



Department of Defense
High Dollar Improper Payments
Quarter 4, Fiscal Year 2011

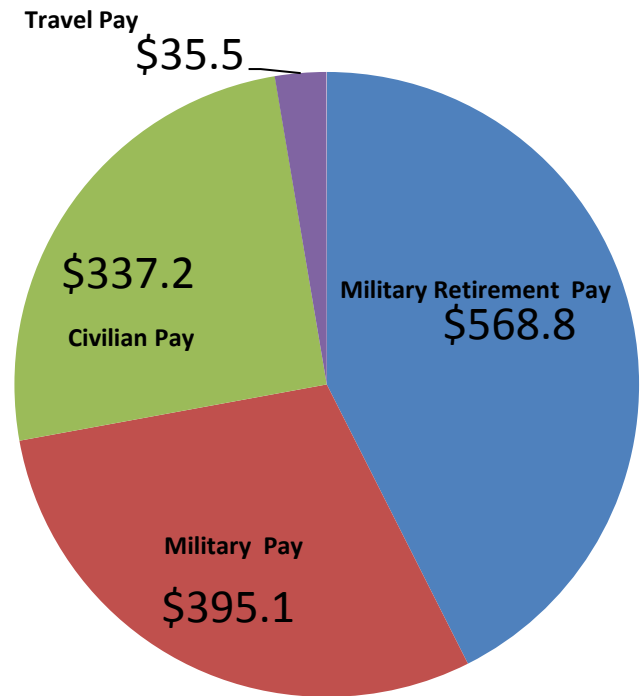
What is a high dollar improper payment?

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

High Dollar Overpayments to Individuals Quarter 4, FY 2011

Reasons for High Dollar Overpayments

- Military and Civilian Pay errors mainly due to late processing of entitlement changes
 - Entitlements include base pay, leave, living allowances, and several others
 - Collection through payroll deduction
- Military Retirement Pay errors primarily due to late notification of recipient's death or non-receipt of death certificate
 - Quick recapture through electronic pull back

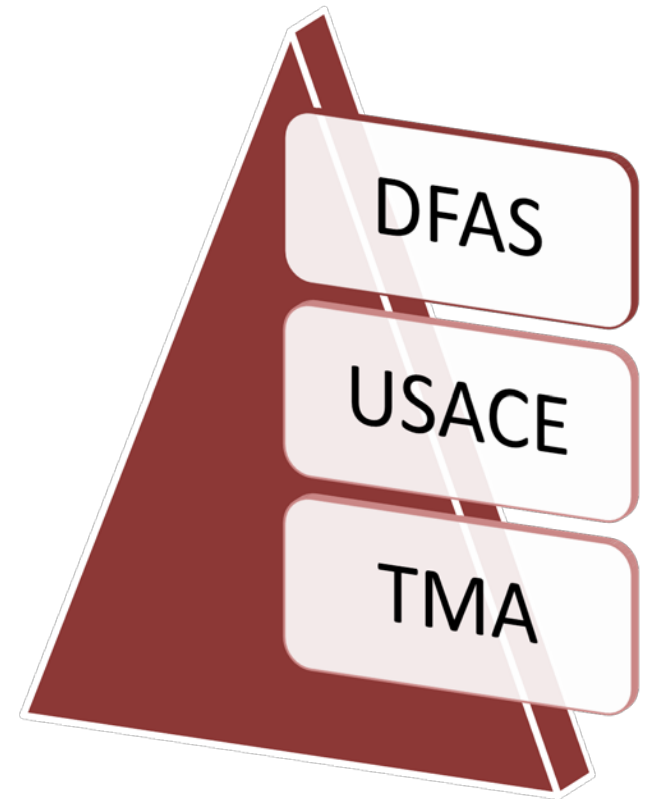


Dollars in Thousands

High Dollar Overpayments to Commercial Entities

Reasons for High Dollar Overpayments

- High dollar commercial overpayments totaled \$70.2 million for Quarter 4, FY 2011
- Includes disbursements by Defense Finance and Accounting Service (DFAS), U.S. Army Corps of Engineers (USACE) and TRICARE Management Activity (TMA)
- Contract and vendor overpayments caused mainly by technician input errors
- Some errors caused by inaccurate contractor invoicing
- Recouped nearly 65 percent as of December 31, 2011



Additional Information on Recoupment of Overpayments

- 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
- Invoicing errors
- Progress payment calculation errors

Correction:

- Ongoing technician and certifier training and monitoring
- Improve contractor interface to improve invoice accuracy
- Short term solution is more training; long-term solution is to simplify contract payment terms

Notes

- The universe reviewed for Quarter 4, FY 2011 high dollar improper payments includes disbursements made by:
 - DFAS, USACE, and TMA
 - Non-Defense Travel System (DTS) travel for U.S. Air Force, U.S. Navy, Army-Korea, and Army-Europe
 - Non-DTS vendor pay for Army-Korea and Army-Europe
- Certain outlays were not reviewed for inclusion in this report
 - Intergovernmental Payment and Collection (IPAC) transactions
 - Standard Form 1081 transactions used for inter- and intra-governmental transactions not covered by IPAC
 - Funds disbursed by other agencies on DoD's behalf, some in-theater payments, and classified transactions (classified transactions are monitored for improper payments but not publicly reported.)
- Only DFAS, USACE, and TMA reported high dollar improper payments for this quarter's reporting
- Follow this link to obtain additional detail on the causes and corrective actions for [Quarter 4, FY 2011's high dollar overpayments](#)
- Follow this link to obtain additional detail on the actual transactions that were identified as high dollar improper payments for [Quarter 4, FY 2011](#)