Improper Payments Information Act Reporting Details

The *Improper Payments Information Act of 2002* (IPIA) (Public Law 107-300) and the Office of Management and Budget's (OMB) Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, define requirements to reduce improper/erroneous payments made by the federal government. OMB also has established specific reporting requirements for agencies with programs that possess a significant risk of erroneous payments and for reporting on the results of recovery auditing activities. Agencies are required to annually review and assess all programs and activities to identify those susceptible to significant improper payments. The guidance in OMB Circular A-123, Appendix C, defines a significant improper payment as those in any particular program that exceed both 2.5 percent of program payments and $10 million annually. For each program identified as susceptible and determined to be at risk, agencies are required to report to the President and the Congress the annual amount of estimated improper payments, along with steps taken and actions planned to reduce them.

The Department reviews controls and systems under the *Federal Managers' Financial Integrity Act of 1982* to ensure that the agency has controls that can be relied on.

To facilitate agency efforts to meet the reporting requirements of the IPIA, OMB announced a new *President's Management Agenda* program initiative beginning in the first quarter of FY 2005 entitled Eliminating Improper Payments. Previously, OMB tracked the Department's IPIA activities with other financial management activities through the Improving Financial Performance initiative. The establishment of a dedicated *President's Management Agenda* initiative focused the Department's improper payments elimination efforts. Under the new initiative, the Department's status and progress are tracked and reported to OMB in quarterly scorecards.

The Department has divided its improper payment activities into the following segments: Student Financial Assistance Programs, ESEA, Title I Program, Other Grant Programs, and Recovery Auditing.

Student Financial Assistance Programs

Risk Assessment

As required by the IPIA, Federal Student Aid inventoried its programs during FY 2008 and reviewed program payments made during FY 2007 (the most recent complete fiscal year available) to assess the risk of improper payments. The review identified and then focused on the following key programs: Federal Family Education Loan Program, Federal Pell Grant Program, Federal Supplemental Educational Opportunity Grant and Federal Work-Study Programs, and Federal Direct Loan Program. For more data on these programs, please refer to the Federal Student Aid Annual Report.

In addition to the A-123 guidance, the criteria for determining susceptible risk within the programs were defined as follows:

Programs with annual outlays that exceed $200 million or programs that were previously required to report improper payment information under OMB Circular A-11, *Budget Submission,* former Section 57.2[1].

Risk-Susceptible Programs

The following Title IV programs were deemed to be potentially susceptible to the risk of significant improper payments based on OMB criteria described above.

- Federal Family Education Loan Program
- Federal Pell Grant Program
- Federal Supplemental Educational Opportunity Grant and Federal Work-Study Programs
- William D. Ford Federal Direct Loan Program (Direct Loans)

As data become available, two new programs will be assessed, the Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent (SMART) Grant.

In FY 2008, the lack of liquidity in financial markets impacted the ability of FFEL lenders and secondary markets to find cost-effective financing. As a result, Congress passed the *Ensuring Continued Access to Student Loans Act of 2008* (ECASLA), which was signed by the President on May 8, 2008. This gave the Department authority to purchase FFEL loans from lenders to ensure liquidity in the FFEL Program. In addition, the Secretary required guaranty agencies to update lender-of-last-resort (LLR) rules and operating procedures and provided further guidance to ensure consistent borrower access to FFEL Program loans through the efficient and effective implementation of the LLR program. During the first quarter of FY 2009, FSA will do an assessment of the risk of the loan purchase process and the LLR program to determine the risk of improper payments and how best to estimate improper payments.

A risk assessment was completed for the Direct Loan program in FY 2008. The overall improper payment rate, based on this risk analysis, was 0.022%. Since this rate is below the threshold for reporting on improper payments, no further information on Direct Loans is included herein.

Statistical Sampling

The size and complexity of the student aid programs make it difficult to consistently define "improper" payments. The legislation and OMB guidance use the broad definition: "Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirement." Federal Student Aid has a wide array of programs, each with unique objectives, eligibility

[1] The four original programs identified in OMB Circular A–11, Section 57, were Student Financial Assistance (now Federal Student Aid), ESEA, Title I, Special Education Grants to States, and Vocational Rehabilitation Grants to States. Subsequently, after further review of the program risk, OMB removed Special Education Grants to States and Vocational Rehabilitation Grants to States from the list. OMB considers Section 57 programs susceptible to significant improper payments regardless of the established thresholds. OMB Circular A-136 also applies.

requirements, and payment methods. Consequently, each program has its own universe (or multiple universes) of payments that must be identified, assessed for risk, and, if appropriate, statistically sampled to determine the extent of improper payments.

Federal Family Education Loan Program. In FY 2008, Federal Student Aid contracted with Oak Ridge National Laboratory to develop a statistically valid methodology for estimating FFEL improper payments. Oak Ridge held data exploration sessions with Department staff and delivered a methodology that derived erroneous payments from the Schedule of Findings and Questioned Costs in the compliance audits of all guaranty agencies and loan servicers and a dollar-weighted sample of lender compliance audits. They then calculated an erroneous payment rate using the 2007 payments to lenders and guarantors in the Financial Partners Data Mart. Payments both to and from the Department were included, and total payments is the sum of the absolute values of the payments.

Federal Pell Grant Program. Section 484(q) of the HEA authorizes the Department to confirm directly with the IRS the Adjusted Gross Income (AGI), taxes paid, filing status, and number of exemptions reported by students and parents on the Free Application for Federal Student Aid (FAFSA). Under the Internal Revenue Code of 1986, Federal Student Aid is not authorized to view the complete data without consent of the taxpayer, but the IRS does provide summary data.

The Department began conducting studies with the IRS using FAFSA data for the 2000–01 award year. Data provided by the IRS study were used to estimate improper payments for the Pell Grant Program for the 2006–07 award year. Federal Student Aid is working with the IRS to match FAFSA data collected for the 2007–08 award year with IRS data for the 2006 income tax year.

In the most recent completed study, which compared 2006–07 FAFSA data with 2005 IRS data, a sample file of 310,316 FAFSA applicant records was provided to the IRS along with a sampling program designed to allow the IRS to select the desired analysis sample from the larger file. This was done to preserve IRS confidentiality requirements. The final sample, generated by the IRS, contained 48,090 independent undergraduates and 51,649 dependent undergraduates (for whom parental data were matched).

The IRS matched the final sample to its main database, and when a match occurred, it extracted the fields for AGI, taxes paid, type of return filed, and earned income tax credit information for the tax filer and compared this information with similar information reported to the Department on the FAFSA. Using a computer program supplied by Federal Student Aid, the IRS calculated revised Expected Family Contribution and Pell Grant awards for matching records by substituting the IRS income information for the FAFSA income information. The improper payment rate listed in the table reflects the improper payment rate that has resulted from recalculating an applicant's need based on the substitution of IRS information. The IRS provided aggregated statistical tables to the Department that presented the results of these comparisons. The results allowed the Department to estimate the following Pell Grant improper payment information:

- Improper payment rate and amount—The average amount of over- and underreporting of FAFSA income data compared with the IRS income data and potential dollar amount of improper Pell Grant awards.

- Assessment of measurement accuracy—the volume of applicants for whom a mismatch between FAFSA and IRS data may be legitimate.

- Identification of further potential risks—Types of applicants who are more likely to misreport income on the FAFSA.

- Analysis of existing edits—Validity of the current verification selection edits and information to further refine them.

Corrective Actions

Federal Family Education Loan Program. Federal Student Aid is working closely with OMB and other Department offices in the development of an action plan designed to (1) improve the accuracy of the FFEL improper payment estimate and (2) reduce the level of risk and amount of known improper payments in the FFEL Program.

Federal Student Aid has a number of existing internal controls integrated into its systems and activities. Program reviews, independent audits and Inspector General audits of guaranty agencies, lenders, and servicers are some of its key management oversight controls. Other control mechanisms include the following:

- System Edits—the system used by guaranty agencies, lenders, and servicers to submit bills and remit payments includes "hard" and "soft" edits to prevent erroneous information from being entered into the system and prevent potential erroneous payments. The hard edits require correction before proceeding with payment processing. The soft edits alert the user and Federal Student Aid to potential errors. Federal Student Aid reviews these warnings prior to approval of payment.

- Reasonability Analysis—Data reported by guaranty agencies to the National Student Loan Data System are used to determine payment amounts for account maintenance and loan issuance processing fees. Federal Student Aid also performs trend analysis of previous payments to guaranty agencies and lenders as a means of evaluating reasonableness of changes in payment activity and payment levels.

- Focused Monitoring and Analysis—Federal Student Aid targets specific areas of FFEL payment processing that are at an increased risk for improper payments as areas of focus for increased monitoring and oversight.

These existing controls are re-evaluated on a regular basis to determine their effectiveness and allow Federal Student Aid to make necessary corrections. Federal Student Aid's action plan also incorporates the development of additional internal controls designed to improve the accuracy of future FFEL payments to guaranty agencies and lenders. These internal controls include the following:

- Special Allowance Payments—increased focus on and review of payments of fees to lenders and servicers associated with loans eligible for tax-exempt special allowance payments.

- Guaranty Agencies—Enhanced review of the Guaranty Agency Financial Report (Form 2000) to report collection activities, claims reimbursement, and loan portfolio status; under- and over-billings for account maintenance; and loan processing and issuance fees associated with incorrect National Student Loan Data System reporting.

Additional controls are continually considered for both cost efficiency and effectiveness in reducing FFEL payment errors. Updates to the corrective action plan are reported to OMB in the quarterly scorecard for Eliminating Improper Payments.

Federal Pell Grant Program. Federal Student Aid has several initiatives under way designed to improve its ability to detect and reduce improper payments made through the Federal Pell Grant Program, including the statistical study described above. Working with OMB on quarterly action plan objectives designed to facilitate full implementation of the IPIA, Federal Student Aid has identified additional methods to determine the error rate and estimate the annual amount of improper payments.

Preliminary Analysis. Eligibility for Title IV student aid is determined through applicant self-reported income, family size, number of dependents in college, and assets. These data are reported through the FAFSA, which applicants typically complete prior to the April 15 IRS income tax filing deadline. The FAFSA data are key drivers in the determination of student aid program eligibility and eligible amounts. Federal Student Aid performs routine analyses of the accuracy of income and other financial data submitted via the FAFSA. These analyses include a variety of methods and techniques designed to ensure payment accuracy, including the following:

- Annual Analysis of System Data—Analysis of central processing system data for anomalies.
- Focus Groups—Meetings with educational institutions to discuss improving the integrity of Federal Student Aid programs.
- Quality Assurance—Enhanced program integrity processes.
- Verification—A process by which institutions compare applicant data with IRS data for the same period.

Federal Student Aid is also using the IRS statistical study in which financial data from a random sample of FAFSA submissions are compared with financial data reported to the IRS in annual income tax filings to identify new solutions for preventing improper payments.

The analysis of the IRS statistical study indicates that failure to accurately report income, family size, number of dependents in college, and assets may be the primary cause of improper payments within the Pell Grant Program. It is expected that a decrease in financial reporting errors would have the greatest impact on the reduction of estimated improper payments. In an effort to achieve this reduction, Federal Student Aid is exploring with the IRS the possibility of developing a pilot program in which taxpayer consent is obtained for the matching of information reported on the annual student financial aid application with financial data reported to the IRS in annual income tax returns. The results of this pilot will be analyzed to determine the possibility of performing a 100 percent consent-based data match.

Alternatives to Verifying Self-Reported AGI. In addition to the aforementioned pilot program, Federal Student Aid has been exploring alternatives to the 100 percent IRS match for verifying self-reported financial information reported on the FAFSA and assessing the strengths and weaknesses of those alternatives. Listed below are some of the alternative approaches that are being considered:

- Require actual tax returns prior to disbursement.
- Require update to income data at tax filing deadline.
- Expand verification beyond 30 percent.

Federal Student Aid Summary

The following table presents the improper payments outlook for the primary Federal Student Aid programs. Data for FY 2007 are included to present the revised numbers resulting from the improper payment methodology implemented in the fourth quarter of FY 2008.

Federal Student Aid Improper Payment Reduction Outlook Fiscal Years 2007-2012 ($ in millions)									
Description	FY 2007 Updated			FY 2008 Estimated			2009-2012 Estimated Per FY Year		
Program	Actual Outlays	CY IP %	IP $	Actual Outlays	CY IP %	IP $	Estimated Outlays	CY IP %	IP $
FFEL Program	22,835 (1)	1.68 (6) (7)	384	24,071(1)	1.68 (6)	404	18,427 (3)	1.68	310
Pell Grant Program	14,927 (2)	4.11 (8)	613	17,081(2)	3.69 (4)	630	16,908 (5)	3.50(4)	592

The methodology for identifying FFEL outlays for this purpose was revised in FY 2008 in response to the OIG Audit Report on Federal Student Aid's estimation of improper payments in the FFEL program (http://oigmis3.ed.gov/auditreports/a09h0015.pdf) and a continuing effort to improve the improper payment process. The revised outlay methodology is currently being analyzed and additional refinements may be implemented during FY 2009 as the definition of "outlay" is further explored. Following are refinements made for the improper payment outlay methodology for FFEL and/or Pell.

(1) Source of FFEL actual outlays for FY 2007 and 2008 reflects total expenditures from the Financial Management Support System (FMSS) as of September 30. For FY 2008, an alternative approach was used that accurately reflects FY 2008 actual outlays for both guarantors and lenders. A query from the Financial Management System (FMS) was developed that specifically requested outlays for guarantor and lender limitations within FY 2008. This methodology was used to derive revised data for FY 2007 to present in this year's report as comparable data. The criteria used in prior year's analyses were inconsistently applied due to differences in interpretation. The data source (FMS) is the same as in FY 2007; however, the approach in retrieving the data has been improved. Instead of looking at fiscal year activity, the approach is now focused on fiscal year outlays. The FMS query provides the detailed support by guarantor and lender. The FY 2008 improper payment amount is considered an estimate because the FY 2007 FFEL improper payment rate is imputed onto FY 2008.

Note that the annual Guaranty Agency Financial Report provides information on transfers from Federal Fund to Operating Fund for default aversion fees that are received in the winter of the current fiscal year for prior fiscal year activity. The amount of FY 2007 default aversion fees transferred from the Federal Fund was $148 million (non-cash transaction) and is not included in either the FY 2007 or the FY 2008 outlay number. The FY 2008 default aversion fee will not be available until approximately the second quarter of the next fiscal year (FY 2009) and is not included in the FY 2008 outlays.

(2) The source of FY 2008 Pell outlays reflects total expenditures from FMSS. In prior year Reduction Charts, the source of Pell Actual Outlays was the July COD Project Briefing data. Pell FY 2007 outlays have been updated using FMSS for this year's comparison. These numbers are considered estimates because (1) the Pell rate is preliminary and (2) we are imputing the 2007 FFEL rate onto 2008.

(3) The source of FFEL estimated outlays FY 2009–2012 is the FY 2009 Budget Appendix, pages 368, Line 87.00 and 370, line 86.97. Outlays were assumed to remain at the FY 2009 estimate for FY 2010-2012. Current year Actual and Estimated Outlays represent the sum of FFEL Financing and Liquidating Account Gross Outlays.

(4) The chart above uses a preliminary Pell IP% for FY 2008. The FY 2008 IP % is scheduled to be finalized after issuance of the Department's PAR. The 3.5 IP% used for 2009-2012 is based on discussions held with OMB during FY 2007 and FY 2008. The 3.5% rate is being used since it is a more current target than the targets previously identified in the Federal Student Aid 2006 – 2010 Five-Year Plan.

(5) The source of Pell outlays above for FY 2009–12 is the FY 2009 Budget Appendix, page 356, line 87.00, with detail support from Budget Service in file "Breakout of Student Financial Assistance Outlays by Program." Outlays were assumed to remain at the FY 2009 estimate for FY 2010–12.

(6) The FY 2008 FFEL IP error rate of 1.68% is the result of revised methodology prepared by Oak Ridge National Laboratory in late FY 2008. The revised methodology used in FY 2008 is different from FY 2007 and is not comparable. Also, the methodology for FY 2009 is expected to be revised from prior years' methodologies in a continuing effort to improve the process. Discussions are under way with senior management and OMB on an improved alternative.

(7) For FY 2007, the FFEL IP error rate was originally reported as 0.032%. The 0.032% was updated to 0.218% when the review/audit work was completed after issuance of the FY 2007 PAR. The 0.032% FFEL error rate should have been footnoted as "preliminary" in the FY 2007 PAR.

(8) The final Pell error rate for FY 2007 was 4.11%, up from the projected 3.54%.

ESEA, Title I Program

The Department performed a risk assessment of the *Elementary and Secondary Education Act of 1965* Title I Program, Grants to Local Educational and Agencies, during FY 2008. The improper payments estimate for the most recent year measurable, FY 2006, is 0.32% or $40 million. This confirms previously reported data indicating that the risk of improper payments under current statutory requirements is very low. To validate the assessment data, the Department conducts on-site monitoring reviews on a three-year review cycle that encompass all states and territories receiving Title I funds. There were no findings in the monitoring reviews with questioned costs that contradicted the data in the risk assessment.

The Department is continuing to review and monitor for data quality. A key element of the monitoring process involves the wide use of the number of children who qualify for free and reduced-price meals to determine an individual school's Title I eligibility and allocation by local educational agencies. The Title I statute authorizes local educational agencies to use these data, provided under the U.S. Department of Agriculture's national School Lunch Program, for this purpose. In many districts these data are the only indicator of poverty available at the individual school level.

The U.S. Department of Agriculture is working with states and localities to improve program integrity, within the existing statutory and regulatory framework, through enhanced monitoring and auditing. The U.S. Department of Agriculture is also working with the Department and other federal agencies that have programs that make use of these data to explore long-term policy options.

Risk Assessment for Other Grant Programs

The Department's approach to the risk assessment process for non-Federal Student Aid grant programs was to develop a methodology to produce statistically valid measures that could be applied uniformly across the Department's programs. The intent was to use the same methodology across all non-Federal Student Aid grant programs to establish a level of quality control for all programs and, at the same time, produce a cost-effective measure. The Department deemed it cost effective to utilize the results of the thousands of single audits already being conducted by independent auditors on grant recipients.

In FY 2007, the Department worked with the Department of Energy's Oak Ridge National Laboratory to perform data mining on information available in the Federal Audit Clearinghouse's Single Audit Database, the Department's Grant Administration and Payment System, and the Department's Audit Accountability and Resolution Tracking System to assess the risk of improper payments in its remaining grant programs. To conduct the risk assessment screening, Oak Ridge National Laboratory augmented the Audit Accountability and Resolution Tracking System database with imputed values for the likely questioned costs for grants that were not audited. The imputed and real questioned costs could then be tabulated to provide a reasonable upper-bound estimate of the rate of erroneous payments for each of the functional programs of interest.

If the computed upper-bound percentage was below 2.5 percent, then the actual value would be lower than 2.5 percent. If the computed upper-bound percentage was greater than 2.5 percent, then the actual value may be greater or less than 2.5 percent, but the Department would need additional information to determine the appropriate estimate.

The most striking result of the analysis was the generally low rate of questioned costs. The key finding of this analysis was that for the most recent year for which data were available (FY 2005), none of the functional programs exceed the threshold value of 2.5 percent. Consequently, none of the programs would be labeled as susceptible to significant erroneous payments.

In accordance with OMB Circular A-123, Appendix C, programs deemed low risk only require a risk assessment every three years. Since the Oak Ridge National Laboratory risk assessments have not indicated any significant risk of improper payments, the Department did not task Oak Ridge National Laboratory to perform the risk assessment for FY 2008. However, the Department is taking the following actions to further improve its monitoring efforts.

Migrant Education Grants To States. Migrant Education Program (MEP) Formula Grants to States, authorized by Part C of Title I of the *Elementary and Secondary Education Act of 1965,* support high-quality education programs for migratory children and help ensure that migratory children who move between school districts within a state or among the states are not penalized in any manner by disparities among states in curricula, graduation requirements, or state academic content and student academic achievement standards. Program funds also ensure that migratory children are provided with appropriate education services that address their special needs and receive full and appropriate opportunities to meet the same challenging state academic content and student academic achievement standards that all children are expected to meet.

Questions about student eligibility for the program in several states were raised a few years ago based on a combination of state self-reporting, program monitoring by the Office of Migrant Education (OME), and audits by the Office of Inspector General (OIG). In response, OME took significant steps to improve eligibility verification of participating students, beginning with a voluntary re-interview initiative in which 46 of 48 states now receiving MEP grants reviewed eligibility determinations and calculated defect rates. OME hired a technical contractor to review state-reported defect rates in terms of their accuracy based on the underlying processes used by the states to derive the rates.

During FY 2008, the Department also published a regulation establishing new, clearer definitions of eligibility; minimum quality control procedures, including annual prospective re-interviewing; mandatory retrospective re-interviewing by states that had technical errors in the voluntary effort or did not participate therein; and program authority to adjust FY 2006 and subsequent-year state allocations based on accepted defect rates. Additionally, program staff resolved numerous findings from the OIG audits and worked with Department attorneys and the U.S. Department of Justice to recover millions of dollars from states that improperly received previous awards based upon false determinations of eligibility.

These management activities have strengthened oversight in the program and improved the accuracy of program grant distributions across the participating states. Based upon the Oak Ridge methodology, the program remains well below the IPIA thresholds that would require more significant intervention.

Risk Management Service. The Risk Management Service in the Office of the Secretary has been established to identify and take effective action to manage and mitigate risks in the area of grants management that may adversely affect the advancement of the Department's mission. To achieve this objective, the Risk Management Service develops and coordinates a Departmentwide risk management strategy and coordinates and supports consistent, high-quality management of formula and discretionary grants Departmentwide.

The office focuses on identifying potential high-risk grantees before problems begin to occur and providing assistance to those grantees regarding their financial management practices through the program offices and Risk Management Service staff members. In the case of grantees identified as high risk, resources are directed toward solving and managing issues of misuse, abuse, or waste of federal funds. The office also provides customer service in the form of training and responses to inquiries on policy interpretations to grantees, grant applicants, and program offices awarding and monitoring grants.

Managing Risk in Discretionary Grants. In FY 2008, the Department managed more than 10,000 discretionary grant awards. Due to the vast legislative differentiation and the complexity of the Department's grant award programs, ensuring that program staff are fully aware of potentially detrimental issues relating to individual grantees is a significant challenge. Program offices designate specific grants as high risk in accordance with Departmental regulations.

In an effort to reduce risk and promote efficiency, the Department has established the Grants High-Risk Module. This module is housed within the Department's Grant Administration and Payment System, and program office staff are required to review and certify their awareness of the high-risk status of applicable grantees before making awards.

Policies and procedures were developed to support the implementation of the module. System input to the module's database is limited to specific grants policy staff who are fully trained in policy and system use. In addition to the module's certification requirement, various reports are provided so that continual monitoring of grantee risk is made available to Department program administrators.

Implementation of the module provides greater accountability and significantly reduces risk within the Department's grant award process by ensuring program office awareness of potentially detrimental grantee issues prior to award determination. The Department anticipates that increased accessibility and communication across program offices will promote further monitoring of high-risk grantees, resulting in a reduction of the number of grantees so designated.

Manager Accountability. The Department categorized OMB Circular A-133 single audit findings to provide feedback to program managers regarding the frequency and type of findings within their programs. This assists managers in tailoring their program monitoring efforts to the type of findings that most frequently occur. Additionally, post-audit follow-up courses have been developed to associate audit corrective actions with monitoring to minimize future risk and audit findings.

Planned Corrective Actions. In addition to the actions previously outlined under the Student Financial Assistance Programs and ESEA, Title I Program sections, the Department will periodically update any corrective action plans based on the results of the initiatives outlined above. The Department will record and maintain corrective action plans as required, which will include due dates, process owners, and task completion dates.

Information Systems and Infrastructure. The Department has submitted budget requests of $250,000 for FY 2009 and FY 2010 for information system infrastructure improvements. A portion of the funds will be used to continue the refinement of the Oak Ridge National Laboratory data mining effort. It is also anticipated that the Department will incur costs related to mitigation activities.

Recovery Auditing Progress

To effectively address the risk of improper administrative payments, the Department continued a recovery auditing initiative to review contract payments. The Department performed a review of payments based on a statistical sample of FY 2007 payment transactions. No improper payments were indicated in the review. The Department's purchase and travel card programs remain subject to monthly reviews and reconciliations to identify potential misuse or abuse.

Summary

The Department is continuing its efforts to comply with the IPIA. Although there are still challenges to overcome, the Department is committed to ensuring the integrity of its programs.

The Department is focused on identifying and managing the risk of improper payments and mitigating the risk with adequate control activities. In FY 2009, we will continue to work with OMB and the Inspector General to explore additional opportunities for identifying and reducing potential improper payments and to ensure compliance with the IPIA.