

# FY 2020 OMB Supplemental Data Call

## United States Agency for International Development (USAID)

### Contents

FY 2020 OMB Supplemental Data Call USAID .....	1
Agency-Wide Responses .....	2
Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1)).....	2
Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1)) .....	2
Question 3: Recovery Audits (PIIA Section: 3352).....	2
Question 4: Excluded Programs (PIIA Section: 3352(e) (7)).....	3
Question 5: Financial and Administrative Controls (PIIA Section: 3357(d)) .....	3
Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d)).....	3
Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C)).....	4
Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C)) .....	4
USAID Twenty Seven Program Areas .....	5
Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B)) .....	5
Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B)) .....	5
Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2)) .....	5
Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2)).....	5
Question 8: Tolerable Rate.....	6
Question 8 Free Text: Tolerable Rate .....	6
Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	6
Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	6
Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1)) .....	6
Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1)) .....	7
Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	7
Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5)) .....	7
Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5)) .....	7
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5)) .....	7
Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B)) .....	8
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5)) .....	8

## **Agency-Wide Responses**

### **Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

#### **ANSWER:**

<b>Indicate root cause</b>	<b>Indicate mitigation strategy/corrective action(s) taken</b>	<b>Provide any additional detail (optional free text)</b>	<b>Select the actual completion date for action(s) taken</b>
9. Administrative or Process Errors Made by: Federal Agency	5-Cross Enterprise Sharing	Payments from External Source-DoS	FY2020 Q3
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	Currently being reviewed by USAID Counsel	Other
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)		FY2020 Q2

### **Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID compiled 4 quarters of disbursement/payment transactions from the Agency's Financial System (Phoenix). Using the data obtained for the 4 quarters, USAID inputted the data into an Access database to filter the transactions of external agency payment transactions, such as the Department of State (DoS) and any other non-applicable/irrelevant data. Once the access database cleaned up the four quarters, we then used IDEA, which is analytics tool to generate random samples to test for improper payments, including recapture of payments. Furthermore, as part of our assessment process, Missions are asked to self-report of any improper payments semi-annually.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

**ANSWER:** USAID has had unmodified opinions (clean audit reports) in its annual Financial Statement reports. The Agency does not perform Recovery Audits, considering a low Improper payment rate.

#### Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

**ANSWER:** USAID did not exclude any programs from its bi-annual Improper Payment Assessment as it applies to its payment recapture audits, and its overall assessments for Improper Payments/Payment Integrity.

#### Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

*Please describe your agency's progress:*

- *Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- *Identifying risk and vulnerabilities to fraud, and*
- *Establishing strategies, procedures, and other steps to curb fraud.*

**ANSWER:**

<b>Implementation of OMB Circular A-123</b>	<b>Implementation of GAO Green Book</b>	<b>Identifying Risk and Vulnerabilities</b>	<b>Establishing Strategies, Procedures and Other steps</b>
3 – Fully Operational	3 – Fully Operational	3 – Fully Operational	3 – Fully Operational

#### Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID minimizes its improper payments due to strong internal controls of its Accounts Payable and Payment Disbursement business processes; which includes adequate segregation of duties. The Agency's management of improper payments builds on the concepts of prevention, detection, and response. A strong preventive control is the Do Not Pay (DNP) Initiative. The Agency continuously monitors the process of internal control components to ensure efficient and effective payment operations, reliable reporting, and compliance with laws and regulations, with the ultimate goal of safeguarding U.S. Government assets which encompasses the disbursement/payment process.

USAID established a methodology to assess the Agency Risks to evaluate for an Improper Payments assessment. Using a combination of Excel and Access database, the Agency determines the highest risk program areas for improper payments review by conducting a Risk Assessment.

### Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Please indicate the following:

- Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.
  - Whether it was likely to be above or below the statutory threshold.
- The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.
- If they had substantial changes to RA methodology.

**ANSWER:**

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
N/A	Likely to be Below Statutory Threshold	Other	N/A

### Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

**ANSWER:** USAID did not exclude any programs from it bi-annual improper payment assessment.

## **USAID Twenty Seven Program Areas**

### **Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- Meeting applicable improper payments reduction targets;
- Preventing improper payments from being made; and
- Promptly detecting and recovering improper payments that are made.

#### **ANSWER:**

<b>Performance Appraisal Criteria</b>
promptly detect and recover improper payments that are made

### **Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID Improper Payments did not exceed the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B. USAID gross improper payments were \$3,100,200.75.

USAID works with various Mission offices overseas and at the Headquarters in Washington DC to provide data on improper payments, recovery and analysis. Our timeline begins in January of every year requesting Missions and Head office to submit projections of estimated improper payment. Data obtained from the various offices enables us to build a risk assessment around the areas with highest to lowest risk exposures for subsequent monitoring and prevention of improper payments.

### **Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

#### **ANSWER:**

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
N/A	14. Other	Other (free text)

### **Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID Improper Payments did not exceed the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B. USAID gross improper payments were \$3,100,200.75.

### Question 8: Tolerable Rate

*Do you believe the program has reached a tolerable rate of improper payments?*

**ANSWER:**

Indicate Yes or No
N/A

### Question 8 Free Text: Tolerable Rate

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID Improper Payments did not exceed the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B. USAID gross improper payments were \$3,100,200.75.

### Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

**ANSWER:**

Indicate 'yes' or 'no'	Indicate program needs
N/A	5. Other: Explain

### Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID Improper Payments did not exceed the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B. USAID gross improper payments were \$3,100,200.75.

USAID has a strong management commitment for internal control. A department known as Enterprise Risk Management and Internal Control is dedicated for this purpose. Our structure provides adequate separation of duties, information technology controls, risk management, monitoring, supervision and effective communications with all mission offices.

### Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID Improper Payments did not exceed the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B. USAID gross improper payments were \$3,100,200.75.

**Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID Improper Payments did not exceed the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B. USAID gross improper payments were \$3,100,200.75.

**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

**ANSWER:**

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR
Compliant	2. Conduct Program-Specific Risk Assessment
Compliant	3. Publish Improper Payment Estimates
Compliant	4. Publish Programmatic Corrective Action Plans
Compliant	5. Publish and Meet Annual Reduction Targets
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** The OIG issued their audit report titled “USAID Complied in Fiscal Year 2019 With the Improper Payments Elimination and Recovery Act of 2010, as Amended” (0-000-20-007-C). The OIG contracted GKA, P.C. Certified Public Accountants and Management Consultants (GKA) to conduct the audit. The audit firm concluded that USAID complied with the requirements of IPERA, as amended, in fiscal year 2019.

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** USAID has been compliant with IPERA since 2010. USAID has received a waiver in recent years from submitting certain improper tables in the Agency Financial Reports (AFR).

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** N/A

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** N/A

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** The Office of the Chief Financial Officer of USAID (OCFO) has incorporated searches of the IPERIA-listed DNP databases into the existing processes for tracking improper payments and recapturing them. Starting in FY 2018, Treasury began sending a monthly DNP adjudication report that listed possible DNP database matches to OCFO, which then conducted a manual review of disbursed payments by using the online DNP portal. For example, the monthly Treasury DNP adjudication report might identify five matches for a vendor named “Smith.” For each possible match, OCFO would determine if the vendor was correctly identified, and/or if the payment was proper.

USAID is currently using the following databases:

- The Death Master File (DMF) of the Social Security Administration;
- The General Services Administration’s System for Award Management (SAM); and
- The Debt Check Database for Treasury (Debt Check).

For reporting purposes, the data in question includes the following:

- Payments reviewed for improper payments, which includes all payments screened by the DNP Initiative or other USAID internal databases managed by OCFO as appropriate, and disbursed by, or on behalf of, USAID;
- Payments stopped, which includes payments intercepted or not disbursed because of the DNP Initiative; and
- Improper payments reviewed and not stopped, which includes payments reviewed by the DNP databases, disbursed, and later identified as improper.

OCFO plans to continue to use the portal to adjudicate any DNP matches. However, USAID would like to note that the DNP Initiative is an automated portal designed to identify beneficiary matches for entitlements, which the Agency does not disburse.

Since FY 2015, USAID has reviewed 308,148 payments that totaled \$35,376,788,788.75, using the DNP Initiative concluding no confirmed improper payments. From October 1, 2018, through July 31, 2020, the DNP Initiative reviewed 109,695 payments by USAID that totaled \$15,098,063,908.63 and found no confirmed improper payments. Based on USAID’s experience to date, the DNP Initiative is not likely to provide the Agency with a large frequency of corrections or identify significant instances of incorrect information.



