# JFMIP

Joint Financial Management
Improvement Program

# Payment Integrity Initiative:

*A Three-year Plan to Advance Payment Integrity*

Effective stewardship of taxpayer funds is a critical responsibility of the federal government. The federal government spends trillions of dollars each year addressing public needs, distributing the funds through payments made directly and through partners at the state and local levels. The increased flow of funds in response to the COVID-19 pandemic exposed existing vulnerabilities in federal and state government payment systems and processes that resulted in increased improper payments – including fraud – in federal programs.

In Fiscal Year 2023, the Joint Financial Management Improvement Program (JFMIP), a cooperative venture between the Government Accountability Office, the Office of Management and Budget, the Office of Personnel Management, and the Department of the Treasury, began an initiative to take a "whole of government" approach to advancing the prevention and recovery of improper payments. Our vision is to strengthen trust in government by promoting fraud prevention and payment integrity in federal programs. Although each JFMIP member will remain individually responsible for its specific mission and authorities, we seek to advance payment integrity by each using those authorities to enable federal programs to focus on prevention. This can be done by promoting greater access and use of data and analytics; promoting best practices to equip agencies and states with information, tools, and resources to prevent fraud and improper payments; and strengthening partnerships between key stakeholders throughout the payment lifecycle.

This initiative aims to reinforce and amplify each member organizations' respective efforts to promote payment integrity; build off past success and apply lessons learned, especially from the COVID-19 pandemic; and develop a 3-year plan to advance payment integrity that will evolve as the work progresses. The slides that follow provide the *JFMIP's Payment Integrity Initiative: A Three Year Plan to Advance Payment Integrity.*

The JFMIP thanks the diverse group of experts across government who contributed to this initiative and whose expertise was invaluable in developing this approach.

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# Payment Integrity Initiative:

## *A Three-year Plan to Advance Payment Integrity*

Joint Financial Management Improvement Program (JFMIP)

# Reducing Improper Payments and Fraud in Federal Programs

The COVID-19 pandemic exposed vulnerabilities in federal and state government payment systems and processes, leading to increased improper payments – including fraud – in federal programs.

## IMPROPER PAYMENTS
Payments that should not have been made or that were made in an incorrect amount – or even payments made to the right recipient in the right amount but not in strict adherence to agency policies and procedures. Improper payments stem from a variety of causes, including error and fraud. Agencies determine whether a payment is improper.

## FRAUD
Involves obtaining something of value through willful misrepresentation. The item of value can include financial and nonfinancial benefits. While all payments resulting from fraudulent activity are considered improper, not all improper payments are the result of fraud.

## CHALLENGES

- Longstanding challenges with federal programs' ability to access and use data to prevent improper payments

- Historic degree of fraud and identity theft of emergency benefits

- Increased sophistication of fraud schemes

- COVID-19 accelerated the shift to digital interactions

- Evolving public expectations around trust and experience

# JFMIP can serve as a catalyst for advancing payment integrity in federally funded programs

## JFMIP Mission

Promote the continuous improvement of federal financial management and to act as a **catalyst for the sharing and exchange of information** to promote operational effectiveness and efficiency, professional development, and data-driven decision-making.

JFMIP-24-02

# JFMIP's New Initiative

## A "whole of government" approach to advancing payment integrity

Starting in Fiscal Year 2023, the JFMIP Principals partnered to initiate the JFMIP Payment Integrity Initiative to:

- Reinforce and amplify each member organizations' respective efforts to promote payment integrity;

- Build off past success and apply lessons learned, especially from the COVID-19 pandemic; and

- Develop a three-year plan to advance payment integrity that will evolve as the work progresses.

### Guiding Principles

- Pursue innovation and a data-driven approach

- Collaborate to endure

- Maintain an incremental and agile path

- Offer user-focused tools and resources

- Change the mindset: go beyond compliance

- Protect privacy and enforce security

# The Three-Year Plan vision and pillars unite the JFMIP with a common purpose and direction

## Vision

Strengthen trust in government by promoting fraud prevention and payment integrity in federally funded programs.

**Right person. Right amount. Right time.**

## Pillars



**Focus on prevention**

**Promote best practices**

**Strengthen partnerships**

**Focus on prevention** by promoting greater access and use of data and analytics.

### OVERVIEW

The best way to reduce fraud and improper payments is to prevent them from happening by performing risk assessments and building into the process proper internal controls at the front end when designing and executing federal programs. Past underinvestment in basic government technology and longstanding challenges with the ability to access data created less opportunity for federal programs and operations to implement strategies focused on prevention.

We envision a future where federal agencies and federally funded state administered (FFSA) programs can take a more strategic approach to mitigating fraud and reducing improper payments by promoting greater access to and use of data and analytics, and continuously monitoring and assessing risk. This approach emphasizes solutions that support the entire federal enterprise.

## Why It Matters

Using and sharing data is key to responding to new and changing requirements, emerging threats, and enables an improved customer experience. Taking a federal enterprise approach to solving payment integrity challenges improves efficiency and effectiveness. Leveraging emerging technology and advanced analytics allows for detection and prevention early in the payment lifecycle.

## Objectives

## Near-Term Strategies
(12-18 months)

**1.1 Better Use and Sharing of Data**

- Expand the use of the Account Verification Service (AVS) to federally funded state administered (FFSA) programs and agencies, as appropriate, in pre-payment processes.

**1.2 Analyze Data for Effective Prevention**

- Analyze and review agency submissions of the Annual Data Call for paymentaccuracy.gov. Identify opportunities to standardize and streamline data collection/reporting.

- Establish monitoring mechanisms to evaluate agency use of the Do Not Pay (DNP) working system.

**1.3 Scale Products and Services**

- Conduct user research to identify and prioritize enhancements to Treasury's payment integrity products and services.

# Promote Best Practices

## Promote best practices to equip agencies and states with information, tools, and resources to prevent fraud and improper payments.

**OVERVIEW**

Leveraging the lessons learned from the COVID-19 pandemic and other large-scale government spending initiatives, we can apply best practices and embrace a continuous improvement approach to payment integrity. The need to get money out the door quickly to respond to an emergency should not weaken the controls or safeguards that are put in place to ensure the money is going to the right place and in the correct amount.

We envision a future where new and high-risk programs are equipped with the information, tools, and resources they need to identify and assess risk, design and implement effective controls, and continuously monitor emerging risk – all while getting money out the door quickly and efficiently.

# Pillar 2:
## Promote Best Practices

# Objectives and Strategies

## Why It Matters

Sharing the collective knowledge and best practices from agencies and oversight entities empowers stakeholders throughout the payment lifecycle to proactively prevent fraud and reduce improper payments. Guidance that reinforces best practices enables agencies and federally funded state administered (FFSA) programs to apply resources strategically towards prevention.

## Objectives

## Near-Term Strategies

**(12-18 months)**

**2.1** **Educate and Empower Key Stakeholders**

- Engage with professional associations to promote best practices and collaboration.

- Host at least one government-wide Fraud Symposium a year.

- Promote implementation of GAO's Fraud Risk Framework, Framework for Managing Improper Payments in Emergency Assistance Programs, and Treasury's Anti-Fraud Playbook.

- Share insights from GAO quarterly reports on improper payment topics.

**2.2** **Update Fraud and Improper Payment Guidance**

- Incorporate improper payments and fraud in the Standards for Internal Control in the Federal Government (Green Book).

- Update, clarify, and enhance OMB Circular A-123 Appendix C, Requirements for Payment Integrity Improvement.

# Pillar 3

## Strengthen Partnerships

**Strengthen partnerships** between key stakeholders throughout the payment lifecycle.

**OVERVIEW**

Payment integrity relies on a complex web of stakeholders, systems, processes, and controls throughout the payment lifecycle. Strengthening partnerships through collaboration and proactive engagement is critical to defending against current and future payment integrity challenges.

We envision a future where we can better operate as a federal enterprise by strengthening partnerships between key stakeholders throughout the payment lifecycle. Collaborating across federal and state agencies to share data and government-wide solutions is essential to transform the identification, prevention, and recovery of improper payments; and to mitigate the effects of fraud.

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# Objectives and Strategies

## Why It Matters

Understanding the needs and challenges of key stakeholders in the payment lifecycle enables effective prioritization of resources towards scaling and optimizing payment integrity solutions. Collaboration and partnerships reduce startup costs and increase the scale of solutions that reduce improper payments.

## Objectives

## Near-Term Strategies
**(12-18 months)**
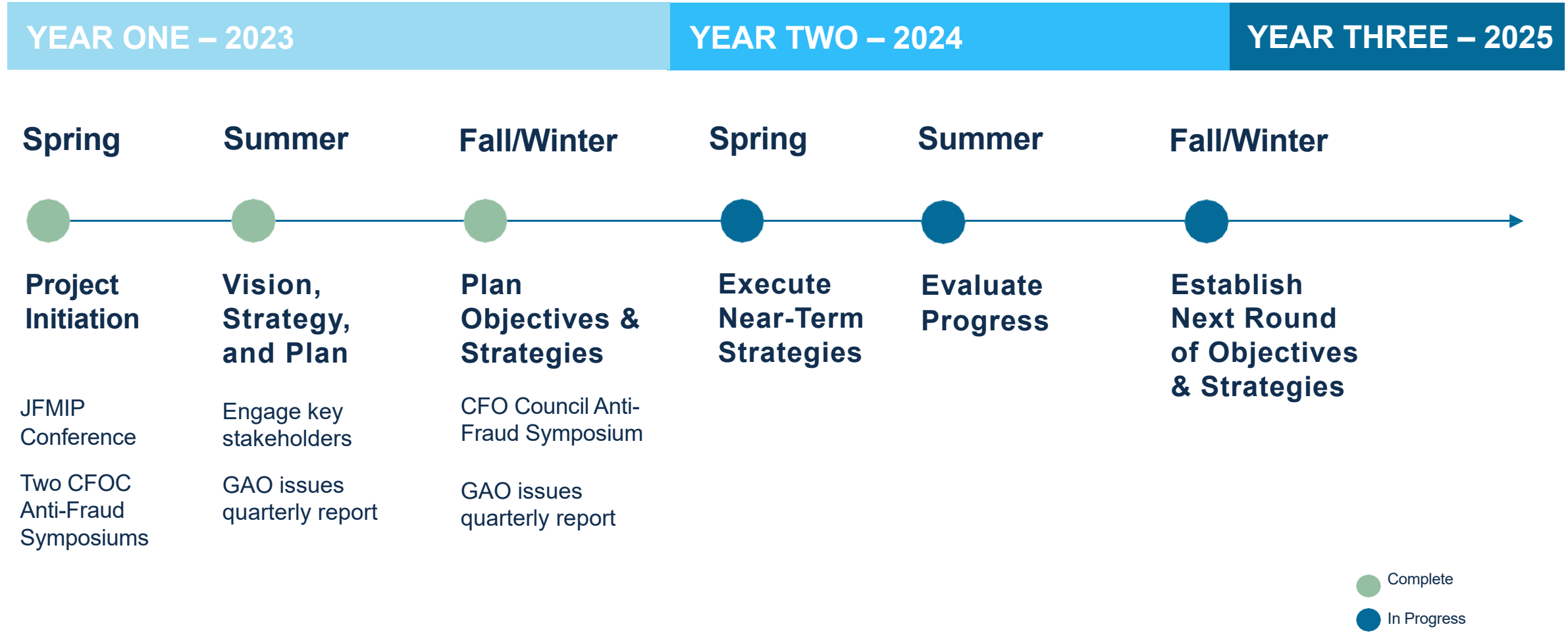
### 3.1 Engage Our Community

- Develop a key stakeholder map and targeted engagement strategy and communications plan.
- Establish a working group for governmentwide payment integrity improvement.

### 3.2 Promote Collaboration

- Conduct a hybrid Federal and State Forum.
- Engage with professional associations by attending, networking, and presenting at conferences and events.

# Timeline and Next Steps

| YEAR ONE – 2023 | YEAR TWO – 2024 | YEAR THREE – 2025 |
|---|---|---|

**Spring**

**Summer**

**Fall/Winter**

**Spring**

**Summer**

**Fall/Winter**

**Project Initiation**

JFMIP Conference

Two CFOC Anti-Fraud Symposiums

**Vision, Strategy, and Plan**

Engage key stakeholders

GAO issues quarterly report

**Plan Objectives & Strategies**

CFO Council Anti-Fraud Symposium

GAO issues quarterly report

**Execute Near-Term Strategies**

**Evaluate Progress**

**Establish Next Round of Objectives & Strategies**

Complete

In Progress

**JFMIP-24-02**