

## Improper Payments: Summary of Implementation Efforts for FY 2006

The Improper Payments Information Act (IPIA) requires executive branch agencies to review all programs and activities they administer and identify those that may be susceptible to significant improper payments. Significant improper payments are defined by OMB as annual improper payments in a program exceeding both 2.5 percent of program payments and \$10 million.

In accordance with IPIA, the Department reviewed its programs and activities for susceptibility to significant improper payments using a variety of methods, including component-conducted internal control reviews, Department-conducted OMB Circular A-123 internal control testing, OIG reviews and audits, and improper payment recovery audits. Based on the results of the reviews for the period ending September 30, 2006, the Department determined there were no programs susceptible to improper payments exceeding both 2.5 percent of program payments and \$10 million.

The Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and its commitment to continuous improvement in the overall disbursement management process remains very strong. In FY 2006, the Department issued policy supplementing IPIA requirements, as well as requirements in the Recovery Auditing Act regarding the identification of payment errors and recovery of amounts erroneously paid. The Department's policy reinforces requirements and provides guidance to promote consistency throughout the Department in implementing IPIA and Recovery Auditing Act requirements, identifying and correcting causes of improper payments, and instituting activities to recover such payments. In FY 2006, the Department and individual components continued to supplement internal recovery activities with contract services to maximize the identification and collection of improper payments. To further increase the benefit to the Department in FY 2007, efforts are underway to obtain additional security clearances for some contract recovery personnel to allow continued expansion of recovery activities. See Appendix C for IPIA reporting details.