Getting Payments Right

Goal Leaders

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Goal Statement

Reduce the monetary 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.
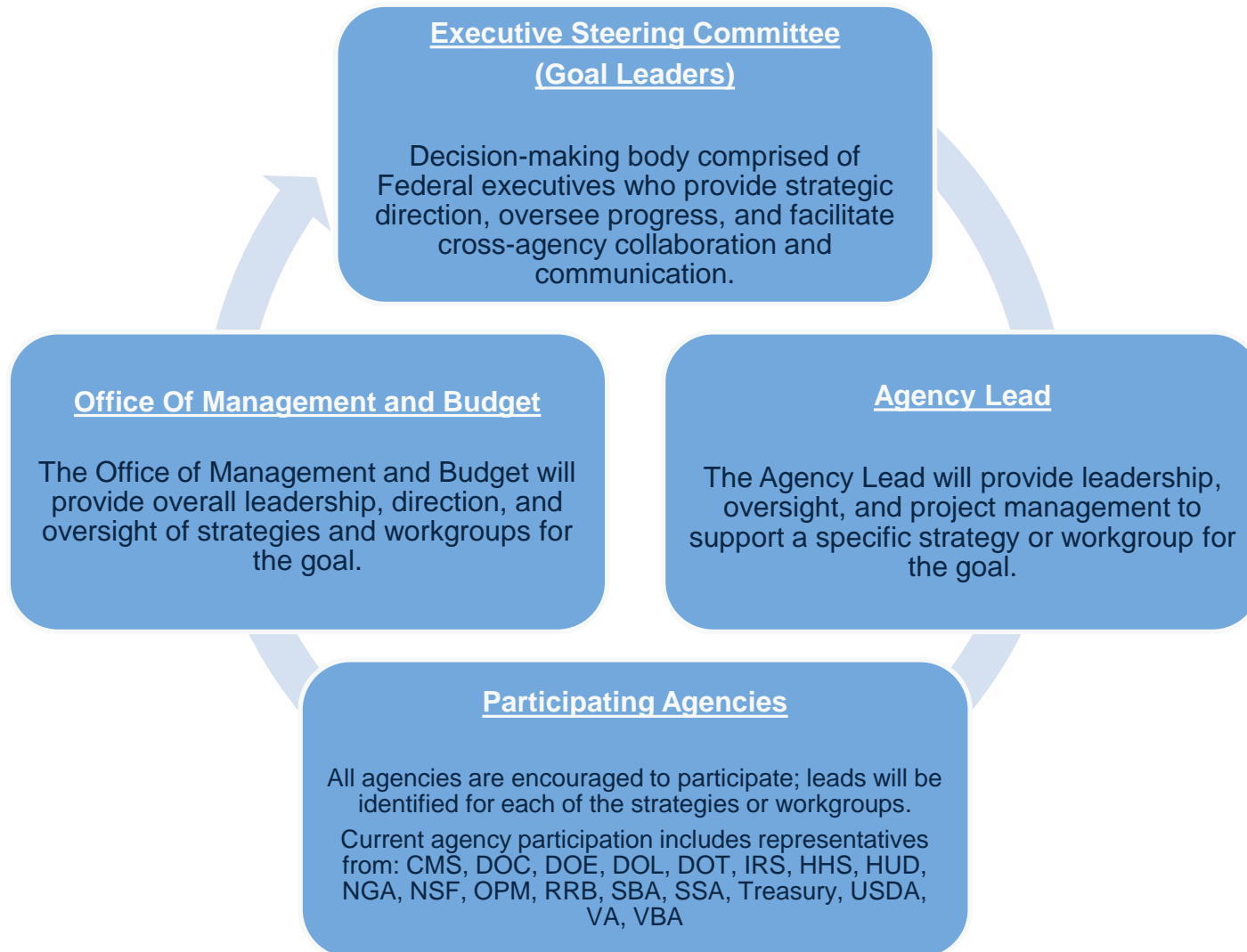
Opportunity

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.
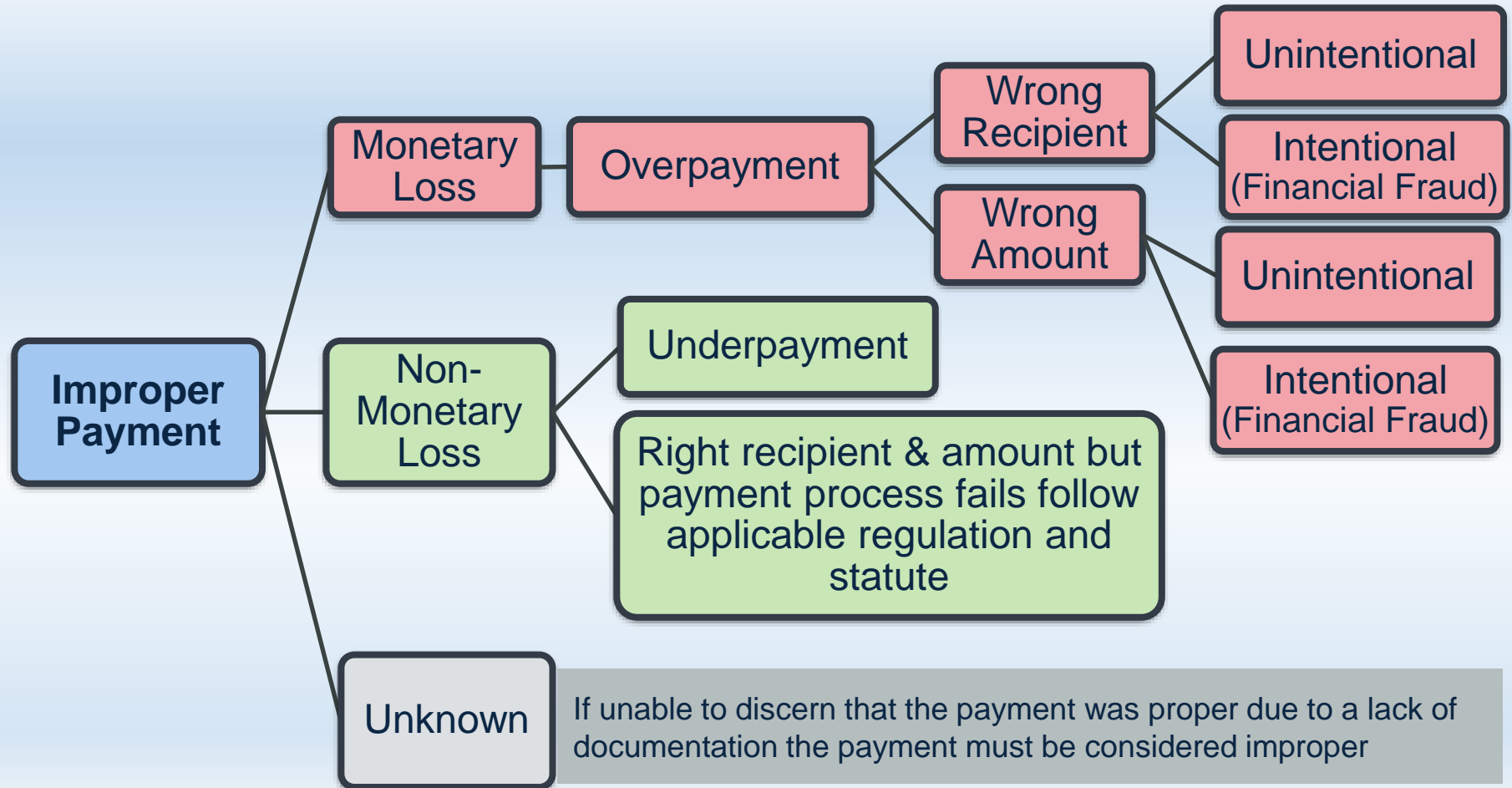
PRESIDENT'S MANAGEMENT AGENDA

Executive Steering Committee (Goal Leaders)

Decision-making body comprised of Federal executives who provide strategic direction, oversee progress, and facilitate cross-agency collaboration and communication.

Office Of Management and Budget

The Office of Management and Budget will provide overall leadership, direction, and oversight of strategies and workgroups for the goal.

Agency Lead

The Agency Lead will provide leadership, oversight, and project management to support a specific strategy or workgroup for the goal.

Participating Agencies

All agencies are encouraged to participate; leads will be identified for each of the strategies or workgroups.

Current agency participation includes representatives from: CMS, DOC, DOE, DOL, DOT, IRS, HHS, HUD, NGA, NSF, OPM, RRB, SBA, SSA, Treasury, USDA, VA, VBA

Improper Payment

- Monetary Loss
  - Overpayment
    - Wrong Recipient
      - Unintentional
      - Intentional (Financial Fraud)
    - Wrong Amount
      - Unintentional
      - Intentional (Financial Fraud)
- Non-Monetary Loss
  - Underpayment
  - Right recipient & amount but payment process fails follow applicable regulation and statute
- Unknown — If unable to discern that the payment was proper due to a lack of documentation the payment must be considered improper

Getting Payments Right – Strategy

Reduce the Amount of Monetary Loss

- **Monetary Loss Root Cause Determination and Matrix Realignment**
  - Monetary Loss Root Cause Similarities
  - Intentional (Financial Fraud)
  - Unintentional
- **Strategic Data Use**
  - Data Analytics and Centers of Excellence
- **Successful Monetary Loss Mitigation Strategy and Sharing Opportunities Identification**
  - Quarterly Corrective Action Reporting and Analysis
  - Monetary Loss Mitigation Strategy Evaluation (ROI)

Clarify and Streamline Requirements

- Payment Integrity Playbook
- Improper Payment Data Call for Paymentaccuracy.gov Revisions
- OMB Circular No. A136 Payment Integrity Section Revisions
- OMB Circular No. A123, Appendix C Revisions
- CFOC Improper Payment Working Groups –
  - Proposed Definition Changes
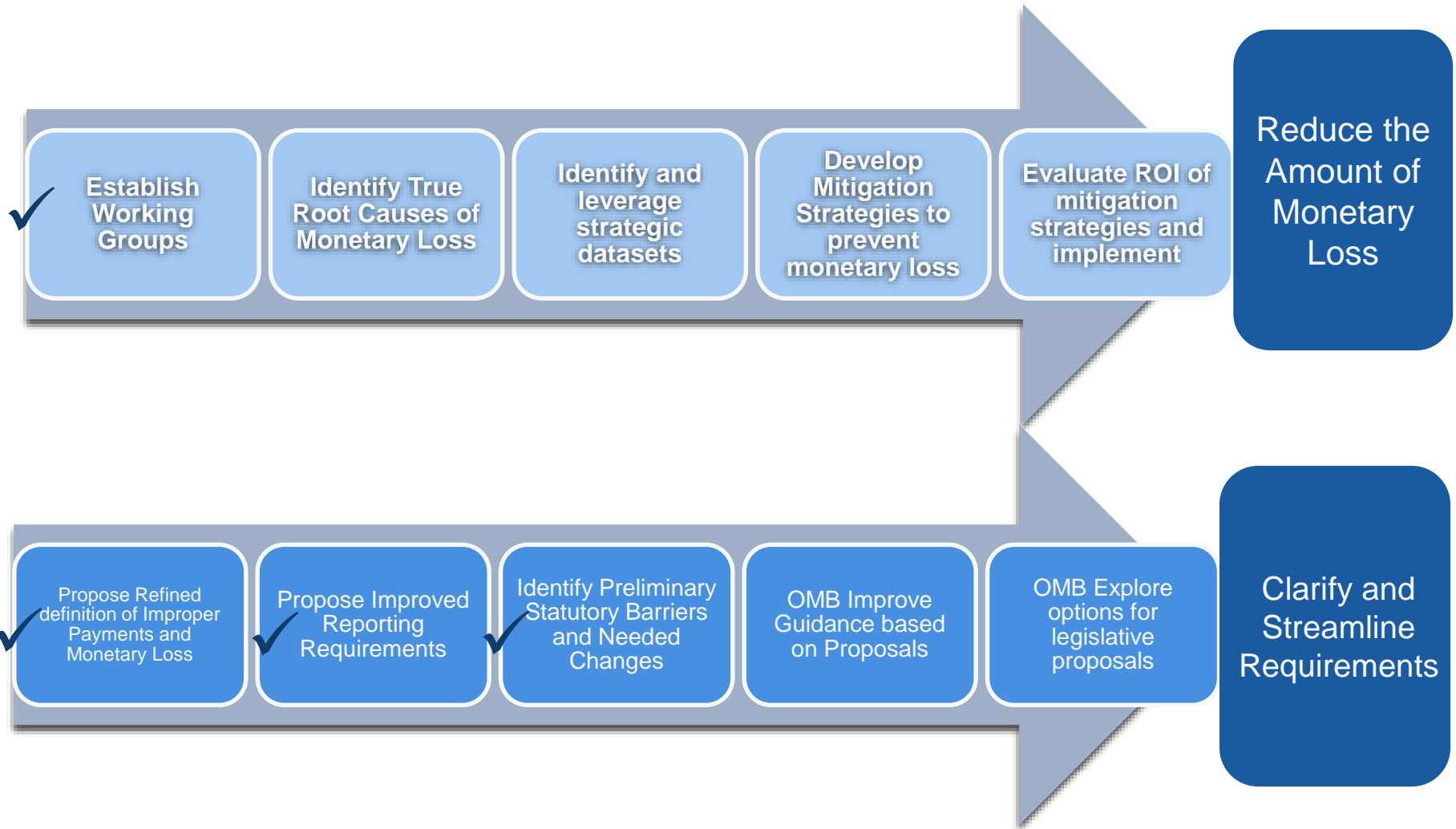 - Proposed Changes to Reporting Requirements
  - Proposed Changes to Risk Assessment
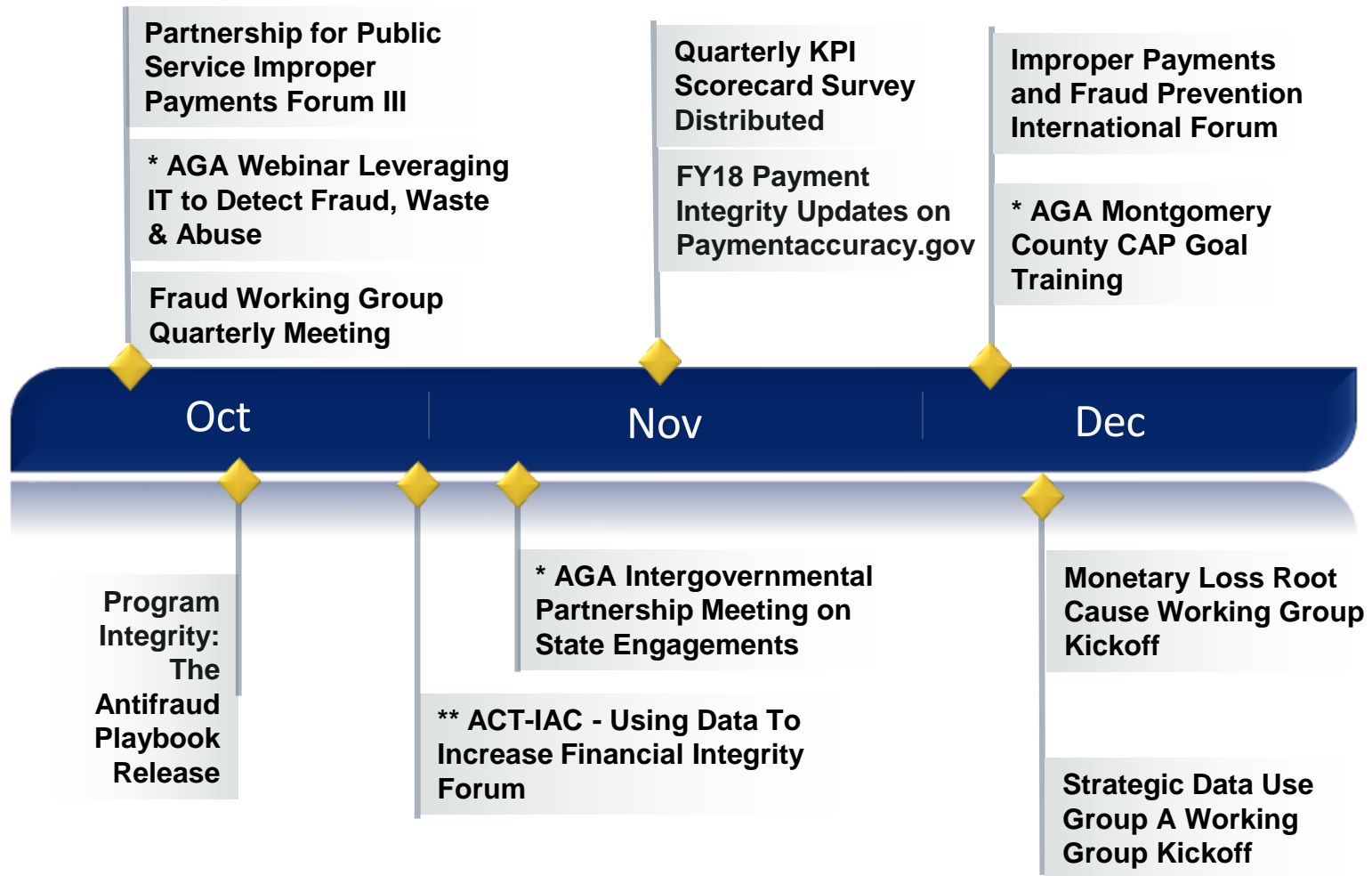 - Proposed Statutory Changes

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✓ Establish Working Groups

Identify True Root Causes of Monetary Loss

Identify and leverage strategic datasets

Develop Mitigation Strategies to prevent monetary loss

Evaluate ROI of mitigation strategies and implement

Reduce the Amount of Monetary Loss

✓ Propose Refined definition of Improper Payments and Monetary Loss

✓ Propose Improved Reporting Requirements

✓ Identify Preliminary Statutory Barriers and Needed Changes

OMB Improve Guidance based on Proposals

OMB Explore options for legislative proposals

Clarify and Streamline Requirements

✓ Completed Milestones

Partnership for Public Service Improper Payments Forum III

* AGA Webinar Leveraging IT to Detect Fraud, Waste & Abuse

Fraud Working Group Quarterly Meeting

Quarterly KPI Scorecard Survey Distributed

FY18 Payment Integrity Updates on Paymentaccuracy.gov

Improper Payments and Fraud Prevention International Forum

* AGA Montgomery County CAP Goal Training

Oct

Nov

Dec

Program Integrity: The Antifraud Playbook Release

* AGA Intergovernmental Partnership Meeting on State Engagements

** ACT-IAC - Using Data To Increase Financial Integrity Forum

Monetary Loss Root Cause Working Group Kickoff

Strategic Data Use Group A Working Group Kickoff

* Association of Government Accountants (AGA)
** American Council for Technology and Industry Advisory Council (ACT-IAC)

FY18 Improper Payment Data Call

Established Root Cause and Data Working Groups

Quarterly Scorecard Survey: KPI #3 Distributed

2018	Oct	Nov	Dec

Improper Payment Recommendations to OMB Leadership and CFOC

Anti-Fraud Playbook

Fraud Working Group (FRDAA)

Root Cause and Data Working Group Meetings
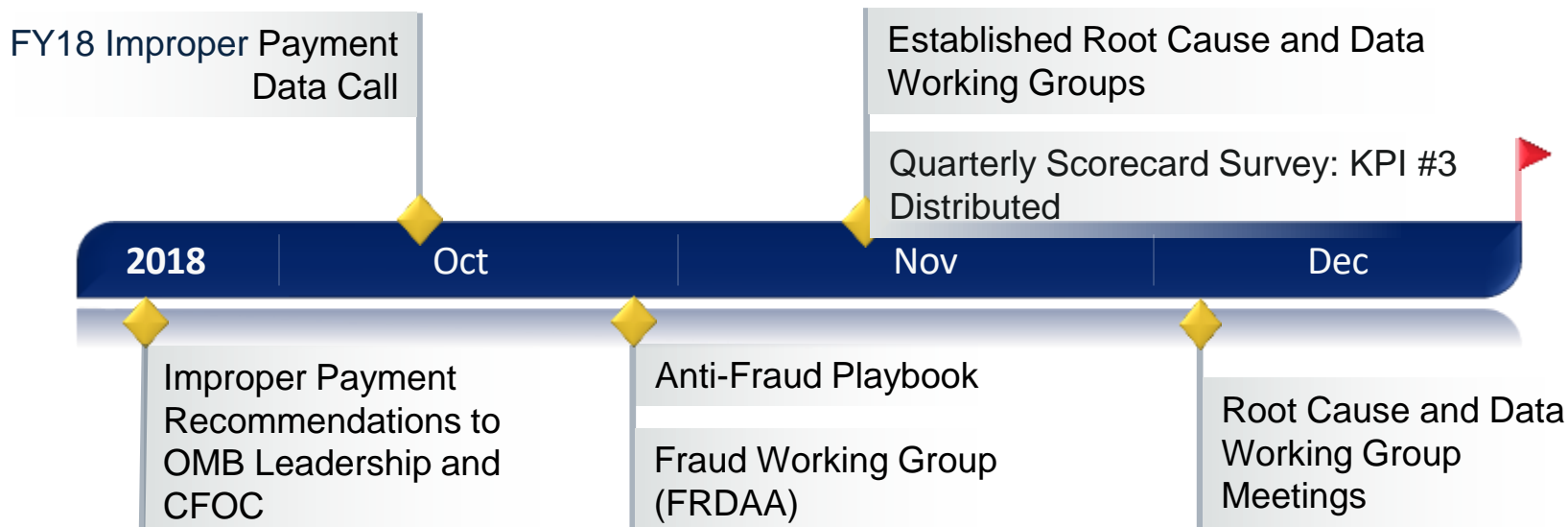
- **August - September 2018 –** Provided Improper payment recommendation to Office of Management and Budget (OMB) Leadership and briefed Chief Financial Officers Council on recommendation made to OMB Leadership.
- **October 2018 -** Released an Anti-Fraud Playbook to provide best practices and fraud prevention techniques for use across the Federal Government as a means to help reduce improper payments due to fraud, which in turn saves tax payers money.
- **October 2018 - Improper Payment Data Call:** Received responses from more than twenty executive agencies for the fiscal year 2018 improper payment data call. Reviewed and collaborated with agencies on more than 10,000 improper payments data points collected during the data call. Data was made available to federal government policy makers and to the American public on paymentaccuracy.gov in November 2018.
- **October 2018 –** Held quarterly Fraud Reduction and Data Analytics Act (FRDAA) Working Group Meeting.
- **November 2018 –** Established additional Government-wide working groups to address the causes of improper payments, develop solutions and implement mitigation strategies to prevent improper payments.
- **November 2018 -** Released quarterly scorecard survey to agencies for Key Performance Indicator (KPI) #3 to highlight quarterly progress made on programs with more than $100M monetary loss and/or High-Priority Programs. Scorecard will fulfill a statutory requirement and reports progress to Congress and the public. Results will be available on paymentaccuracy.gov in Jan 2019. See slide #14 for sample scorecard.
- **December 2018 –** Began weekly meetings with two of ten working groups, Root Cause and Data. The Root Cause Working Group's initial focus is to understand existing payment processes behind monetary loss. The Data Working Group's initial focus is to identify public and private data sets to be used to perform eligibility pre-checks.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner
Finalize monetary loss estimation methodology and identify monetary loss amount	Nov 2017	Complete for over 90% of programs	No Change	Agency Program
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
Programs unable to identify monetary loss and finalize a monetary loss estimation methodology will self identify	May 2018	Complete	No Change	Agency Program
Identify what caused the monetary loss at a high level	May 2018	Complete	No Change	Agency Program
Identify Federally funded Non-Federally Administered Programs reporting an estimated monetary loss over $100 million	May 2018	Completed	No Change	OMB
Identify at a high level what, if any, FFNFAP actions contribute to the monetary loss	August 2018	Completed	No Change	Agency Program

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

Reduce the amount of monetary loss to Government by identifying true root cause of improper payments resulting in monetary loss, determine needed data to develop solutions and implement mitigation strategies to prevent the improper payments. *Monetary 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
Programs reporting an estimated monetary loss over $100M will provide goal(s) or milestones, and progress updates needed for the program to improve prevention of improper payments resulting in monetary loss	Quarterly	4th Quarter FY18 In Progress	Change	Agency Program	
For each program, identify at least one mitigation strategy to address the cause of improper payments resulting in monetary loss and publically report progress of strategy quarterly on paymentaccuracy.gov	2019*			Agency Program/ OMB	
Identify the true root causes of the monetary loss and realign the root cause matrix	2021*			Agency Program/ OMB	
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	

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Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Identify best practices for prevention for non-federal entities administering federal programs	2021*			OMB, Agencies, and States	
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	2024*			Agency Program/ OMB	

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

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

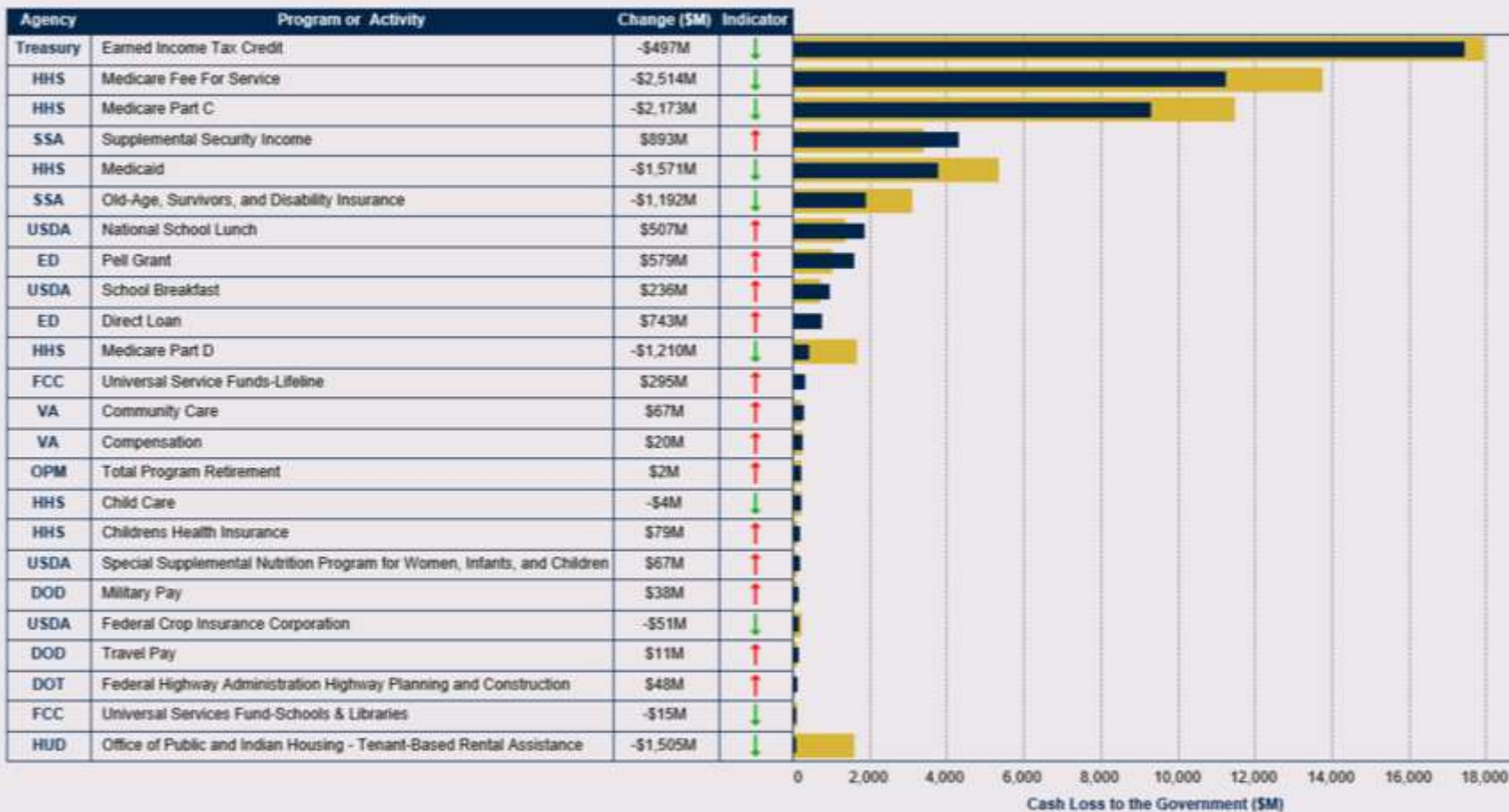| Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Identify needed statutory changes and share with Congress	October 2017	Complete	No Change	OMB	
Revise and publish agency guidance based on 2017 burden 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.

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

Amount of Monetary Loss and Change in Monetary Loss (KPI #1 & #2)

Cash Loss to the Government (FY16 - FY17)

Agency	Program or Activity	Change ($M)	Indicator
Treasury	Earned Income Tax Credit	-$497M	↓
HHS	Medicare Fee For Service	-$2,514M	↓
HHS	Medicare Part C	-$2,173M	↓
SSA	Supplemental Security Income	$893M	↑
HHS	Medicaid	-$1,571M	↓
SSA	Old-Age, Survivors, and Disability Insurance	-$1,192M	↓
USDA	National School Lunch	$507M	↑
ED	Pell Grant	$579M	↑
USDA	School Breakfast	$236M	↑
ED	Direct Loan	$743M	↑
HHS	Medicare Part D	-$1,210M	↓
FCC	Universal Service Funds-Lifeline	$295M	↑
VA	Community Care	$67M	↑
VA	Compensation	$20M	↑
OPM	Total Program Retirement	$2M	↑
HHS	Child Care	-$4M	↓
HHS	Childrens Health Insurance	$79M	↑
USDA	Special Supplemental Nutrition Program for Women, Infants, and Children	$67M	↑
DOD	Military Pay	$38M	↑
USDA	Federal Crop Insurance Corporation	-$51M	↓
DOD	Travel Pay	$11M	↑
DOT	Federal Highway Administration Highway Planning and Construction	$48M	↑
FCC	Universal Services Fund-Schools & Libraries	-$15M	↓
HUD	Office of Public and Indian Housing - Tenant-Based Rental Assistance	-$1,505M	↓

Cash Loss to the Government ($M)

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

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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
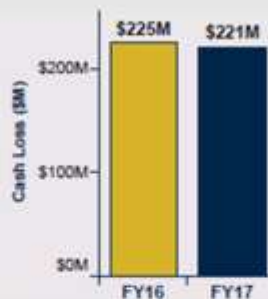
Program or Activity
Child Care

Change from Previous FY ($M) | -$4M ↓

Cash Loss by FY ($M) — bar chart showing FY16 $225M and FY17 $221M

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 Accomplishements		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***

Agencies Currently Participating in Working Groups

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

Department of Health and Human Services

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

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 Program
- Special Supplemental Nutrition Program for Women, Infants, and Children
- Supplemental Nutrition Assistance Program
- Federal Crop Insurance Corporation Program

Department of Veterans Affairs

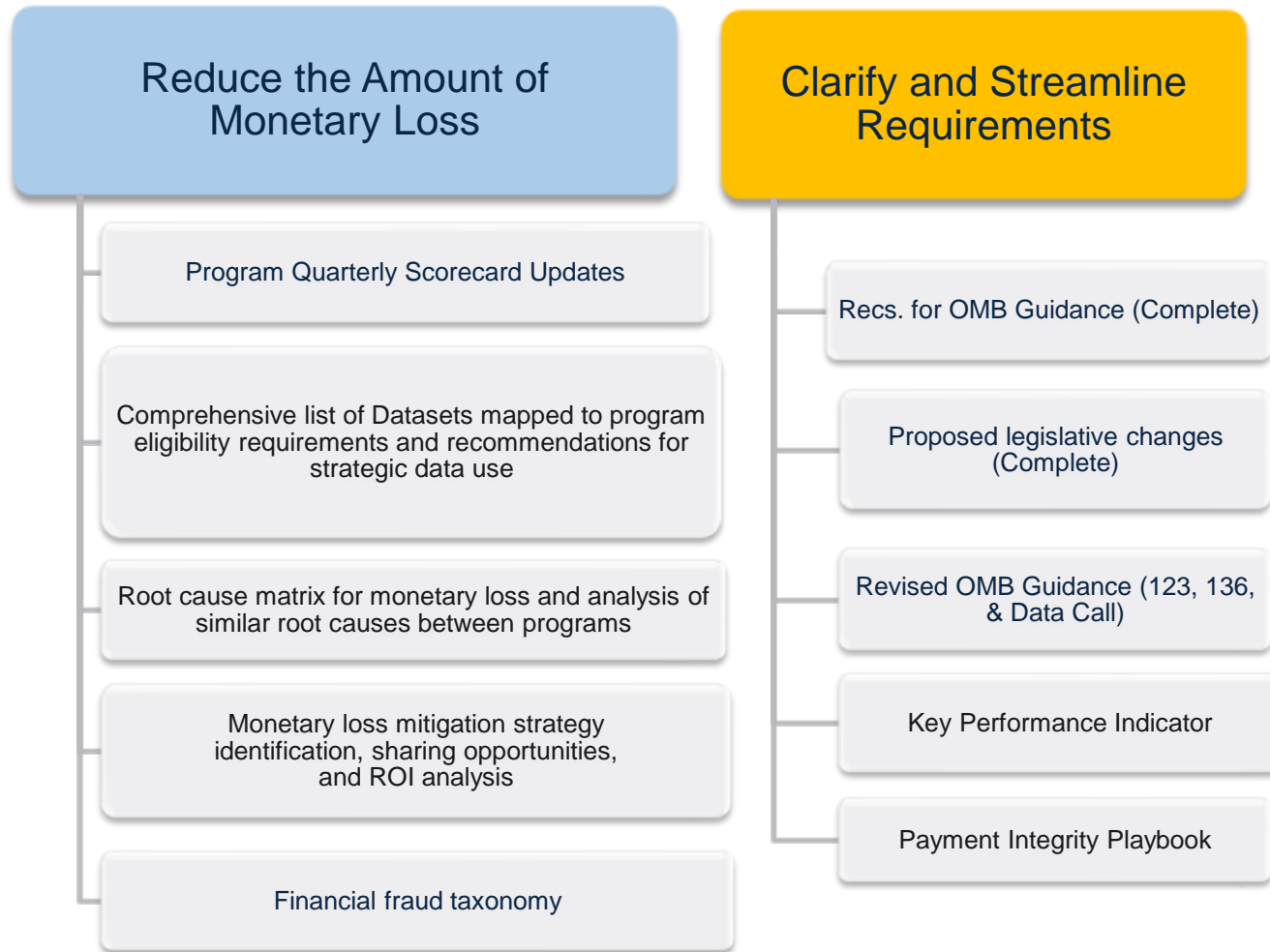- Community Care
- Compensation
- Pension

Reduce the Amount of Monetary Loss

- Program Quarterly Scorecard Updates
- Comprehensive list of Datasets mapped to program eligibility requirements and recommendations for strategic data use
- Root cause matrix for monetary loss and analysis of similar root causes between programs
- Monetary loss mitigation strategy identification, sharing opportunities, and ROI analysis
- Financial fraud taxonomy

Clarify and Streamline Requirements

- Recs. for OMB Guidance (Complete)
- Proposed legislative changes (Complete)
- Revised OMB Guidance (123, 136, & Data Call)
- Key Performance Indicator
- Payment Integrity Playbook

Monetary Loss Root Causes

- Revise root cause matrix to focus on causes of monetary loss
- Analysis and identification of similarities across programs

Strategic Data Use

- Identify data sets/analysis techniques and link to root causes
- Obtain needed data to perform pre-payment checks

Mitigation Strategies

- Identify mitigation strategies for monetary loss prevention
- Share and implement strategies across the government

Develop understanding of existing payment processes behind the improper payments resulting in monetary loss

Document the payment process steps and identify the point(s) where the improper payment resulting in monetary loss is occurring

Identify what is causing the improper payments resulting in monetary loss at the point(s) previously identified

Group similar causes together and develop revised root cause matrix categories for improper payments resulting in monetary loss

*Revised root cause matrix for improper payments resulting in monetary loss.

*Analysis containing root cause similarities mapped across programs.

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Phase 1
- Identify all available data sets that could be used to perform eligibility pre-checks
- Identify which data sets are currently being used to perform pre-checks and analysis aimed at preventing monetary loss
- Catalogue data elements within each dataset

*Report containing all datasets with elements identified.
*Report indicating which data sets are being used and how they are being used.

Phase 2
- Using revised root cause analysis, identify where access to data for eligibility pre-check could mitigate the improper payments
- Identify which data sets can be used to perform pre-checks for improper payment prevention of monetary loss
- Prioritize data sources by greatest impact to prevention of monetary loss

*Report containing data sets/analysis that can be used.
*Report indicating amount of monetary loss that will be prevented from accessing identified data sets/analysis.

Phase 3
- Identify the method and/or requirement for accessing/incorporating the data
- Identify the ROI and Barriers to accessing data
- Develop proposal to access the data

*Report containing barriers to accessing data/analytics
*Report containing ROI
*Proposal(s) to access data/analytics
*Monetary loss prevention associated with each proposal

Phase 4
- Execute each proposal
- Incorporate data into pre-payment review process and demonstrate effectiveness of monetary loss prevention

*Revised Statute presented to and adopted by Congress
*Proposals presented to and adopted by other entities determined
*Business Process for new data incorporation
*Preliminary Analysis of impact

Phase 1

*Using revised root cause analysis, identify which monetary loss root causes need mitigation strategies that are not data dependent.

*Convene experts to share current mitigation strategies for identified monetary loss root causes.

*Evaluate shared mitigation strategies to determine which could be leveraged for identified root causes.

Phase 2

*Prioritize the mitigation strategies to identify those which will yield the greatest amount of monetary loss and those which are easiest and fastest to implement.

*Develop proposals to implement mitigation strategies

Phase 3

*Implement mitigation strategies

*Demonstrate effectives of preventative actions

Phase 1 Output
*Report/File containing best practices and lessons learned

Phase 2 Output
*Report/file containing ROI analysis for mitigation strategies
*Report/file with implementation proposals

Phase 3 Output
*Revised Statute/proposals presented and adopted by appropriate entity
*Preliminary Analysis of impact