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.
Overview - Getting Payments Right

Goal Leadership

**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: DHS, DOD, DOE, DOI, DOL, DOT, ED, FCC, HHS, HUD, NASA, NSF, OPM, SBA, SSA, Treasury, USAID, USDA, VA
Getting Payments Right Goal Governance

**REDUCE THE AMOUNT OF CASH LOSS**

OMB Lead: Heather Pajak  
Agency Lead: TBD through Application Process  
Includes a focus on both Federally Funded Federally Administered & Federally Funded Non-Federally Administered Programs

**Key Strategy Steps:**
- Cash Loss Methodology Development
- Root Cause Identification
- Mitigation Strategy Development

**Working Groups:**
- Quarterly Reporting Development and Analysis
- Root Cause Matrix Realignment
- Strategic Data Use
- Financial Fraud (note fraud will be addressed within other working groups and will be broken out in a subgroup if needed)
- Successful Monetary Loss Mitigation Strategy and Sharing Opportunities Identification

**Logistical Support:** TBD

**Outputs:**
- 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
- Monetary loss mitigation strategy identification, sharing opportunities, and ROI analysis
- Financial fraud taxonomy

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**CLARIFY AND STREAMLINE REQUIREMENTS**

OMB Lead: Scott Gaines  
Agency Lead: TBD through Application Process

**Key Strategy Steps:**
- Identify and revise OMB Guidance Changes
- Identify and propose Statutory Changes

**Working Groups:**
- Definition (Complete)
- Reporting Requirements (Complete)
- Risk Assessment (Complete)
- Other Statutory Changes (Complete)
- Guidance Revision
- KPI Development
- Payment Integrity Playbook

**Logistical Support:** TBD

**Outputs:**
- Recs. For OMB Guidance (Complete)
- Proposed legislative changes (Complete)
- Revised OMB Guidance (123, 136, & Data Call)
- Key Performance Indicator
- Playbook
Getting Payments Right Goal Strategy with Select Milestones

Identify True Root Causes of Monetary Loss
Develop Mitigation Strategies to prevent cash loss
Identify and leverage strategic datasets
Evaluate ROI of mitigation strategies and implement

Reduce the Amount of Cash Loss
Partner with Federally Funded Non Federally Administered Programs (FFNFAP)

Identify high level root causes of monetary loss in FFNFAPs
Identify ways the DNP Business Center and other centers of excellence can assist
Share and Leverage Program Best Practices

* FFNFAP is a sub-work stream of the “reduce the amount of cash loss” Strategy

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
Progress - Getting Payments Right CAP Goal Communications with Federal, State, Local and Private Entities

- **April**
  - JFMIP Federal Financial Management Conference
  - Partnership for Public Service

- **May**
  - Association of Government Accountants (AGA) Professional Development Training
  - MITRE
    - Association of Government Accountants (AGA) DC Chapter Training Conference
    - Association of Government Accountants (AGA) Montgomery/PG County Chapter Training
    - CIGIE/GAO Financial Audit Conference

- **June**
  - Payment Integrity Reporting and IPERA Compliance Town Hall

- **July**
  - Partnership for Public Service
  - Association of Government Accountants (AGA) Fraud and Internal Controls Training

- **August**
  - AICPA Governmental Accounting and Auditing Update Conference

- **Sept**
  - Appendix C Changes Town Hall
• **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 FRDAA 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)

**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

**Engage**

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

**Document**

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

**Communicate**

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

Surveyed, collected, and analyzed responses

Collaborated with working group members

Documented findings and recommendations

Presented to key stakeholders
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

<table>
<thead>
<tr>
<th>Key Milestones</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Change from last quarter</th>
<th>Owner</th>
<th>Anticipated Barriers or other Issues Related to Milestone Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalize cash loss estimation methodology and identify cash loss amount</td>
<td>Nov 2017</td>
<td>Complete for over 90% of programs</td>
<td>No Change</td>
<td>Agency Program</td>
<td></td>
</tr>
<tr>
<td>Programs unable to identify cash loss and finalize a cash loss estimation methodology will self identify</td>
<td>May 2018</td>
<td>Complete</td>
<td>Change</td>
<td>Agency Program</td>
<td></td>
</tr>
<tr>
<td>Identify what caused the cash loss at a high level</td>
<td>May 2018</td>
<td>Complete</td>
<td>Change</td>
<td>Agency Program</td>
<td></td>
</tr>
<tr>
<td>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 paymentaccuracy.gov</td>
<td>2019*</td>
<td></td>
<td></td>
<td>Agency Program/ OMB</td>
<td></td>
</tr>
<tr>
<td>Identify the true root causes of the monetary loss and realign the root cause matrix</td>
<td>2021*</td>
<td></td>
<td></td>
<td>Agency Program/ OMB</td>
<td></td>
</tr>
<tr>
<td>Develop mitigation strategies to get the payment right the first time and evaluate ROI to determine most impactful strategies</td>
<td>2022*</td>
<td></td>
<td></td>
<td>Agency Program/ OMB</td>
<td></td>
</tr>
<tr>
<td>Improve Data Access (Identify and leverage datasets and build the capacity of data analytics by leveraging existing centers of excellence)</td>
<td>2022*</td>
<td></td>
<td></td>
<td>Agency Program/ OMB</td>
<td></td>
</tr>
<tr>
<td>Implement Mitigation Strategies and Evaluate Effectiveness</td>
<td>2022*</td>
<td></td>
<td></td>
<td>Agency Program/ OMB</td>
<td></td>
</tr>
</tbody>
</table>

* 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.

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

* 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 cash loss.

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

* Select dates could be earlier if additional resources are provided to the CAP Goal.
Key Performance Indicators (KPI)

**#1**
Annual Amount of Cash Loss

**#2**
Reductions in Cash Losses Over Time

**#3**
Progress Achieving Program Quarterly Milestones

**#4**
Streamline and Reduce Requirements

**#5**
Improvements in Federally Funded Non Federally Administered Programs
KPI #1 & #2 - Amount of Cash Loss and Change in Cash Loss

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

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

**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
KPI #3 - Sample Quarterly Program Scorecard

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

Key Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Status</th>
<th>ECD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Completed</td>
<td>Feb-18</td>
</tr>
<tr>
<td>2</td>
<td>Completed</td>
<td>May-18</td>
</tr>
<tr>
<td>3</td>
<td>On-Track</td>
<td>Jul-18</td>
</tr>
<tr>
<td>4</td>
<td>At Risk</td>
<td>Sep-18</td>
</tr>
</tbody>
</table>

Quarterly Progress Goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Status</th>
<th>Notes</th>
<th>ECD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY18</td>
<td>On-Track</td>
<td>N/A</td>
<td>Jul-18</td>
</tr>
<tr>
<td>Q4 FY18</td>
<td>At Risk</td>
<td>N/A</td>
<td>Sep-18</td>
</tr>
</tbody>
</table>

Recent Accomplishments

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

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

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*** SAMPLE - Does not represent real data ***
Programs with +$100 Million Cash Loss in FY 2017

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

Reduce the Amount of Cash 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