



## Getting Payments Right

### Goal Leaders

**Carole Banks**, Deputy Chief Financial Officer, Department of the Treasury

**Jenni Main**, Director of the Office of Financial Management and Chief Financial Officer  
Centers for Medicare and Medicaid Services

**Fred Nutt**, Senior Advisor, Office of Management and Budget

**Tim Soltis**, Deputy Controller, Office of Management and Budget



## Goal Statement

Reduce the cash loss to the tax payers by issuing payments correctly the first time and, as appropriate, recovering funds that were paid incorrectly.



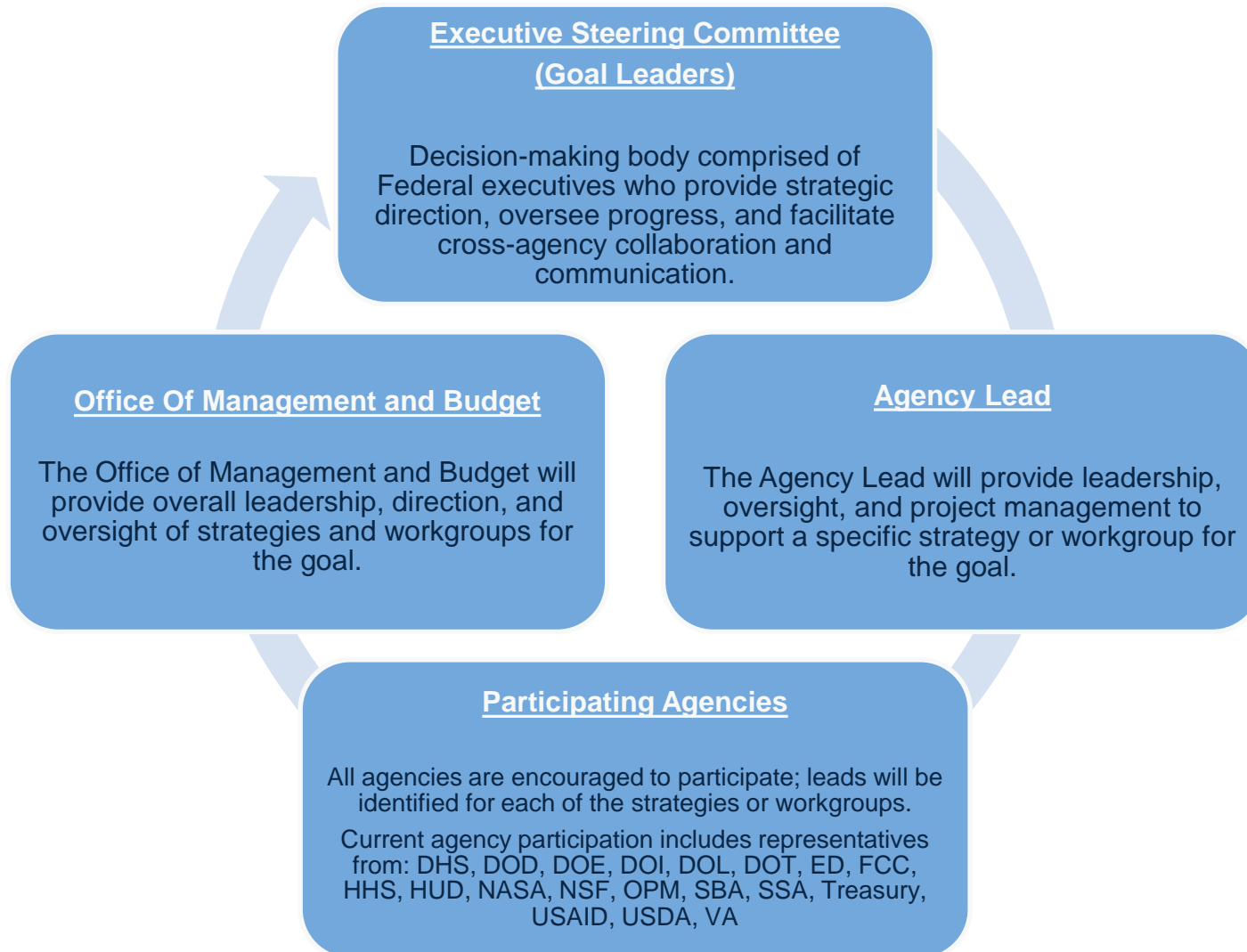
## Challenge

While improper payments may compromise citizens' trust in government, they are not always indicative of fraud, nor do they necessarily represent payments that should not have been made. The cash loss to taxpayers is not only the incorrect payment, but also includes costs associated with prevention and recovery.



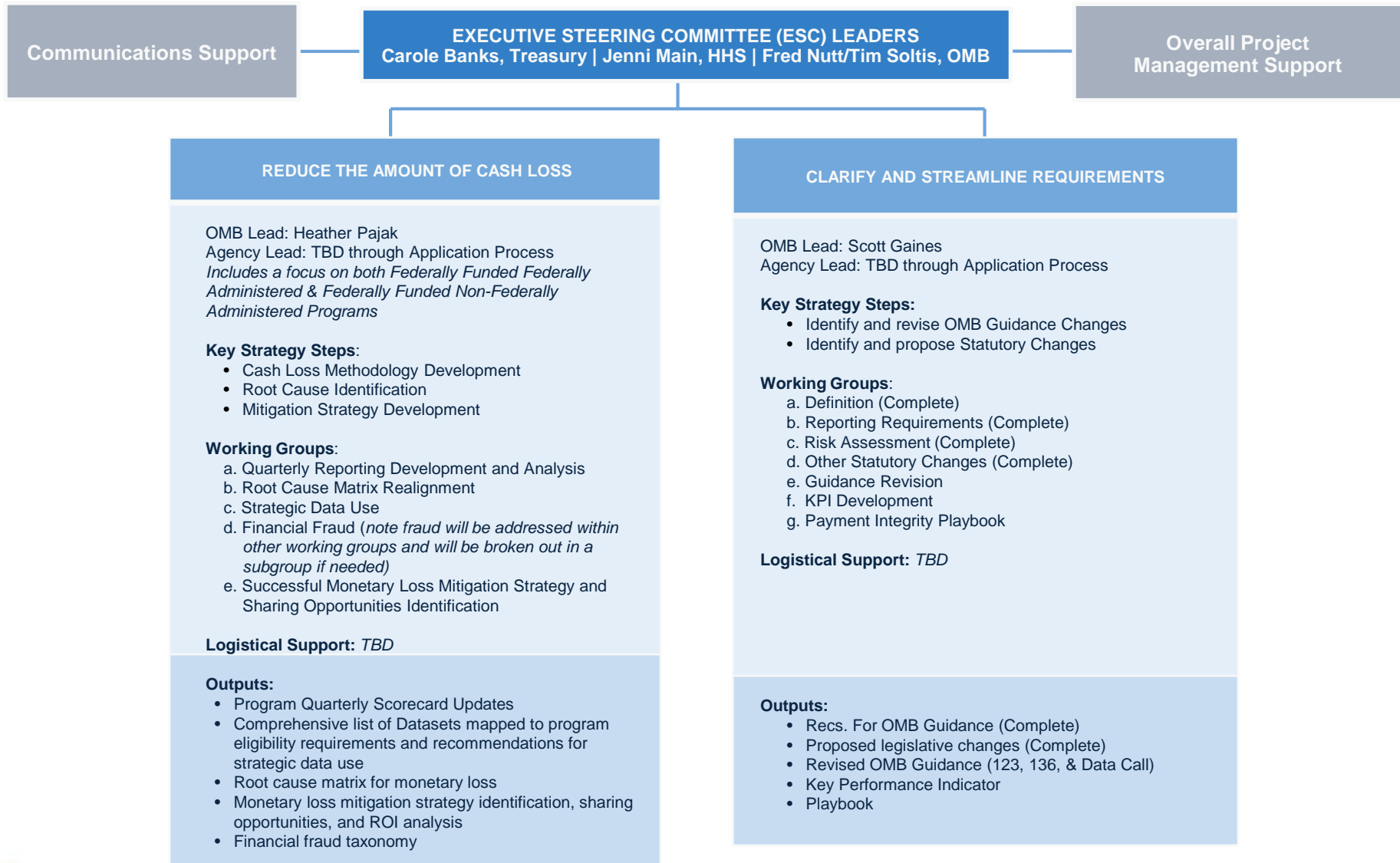
## Opportunity

To improve the efficiencies of government programs by focusing on getting government payments right the first time they are made and reducing the cost associated with an incorrect payment.



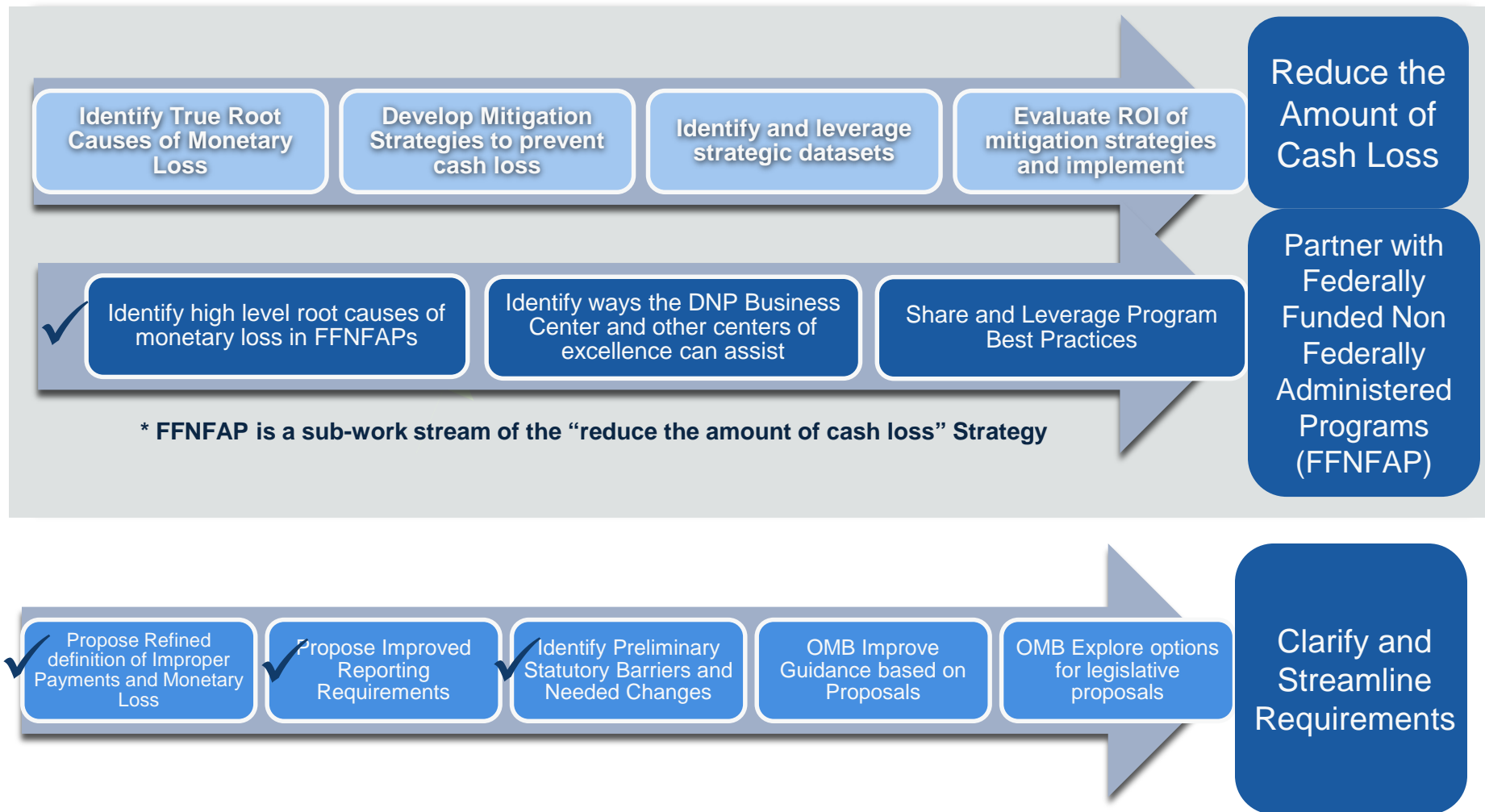


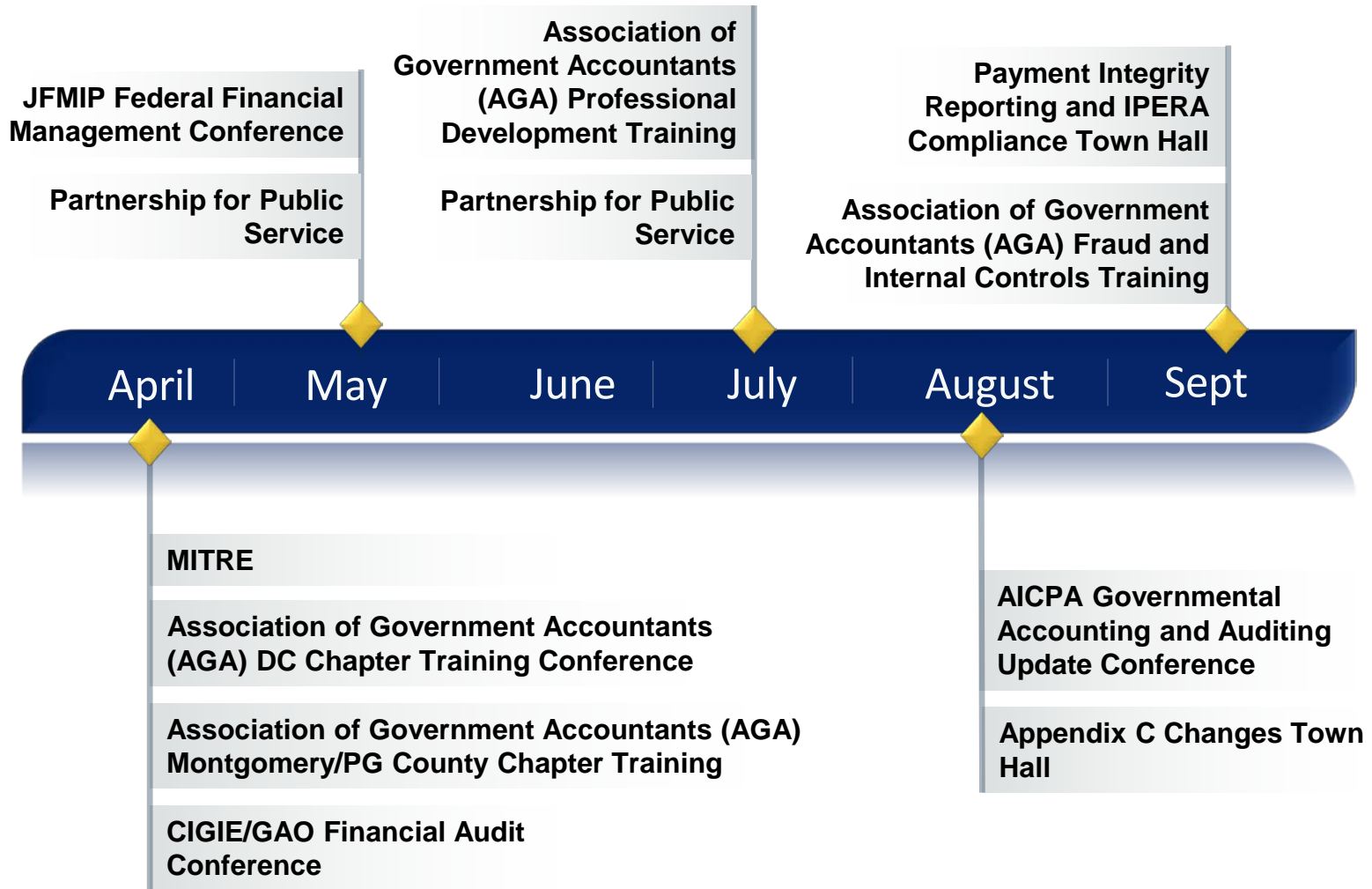
# Getting Payments Right Goal Governance

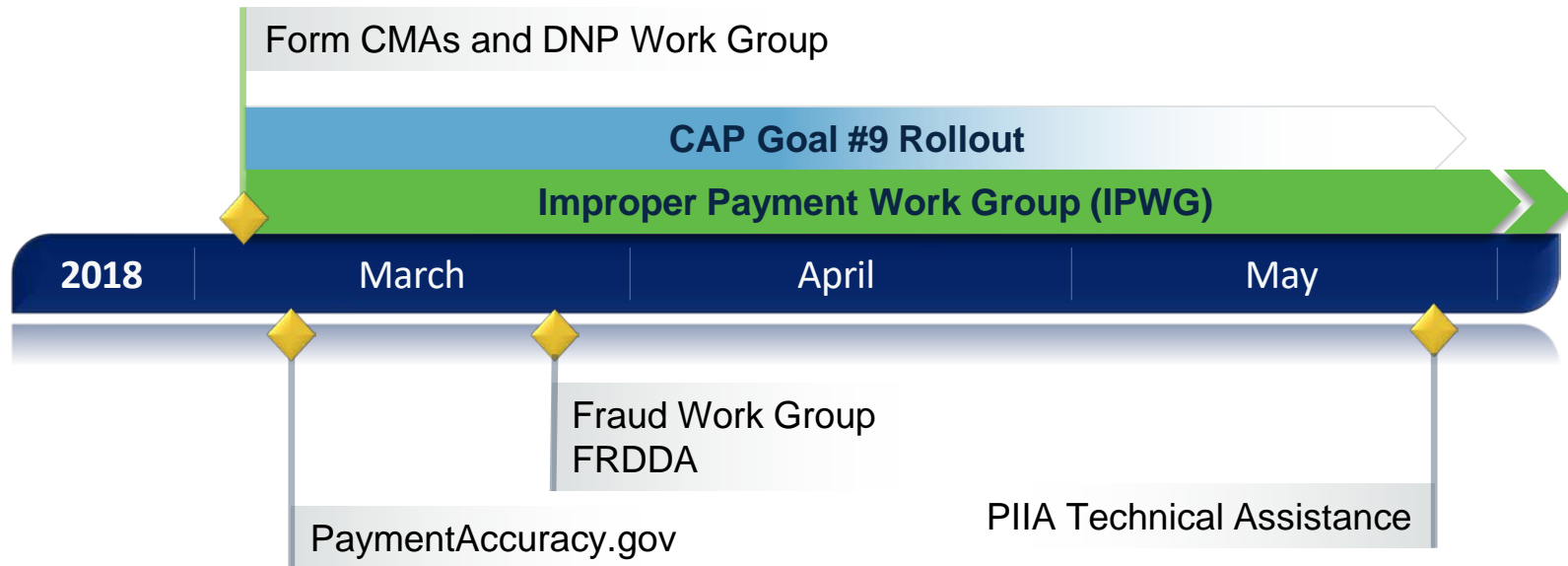




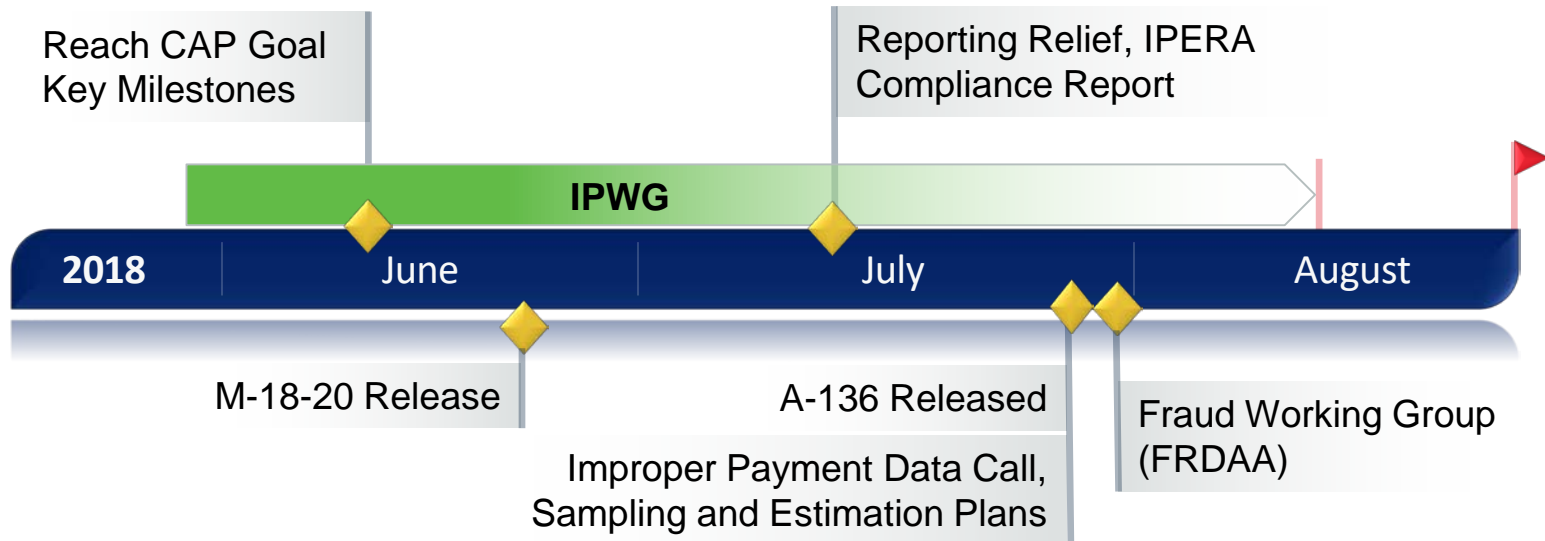
## Getting Payments Right Goal Strategy with Select Milestones







- **March 2018 – Form CMA and DNP:** Formed a cross-OMB working group to address agency concerns related to Computer Matching Agreements (CMAs) and their relationship to the Do Not Pay (DNP) Business Center at the Department of the Treasury.
- **March 2018 – Paymentaccuracy.gov:** Launched a new chart engine on paymentaccuracy.gov. The chart engine dramatically improves the accessibility of the website's data.
- **March 2018 – Fraud Reduction and Data Analytics Act (FRDAA) Work Group Meeting:** This work group was established by the FRDDA statute and tasked with improving the sharing and development of data analytics techniques, financial and administrative controls and other best practices and techniques for detecting, preventing, and responding to fraud, including improper payments.
- **May 2018 – PIIA Collaboration with Congress:** Worked with the Hill on the proposed language included in the Payment Integrity Information Act (PIIA) of 2018 and provided a number of recommendations to HSAGC.



- **June 2018 – CAP Goal Key Milestones:** Met four Key Milestones.
- **June 2018 – M-18-20:** OMB Circular No. A-123, Appendix C released. Transformed the improper payment compliance framework to create a more unified, comprehensive, and less burdensome set of requirements.
- **July 2018 – Reporting Relief:** Reviewed and granted six requests for improper payment reporting relief. Reporting relief is granted by OMB as a way to appropriately reduce burden.
- **July 2018 – IPERA Compliance Report:** Collected and reviewed 24 IPERA Compliance reports (All CFO Act agencies). Each report was analyzed with a particular focus on isolating OIG recommendations to further improve compliance with the law.
- **July 2018 – Improper Payment Data Call:** Submitted the fiscal year 2018 improper payment data call to more than twenty executive agencies. The data call is an annual survey that collects more than 10,000 data points on improper payments from every executive agency. The data is also used to inform critical policy decisions at all levels of the federal government.
- **July 2018 – Sampling and Estimation Plans:** Collected and reviewed 35 improper payment sampling and estimation plans for FY 2018. Allows each program to review and report improper payment estimates on an annual basis.
- **July 2018 – A-136:** Financial Reporting Requirements. This update streamlines reporting requirements and reflects current Federal generally accepted accounting principles, additionally this update includes payment integrity reporting requirements for FY 2018.
- **July 2018 – FRDAA:** Fraud Reduction and Data Analytics Act (FRDAA) Work Group Meeting.







## Progress - Improper Payments Working Group (IPWG) (Streamline Reporting Requirements Strategy)

Surveyed, collected, and  
analyzed responses

### Research



- **1** cross-agency survey distributed
- **47** programs were analyzed, including **18** high priority programs, and **6** programs with losses > \$100M
- **5** data calls sent

Collaborated with working  
group members

### Engage



- **26** working group meetings held
- **9** workshops held to review findings
- Achieved concurrence with participating agencies

Documented findings and  
recommendations

### Document



- **159** initial findings
- **28** priority recommendations developed
- Produced analytics to support recommendations

Presented to key  
stakeholders

### Communicate



- Presented findings and recommendations to OMB leadership
- To present findings and recommendations to CFO Council (September 2018)



## Key Milestones – Reduce the Amount of Cash Loss

Each program reporting an estimated cash loss over \$100 million will provide goal(s) or milestones, along with progress updates, needed for the program to improve the prevention of improper payments resulting in cash loss. *Cash loss to the Government is the amount within the improper payment estimate that should not have been paid and in theory should/could be recovered.*

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Finalize cash loss estimation methodology and identify cash loss amount	Nov 2017	Complete for over 90% of programs	No Change	Agency Program	
Programs unable to identify cash loss and finalize a cash loss estimation methodology will self identify	May 2018	Complete	Change	Agency Program	
Identify what caused the cash loss at a high level	May 2018	Complete	Change	Agency Program	
For each program, identify at least one mitigation strategy to address the cause of improper payments resulting in cash loss and publically report progress of strategy quarterly on <a href="http://paymentaccuracy.gov">paymentaccuracy.gov</a>	2019*			Agency Program/ OMB	
Identify the true root causes of the monetary loss and realign the root cause matrix	2021*			Agency Program/ OMB	
Develop mitigation strategies to get the payment right the first time and evaluate ROI to determine most impactful strategies	2022*			Agency Program/ OMB	
Improve Data Access (Identify and leverage datasets and build the capacity of data analytics by leveraging existing centers of excellence)	2022*			Agency Program/ OMB	
Implement Mitigation Strategies and Evaluate Effectiveness	2022*			Agency Program/ OMB	

\* Select dates could be earlier if additional resources are provided to the CAP Goal





Improve payment integrity and data sharing at the FFNFAP Level– Note that FFNFAP is a sub-work stream of the “Reduce the Amount of Cash Loss” milestones.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Identify an initial set of states that the Department of the Treasury Do Not Pay Business Center (DNP Business Center) should explore working with.	December 2017	Complete	No Change	OMB/ Treasury	
Identify Federally funded Non-Federally Administered Programs reporting an estimated cash loss over \$100 million	May 2018	Completed	Change	OMB	
Identify at a high level what, if any, FFNFAP actions contribute to the cash loss	August 2018	Completed	Change	Agency Program	
Identify ways the DNP Business Center can assist FFNFAP with development and implementation of mitigation strategies	2021*			OMB, Treasury, and States	
Identify ways other centers of excellence can assist FFNFAP with development and implementation of mitigation strategies	2021*			OMB, Agencies, and States	
Identify best practices for prevention for non-federal entities administering federal programs	2021*			OMB, Agencies, and States	

\* Select dates could be earlier if additional resources are provided to the CAP Goal





## Key Milestones – Clarify and Streamline Requirements

An important opportunity to reduce burden and improve compliance which will allow program resources to be focused on preventing improper payments that result in cash loss.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Identify needed statutory changes and share with Congress	October 2017	Complete	No Change	OMB	
Revise and publish agency guidance based on 2017 burden reduction engagements	June 2018	Complete	Change	OMB	
Identify additional guidance improvements and propose changes to OMB	June 2018	Complete	Change	CFOC	
Identify preliminary statutory barriers and other needed changes and present findings to OMB	June 2018	Complete	Change	CFOC	
Communicate remaining needed changes to OMB	July 2018	Complete	Change	CFOC	
OMB Revise and publish agency guidance; Implement guidance revisions	2021*	In Progress	Change	OMB	Resource constraints have delayed the progress of this milestone – Unlikely to meet original 2019 milestone due date

\* Select dates could be earlier if additional resources are provided to the CAP Goal





## Key Performance Indicators (KPI)

Key  
Performance  
Indicator

#1

**Annual Amount of Cash  
Loss**

Key  
Performance  
Indicator

#2

**Reductions in Cash  
Losses Over Time**

Key  
Performance  
Indicator

#3

**Progress Achieving  
Program Quarterly  
Milestones**

Key  
Performance  
Indicator

#4

**Streamline and Reduce  
Requirements**

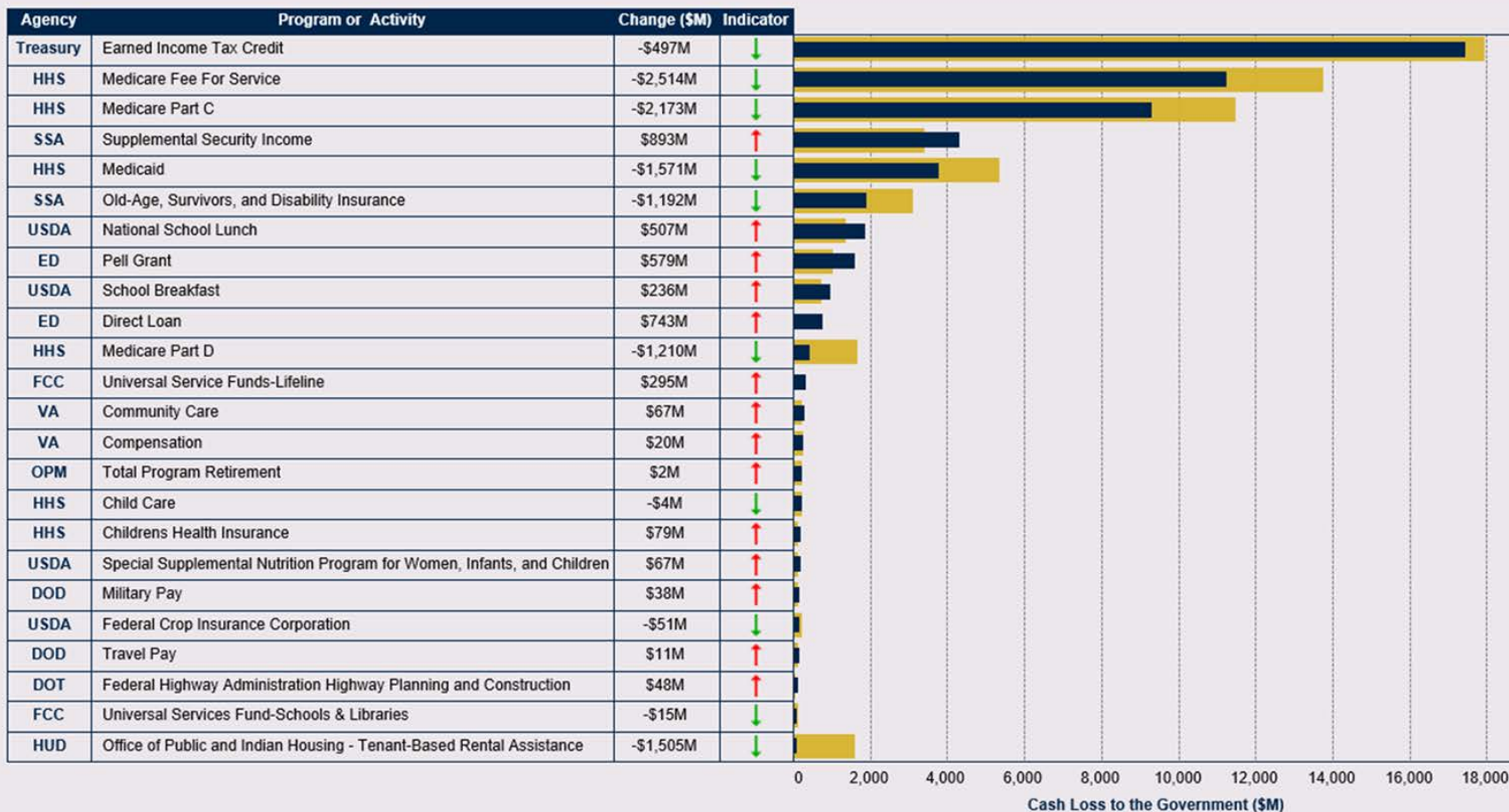
Key  
Performance  
Indicator

#5

**Improvements in Federally Funded  
Non Federally Administered  
Programs**



## Cash Loss to the Government (FY16 - FY17)



**Cash Loss** - Cash loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.

\*Amounts were reported in millions of dollars

\*Excludes programs with estimated cash loss below \$100 million

**Indicator Key**

↓ Decrease from Previous FY  
↑ Increase from Previous FY

**Fiscal Year Key**

■ FY16  
■ FY17







Goal: Getting Payments Right



HHS

Child Care

Brief Program Description:

Administers the following grant programs to States, Federal agencies and tribal governments: (1) State Programs, (2) Tribal Transportation Program, (3) Federal Lands Transportation and Access Programs, (4) and Territorial and Puerto Rico Highway Program

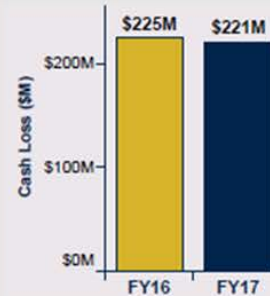
Program or Activity  
Child Care

Change from Previous FY (\$M)

-\$4M



Cash Loss by FY (\$M)



Key Milestones

		Status	ECD
1	Identify annual estimated monetary loss amount	Completed	Feb-18
2	Identify the root causes of the monetary loss	Completed	May-18
3	Identify actions needed to tackle the identified root causes of monetary loss	On-Track	Jul-18
4	Establishes quarterly progress goal(s) or milestones to mitigate root causes	At Risk	Sep-18

Quarterly Progress Goals

			Status	Notes	ECD
1	Q3 FY18	Widely inform key stakeholders on new agency budget process - 50 stakeholders informed by end of June	On-Track	N/A	Jul-18
2	Q4 FY18	Train agency stakeholders on key aspects of agency's cost accounting program	At Risk	N/A	Sep-18

Recent Accomplishments

		Date
1	Programs will provide accomplishments.....	May-18
2	Programs will provide accomplishments.....	Sep-18

FY17 Amt (\$M)	Root Cause	Brief Description	Mitigating Strategy	Anticipated Impact of Mitigation
\$65	Administrative or Process Errors Made by: State or Local Agency	State personnel not familiar with federal process	Held Advanced Modeling Training Course for cost accounting. Topics covered included: Labor and non-labor data, Data Integration, and the Data Dashboard	For every 100 stakeholders trained we anticipate preventing \$20 M of cash loss
\$156	Insufficient Documentation to Determine	State personnel not familiar with federal process	Held Advanced Modeling Training Course for cost accounting. Topics covered included: Labor and non-labor data, Data Integration, and the Data Dashboard	For every 100 stakeholders trained we anticipate preventing \$20 M of cash loss

\*\*\* SAMPLE - Does not represent real data\*\*\*





# PRESIDENT'S MANAGEMENT AGENDA

## Contributing Agencies







### **Department of Defense**

- Military Pay
- Travel Pay

### **Department of Transportation**

- Federal Highway Administration Highway Planning and Construction

### **Department of Education**

- Pell Grant
- Direct Loan

### **Federal Communications Commission**

- Universal Service Funds-Lifeline
- Universal Services Fund-Schools & Libraries

### **Department of Health and Human Services**

- Medicare Fee For Service
- Medicaid
- Medicare Part C
- Medicare Part D
- Child Care
- Children's Health Insurance

### **Department of Housing and Urban Development**

- Office of Public and Indian Housing - Tenant-Based Rental Assistance

### **Office Personnel Management**

- Total Program Retirement

### **Social Security Administration**

- Supplemental Security Income
- Old-Age, Survivors, and Disability Insurance

### **Treasury**

- Earned Income Tax Credit

### **United States Department of Agriculture**

- National School Lunch
- School Breakfast
- Special Supplemental Nutrition Program for Women, Infants, and Children
- Federal Crop Insurance Corporation

### **Department of Veterans Affairs**

- Community Care
- Compensation





## Potential Getting Payments Right CAP Goal Strategy Outputs

