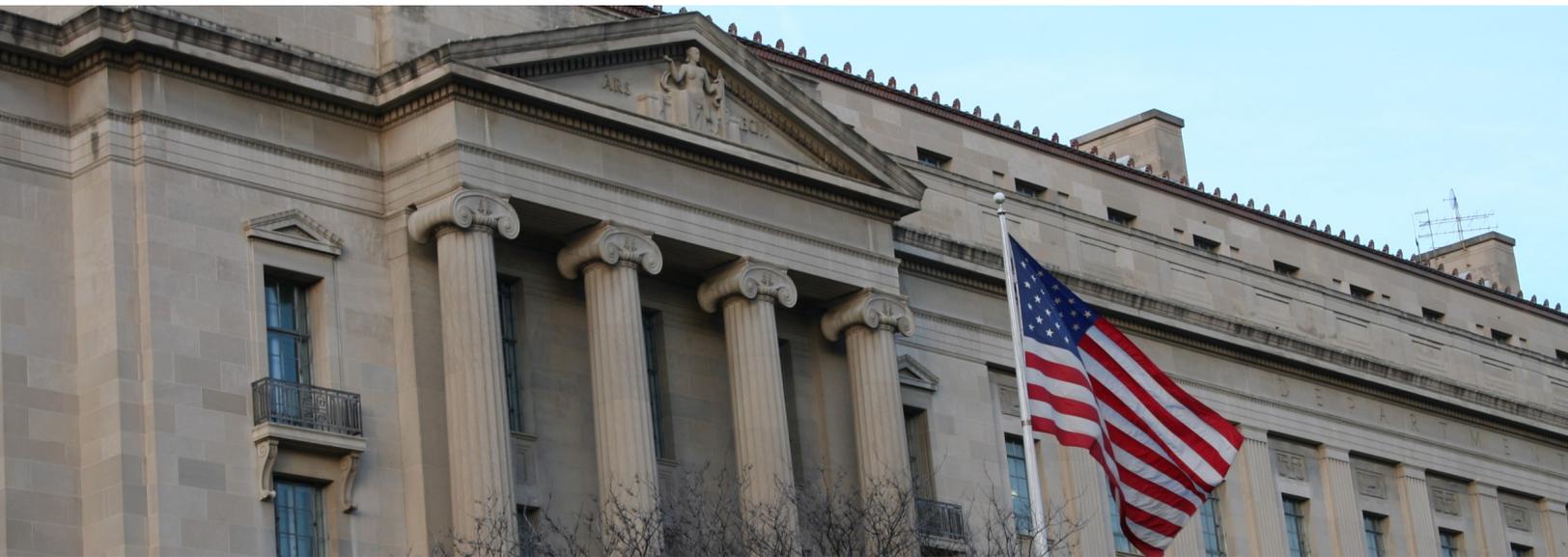




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Examination of the U.S.
Department of Justice's Fiscal Year
2019 Compliance under the
Improper Payments Elimination
and Recovery Act of 2010**



Executive Summary

Examination of the U.S. Department of Justice's Fiscal Year 2019 Compliance under the Improper Payments Elimination and Recovery Act of 2010

Objectives

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires each Office of the Inspector General (OIG) to determine its department's compliance under IPERA and to submit a report on that determination. The Department of Justice (Department or DOJ) OIG examined the Department's compliance under IPERA for the fiscal year ended September 30, 2019.

Results in Brief

The OIG found that the Department complied under IPERA for fiscal year 2019.

Furthermore, through payment recapture audits in fiscal year 2019, the Department identified for recovery \$8.81 million and recovered \$11.78 million in current and prior year improper payments. Outside of the Department's payment recapture audits, the OIG identified through its audits \$2.42 million in additional improper payments, and the Department recovered \$2.18 million of current and prior year improper payments.

Recommendations

No recommendations are provided in the report.

Audit Results

The OIG examined the Department's compliance under the requirements of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements*, for the fiscal year ended September 30, 2019.

The following table summarizes the Department's compliance status for each requirement.

Compliance Requirements for Agencies:	Department's Compliance
Publish an Agency Financial Report (AFR) or Performance and Accountability Report (PAR) for the most recent fiscal year and post that report and any accompanying materials required by OMB on the agency website.	Compliant
Conduct a program-specific risk assessment for each program or activity that conforms with Section 3321 note of Title 31 U.S.C. (if required).	Compliant
Publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required).	Not Required
Publish programmatic corrective action plans in the AFR or PAR (if required).	Not Required
Publish, and meet, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable).	Not Required and Not Applicable
Report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR or PAR.	Not Required

**EXAMINATION OF THE U.S. DEPARTMENT OF JUSTICE'S FISCAL
YEAR 2019 COMPLIANCE UNDER THE IMPROPER PAYMENTS
ELIMINATION AND RECOVERY ACT OF 2010**

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EXAMINATION OF THE U.S. DEPARTMENT OF JUSTICE'S FISCAL YEAR 2019 COMPLIANCE UNDER THE IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT OF 2010

INTRODUCTION

On July 22, 2010, the President of the United States signed into law the Improper Payments Elimination and Recovery Act of 2010 (IPERA); and on January 10, 2013, the President signed into law the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), both of which amended the Improper Payments Information Act of 2002 (IPIA). IPERA expanded the scope of IPIA beyond commercial payments to include more payment types, such as grants and cooperative agreements, and benefit and assistance payments. IPERA also required agencies, including the Department of Justice (DOJ or Department), to annually report information on improper payments to the President and Congress through their Agency Financial Report (AFR). IPERIA further expanded the types of payments to be considered to include employee disbursements and government charge card payments. It also required agencies to have implemented prepayment and pre-award procedures that include verifying all vendor payments through the Do Not Pay system by June 1, 2013.

Agencies are required to assess every federal program and dollar disbursed for improper payment risk, measure the accuracy of payments, and initiate program improvements to ensure payment errors are reduced. Specifically, they are required to review all programs and activities and identify those that are susceptible to significant improper payments. For those programs or activities that are deemed susceptible to significant improper payments, either by the agency or by law, the agency must obtain a statistically valid estimate of the annual amount of improper payments and thereafter implement a plan to reduce improper payments. Agencies should annually report in the AFR their progress in reducing improper payments. In fiscal year 2019, federal agencies reported \$175 billion in estimated improper payments.

In addition to reporting the estimated annual amount of improper payments for programs or activities susceptible to significant improper payments, IPERA requires agencies to conduct payment recapture audits for each program and activity that expends \$1 million or more annually, if conducting such audits is cost effective. Agencies must have a cost-effective program of internal controls to prevent, detect, and recover overpayments resulting from payment errors. All agencies are required to establish annual targets for their payment recapture audit programs that will drive annual performance.

Each fiscal year, the Office of the Inspector General (OIG) of each agency is responsible for determining its department's compliance under the improper payment reporting requirements, as set forth in Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements*. The

OIG is required to complete its assessment and submit a report, by May 15 of the following year after issuance of the AFR, on its determination to the head of the agency, the Committee on Homeland Security and Governmental Affairs of the U.S. Senate, the Committee on Oversight and Government Reform of the U.S. House of Representatives, the Comptroller General, and the Controller of OMB.

The OIG's responsibility, as described in OMB Circular A-123, Appendix C, and as related to a compliance examination, is to determine an agency's compliance under IPERA. Compliance under IPERA means that the Department has: (1) published an AFR for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the Department's website; (2) conducted a program-specific risk assessment for each program or activity that conforms with Section 3321 note of Title 31 U.S.C. (if required); (3) published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required); (4) published programmatic corrective action plans in the AFR (if required); (5) published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable); and (6) reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR. If the OIG identifies any noncompliance with the items noted above, these issues are to be documented in the *Independent Report on Compliance under the Improper Payments Elimination and Recovery Act of 2010* and the Department would be deemed to be noncompliant under IPERA.

Additionally, OMB Circular A-123, Appendix C, states that the OIG "should also evaluate the accuracy and completeness of agency reporting, and evaluate agency performance in reducing and recapturing improper payments." The Circular also states, "As part of its report, the agency Inspector General should include its evaluation of agency efforts to prevent and reduce improper payments, and any recommendations for actions to further improve the agency's or program's performance in reducing improper payments; corrective actions; or internal controls." We considered these additional procedures while performing the examination.

EXAMINATION RESULTS

The OIG examined the Department's compliance under the requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements*, for the fiscal year ended September 30, 2019.

Our procedures confirmed that the Department reviewed the requirements of IPERA, as well as OMB Circular A-123, Appendix C, and OMB Circular A-136, to collect and publish information on the Department's improper payments as of September 30, 2019, in its AFR (item 1 in the previous section). Our procedures also confirmed that the Department conducted a risk assessment of its five self-identified programs (item 2 in the previous section) to determine if any were deemed to be susceptible to significant improper payments, defined as gross annual improper payments in the program exceeding the statutory thresholds of either \$100 million or both 1.5 percent of program outlays and \$10 million. Based on the results of its risk assessment, the Department determined that it did not have any programs or activities that were susceptible to significant improper payments as of September 30, 2019. Therefore, the Department did not publish a gross estimate for its annual amount of improper payments (item 3 in the previous section). As a result of the Department's risk assessment not identifying any programs or activities to be susceptible to significant improper payments, the Department was not required to include the following information in its AFR: programmatic corrective actions plans, annual reduction targets for programs at risk, and a gross improper payment rate of less than 10 percent for each program (items 4, 5, and 6 in the previous section, respectively).

The OIG found that the Department complied under IPERA requirements for fiscal year 2019, and we issued an unmodified opinion in our independent auditors report. Table 1 summarizes the Department's compliance status for each requirement and DOJ mission-aligned program. We provide no recommendations in this report.

Table 1

The Department’s Compliance under IPERA

DOJ Mission-Aligned Program	Published an AFR or PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Reported an Improper Payment of Less than 10 Percent
Administrative, Technology, and Other	Compliant	Compliant	Not Required	Not Required	Not Required and Not Applicable	Not Required
Litigation	Compliant	Compliant	Not Required	Not Required	Not Required and Not Applicable	Not Required
Law Enforcement	Compliant	Compliant	Not Required	Not Required	Not Required and Not Applicable	Not Required
State, Local, Tribal, and Other Assistance	Compliant	Compliant	Not Required	Not Required	Not Required and Not Applicable	Not Required
Prisons and Detention	Compliant	Compliant	Not Required	Not Required	Not Required and Not Applicable	Not Required

Source: DOJ OIG analysis

Through payment recapture audits in fiscal year 2019, the Department identified for recovery \$8.81 million. In fiscal year 2019, the Department recovered, \$11.78 million of which \$7.91 million was identified for recapture in the current year and \$3.87 million in previous years. As a result, the improper payments recaptured exceeded the improper payments identified for an annual improper payment recovery rate of 133.7 percent. As noted in the aging schedule on page 12, the Department reported \$3.48 million in overpayments identified through payment recapture audit activities that was outstanding (not recaptured) as of the end of FY 2019.

Outside of payment recapture audits, the OIG, through its audits, identified \$2.42 million in additional improper payments, and the Department recovered \$2.18 million of current and prior year improper payments, which is an annual improper payments recovery rate of 90.1 percent.¹

¹ As of the end of FY 2019, the OIG reported open audit recommendations associated with over \$151 million in questioned costs awaiting Department management’s final action necessary to remedy. U.S. Department of Justice Office of the Inspector General, [Semiannual Report to Congress](#), (April 1, 2019 – September 30, 2019)



**OFFICE OF THE INSPECTOR GENERAL'S INDEPENDENT REPORT
ON COMPLIANCE UNDER THE IMPROPER PAYMENTS
ELIMINATION AND RECOVERY ACT OF 2010**

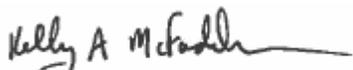
United States Attorney General
U.S. Department of Justice

We have examined the U.S. Department of Justice's (Department) compliance under the requirements of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements* as they relate to the Improper Payments Elimination and Recovery Act of 2010, for the fiscal year ended September 30, 2019. Management is responsible for the Department's compliance with these specified requirements. Our responsibility is to express an opinion on the Department's compliance under the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Department complied under the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department's compliance with specified requirements.

In our opinion, the Department complied, in all material respects, with the aforementioned specified requirements for the fiscal year ended September 30, 2019.

The purpose of this report is solely to provide the results of our examination to Department management, the Office of Management and Budget, U.S. Government Accountability Office, and the U.S. Congress. This report is not suitable for any other purpose.



Kelly A. McFadden, CPA
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

April 27, 2020

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objective of this examination was to determine the Department's compliance under IPERA, in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvements*; and OMB Circular A-136, *Financial Reporting Requirements*, for the fiscal year ended September 30, 2019. Pursuant to IPERA, we were required to determine whether the agency is in compliance under IPERA and to submit a report on that determination. Compliance under IPERA means that the Department has: (1) published an AFR for the most recent fiscal year and posted that report and any accompanying materials required by OMB on the Department's website; (2) conducted a program-specific risk assessment for each program or activity that conforms with Section 3321 note of Title 31 U.S.C. (if required); (3) published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required); (4) published programmatic corrective action plans in the AFR (if required); (5) published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable); and (6) reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the AFR.

Scope and Methodology

We performed an examination of the Payment Integrity information section published in the Department's fiscal year 2019 AFR to determine compliance under IPERA. The Department's improper payments information was for the period ended September 30, 2019. To determine compliance under IPERA, we gained an understanding of the Department and component-level controls through inquiry procedures, examined documentation supporting the information published in the Department's AFR, as well as re-performed calculations computed by the Department to populate the improper payment information published in the AFR.

We also examined the Department's risk assessment. We confirmed that the Department properly included its five self-identified programs and evaluated the risk factors required by OMB Circular A-123, Appendix C.² Based on the results of its risk assessment, the Department determined that it did not have any programs or activities that were susceptible to significant improper payments as of

² The risk factors examined by the Department and components included the following – whether the program or activity is new to the agency; recent major changes in funding, authorities, practices, or procedures; results of OMB Circular A-123 assessment, OIG audits/ reviews, and other external audits/reviews; results of monitoring activities; results of recapture audit activities; process complexities; volume and dollar amount of payments; inherent risk; capability of personnel; and payments or payment eligibility decisions made by non-DOJ entities.

September 30, 2019. Therefore the remaining items were not applicable for the Department to include in its AFR.

The OIG conducted the examination and prepared its report in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In determining the level of assurance, we considered the requirements outlined in OMB Circular A-123, Appendix C, and OMB Circular A-136; the expectations of the users of the report; and any potential risks associated with performing the engagement. We performed a compliance examination due to the higher level of assurance it provides, the result of which is the expression of an opinion.

The OIG is not independent with respect to amounts pertaining to OIG operations that are presented in the improper payments reporting. However, the amounts included for the OIG are not material to the Department's improper payments reporting, and the OIG is organizationally independent with respect to all other aspects of the Department's activities.

IMPROPER PAYMENTS REPORTING IN THE FISCAL YEAR 2019 DEPARTMENT OF JUSTICE AGENCY FINANCIAL REPORT

Payment Integrity

The Improper Payments Information Act of 2002 (IPIA), as amended, requires agencies to annually report certain information on improper payments to the President and Congress through their annual Agency Financial Report (AFR) or Performance and Accountability Report (PAR).¹ The Department provides the following improper payments reporting as required by IPIA, as amended; OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*; and OMB Circular A-136, *Financial Reporting Requirements*. See <https://paymentaccuracy.gov> for more detailed information on improper payments.

I. Payment Reporting.

For all programs and activities under OMB Circular A-123, Appendix C, Part I.D, agencies shall identify the:

- **program/activity outlays, estimated amount of payments that were properly paid, estimated amount improperly paid, estimated amount within the improperly paid that is unknown due to inability to discern whether a payment was proper as a result of insufficient or lack of documentation and their respective percentages for each by program or activity for the current fiscal year;**
- **estimated amount within the improperly paid estimate attributed to monetary loss, non-monetary loss, and unknown, and their respective percentages for each by program or activity for the current fiscal year;**
- **estimated amount of improper payments that resulted in an overpayment and an underpayment for each by program or activity for the current fiscal year;**
- **estimated amount of improper payments made directly by the Government and the amount of improper payments made by recipients of Federal money by program or activity for the current fiscal year;**
- **root cause and type of improper payment for overpayments and underpayments by amount and by program or activity for the current fiscal year;**
- **reduction targets by program or activity for the next fiscal year; and**
- **for programs and activities as determined under OMB Circular A-123, Appendix C, Part I.D with improper payments exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.1, the agency shall describe the corrective action plans for reducing the estimated improper payment rate and amount, and each of the corrective actions should be clearly linked to the root cause(s) they are addressing. Agencies should also describe the results of actions taken to address the root causes and the planned or actual completion date of the actions taken to address each root cause. If the agency does not have a corrective action plan for a particular root cause, they must provide justification for not having such a plan.**

Based on the results of the FY 2019 Department-wide risk assessment, there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the statutory thresholds of (1) both 1.5 percent of program outlays and \$10 million or (2) \$100 million.

¹ IPIA was amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

II. Recapture of Improper Payments Reporting.

- a. **When applicable, for all programs and activities that expend \$1 million or more annually, agencies shall describe any action the agency has taken or plans to take to recapture and intends to take to prevent future improper payments.**

See the response for the next item for a discussion of the Department's payment recapture audit program, to include actions to recapture and prevent improper payments.

- b. **Agencies shall discuss payment recapture audit efforts, including:**
- **the actions and methods used by the agency to recoup overpayments,**
 - **a justification of any overpayments that have been determined to be not collectible, and**
 - **any conditions giving rise to improper payments and how those conditions are being resolved, and**
 - **any programs or activities excluded from review under the agency's payment recapture audit program.**

The Department's payment recapture audit program is part of its overall program of internal control over disbursements. The program includes establishing and assessing internal control to prevent improper payments, reviewing disbursements to identify improper payments, assessing root causes of improper payments, developing corrective action plans, and tracking the recapture of improper payments and disposition of recaptured funds. The scope of the program includes all payment types required by IPIA, as amended, and OMB implementing guidance. Payments that could compromise law enforcement operations or endanger the safety of personnel are excluded because of the Department's responsibility to protect such information. In FY 2019, two components used a recapture audit contractor to supplement internal review efforts to detect improper payments.

The Department's top-down approach for tracking and reporting the results of payment recapture audit activities promotes consistency across the Department in implementing the requirements of IPIA, as amended. In FY 2019, the Department provided components a template to assist them in assessing root causes of improper payments and tracking the recapture of such payments and disposition of recaptured funds.

The root causes for overpayments other than for grants largely fell within the OMB-defined error category of *Administrative or Process Errors*. Most errors were user errors, including data entry errors. Department components have implemented actions to address specific areas where improvements could be made. For example, to prevent improper payments, the DEA conducts data analytics on payment data entered into the Unified Financial Management System prior to processing disbursements to identify payments that, if processed, would be improper, e.g., payments to ineligible recipients, payments for ineligible services, and duplicate payments.

The root causes for grant overpayments also largely fell within the OMB-defined error category of *Administrative or Process Errors*. Most errors involved payments for which grantees did not provide sufficient documentation to support the payments. To reduce the risk of these types of overpayments, the Department components that issue grants continue to provide training and communications informing grantees of their responsibilities related to receiving Federal awards. For example, the OJP requires all grantees responsible for improper payments to submit written policies and procedures describing the internal controls put in place to prevent similar occurrences in the future.

Department components also have taken actions to facilitate the recapture of improper payments. For example, the FBI produces an accounts receivable report to track the age and collection efforts for all uncollected improper payments. The ATF issues demand letters to debtors notifying them of the status of the debt, the payment due date, where to send payment, and the collection actions the ATF can pursue.

In accordance with IPIA, as amended, and OMB implementing guidance, the Department measured payment recapture performance. Based on performance through the period ended September 30, 2019, the Department achieved an annual payment recapture rate of 133.7 percent.⁴ The table below provides additional detail on the \$8.81 million in overpayments identified in FY 2019 through the Department’s payment recapture audit program and the \$11.78 million of recaptured funds. Management also determined \$0.85 million to be not collectible, the majority of which related to unallowable expenditures by three grantees in fiscal distress (\$0.80 million or 94.1 percent).

- c. For each program or activity that expends \$1 million or more annually and either conducts a payment recapture audit, or recaptures payments outside of a payment recapture audit, the agency must report:**
- **the amount recaptured through recapture audits in that fiscal year, including the percent such amount represents of the total overpayments identified through payment recapture audits during that fiscal year, and**
 - **the amount recaptured through sources other than payment recapture audits in that fiscal year, including the percent such amount represents of the total overpayments identified for recapture through sources other than payment recapture audits in that fiscal year.**

The following table provides a summary of overpayments identified in FY 2019 through the Department’s payment recapture audit activities (\$8.81 million), as well as overpayments identified outside of such activities, i.e., through audits conducted by the DOJ OIG (\$2.42 million).² The table also provides the amounts recaptured through payment recapture audits and outside of payment recapture audits, as well as the percent such amounts represent of the total overpayments identified for recapture.

Overpayment Recaptures with and without Recapture Audit Programs

(Dollars in Millions)

DOJ Mission-Aligned Program	Overpayments Recaptured through Payment Recapture Audits			Overpayments Recaptured outside of Payment Recapture Audits ³		
	FY 2019 Amount Identified	FY 2019 Amount Recaptured	FY 2019 Recapture Rate (%)	FY 2019 Amount Identified	FY 2019 Amount Recaptured	FY 2019 Recapture Rate (%)
Administrative, Technology, and Other	\$1.79	\$1.91	106.7% ⁴	\$0.03	\$0.03	100.0%
Litigation	\$3.02	\$3.00	99.3%	\$0.00	\$0.03	–
Law Enforcement	\$1.02	\$1.73	169.6% ⁴	\$0.54	\$0.00	0.0%
State, Local, Tribal, and Other Assistance	\$1.72	\$2.90	168.6% ⁴	\$1.85	\$2.11	114.1% ⁴
Prisons and Detention	\$1.26	\$2.24	177.8% ⁴	\$0.00	\$0.01	–
TOTAL	\$8.81	\$11.78	133.7%⁴	\$2.42	\$2.18	90.1%

² The overpayments identified through audits conducted by the OIG do not include all questioned costs. When questioned costs are identified in an OIG audit report, Department management initiates a process to validate whether the costs in question were improper payments; e.g., the Department will request additional support from grantees for transactions that, at the time of audit, were not supported by adequate documentation. The validation process can take months, and in some cases years, to complete. Therefore, for payment recapture audit reporting purposes, improper payments identified for recapture include only the questioned costs for which Department management has completed the validation process and determined that the incurred costs should not have been charged to the Government and should be recaptured from the grantee.

³ The information in this section of the table provides the overpayments identified through audits conducted by the DOJ OIG and the amounts recaptured. Although the overpayments are identified outside of the Department’s payment recapture audit program, component processes to recapture improper payments are the same, regardless of whether they are identified by the OIG or through component payment recapture audit activities.

⁴ The improper payments recaptured exceeded the improper payments identified due to the recapture during FY 2019 of improper payments identified in previous years.

- d. Agencies shall report a summary of how their overpayments recaptured through payment recapture audits in that fiscal year were used.

The following table provides the disposition information for the overpayments recaptured in FY 2019 through the Department's payment recapture audit activities. As shown in the table, \$11.33 million of the \$11.78 million recaptured (or 96.2 percent) was returned to the original purpose for which the payments were made.

Disposition of Funds Recaptured through Payment Recapture Audits

(Dollars in Millions)

DOJ Mission-Aligned Program	Amount Recaptured in FY 2019	Disposition		
		Returned to Original Purpose	Returned to Treasury	Agency Expenses to Administer the Program
Administrative, Technology, and Other	\$1.91	\$1.91	\$0.00	\$0.00
Litigation	\$3.00	\$3.00	\$0.00	\$0.00
Law Enforcement	\$1.73	\$1.73	\$0.00	\$0.00
State, Local, Tribal, and Other Assistance	\$2.90	\$2.45	\$0.44	\$0.01
Prisons and Detention	\$2.24	\$2.24	\$0.00	\$0.00
TOTAL	\$11.78	\$11.33	\$0.44	\$0.01

- e. Agencies shall report an aging schedule of the overpayments identified through the payment recapture audit program that are outstanding, including the percent such amounts represent of the total overpayments from recapture audits of the agency, i.e., overpayments that have been identified but not recaptured. Agencies must include the aging for all overpayments that have been identified through payment recapture audits and are yet to be collected, thus the aging may span across multiple fiscal years. Agencies should also report the amount of overpayments identified through their payment recapture audit program determined to be not collectible in that fiscal year, including the percent the amount represents of the total overpayments identified through payment recapture audits.

The following table provides the aging schedule for the \$3.48 million in overpayments identified through payment recapture audit activities that was outstanding (not recaptured) as of the end of FY 2019. Of the \$3.48 million, \$0.83 million (or 23.9 percent) was outstanding 0 to 6 months; \$0.37 million (or 10.6 percent) was outstanding 6 months to 1 year; \$1.43 million (or 41.1 percent) was outstanding over 1 year; and \$0.85 million (or 24.4 percent) was determined to be not collectible. The \$0.85 million determined to be not collectible represents 9.6 percent of the \$8.81 million in total overpayments identified through payment recapture audit activities in FY 2019.

Aging of Outstanding Overpayments Identified through Payment Recapture Audits

(Dollars in Millions)

DOJ Mission-Aligned Program	Amount Outstanding (0 to 6 months)	Amount Outstanding (6 months to 1 year)	Amount Outstanding (over 1 year)	Amount Determined to be Not Collectible
Administrative, Technology, and Other	\$0.01	\$0.00	\$0.09	\$0.00
Litigation	\$0.01	\$0.23	\$0.44	\$0.01
Law Enforcement	\$0.08	\$0.08	\$0.20	\$0.01
State, Local, Tribal, and Other Assistance	\$0.66	\$0.00	\$0.62	\$0.83
Prisons and Detention	\$0.07	\$0.06	\$0.08	\$0.00
TOTAL	\$0.83	\$0.37	\$1.43	\$0.85
<i>Percent of Outstanding Overpayments</i>	23.9%	10.6%	41.1%	24.4%

III. Agency Improvement of Payment Accuracy with the Do Not Pay Initiative.

Agencies should provide a brief narrative of the reduction that is attributable to the Do Not Pay Initiative, as applicable.

The Department leverages the Do Not Pay Initiative's centralized data sources and other government databases, either via the Department of the Treasury's Do Not Pay portal or via the General Services Administration's System for Award Management (SAM), to improve payment accuracy and reduce the likelihood of improper payments. For example, contracting officers are required to verify before making an acquisition award that vendors are not in the SAM exclusions list of debarred vendors. Similarly, the grant-making components review Do Not Pay sources, such as the SAM exclusions, as part of the process to create a risk profile for a potential grantee. In addition, when the Department requests the Department of the Treasury to make payments to vendors, Treasury uses the Payment Automation Manager (PAM) Do Not Pay integration process to identify potential matches against the SAM exclusions. The Do Not Pay portal also provides conclusive matches between payees and the Social Security Administration's Death Master File. This ensures that components making payments to deceased individuals' estates (e.g., refunds of firearms licenses and Civil Division compensation fund payments) benefit from secondary levels of control beyond the initial review of eligibility.

IV. Barriers.

Agencies with programs and activities with improper payments exceeding the statutory thresholds may describe any statutory or regulatory barriers that may limit the agency's corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.

Not applicable. Based on the results of the FY 2019 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

V. Accountability.

Agencies with programs and activities with improper payments exceeding the statutory thresholds shall describe the steps the agency has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program officials/owners, and States and localities (where appropriate) are held accountable for reducing and recapturing improper payments through annual performance appraisal criteria.

Not applicable. Based on the results of the FY 2019 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

VI. Agency Information Systems and Other Infrastructure.

Agencies with programs and activities with improper payments exceeding the statutory thresholds shall describe whether the agency has the internal controls, human capital, and information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted. If the agency does not have such internal controls, human capital, and information systems and other infrastructure, describe the resources the agency requested in its most recent budget submission to Congress to establish and maintain the necessary internal controls, human capital, and information systems and other infrastructure.

Not applicable. Based on the results of the FY 2019 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

VII. Sampling and Estimation.

Agencies with programs and activities with improper payments exceeding the statutory thresholds and that are reporting an improper payment rate shall briefly describe the statistical sampling process used to estimate the improper payment rate for each program. Agencies that were granted OMB approval to use a non-statistically valid

sampling and estimation methodology under OMB Circular A-123, Appendix C, Part I.D.2., must also include the justification for using the non-statistical methodology.

The sampling and estimation requirements were not applicable to the Department in FY 2019. Based on the results of the FY 2019 Department-wide risk assessment, there were no programs and activities susceptible to significant improper payments. This remains unchanged from FY 2018.

In FY 2018, the Department received approximately \$85.2 million under the Bipartisan Budget Act of 2018 (Public law 115-123) for activities to respond to and recover from hurricanes, wildfires, and other natural disasters. Two Department programs received Bipartisan Budget Act funds – the Prisons and Detention Program and Law Enforcement Program. OMB required agencies to designate programs or activities expending \$10 million in Bipartisan Budget Act funds in any one fiscal year as susceptible to significant improper payments. Neither DOJ program met that threshold.

VIII. Risk Assessment.

Agencies performing improper payment risk assessments during the fiscal year may include a description of the assessments, including the risk factors considered. In addition, agencies should discuss the basis for any groupings of programs or activities and highlight any changes they made to the risk assessment from the prior year, if applicable.

In accordance with IPIA, as amended, and OMB implementing guidance, the Department assessed its programs and activities for susceptibility to significant improper payments. The Department's top-down approach for assessing the risk of significant improper payments allows for the analysis and reporting of results by the Department's five mission-aligned programs – Law Enforcement; Litigation; Prisons and Detention; State, Local, Tribal, and Other Assistance; and Administrative, Technology, and Other.⁵ The approach allows management to focus on the most significant programs and activities in terms of risk and materiality and promotes consistency across the Department in implementing the requirements of IPIA, as amended.

In FY 2019, the Department disseminated an updated risk assessment survey instrument for Department components to use in assessing risk. The instrument examined disbursement activities against various risk factors likely to contribute to a susceptibility of significant improper payments, including the risk factors required by OMB Circular A-123, Appendix C, and covered the payment types of contracts, grants, benefits, and other – the latter included custodial payments (payments to non-Federal individuals under programs such as Debt Collection Management) and employee payments (payments to employees for salary, locality pay, travel pay, etc.).⁶

The Department's risk assessment methodology for FY 2019 did not change from FY 2018. For FY 2019, the methodology again included assessing risk against various risk factors and for various payment types. In addition, the results of the FY 2019 risk assessment did not change from FY 2018. For FY 2019, the Department-wide risk assessment again determined there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the statutory thresholds of (1) both 1.5 percent of program outlays and \$10 million or (2) \$100 million.

⁵ When OMB began requiring agencies to report improper payments data by program, Department management used the same five mission-aligned programs established in the Department's FY 2011 Performance and Accountability Report, which aligned with the Department's budget presentations in the FY 2010 President's Budget. Since FY 2011, there have been some changes in the organizational composition of the programs, due in part to reorganizations within the Department. Nonetheless, for continuity and coverage purposes, the Department continues to present its annual improper payments data using the same five groupings.

⁶ The risk factors examined by the Department and components included the following – whether the program or activity is new to the agency; recent major changes in funding, authorities, practices, or procedures; results of OMB Circular A-123 assessment, OIG audits/ reviews, and other external audits/reviews; results of monitoring activities; results of recapture audit activities; process complexities; volume and dollar amount of payments; inherent risk; capability of personnel; and payments or payment eligibility decisions made by non-DOJ entities.



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