



Department of Defense
High Dollar Improper Payments
Quarter 3, Fiscal Year 2011

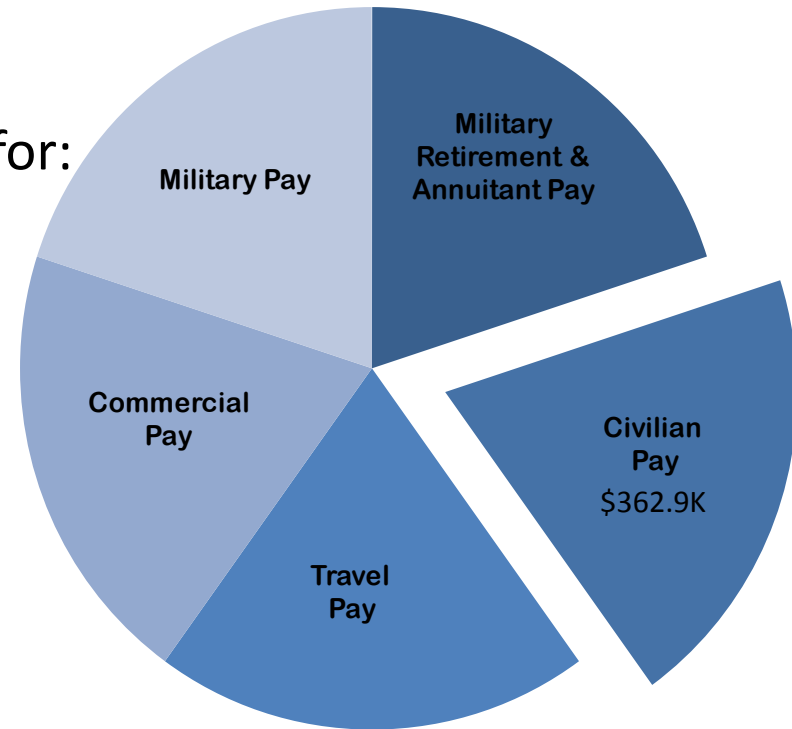
What is a high dollar improper payment?

- For payments to individuals, a high dollar improper payment is when the amount paid is \$5,000 or greater and more than 50% higher than the correct amount
- For payments to entities, a high dollar improper payment is when the amount paid is \$25,000 or greater and more than 50% than the correct amount

DoD Civilian Pay Quarter 3, FY 2011

Reasons for High Dollar Overpayments

- Late receipt of entitlement changes (\$362.9K)
- Payees continued to receive entitlements for:
 - Base Pay: 26% (\$94.3K)
 - Leave: 26% (\$94.3K)
 - Incentive: 22.2% (\$80.6K)
 - Other: 18.4% (\$66.8)
 - Living Qtrs. Allowance: 7.4% (\$26.9K)

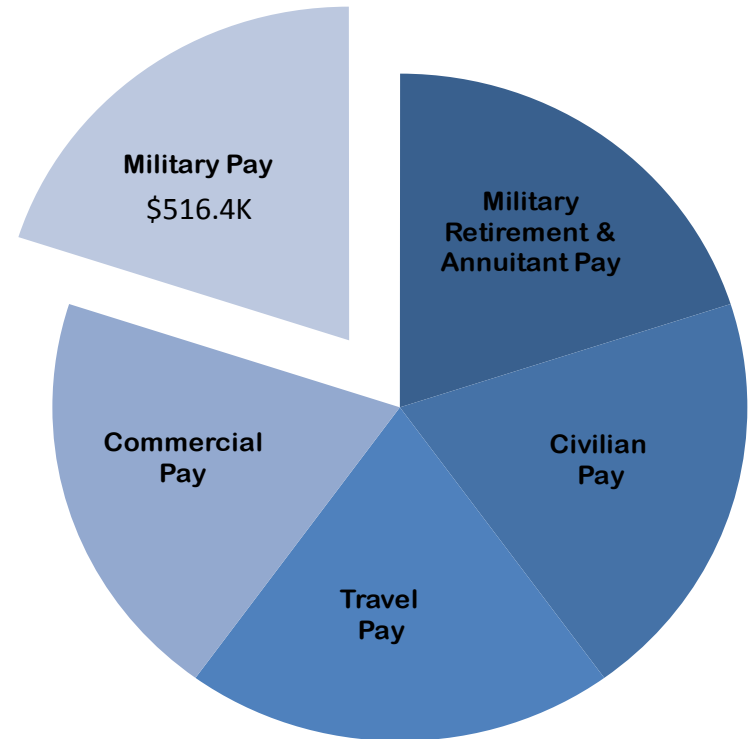


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DoD Military Pay Quarter 3, FY 2011

Reasons for High Dollar Overpayments

- Change in Active/Reserve status (\$516.4K)
 - Basic Allowance for Housing 87% (\$449.3K)
 - Basic Pay 6% (\$31K)
 - Basic Allowance for Subsistence 5% (25.8K)
 - Miscellaneous errors 2% (\$10.3K)



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DoD Military Retiree & Annuitant Pay Quarter 3, FY 2011

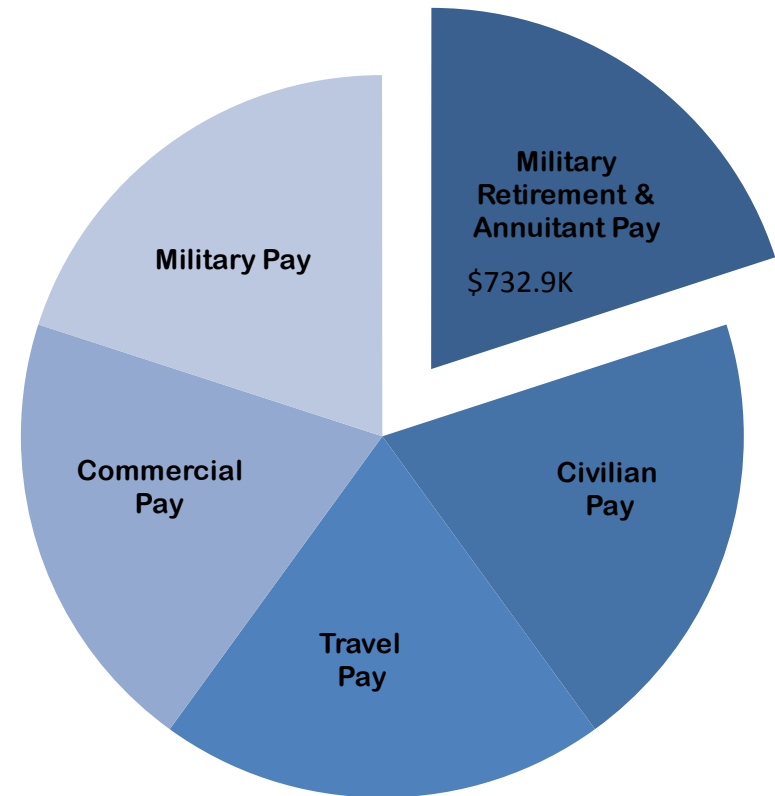
Reasons for High Dollar Overpayments

- Retiree/Annuitant death occurs after monthly entitlement is processed (\$720.3K)

- Death certificate received late 65% (\$468.2K)
- Death certificate not received 35% (\$252.1K)

(Death notification most often obtained through Social Security Administration file match)

- Rapid recoupment due to ability to electronically pull back payment in some cases



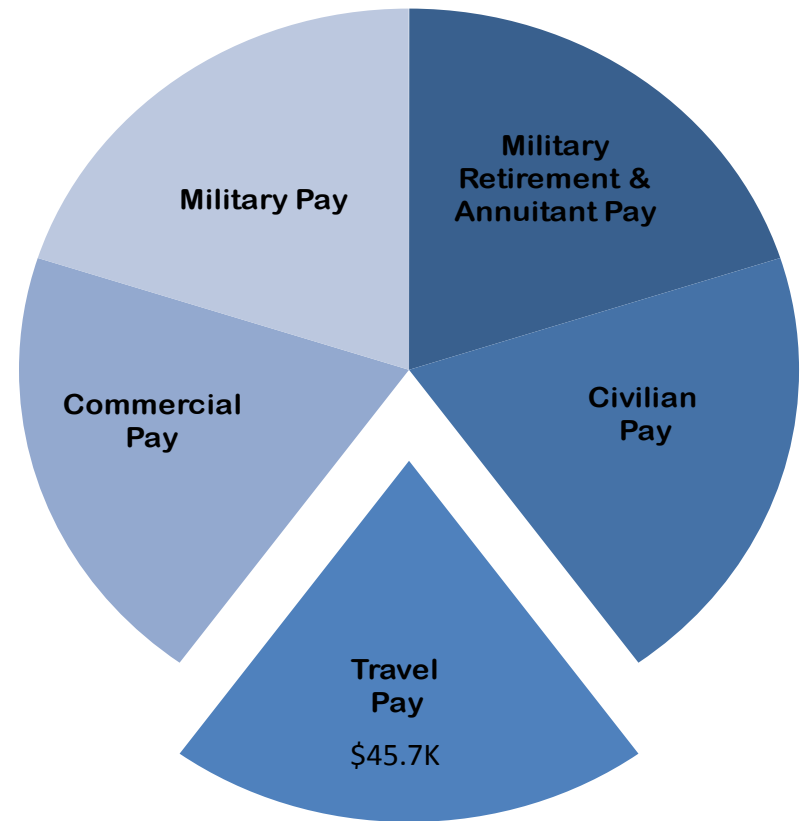
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DoD Travel Pay Quarter 3, FY 2011

Top Reason for High Dollar Overpayments

- Traveler mistakenly reimbursed through more than one travel system (\$45.7K)

- Duplicate Payments: 86% (\$39.3K)
When traveler is reimbursed from more than one payment system
- Missing documentation: 7% (\$3.2K)
Traveler did not attach receipts – remains an overpayment until documentation received
- Per diem: 7% (\$3.2K)
Actual lodging is less than standard per diem rate and results in an overpayment

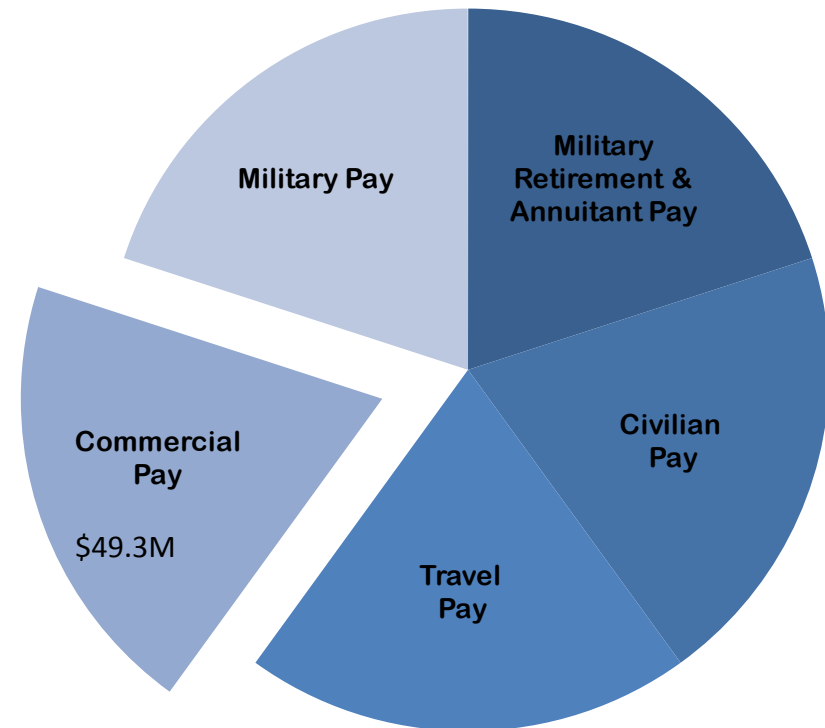


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DoD Commercial Pay Quarter 3, FY 2011

Top Reasons for High Dollar Overpayments

- Contract and Vendor Pay disbursements for both DFAS and U.S. Army Corps of Engineers (\$49.3M)
 - DoD Data Entry Error: 52.3% (\$25.8M)
 - Progress payment calculation error (under-recoupment): 19.9% (\$9.8M)
 - Contractor Billing Error: 15% (\$7.4M)
 - Miscellaneous errors: 12.8% (\$6.3M)



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Additional Information on Recoupment Efforts

- A debt for an overpayment is established as soon as it is identified
- Collection of overpayments continues until the debt is satisfied
- Commercial overpayments can be recaptured quickly if a pending invoice from the same firm is available for offset

Causes / Corrective Actions

Cause:

- Data Entry errors
- Billing errors
- Progress payment calculation errors

Correction:

- Training and monitoring
- Improve contractor interface for proper invoice submission
- Simplify contract terms to eliminate manual calculations

Footnotes

- The universe reviewed for Q3, FY 2011, high dollar improper payments includes disbursements made by:
 - DFAS
 - USACE
 - Non-DTS travel
 - Army-Korea
 - Army-Europe
 - Navy
 - Air Force
- Only DFAS and USACE reported any high dollar improper payments for this quarter's reporting
- Tricare Management Activity will begin reporting high dollar improper payments Quarter 4, FY 2011
- For more detailed information on sampling methodologies, go to ([Q3 FY11 High Improper Payment Report Narrative](#))
- For more detailed information on actual items identified, go to ([Q3 FY11 High Improper Report Data](#))