsequent review performed by OMA focuses on overpayments and utilizes data and risk analysis to drive the recapture work performed. While many agencies hire external recapture auditors to perform a secondary review, this function is performed more efficiently within the Department by OMA. Because the OMA activity is secondary and consistent with a function that an external auditor would perform, OMA's activity is considered recapture as defined by IPIA.

Domestic vendor payments represent the largest category of Department-made payments subject to IPIA recapture audit requirements, focusing on identifying potential improper and duplicate payments. Monthly, as part of the Recapture Audit process, OMA conducts a query of domestic vendor payments using software to run matches of vendor invoice numbers and payment amounts against current payment data and payments dating back to 2015. In addition to the automated IDEA analysis, OMA performs a manual quarterly review of overseas and domestic payments. These manual recapture audits validate elements such as vendor, payment amount, and ensure proper documentation exists to support sampled payments. In 2020, OMA contract recapture audit efforts identified \$10,097 contract overpayments. Of that amount, \$10,097 was recovered and returned to the originating appropriations. An additional \$62,818 of overpayments identified in prior years was also collected and returned to the originating appropriations.

OMA also performs a quarterly manual recapture audit of employee claim payments subject to the Department's overall travel program. This recapture audit focuses on known identified issue areas as well as providing overall audit coverage of employee travel payments.

During 2020, OMA built on prior year recapture audit activities by targeting additional payment aspects to ensure all document types are eligible for review. In addition, OMA reviewed grant payments within the universe of the domestic and overseas payment program. The CGFS automated duplicate payment program using the domestic payment file for recapture audit analysis has proven to be a cost effective tool. The additional inclusion of automated and manual recapture audit processes ensures the Department has coverage in required IPIA recapture audit areas.

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.

Not Applicable.

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
3 – Fully Operational	2 – Established	2 – Established	2 – Established

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.

Not Applicable. The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

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

Not Applicable. The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

Question 8 Free Text: Tolerable Rate

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

Not Applicable. The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

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

Not Applicable. The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

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

Not Applicable. The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

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

Not Applicable. The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

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
Compliant	2. Conduct Program-Specific Risk Assessment

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.

All applicable criteria were in compliance. The Department of State is compliant with Criteria 1 and 2. The remaining criteria (3, 4, 5, 6) are not applicable to the agency. The Department of State does not have any programs or activities deemed susceptible to significant improper

payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

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 – The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

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 – The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

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 – The Department of State does not have any programs or activities deemed susceptible to significant improper payments as determined under OMB Circular A-123, Appendix C, Part I.D exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.

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?
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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	Daily	Daily

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.

The Department of State reviewed potential improper payments provided by the Department of the Treasury as a result of submitting disbursed payments through the Do Not Pay (DNP) portal. In 2020, the Treasury reviewed and disbursed 1,383,015 payments totaling \$15.2 billion paid by the Department through the DNP portal. Potential matches were provided on a daily basis, comparing payments to the public Death Master File (DMF) of the Social Security Administration and the General Services Administration's Excluded Parties List System (EPLS). Through daily access via the Treasury DNP portal, the Department reviewed 82,829 unmatchable payments, totaling \$2.7 billion, and adjudicated 168 potential erroneous payment matches as part of the post payment review process.

The Department continued to utilize the DNP portal's DMF on a pre-payment basis for all annuitant payments. At least twice each month the Department's annuitant database is screened against the DMF to identify deceased annuitants. All matches are researched and if confirmed, payment to the annuitant is stopped prior to processing the monthly annuity payment run. In 2020, 201,195 annuitant payments totaling \$999 million were reviewed against the DMF and 65 payments totaling \$284,208 were stopped due to this initiative. This process is successful in identifying deceased annuitants and ensuring improper payments are not made. In addition, all annuity manual payments processed through Treasury's Secure Payment System are reviewed through the DMF online search prior to making payment.

For non-Treasury Disbursing Office oversees payments, payee information is checked against Treasury's Office of Foreign Assets Control's (OFAC) list of Specially Designated Nationals (SDN). During 2020, potential payment matches were reviewed but resulted in no stopped payments.

In addition, Department grants processed through the Health and Human Service (HHS) Payment Management System (PMS) are included in a DNP review. HHS incorporated a review of the DNP portal into their payment process to identify individuals or entities with delinquent Federal non-tax debt, a recipient that is listed as deceased on the DMF, and recipients excluded from doing business with the government. In 2020, the Department was notified of one recipient that appeared ineligible due to results of the DNP process. In addition, in 2020, fifty-four recipient payments were stopped as a result of the Treasury Offset Program (TOP). The TOP is a centralized offset program, administered by the Bureau of the Fiscal Service's Debt Management Services, to collect delinquent debts owed to the Federal agencies and states (including past-due

child support), in accordance with 26 U.S.C. 6402(d) (collection of debts owed to Federal agencies), 31 U.S.C. 3720A (reduction of tax refund by amount of the debts), and other applicable laws.