FY 2020 OMB Supplemental Data Call

DOD

Contents

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:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other	6-Audit (improve IC)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

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ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	The root cause identified resulted in overpayments or monetary losses that can be recovered.	Other

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: In FY 2020, the Military Health Benefits, Military Pay, Military Retirement, and Commercial Pay programs each reported over $100 million in estimated improper payments resulting in monetary losses, which can be recovered by the Department. In addition, the Civilian Pay and DoD Travel Pay programs both reported over $100 million in improper payments, but reported monetary losses of less than $100 million. As such, the Department only reported its significant monetary loss programs in Question 2.

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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: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

In FY 2020, the Department reassessed its Payment Recapture/ Recovery Audit Program (PRA) to ensure its compliance with PIIA and resolve three long-standing, open audit recommendations. Specifically, DoD components were required by a Department memorandum to identify and document the activities used to recover overpayments. The PRA plans were required to describe the component's PRA activities and include the annual amount of overpayments identified for recapture, the actual amount of overpayments recaptured, and the specific tools or methods used to recapture them. The Department developed a PRA template to ensure standardization and bi-weekly working group meetings were held to provide guidance to DoD components. Through its reassessment, the Department has determined that its PRA program consists of a synchronization of efforts of cost-effective internal controls implemented by DoD components, PIIA related initiatives, and recapture activities performed by DFAS and USACE.

USACE uses a number of methods to recapture/recover overpayments for its Travel Pay Program. The recoupment process begins once an overpayment is identified. The travel bill is generated in the UFC Audit Support Office or the Travel Branch. After the bill is generated, the bill is forwarded to the UFC Debt Management Office along with the supporting documentation. The Debt Management Office then creates a debt letter and mails/emails the bill to the debtor. The Debt Management Office monitors the outstanding travel bills each month to ensure they are collected.

The TRICARE program provides healthcare services to 9.4 million beneficiaries. TRICARE private sector contractors are responsible for managing the delivery of health care by developing and maintaining a civilian provider network, ensuring adequate access to healthcare, and processing healthcare claims. The authority to make benefit determinations and authorize the disbursement of funds under the TRICARE purchased care program is restricted to the Defense Health Agency (DHA) Director, designated TRICARE staff, or TRICARE private sector contractors. No other persons or agents have such authority, therefore improper payments made under the TRICARE purchased care program can only be recovered by TRICARE private sector contractors.

The DHA private sector contractors are required to meet payment accuracy performance standards as part of their performance contract. DHA financially incentivized private sector contractors to meet or exceed payment accuracy performance standards, and to reduce and/or eliminate improper payments. Improper payments are either remitted back to the TRICARE program, or deducted from future payments to the contractor.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

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The DoD Travel Pay, Payment Recapture/Recovery Audit program incorporates all of the payments made by DFAS, in support of the Military Branches, Combatant Commands and Defense Agencies for Service Members and Civilian Employees for mission required temporary and permanent travel- and/or transportation-related expenses. The Department through DFAS uses a variety of pre and post payment internal controls to identify, prevent and recoup travel overpayments. DFAS's Post Pay Review and Analysis department has an internal process consisting of random sampling reviews and pre-review of all one-time payments over $2500 and post pay sampling reviews. Additionally, DFAS's Travel Pay Audit team reviews all payments over $2500. In addition, a random sample of cases under $2500 are sampled for pre and post pay review.

Another valuable Travel Pay Payment Recapture/Recovery tool that the Department has used since 2013, is the Travel Policy Compliance Tool, which is an automated application, to review all DTS travel vouchers in near real time and identify potential improper payments. If a potential improper payment is identified, the tool creates a record and sends an email to the traveler, non-DTS Entry Agency if applicable, and the Authorizing Official that approved the voucher with instructions for correcting the error. The tool continues to send reminder emails until action is taken to resolve the error or justification is provided as to why the payment was valid. Additionally, the Travel Policy Compliance Tool includes a user interface that provides Service and Agency users with access to a reporting and records management capability that allows for tracking and monitoring.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

The TRICARE program provides healthcare services to 9.4 million beneficiaries. TRICARE private sector contractors are responsible for managing the delivery of health care by developing and maintaining a civilian provider network, ensuring adequate access to healthcare, and processing healthcare claims. The authority to make benefit determinations and authorize the disbursement of funds under the TRICARE purchased care program is restricted to the Defense Health Agency (DHA) Director, designated TRICARE staff, or TRICARE private sector contractors. No other persons or agents have such authority, therefore improper payments made under the TRICARE purchased care program can only be recovered by TRICARE private sector contractors.

During FY 2020, TRICARE private sector contractors provided $295.86 million in refunds. These refunds represent overpayments recovered as a result of payment errors identified through the compliance review process, refunds occurring in the course of routine healthcare claims processing, healthcare claim adjustments or corrections as identified by civilian providers or TRICARE beneficiaries, and claim corrections as the result of internal post-payment audits conducted by private sector. Actions and

methods used to recoup overpayments include contract requirements to recover improper payments identified during internal post-payment audits or by other means of notification. Overpayment recoveries are returned to the TRICARE health benefits program for continued use.

For improper payments made against non-underwritten healthcare, private sector contractors are required to establish account receivables and attempt to collect reimbursements from health care providers. If reimbursements of overpayments are not received, the contractors retain the accounts receivable to offset against future claims from the subject providers. Individual claims of $600 or less are held by the contractors indefinitely, in accordance with the contract. Claims greater than $600, if not collected or offset, are referred to the DHA General Counsel after 150 days for offset with the U.S. Treasury.

The DHA private sector contractors are required to meet payment accuracy performance standards as part of their performance contract. DHA financially incentivized private sector contractors to meet or exceed payment accuracy performance standards, and to reduce and/or eliminate improper payments. Improper payments are either remitted back to the TRICARE program, or deducted from future payments to the contractor.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

In FY 2020, the Department reassessed its Payment Recapture/ Recovery Audit Program (PRA) to ensure its compliance with PIIA and resolve three long-standing, open audit recommendations. Specifically, DoD components were required by a Department memorandum to identify and document the activities used to recover overpayments. The PRA plans were required to describe the component's PRA activities and include the annual amount of overpayments identified for recapture, the actual amount of overpayments recaptured, and the specific tools or methods used to recapture them. The Department developed a PRA template to ensure standardization and bi-weekly working group meetings were held to provide guidance to DoD components. Through its reassessment, the Department has determined that its PRA program consists of a synchronization of efforts of cost-effective internal controls implemented by DoD components, PIIA related initiatives, and recapture activities performed by USACE.

USACE uses a number of methods to recapture/recover overpayments for its Commercial Pay Program. USACE discovers overpayments through the contract closeout process, through routine audits and supplemented by the PIIA audit process. The USACE Finance Center Debt Management Office performs the necessary actions to recoup the payment once the overpayment is identified and the bill is created.

The USACE Finance Center (UFC) disburses all of the commercial payments for USACE. These payments consist of vendor invoices, SF1034 invoices, construction (ENG93) invoices, Architectural and Engineering (A&E), utilities invoices, lease payments, government purchase card (GPC) payments, and centrally billed account (CBA) payments. UFC obtains a list of USACE commercial payments to be audited post payment on a quarterly basis. USACE implemented a revised sampling plan in July 2017 where the population is taken from the CEFMS check register table. The CEFMS check register table contains all check/EFT disbursements made by the UFC. The PIIA samples are drawn from the entire universe of USACE commercial payments. In addition to the quarterly IPERIA audits, the UFC Audit Support Office also receives external audit requests from the Inspector General (IG), internal USACE auditors, external 3rd party auditors (i.e. KMPG), the Army Audit Agency (AAA), and contractors.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

In FY 2020, the Department reassessed its Payment Recapture/ Recovery Audit Program (PRA) to ensure its compliance with PIIA and resolve three long-standing, open audit recommendations. Specifically, DoD components were required by a Department memorandum to identify and document the activities used to recover overpayments. The PRA plans were required to describe the component's PRA activities and include the annual amount of overpayments identified for recapture, the actual amount of overpayments recaptured, and the specific tools or methods used to recapture them. Through its reassessment, the Department has determined that its PRA program consists of a synchronization of efforts of cost-effective internal controls implemented by DoD components, PIIA related initiatives, and recapture activities performed by the DFAS.

The Department's Civilian Pay PRA incorporates all salary, benefits and other compensation related entitlements for Department Civilians. The Civilian Pay process is dependent upon the built in internal controls for accuracy and timely distribution. The Department has an internal control structure in place for testing time and attendance that provides reasonable assurance that the hours worked, hours in pay status, and hours absent are properly recorded. This process has been further established and verified by the required key supporting documentation (KSD) review and analysis as part of the sampling performed for the PIIA Compliance Audit. The substantiated KSD review was established in FY2020 to substantiate and corroborate the validity of the Civilian Pay program. The additional KSD quality check for Civilian Pay projected less than one half of a percent of monetary loss for the Department.

Outside of the Payment Integrity testing, DFAS has a well-established Risk Management framework called i-Control. This system houses the internal documented procedures, risk factors, controls (both key and standard) as well as established testing plan. The entirety of this program is designed to mitigate improper payments through timeliness, accuracy or monetary amounts as each piece of the internal control processes can identify and streamline the process for recouping overpayments. Specifically, Civilian Pay has 46 key internal controls and 11 unique controls to ensure proper execution and or subsequent recoupment of the Civilian Pay program payments.

The erroneous overpayments identified and subsequent debts are created automatically within the Defense Civilian Payroll System (DCPS). DFAS Civilian Pay Operations has a series of debt reports and processes to review debts when created to ensure the proper offsets are applied to the debt in a given year.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

Defense Finance and Accounting Service (DFAS) is the sole service provider for the processing and payroll of the Retired and Annuitant (R&A) populations for the Department. DFAS is at the forefront of ensuring the appropriate controls are in place to combat and assist in the mitigation of risk for potential erroneous or improper payments. Based upon the guidance from the Department, DFAS R&A quickly worked to identify and ascertain their processes that are in place to detect, identify and recoup any erroneous payments through its multiple payroll areas. DFAS is well postured to continue to identify the risks associated with payment recapture activities and implement checks and balances as a need arises.

DFAS R&A has an internal review process through the Quality Product Assurance (QPA) department consisting of random sampling reviews and pre-review of all one-time payments over $2500 and post pay sampling reviews. Through the pre-review process, the identification of these payments occurs before release of the payment. The post review process will identify errors after release, at which point the erroneously processed overpayments would be reclaimed.

Additionally, DFAS R&A also completes a systematic monthly death match review, bumping Retirees and Annuitants Social Security Numbers against the Social Security Administration death files. The death match run provides a method of notification for deceased payees and timely suspension of pay. Any payments made after the date of death are recoup. Most reclamations are automated through Electronic Funds Transfer recall requests. Manual reclamations are processed for any hard copy checks.

Outside of the Payment Integrity testing, DFAS has a well-established Risk Management framework called i-Control. This system houses the internal documented procedures, risk factors, controls (both key and standard) as well as established testing plan. The entirety of this program is designed to mitigate improper payments through timeliness, accuracy or monetary amounts as each piece of the internal control processes can identify and streamline the process for recouping overpayments. Specifically, Military Retirement has 29 key internal controls and 26 unique controls to ensure proper execution and or subsequent recoupment of Military Retirement payments.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

In FY 2020, the Department reassessed its Payment Recapture/ Recovery Audit Program (PRA) to ensure its compliance with PIIA and resolve three long-standing, open audit recommendations. Specifically, DoD components were required by a Department memorandum to identify and document the activities used to recover overpayments. The PRA plans were required to describe the component's PRA activities and include the annual amount of overpayments identified for recapture, the actual amount of overpayments recaptured, and the specific tools or methods used to recapture them. Through its reassessment, the Department has determined that its PRA program consists of a synchronization of efforts of cost-effective internal controls implemented by DoD components, PIIA related initiatives, and recapture activities performed by the DFAS.

The Military Pay PRA incorporates all salary, benefits and other compensation related entitlements for all Service Members serving on Active Duty, Reserve and National Guard. Irrespective of actual assignment Military Pay is handled by the Service Members Branch. For example, a Service Member is assigned to a Combatant Command or Defense Agency, the Parent Military Branch is responsible for the Service Members pay. These payments are made by the DFAS. The Military Branch coupled with DFAS relies heavily on their internal control process for pre and post payment reviews, entitlement verifications, reconciling management notices, Pay Record Accessibility audit, self-assessment program, and focus metrics program.

Some examples of the internal controls incorporated into the Military Pay PRA are substantiating entitlements against key supporting documentation; validating personnel systems match pay account records; Mid-Month and End-of-Month, Leave and Earnings Statement reviews. Through utilization of internal controls within the Military Branch in conjunction with DFAS's established processes overpayments identified regardless of the origin are tracked by both the Military Branch and DFAS until the debt to the Department has been satisfied. Outside of the Payment Integrity testing, DFAS has a well-

established Risk Management framework called i-Control. This system houses the internal documented procedures, risk factors, controls (both key and standard) as well as established testing plan. The entirety of this program is designed to mitigate improper payments through timeliness, accuracy or monetary amounts as each piece of the internal control processes can identify and streamline the process for recouping overpayments. Specifically, Military Pay has 65 key internal controls to ensure proper execution and or subsequent recoupment of Military Pay program payments.

ANSWER: The Department does not procure performance of recovery audits by private sector sources to recovery improper payments. Instead, the Department uses a combination of internal activities to recover improper payments.

In FY 2020, the Department reassessed its Payment Recapture/ Recovery Audit Program (PRA) to ensure its compliance with PIIA and resolve three long-standing, open audit recommendations. Specifically, DoD components were required by a Department memorandum to identify and document the activities used to recover overpayments. The PRA plans were required to describe the component's PRA activities and include the annual amount of overpayments identified for recapture, the actual amount of overpayments recaptured, and the specific tools or methods used to recapture them. Through its reassessment, the Department has determined that its PRA program consists of a synchronization of efforts of cost-effective internal controls implemented by DoD components, PIIA related initiatives, and recapture activities performed by the Defense Finance and Accounting Service (DFAS).

DoD Components conduct contract reconciliations by comparing invoices, receiving reports, and payments as well as verifying the terms of the contract have been met and are properly recorded; Budget Execution monthly reviews; Reporting and Accounting Outlays reconciliation; monitoring debt collection software and reports to track the recovery of overpayments; finally, reconciling employee and vendor data with accounting and disbursing systems. These are some of the examples, albeit not an exhaustive list. These overpayments identified, would be subject to collection efforts coordinated between DFAS and the DoD Component offices responsible for originating the transactions. These collection efforts may include direct collection from the contractor, or offset against the same contract with that contractor.

The Department PRA Commercial Pay activities focuses on reporting and correcting any type of monetary loss. As part of the Department's overall system of internal controls, any overpayments that have been identified in sampled items for the PIIA Compliance Audit are reported to the DoD Component where the transaction originated. The process is similar to when overpayments are discovered through different PIIA audits, reviews and reports. Regardless of the identification source of the overpayment, the Department actively pursues all available methods for recouping erroneous overpayments as part of the overarching PRA program.

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: No DoD Payment Integrity programs are excluded from review under its payment recapture audit program

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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:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
2 – Established	2 – Established	2 – Established	2 – Established

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: In FY 2020, the DoD Components continued to conduct annual Entity Level Control (ELC) Assessment, to include fraud controls, and to evaluate how current controls align with requirements identified by OMB 123 and the GAO Green Book. The ELC Assessment evaluates the control environment with the 17 Green Book Components and Principles of Internal Control to include Principle 8. The results from the control assessment conducted by Components were aggregated and used by DoD to evaluate the status of the Department's progress toward remediation of control deficiencies related to ELCs. In addition, the DoD Components focused on the identification of fraud controls that are currently in place, related to the GAO Fraud Principle No. 6. The Components identified gaps and developed mitigation plans, as needed, to design and implement controls to prevent and detect fraud for the

following high-priority fraud risk areas: travel, government purchase card, payroll, procurement, and asset safeguards. The results of this fraud control assessment will be evaluated and aggregated to identify "best practices" to improve fraud control maturity in the future.

DoD Components continued to assess the risk of fraud as a part of annual Risk Assessment process. DoD Components, at a minimum, are required to identify fraud risks related to following areas: payroll. beneficiary payments, grants, procurement, asset safeguards, information technology and security, purchase cards, travel cards, fleet cards, asset safeguards, commissary and contingency/emergency programs. The fraud risks reported by the Components will be used to update the DoD-wide fraud risk register. The DoD-wide fraud risk profile will provide the prioritized list of fraud risks across the Department. The results from the annual Risk Assessment results will also be aggregated and evaluated to identify Department-wide risks and will be included in DoD's Enterprise Risk Management (ERM) profile.

DoD analyzed the fraud risk and fraud control reported by the Components to support and enhance DoD's inaugural FRM Strategy. The FRM Strategy, with DCFO "Tone-at-the-Top letter," demonstrate DoD's commitment to address potential fraud. DoD also created the Fraud Reduction Task Force as a cross-functional tactical team represented by "subject matter" experts and senior leaders across the Department, responsible for the review of high priority fraud risks and the identification of DoD-wide solutions, to include the use of advanced analytics. DoD developed the annual FRM webinar, conducted Fraud Reduction Task Force Office Hours and scheduled periodic RMIC Office Hours to maintain an ongoing dialogue and provide training to Components. In addition, the DoD OIG's Fraud Hotline Program provides the DoD with an additional resource to monitor and conduct investigations towards reported fraudulent activities.

ANSWER: In FY 2020, the DoD Components continued to conduct annual Entity Level Control (ELC) Assessment, to include fraud controls, and to evaluate how current controls align with requirements identified by OMB 123 and the GAO Green Book. The ELC Assessment evaluates the control environment with the 17 Green Book Components and Principles of Internal Control to include Principle 8. The results from the control assessment conducted by Components were aggregated and used by DoD to evaluate the status of the Department's progress toward remediation of control deficiencies related to ELCs. In addition, the DoD Components focused on the identification of fraud controls that are currently in place, related to the GAO Fraud Principle No. 6. The Components identified gaps and developed mitigation plans, as needed, to design and implement controls to prevent and detect fraud for the following high-priority fraud risk areas: travel, government purchase card, payroll, procurement, and asset safeguards. The results of this fraud control assessment will be evaluated and aggregated to identify "best practices" to improve fraud control maturity in the future.

DoD Components continued to assess the risk of fraud as a part of annual Risk Assessment process. DoD Components, at a minimum, are required to identify fraud risks related to following areas: payroll. beneficiary payments, grants, procurement, asset safeguards, information technology and security, purchase cards, travel cards, fleet cards, asset safeguards, commissary and contingency/emergency programs. The fraud risks reported by the Components will be used to update the DoD-wide fraud risk register. The DoD-wide fraud risk profile will provide the prioritized list of fraud risks across the Department. The results from the annual Risk Assessment results will also be aggregated and evaluated

to identify Department-wide risks and will be included in DoD's Enterprise Risk Management (ERM) profile.

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ANSWER: In FY 2020, the DoD Components continued to conduct annual Entity Level Control (ELC) Assessment, to include fraud controls, and to evaluate how current controls align with requirements identified by OMB 123 and the GAO Green Book. The ELC Assessment evaluates the control environment with the 17 Green Book Components and Principles of Internal Control to include Principle 8. The results from the control assessment conducted by Components were aggregated and used by DoD to evaluate the status of the Department's progress toward remediation of control deficiencies related to ELCs. In addition, the DoD Components focused on the identification of fraud controls that are currently in place, related to the GAO Fraud Principle No. 6. The Components identified gaps and developed mitigation plans, as needed, to design and implement controls to prevent and detect fraud for the following high-priority fraud risk areas: travel, government purchase card, payroll, procurement, and asset safeguards. The results of this fraud control assessment will be evaluated and aggregated to identify "best practices" to improve fraud control maturity in the future.

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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??
Transportation of Things Payments	Likely to be Below Statutory Threshold	FY2020 Q3	NO

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Government Purchase Card Payments	Likely to be Above Statutory Threshold	FY2020 Q1	NO

ANSWER:

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Transportation of Things Payments	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Government Purchase Card Payments	Likely to be Above Statutory Threshold	FY2020 Q1	NO

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: *Transportation of Things Payments*

In FY 2019, the Department assessed the adequacy of the post-payment audits performed by General Services Administration (GSA) on DoD Transportation of Things (TOT) payments. Based on the assessment, the Department concluded that the reviews performed by the GSA Transportation Audits Division adequately test DoD TOT payments for **overcharges only** and the testing for overpayments can be relied upon for DoD PIIA reporting purposes. As such, in FY 2020, the Department reported the overcharges identified by GSA as a part of the Commercial Pay program.

In FY 2020, the Department assessed the risk of TOT underpayments. The Department determined that TOT payments are **not at risk** for significant underpayments and the determination will be reassessed, in coordination with the GSA, in FY 2023. The determination was based on the following qualitative and/or quantitative findings:

A **prepayment audit** is conducted on all DOD TOT payments, which is **required** by *Title 31, United States Code, section 3726*, "Payment for Transportation" (31 U.S.C. § 3726) and **interpreted** in *Title 41, Code of Federal Regulations (CFR), Part 102-118*, "Transportation Payment and Audit" (41 C.F.R., Part 102-118).

Transportation Service Providers due diligence when invoicing DOD for transportation services and their administrative capability **to file a claim** when they determine that a deduction or underpayment was erroneous.

The claim percentage of total DOD TOT payments for FYs 2017 – 2019 averaged **only** 0.01 percent.

Only $1.6 million in claims of $14 billion in total DOD TOT payments (i.e., 0.031 percent), was paid by DOD and/or GSA throughout FYs 2017 – 2019.

Government Purchase Card Payments

In FY 2019, the Department initiated an improper payments risk assessment on government purchase card (GPC) payments. The risk assessment was terminated in FY 2020 following a decision made by the Department to include GPC payments to U.S. Bank in the Commercial Pay testing populations for improper payments. In FY 2021, the Department will document the payment integrity controls at the agency or cardholder level in order to provide further assurances to management regarding the integrity of the GPC payments made to U.S. Bank.

ANSWER: In FY 2019, the Department assessed the adequacy of the post-payment audits performed by General Services Administration (GSA) on DoD Transportation of Things (TOT) payments. Based on the assessment, the Department concluded that the reviews performed by the GSA Transportation Audits Division adequately test DoD TOT payments for **overcharges only** and the testing for overpayments can be relied upon for DoD PIIA reporting purposes. As such, in FY 2020, the Department reported the overcharges identified by GSA as a part of the Commercial Pay program.

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USACE Travel Pay

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 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: This program was determined to be compliant for two consecutive years.

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: This program was determined to be compliant for two consecutive years.

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: This program was determined to be compliant for two consecutive years.

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 Department does not use DNP for this program.

DoD Travel Pay

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:

Performance Appraisal Criteria
prevent improper payments from being 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: The Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials (DAOs) and Certifying Officials (COs) accountable for government funds. DAOs and COs are subject to pecuniary liability for an illegal, improper, or incorrect payment. The Deputy Chief Financial Officer (*DCFO*) is the Executive Agent and Senior Accountable Official for the DoD Payment Integrity Program. The DCFO, Director of Financial Management Policy and Reporting, and the Payment Integrity Program Manager provide oversight to the DoD Payment Integrity program and are each held accountable in their performance plans for reducing and recapturing improper payments as well as achieving compliance with Payment Integrity Information Act of 2019.

The Department is committed to ensuring that all employees, both Military Service members and civilians, are reimbursed timely and accurately for their travel-related expenses. To accomplish this mission, individuals within the travel management process are held accountable for their respective areas of responsibility.

DAOs involved in the travel management process serve as control points within the Department. Individuals officially appointed as DAOs for the travel process may include reviewing officials, approving officials, and authorizing officials. If appointed, DAOs are subject to pecuniary liability for illegal, improper, or incorrect payments resulting from information, data, or services they negligently provide to COs and upon which the COs relied to certify payment vouchers.

COs are subject to pecuniary liability under 10 U.S.C. §2773(a) and *31 U.S.C. §3528*. They are responsible for certifying travel claims for payment, forwarding certified claims to the supporting disbursing office, comparing pre-trip and post-trip estimates of expenses, reviewing all lodging receipts, and reviewing individual reimbursable expense receipts of $75 or more. Responsibilities for individuals appointed as COs are applicable to both Defense Travel System (DTS) and non-DTS travel claims. COs must be appointed by an appropriate authority and they must acknowledge their appointment as a CO by signature.

Travelers are held accountable for preparing their vouchers after travel has been completed. Travelers must provide all supporting documentation including the original (or legible copies of) orders and receipts for all lodging expenses, as well as claimed reimbursable expenses of $75 or more, to their DAOs and/or COs. Moreover, travelers are liable under *18 U.S.C. §§287* and *1001* and the False Claims Act, *31 U.S.C. §§3729-3731*, if they knowingly submit false, fictitious, or fraudulent travel claims.

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:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	1. Program Design or Structural Issue	3-Training (how to complete contracts)

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: The improper payments primarily resulted from travel vouchers paid with no receipts or invalid and/or incorrect receipts for expenses. Receipts must be provided with travel vouchers for all expenses of $75 or more. Travel expenses for which receipts are required such as airfare, lodging, and rental cars, were not provided by travelers and approving or certifying officials approved vouchers with missing or invalid receipts. Additional travel errors identified were unsigned vouchers or claims for reimbursement for expenditures on official business, meal rates paid incorrectly, and incorrect payments of permanent change of station-related expenses. The Department implemented revised training programs and provided additional guidance to travelers, reviewers, and approving officials to mitigate the occurrence of travel improper payments. In addition, the Defense Travel System was enhanced with a critical control to mitigate supporting documentation errors by preventing travelers from submitting vouchers and preventing approving officials from approving vouchers with no supporting documentation. The impact of this change will be fully recognized in FY 2021.

Question 8: Tolerable Rate
Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

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: The Department has not yet determined whether a tolerable rate has been reached.

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
YES	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: Internal Controls

The Department has the internal controls in place to support the reduction of improper payments in the DoD Travel Pay program to the levels the Department has targeted. In addition, OUSD(C) is committed to the coordination of activities between the Enterprise Risk Management/Internal Control Program and the Payment Integrity Program to leverage best practices in internal controls.

Human Capital

Currently, the Department has the human capital it needs to reduce improper payments in the DoD Travel Pay program to the levels the Department has targeted. However, as the DoD Travel Pay program evolves and DoD operations change, additional skill sets and personnel resources may be needed to sustain and advance the program.

Information Systems and Other Infrastructure

The Department has the information systems and other infrastructure it needs to reduce improper payments in the DoD Travel Pay program to the levels the Department has targeted. The primary system currently used by the Department to process travel payments is the Defense Travel System (DTS). DTS received an unmodified System and Organizational Control (SOC) 1 Type 2 report under Statement on Standards for Attestation Engagements *(SSAE) No. 18* in FY 2020. Moreover, the Automated Disbursing System, the Centralized Disbursing System, and the Deployable Disbursing System, which are the primary disbursing systems for the Department, received an unmodified SOC 1 Type 2 report under SSAE No. 18 in FY 2020. As technology advances, the Department continues to consider ways to improve the accuracy and efficiency of travel pay through implementation of new travel and entitlement processing systems and enhancements to existing systems.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
13. Insufficient Documentation to Determine	6-Audit (improve IC)	FY2020 Q2	
1. Program Design or Structural Issue	4-Change Process (instructions, checklist, policy)	FY2020 Q2	
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	Other	07/31/2020

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: DoD Components implemented revised training programs and provided additional guidance to travelers, reviewers, and approving officials to mitigate the occurrence of travel improper payments. In addition, the Defense Travel System (DTS) was enhanced with a critical control to mitigate supporting documentation errors by preventing travelers from submitting vouchers and preventing approving officials from approving vouchers with no supporting documentation. The control implemented in DTS included a pre-payment audit feature to determine if the traveler uploaded or attached supporting documentation (i.e., a required receipt) with the claim. Activities included developing detailed user stories and acceptance criteria and establishing a user group to include representatives from DoD Components to review system functionality and system design.

Additionally, the Department updated the sampling and estimation plan to include the population of travel payments processed through the new Defense Travel Modernization system; and the Army developed and implemented statistically valid plans for testing travel payments at three overseas locations.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
1. Program Design or Structural Issue	3-Training (how to complete contracts)	FY2021	

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	FY2021	
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)	FY2021	

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: DoD corrective actions have reduced travel improper payments by approximately 3.6% since FY 2016 and the DoD Travel Pay program has met its improper payment goal rates for three consecutive fiscal years. Therefore, in FY 2021, the Department will continue to monitor the impact of system modifications made to the Defense Travel System to ensure the changes are operating effectively by preventing improper payments related to insufficient supporting documentation.

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
Non-Compliant	3. Publish Improper Payment Estimates

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: In FY 2019, the Department did not comply with two PIIA requirements. Specifically, the DoD published unreliable improper payment estimates and missed its annual improper payment reduction targets. The DoD did not comply with the PIIA requirement by not publishing reliable improper payment estimates for five programs (i.e., Military Health Benefits, Civilian Pay, Military Retirement, DoD Travel Pay, and Commercial Pay) and did not meet reduction targets for three programs (i.e., Military Health Benefits, Military Pay, and Civilian Pay).

Travel Pay

This program had three deficiencies: (1) DoD did not produce a complete and accurate improper payments estimate because its sampling population incorrectly excluded certain transactions; (2) DoD tested the population of travel payments from the new Defense Travel Modernization (DTM) system;

however, it did not include them in its sampling and estimation plan; (3) The Army did not use statistically valid sampling and estimation plans for testing travel payments at three overseas locations.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))
Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
8

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: The scope and depth of the annual DoD OIG reviews has expanded over the years, identifying more specific deficiencies each year. The Department continues to work diligently to correct them. Since fiscal year 2013, DoD resolved 74 percent of the DoD OIG audit recommendations related to PIIA, steadily improved its overall compliance with PIIA requirements, and moved the Department closer to meeting the President's Management Agenda, Cross-Agency Priority Goal 9, of "Getting Payments Right." This progress demonstrates that compliance for the DoD programs can be achieved through internal actions.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))
If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)
1. Program Design or Structural Issue	3-Training (how to complete contracts)

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: In FY 2020, DoD implemented controls to ensure a well-defined population to calculate the improper payments estimate. DoD updated the sampling and estimation plan to include the population of

travel payments processed through the DTM system. The Army developed and implemented statistically valid plans for testing travel payments at the three overseas locations.

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))
For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:
- *The measurable milestones to be accomplished*
- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Verify Complete Universe of Payment Population	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Perform Adequate Reviews of Payment Samples	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Generate a Reliable Estimate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust

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: The Defense Payment Integrity Senior Accountable Officials Steering Committee (the Committee) was created in FY 2018 and it institutionalized a forum of accountability to oversee and guide the Department's actions required by Appendix C of the OMB Circular Number A-123 to achieve full compliance with the Payment Integrity Information Act of 2019 (PIIA). The Committee is chaired by the Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and co-chaired by the Defense Finance and Accounting Service, Deputy Director, Operations. It also includes Senior Executive Service representatives from the Military Services and defense agencies. The Committee provides oversight to the DoD Payment Integrity program and drives action for compliance with PIIA. More specifically, the Committee evaluates the status of improper payments testing, the root causes of improper payments and appropriate actions to reduce them, payment recapture activities, and solutions to resolve DoD-wide audit findings and recommendations related to improper payments. Additionally, it supports audits related to improper payments, reviews audit recommendations, and oversees the identification of root cause(s) and the development and implementation of corrective actions to address areas of noncompliance.

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 Department does not use DNP for this program.

Military Health Benefits

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:

Performance Appraisal Criteria
prevent improper payments from being 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: The Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials and Certifying Officials accountable for government funds. DAOs and COs are subject to

pecuniary liability for an illegal, improper, or incorrect payment. The Deputy Chief Financial Officer (*DCFO*) is the Executive Agent and Senior Accountable Official for the DoD Payment Integrity Program. The DCFO, Director of Financial Management Policy and Reporting, and the Payment Integrity Program Manager provide oversight to the DoD Payment Integrity program and are each held accountable in their performance plans for reducing and recapturing improper payments as well as achieving compliance with Payment Integrity Information Act of 2019.

The Defense Health Agency (DHA) continually strives to improve its payment accuracy performance for all its private sector contracts and ensure that the billions of dollars in federal funds it disburses annually reach intended recipients in the right amount and for the right purpose. Through responsible stewardship and accountability, DHA is committed to earning the trust and confidence of Congress and the American people.

TRICARE private sector contractors are monetarily incentivized or dis-incentivized through contract requirements and TRICARE claims processing performance standards. In addition to quarterly compliance reviews, Manage Care Service Contracts (MCSCs) are subject to annual health care cost reviews. Overpayments identified during Annual Health Care Costs (AHCC) compliance reviews are extrapolated to the AHCC claims universe and the MCSC is liable for the extrapolated overpayment error amounts that must be reimbursed directly to the Government.

DHA-Contract Resource Management (CRM) Government Certifying Officers responsible for authorizing payments are held accountable as documented in their Performance Plans. Certifying officers must ensure vouchers prepared for disbursement are correct and comply with the terms of the assigned contract and the *Prompt Payment Act*. Certifying Officers are allowed no more than three errors resulting in an incorrect dollar amount or payee during a rating period. All payments on file must be certified in time to make scheduled Treasury payment cycles and DHA paying agents must maintain all standard operating procedures associated with these processes. Performance evaluations are performed annually by the Chief, CRM Finance Accounting Branch, who annotates and properly addresses any failure to meet performance requirements.

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:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)

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: The majority of the improper payments identified in the Military Health Benefits program resulted from incorrectly processed claims by the East Regional TRICARE private sector contractor. For

each payment error identified as a result of ongoing compliance reviews, DHA will continue to improve administrative and processing functions performed by the purchased care contractor to mitigate errors and prevent future improper payments.

Question 8: Tolerable Rate
Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

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: The Department has not yet determined whether a tolerable rate has been reached.

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
YES	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: Internal Controls

DHA has internal controls in place to support the reduction of improper payments in the TRICARE purchased health care program to the levels the DHA has targeted. Effective January 1, 2018, and in fulfillment of section 701 of the *National Defense Authorization Act for FY 2017*, the DHA implemented sweeping changes to the TRICARE health benefits structure and MCS contract management to synchronize these changes. As a result, the DHA transitioned its TRICARE-3 MCSCs (supported by three regional contracts/contractors) to the TRICARE 2017 contract and regional oversight model (supported by two regional contracts/contractors).

While the transition of MCSC contracts from three to two was considered a success, the transitioning of claims processing services under one of the two T2017 MCSC has been met with challenges and control failures. As a result of the contractor's claims processing performance, DHA's program and contracting

offices have increased oversight and monitoring for this T2017 contractor. Significant progress has been made by the DHA and the MCSC contractor to resolve this deficiency by the FY 2021 AFR reporting cycle. Moreover, the Contract Resource Management division of DHA received an unmodified audit opinion on its financial statements in FY 2019.

Human Capital

Currently, DHA has the human capital it needs to reduce improper payments in the Military Health Benefits program to the level the Department has targeted. However, as the DHA Payment Integrity program evolves and as operations change, additional skill sets and personnel resources may be needed to sustain and advance the program.

Information Systems and Other Infrastructure

DHA has the information systems and other infrastructure it needs to reduce improper payments in the Military Health Benefits program to the levels the Department has targeted. The Agency Private Sector program (managed by the Contract Resource Management Division) includes an immense volume of healthcare claims processed by TRICARE private sector contractors into the TED Operational Data Store. To track programs, CRM uses the TRICARE Encounter Data Set (TEDS), a financial feeder system through which claims are processed to Oracle Federal Financials; the E-Commerce System (ECS); and the Oracle Federal Financials (OFF). The OFF system supports budget and accounting/financial functions and health care (TEDS) claims processing and contains TRICARE Claims Management, Accounts Receivable, Accounts Payable, Purchase Orders and General Ledger modules.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	Other (free text)	Other	09/01/2020
1. Program Design or Structural Issue	Other (free text)	Other	09/01/2020

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: The Defense Health Agency (DHA) began implementing corrective action plans (CAPs) for the Military Health Benefits program in FY 2019 due to challenges identified during the transition of administered healthcare services and claims processing services for the TRICARE health benefits program. As part of the root cause analysis and program assessments, DHA discovered that the TRICARE 2017 Managed Care Service Contract (MCSC) errors were due to system programming errors

or omissions, lack of training for data entry professionals, and lack of sufficient/effective supervision over work products and reports generated. Therefore, the corrective actions taken by DHA consisted of several activities to include training, change process, and audit. DHA and the TRICARE private sector contractors analyzed respective claims processing systems to ensure they were developed to meet TRICARE policy benefit and reimbursement requirements. This included identifying claims processing system gaps and deficiencies; analyzing claims processed for accuracy and completeness; and making system modifications as needed. As a result of system corrections, additional training, and other measures, DHA realized a 17.64% decrease in improper payments and an error rate that progressively reduced throughout FY 2020.

Additionally, DHA issued a contractor corrective action request (CAR) to resolve and track noncompliance with TRICARE healthcare policy/regulations and purchased care contract requirements. A CAP was submitted by a regional private sector care (PSC) contractor to reduce the spike in improper payments realized in FY2019.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)	FY2021	

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: In FY 2021, the Defense Health Agency (DHA) will continue to aggressively work through their TRICARE East Regional contract to implement corrective actions to prevent improper payments that were made in FY 2020. Specifically, DHA will ensure that required system modifications are completed and claims are adjusted according to the improper payment results reported by its external independent review contractor. DHA will also perform quarterly compliance reviews of regional contractors per the annual health care cost reviews (AHCC). Any improper payments identified during AHCC compliance reviews will be extrapolated to the AHCC claims universe and reimbursed directly to the Department by the regional contractor. In addition, DHA will conduct a second Medical Record Documentation Review to refine its processes and attain a better rate of return for medical records from providers' offices.

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
Non-Compliant	3. Publish Improper Payment Estimates
Non-Compliant	5. Publish and Meet Annual Reduction Targets

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: In FY 2019, the Department did not comply with two PIIA requirements. Specifically, the DoD published unreliable improper payment estimates and missed its annual improper payment reduction targets. The DoD did not comply with the PIIA requirement by not publishing reliable improper payment estimates for five programs (i.e., Military Health Benefits, Civilian Pay, Military Retirement, DoD Travel Pay, and Commercial Pay) and did not meet reduction targets for three programs (i.e., Military Health Benefits, Military Pay, and Civilian Pay).

This program had two deficiencies: (1) DoD did not include administrative and other program payments in the post-payment sampling methodology and estimation plan and (2) did not ensure that the program met its self-imposed improper payment target rate.

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

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
8

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: The scope and depth of the annual DoD OIG reviews has expanded over the years, identifying more specific deficiencies each year. The Department continues to work diligently to correct them. Since fiscal year 2013, DoD resolved 74 percent of the DoD OIG audit recommendations related to PIIA,

steadily improved its overall compliance with PIIA requirements, and moved the Department closer to meeting the President's Management Agenda, Cross-Agency Priority Goal 9, of "Getting Payments Right." This progress demonstrates that compliance for the DoD programs can be achieved through internal actions.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))
If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)

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: In FY 2020, the Defense Health Agency (DHA) developed a sampling and estimation plan to perform internal post-payment reviews of these payments. In FY 2020, DHA implemented corrective actions with their managed care support contractor to reduce improper payments and meet its self-imposed target rate.

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))
For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:
- *The measurable milestones to be accomplished*
- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Verify Complete Universe of Payment Population	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable	Defense Payment Integrity Senior Accountable Officials Steering	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability	Inaccurate Payment Integrity Reporting and Lack of Public Trust

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
			Officials Steering Committee	Committee Quarterly Meetings	to American Taxpayers	
Perform Adequate Reviews of Payment Samples	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Generate a Reliable Estimate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Report a Reduction in the Annual IP Rate to Demonstrate Improvement Toward Meeting the Annual Target Rate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust

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: The Defense Payment Integrity Senior Accountable Officials Steering Committee (the Committee) was created in FY 2018 and it institutionalized a forum of accountability to oversee and guide the Department's actions required by Appendix C of the OMB Circular Number A-123 to achieve full compliance with the Payment Integrity Information Act of 2019 (PIIA). The Committee is chaired by the

Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and co-chaired by the Defense Finance and Accounting Service, Deputy Director, Operations. It also includes Senior Executive Service representatives from the Military Services and defense agencies. The Committee provides oversight to the DoD Payment Integrity program and drives action for compliance with PIIA. More specifically, the Committee evaluates the status of improper payments testing, the root causes of improper payments and appropriate actions to reduce them, payment recapture activities, and solutions to resolve DoD-wide audit findings and recommendations related to improper payments. Additionally, it supports audits related to improper payments, reviews audit recommendations, and oversees the identification of root cause(s) and the development and implementation of corrective actions to address areas of noncompliance.

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

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Monthly	Monthly

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 Department uses the online search, payment integration, and batch matching features of DNP. The majority of the flagged payees are based on the Death Master File and the name match results from the rest of the DNP databases. The Department researches all payments that are identified to be potentially improper. Research has determined that the majority of these match results are false positives (e.g., a vendor's tax identification number being matched to a deceased individual's social security number). The remaining are deemed proper based on established business rules related to contracts terms and vendor performance. The Department has adjudicated and deemed proper all potential improper payments identified using the DNP Portal. The DNP initiative has not reduced the Department's improper payments.

All payments that are identified as potentially improper are then adjudicated and either paid or not paid. The majority of the false positives received are based on the American InfoSource results coupled with name match results from the DNP Portal. The relatively insignificant remaining portion are deemed not to be improper payments and must be paid accordingly based off of established business rules related to vendor performance in accordance with established contracts. To date, the Department has been able to adjudicate and clear all potential improper payments identified using the DNP portal.

Defense Health Agency (DHA) processes relatively few (5–20) case recoupment small ($5–$20,000) refunds each month. The Single Online Search service is utilized, prepayment, for 100% of all case recoupment refunds to verify a payee not been placed on the List of Excluded Individuals/Entities (LEIE) and to verify an individual has not passed away. Any matches will be referred to the DHA Office of General Counsel for adjudication.

Vendor, Contract Payments: DHA processes approximately 169 routine payments per month for 13 unique TRICARE private sector care (PSC) payees. The SOS service is utilized, prepayment, once a month to verify a PSC payee has not been placed on the Excluded Parties List System or the LEIE. The initial DNP Portal check is then carried for all remaining payments being made to that unique payee for the rest of the month. This process is then repeated every month, maintaining 100% validation in the DNP. Any matches are validated with the Treasury Offset Program (TOP), ensuring the contractor does not have the same EIN as a person's SSN. If the contractor is on the SAM, LEIE, and/or TOP list, the finding is referred to the assigned Contracting Officer. For proprietary reasons, the contractor is responsible for resolving these matching issues.

The risk for payments disbursed via the PSC contractor lies outside of DHA's control. Contractors are not required to utilize the DNP at the pre-payment phase to comply with PIIA.

USACE Commercial

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 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: This program was determined to be compliant for two consecutive years.

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: This program was determined to be compliant for two consecutive years.

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: This program was determined to be compliant for two consecutive years.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))
Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Daily	Daily

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 Department uses the online search, payment integration, and batch matching features of DNP. The majority of the flagged payees are based on the Death Master File and the name match results from the rest of the DNP databases (e.g., System for Award Management). The Department researches all payments that are identified to be potentially improper. Research has determined that the majority of these match results are false positives (e.g., a vendor's tax identification number being matched to a deceased individual's social security number). The remaining are deemed proper based on established business rules related to contracts terms and vendor performance. The Department has adjudicated and deemed proper all potential improper payments identified using the DNP Portal. The DNP initiative has not reduced the Department's improper payments.

Currently, the Department makes payments using the Treasury Direct Disbursements and/or Non-Treasury Disbursements. The Department interfaces with Treasury's centralized data to achieve a higher degree of certainty that a payee is legitimate and eligible prior to disbursing the payment. Since the DNP program was established, the Department has identified potential payments issues such as debarment from future contracts, lack of System Award Management (SAM) registration, and deceased individuals.

All payments that are identified as potentially improper are then adjudicated and either paid or not paid. The majority of the false positives received are based on the American InfoSource results coupled with name match results from the DNP Portal. The relatively insignificant remaining portion are deemed not to be improper payments and must be paid accordingly based off of established business rules related to vendor performance in accordance with established contracts. To date, the Department has been able to adjudicate and clear all potential improper payments identified using the DNP portal.

On a daily basis, USACE sends payments certified for the next day's disbursing process to DNP. USACE conducts Online Searches and Batch Matches to identify pending USACE payments and vendors/persons

against LEIE, the DMF and SAM Exclusions. USACE then researches any potential improper payments identified to determine if the proposed payment is proper, based on the established business rules.

To date, USACE has been able to adjudicate and clear all potential improper payments identified using the DNP Portal. USACE has determined that the majority of matches received were false positives. The other matches received were not deemed to be improper payments based on established business rules related to vendor performance in accordance with established contracts.

Civilian Pay

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:

Performance Appraisal Criteria
prevent improper payments from being 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: The Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials (DAOs) and Certifying Officials (COs) accountable for government funds. DAOs and COs are subject to pecuniary liability for an illegal, improper, or incorrect payment. The Deputy Chief Financial Officer (*DCFO*) is the Executive Agent and Senior Accountable Official for the DoD Payment Integrity Program. The DCFO, Director of Financial Management Policy and Reporting, and the Payment Integrity Program Manager provide oversight to the DoD Payment Integrity program and are each held accountable in their performance plans for reducing and recapturing improper payments as well as achieving compliance with Payment Integrity Information Act of 2019.

The Department is committed to ensuring that civilian employees are paid timely and accurately. To accomplish this important mission, individuals within the Civilian Pay hire-to-retire process are held accountable for their respective areas of responsibilities. Civilian employees are held accountable to report their eligibility information as well as any qualifying change of life situations affecting their pay timely to their Human Resources Offices (HROs). HROs are held accountable to process civilian employees' payroll and benefit documentation accurately and timely and to ensure the documentation is correctly entered into entitlement systems. HRO employees are required to perform reconciliations on a regular basis and to make timely edits or updates to civilian employees' pay in entitlement systems, as necessary. Management is held accountable for ensuring that controls are in place to properly capture, record, and approve civilian employees' pay and entitlement information.

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:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	13. Insufficient Documentation to Determine	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: The Department implemented a revised sampling and testing methodology for this program, which included verification of civilian employees' basic pay and benefits (or entitlements) against available supporting documentation. As a result, more extensive reviews were performed and improper payments resulting from insufficient supporting documentation that were not detected through previous testing methodologies were identified in FY 2020. The majority of the improper payments identified for the Civilian Pay program in FY 2020 resulted from insufficient supporting documentation and may or may not equate to inaccurate payments or monetary losses to the Department. As with implementing any new procedures or processes, the Department experienced some challenges. The challenges primarily centered with communication. The Department is actively taking corrective action to improve communication within the Civilian Pay program in FY 2021.

Question 8: Tolerable Rate
Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

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: The Department has not yet determined whether a tolerable rate has been reached.

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
YES	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: Internal Controls

The Department has internal controls in place that support the reduction of improper payments in the Civilian Pay program to the levels the Department has targeted. Moreover, Federal Civilian Pay Services, which support the end-to-end delivery of payroll processing services, received an unmodified System and Organizational Control (SOC) 1 Type 2 report under Statement on Standards for Attestation Engagements *(SSAE) No. 18* in FY 2020.

Human Capital

Currently, the Department has the human capital it needs to reduce improper payments in the Civilian Pay program to the levels the Department has targeted. However, as the Civilian Pay program evolves and DoD operations change, additional skill sets and personnel resources may be needed to sustain and advance the program.

Information Systems and Other Infrastructure

The Department has the information systems and other infrastructure it needs to reduce improper payments in the Civilian Pay program to the levels the Department has targeted. The primary system currently used by the Department to process Civilian Pay is the Defense Civilian Pay System (DCPS). The general and application controls of DCPS were included in the scope of the Federal Civilian Pay Services FY 2020 Statement on Standards for Attestation Engagements *(SSAE) No. 18* examination, which received an unmodified System and Organizational Control (SOC) 1 Type 2 report. Additionally, the Defense Civilian Personnel Data System, which provides employment verification information, received a modified SOC 1 Type 2 report under SSAE No. 18 in FY 2020. Moreover, the Automated Disbursing System, the Centralized Disbursing System, and the Deployable Disbursing System, which are the primary disbursing systems for the Department, received an unmodified SOC 1 Type 2 report under SSAE No. 18 in FY 2020. As technology advances, the Department continues to improve the accuracy and efficiency of Civilian Pay through implementation of new payroll and entitlement processing systems and enhancements to existing systems.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	FY2020 Q3	

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: In FY 2020, the Department's corrective actions resulted in an improved sampling and testing methodology for Civilian Pay accounts. The new methodology required reviewers to verify the accuracy and eligibility of basic pay and benefits for civilian employees by validating the information included in pay accounts with supporting documentation. This improved level of review enabled the DoD Components to adequately assess the risk of improper payments, identify primary entitlement drivers of improper payments, and develop more effective corrective actions. The Department's new post-payment reviews also resulted in more accurate identification of monetary loss errors, as reviewers were able to more accurately identify and classify improper payments based on available supporting documentation rather than relying on established payroll debts to civilian employees.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
13. Insufficient Documentation to Determine	Other (free text)	FY2021	
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	FY2021	

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: In FY 2020, the Department implemented a more thorough improper payments review of civilian payroll payments and experienced some challenges. The challenges primarily centered with communication. The Department was not able to verify timely the proper points of contact at various Component Human Resources Offices (HROs), which lead to the untimely distribution of payment samples. In addition, insufficient training and/or guidance was provided to DoD Components on

supporting documentation requirements and instances of insufficient supporting documentation for payment samples was not communicated timely to the DoD Components. As such, in FY 2021, the Department is taking the following corrective actions: (1) Establish a robust timeline of activities to improve the distribution, reconciliation, and key supporting documentation response process. (2) Accelerate the post-payment review schedule to allow all stakeholders to adjudicate actions required to identify and report improper payments. (3) Identify HRO points of contact for all DoD Components. (4) Host a Civilian Pay entrance conference with all key stakeholders to discuss the post-payment review objectives, timelines, and supporting documentation requirements to assist with establishing clear expectations for the entire duration of the review period. (5) Develop and furnish monthly reports on the status of post payment reviews to include improper payment results (to-date) with corresponding error type, number of samples reviewed, number of samples not received, missing and/or incomplete documentation stats, etc. (6) Report sample metrics during the quarterly Defense Payment Integrity Senior Accountable Officials Steering Committee meetings. (7) Develop and/or update the post-payment review procedures to include an effective communication plan. (8) Develop procedures to utilize a centralized collaboration software tool/platform to disseminate samples to DoD Components, collect supporting documentation, and furnish final improper payment results.

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
Non-Compliant	3. Publish Improper Payment Estimates

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: In FY 2019, the Department did not comply with two PIIA requirements. Specifically, the DoD published unreliable improper payment estimates and missed its annual improper payment reduction targets. The DoD did not comply with the PIIA requirement by not publishing reliable improper payment estimates for five programs (i.e., Military Health Benefits, Civilian Pay, Military Retirement, DoD Travel Pay, and Commercial Pay) and did not meet reduction targets for three programs (i.e., Military Health Benefits, Military Pay, and Civilian Pay).

This program had two deficiencies: (1) DoD post-payment reviews did not obtain and examine supporting documentation for the samples to determine whether civilian employees were eligible for the type and amount of pay they received; (2) DoD did not ensure that the program met its self-imposed improper payment target rate.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))
Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
8

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: The scope and depth of the annual DoD OIG reviews has expanded over the years, identifying more specific deficiencies each year. The Department continues to work diligently to correct them. Since fiscal year 2013, DoD resolved 74 percent of the DoD OIG audit recommendations related to PIIA, steadily improved its overall compliance with PIIA requirements, and moved the Department closer to meeting the President's Management Agenda, Cross-Agency Priority Goal 9, of "Getting Payments Right." This progress demonstrates that compliance for the DoD programs can be achieved through internal actions.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))
If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)

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: In FY 2020, reviewers were required to review supporting documentation for the samples of this program. Also, DoD changed its sampling and estimation methodology; therefore, a new "baseline" will be established in FY 2020 and 20201 in order to develop an accurate and realistic target rate in FY 2022.

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

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- *The measurable milestones to be accomplished*
- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Verify Complete Universe of Payment Population	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Perform Adequate Reviews of Payment Samples	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Generate a Reliable Estimate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Report a Reduction in the Annual IP Rate to	FY2021		Chairperson(s) of Defense Payment Integrity	Defense Payment Integrity Senior Accountable	Full PIIA Compliance; Demonstration of Proper	Inaccurate Payment Integrity Reporting and

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Demonstrate Improvement Toward Meeting the Annual Target Rate			Senior Accountable Officials Steering Committee	Officials Steering Committee Quarterly Meetings	Stewardship; Accountability to American Taxpayers	Lack of Public Trust

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: The Defense Payment Integrity Senior Accountable Officials Steering Committee (the Committee) was created in FY 2018 and it institutionalized a forum of accountability to oversee and guide the Department's actions required by Appendix C of the OMB Circular Number A-123 to achieve full compliance with the Payment Integrity Information Act of 2019 (PIIA). The Committee is chaired by the Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and co-chaired by the Defense Finance and Accounting Service, Deputy Director, Operations. It also includes Senior Executive Service representatives from the Military Services and defense agencies. The Committee provides oversight to the DoD Payment Integrity program and drives action for compliance with PIIA. More specifically, the Committee evaluates the status of improper payments testing, the root causes of improper payments and appropriate actions to reduce them, payment recapture activities, and solutions to resolve DoD-wide audit findings and recommendations related to improper payments. Additionally, it supports audits related to improper payments, reviews audit recommendations, and oversees the identification of root cause(s) and the development and implementation of corrective actions to address areas of noncompliance.

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 Department does not use DNP for this program.

Military Retirement

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:

Performance Appraisal Criteria
prevent improper payments from being 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: The Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials (DAOs) and Certifying Officials (COs) accountable for government funds. DAOs and COs are subject to pecuniary liability for an illegal, improper, or incorrect payment. The Deputy Chief Financial Officer (*DCFO*) is the Executive Agent and Senior Accountable Official for the DoD Payment Integrity Program. The DCFO, Director of Financial Management Policy and Reporting, and the Payment Integrity Program Manager provide oversight to the DoD Payment Integrity program and are each held accountable in their performance plans for reducing and recapturing improper payments as well as achieving compliance with Payment Integrity Information Act of 2019.

The Defense Finance and Accounting Service (DFAS) Director of Retired and Annuitant *(R&A) Pay* is held accountable in a performance plan for reducing and recapturing improper payments. The DFAS Director of R&A Pay is required, under a performance plan element of "Internal Controls and Audit Support," to actively support R&A work group efforts to reduce improper payments identified by the DFAS Post-pay Review & Analysis and the Reports & Analysis Enterprise Solutions & Standards – Compliance team. Moreover, executives at *DFAS Cleveland*, where R&A Pay is managed, are held accountable to meet established percentage goals for improper payments through annual performance plan criteria.

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:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)

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: The most common Administrative and Process errors identified during the Retired and Annuitant Pay random reviews were in the New Annuitant, New Retired, and Changed Annuitant accounts, and they included: Errors in processing/applying procedures and policy changes for cost refunds; Incorrect survivor benefit payments; and Manual computation errors. There were a wide-range of corrective actions implemented for the Military Retirement Program to include major system updates which eliminated manual entries required to establish and update retiree and annuitant accounts. The system updates will require policy to be updated and training to be conducted to achieve its intended goal of reducing improper payments.

Question 8: Tolerable Rate
Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

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: The Department has not yet determined whether a tolerable rate has been reached.

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
YES	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: Internal Controls

The Department has internal controls in place to support the reduction of improper payments in the Military Retirement program to the levels the Department has targeted. As part of the internal control

framework for this program, the DFAS Director of R&A Pay has identified and documented known risks associated with the processes for providing pay services to the customers of the Military Retirement program. Along with identifying these risks by process, the Director of R&A Pay instituted key controls and control activities to mitigate the documented risks. The Director also tests the controls to ensure their effectiveness and documents the test results. Moreover, the Military Retirement Fund received an unmodified audit opinion on its financial statements in FY 2019. In addition, OUSD(C) is committed to the coordination of activities between the Enterprise Risk Management/Internal Control Program and the Payment Integrity Program to leverage best practices in internal controls.

Human Capital

Currently, the Department has the human capital it needs to reduce improper payments in the Military Retirement program to the levels the Department has targeted. Moreover, the Automated Disbursing System, the Centralized Disbursing System, and the Deployable Disbursing System, which are the primary disbursing systems for the Department, received an unmodified SOC 1 Type 2 report under SSAE No. 18 in FY 2020. However, as the Military Retirement program evolves and DoD operations change, additional skill sets and personnel resources may be needed to sustain and advance the program.

Information Systems and Other Infrastructure

The Department has the information systems and other infrastructure it needs to reduce improper payments in the Military Retirement program to the levels the Department has targeted. Moreover, the Automated Disbursing System, the Centralized Disbursing System, and the Deployable Disbursing System, which are the primary disbursing systems for the Department, received an unmodified System and Organizational Control (SOC) 1 Type 2 report under Statement on Standards for Attestation Engagements *(SSAE) No. 18* in FY 2020. As technology advances, the Department continues to consider improving the accuracy and efficiency of Military Retirement through implementation of new retiree and annuitant pay systems and enhancements to existing systems.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
9. Administrative or Process Errors Made by: Federal Agency	1-Automation	FY2020 Q3	
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	FY2020 Q3	
1. Program Design or Structural Issue	4-Change Process (instructions, checklist, policy)	FY2020 Q3	

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: In FY 2020, there were a wide-range of corrective actions implemented for the Military Retirement Program to include major system updates which mitigated improper payment risk by eliminating manual entries required to establish and update retiree and annuitant accounts. The automation efforts consisted of implementing a cost refund system change to automate the process of standard or common cost refund accounts. In addition, the update to the cost refund eliminated manual entries for new, changed and unchanged accounts, reduced over 50 workbooks and increased the timeliness of processing transactions to establish survivor benefit plan elections accurately at the start of retired pay. The system updates significantly reduced the annuitant backlogs and increased the timeliness of processing transactions – the annuitant backlogs went from 20,000 cases in FY 2019 to less than 1,000 cases in FY 2020.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)	FY2021	
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	FY2021	

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: Based on the FY 2020 improper payment testing results, the Defense Finance and Accounting Service determined that the system updates implemented in FY 2020 require policy updates and training to be conducted to achieve their intended goal of reducing improper payments. Therefore, the FY 2021 the corrective actions for this program will focus on updating and implementing policy to increase awareness of operational procedures. Specifically, corrective action will include the following activities: (1) Update policies based on the automation process to establish current and future annuity accounts. (2) Establish a training plan to identify all stakeholders affected by the new policy and/or procedures. (3) Conduct focused based training specifically for the complex cases related to Survivor Benefit Payments and Annuity and assess results of training on a recurring basis. (4) Continuously monitor, on a minimum monthly basis, employee's performance for processing transactions in accordance to established performance standards.

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
Non-Compliant	3. Publish Improper Payment Estimates

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: In FY 2019, the Department did not comply with two PIIA requirements. Specifically, the DoD published unreliable improper payment estimates and missed its annual improper payment reduction targets. The DoD did not comply with the PIIA requirement by not publishing reliable improper payment estimates for five programs (i.e., Military Health Benefits, Civilian Pay, Military Retirement, DoD Travel Pay, and Commercial Pay) and did not meet reduction targets for three programs (i.e., Military Health Benefits, Military Pay, and Civilian Pay).

 This program had two deficiencies: (1) DoD did not have adequate controls in place to correctly calculate the improper payment estimate; (2) DoD did not develop and implement complete standard operating procedures of the improper payment review process.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))
Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
8

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: The scope and depth of the annual DoD OIG reviews has expanded over the years, identifying more specific deficiencies each year. The Department continues to work diligently to correct them. Since fiscal year 2013, DoD resolved 74 percent of the DoD OIG audit recommendations related to PIIA, steadily improved its overall compliance with PIIA requirements, and moved the Department closer to

meeting the President's Management Agenda, Cross-Agency Priority Goal 9, of "Getting Payments Right." This progress demonstrates that compliance for the DoD programs can be achieved through internal actions.

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

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)
9. Administrative or Process Errors Made by: Federal Agency	1-Automation
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)

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: In FY 2020, DoD implemented internal controls to ensure that the development of the estimate for this program is complete and accurate. In FY 2020, DoD developed and implemented complete standard operating procedures of the improper payment review process.

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

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:
- *The measurable milestones to be accomplished*
- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Verify Complete Universe of Payment Population	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable	Defense Payment Integrity Senior Accountable Officials	Full PIIA Compliance; Demonstration of Proper Stewardship;	Inaccurate Payment Integrity Reporting and

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
			Officials Steering Committee	Steering Committee Quarterly Meetings	Accountability to American Taxpayers	Lack of Public Trust
Perform Adequate Reviews of Payment Samples	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Generate a Reliable Estimate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust

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: The Defense Payment Integrity Senior Accountable Officials Steering Committee (the Committee) was created in FY 2018 and it institutionalized a forum of accountability to oversee and guide the Department's actions required by Appendix C of the OMB Circular Number A-123 to achieve full compliance with the Payment Integrity Information Act of 2019 (PIIA). The Committee is chaired by the Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and co-chaired by the Defense Finance and Accounting Service, Deputy Director, Operations. It also includes Senior Executive Service representatives from the Military Services and defense agencies. The Committee provides oversight to the DoD Payment Integrity program and drives action for compliance with PIIA. More specifically, the Committee evaluates the status of improper payments testing, the root causes of improper payments and appropriate actions to reduce them, payment recapture activities, and solutions to resolve DoD-wide audit findings and recommendations related to improper payments. Additionally, it supports audits related to improper payments, reviews audit recommendations, and oversees the identification of root cause(s) and the development and implementation of corrective actions to address areas of noncompliance.

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 Department does not use DNP for this program

Military Pay

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:

Performance Appraisal Criteria
prevent improper payments from being 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: The Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials (DAOs) and Certifying Officials (COs) accountable for government funds. DAOs and COs are subject to pecuniary liability for an illegal, improper, or incorrect payment. The Deputy Chief Financial Officer (*DCFO*) is the Executive Agent and Senior Accountable Official for the DoD Payment Integrity Program. The DCFO, Director of Financial Management Policy and Reporting, and the Payment Integrity Program Manager provide oversight to the DoD Payment Integrity program and are each held accountable in their performance plans for reducing and recapturing improper payments as well as achieving compliance with Payment Integrity Information Act of 2019.

The Department is committed to ensuring that Military Service members are paid timely and accurately. To accomplish this important mission, individuals within the Military Pay hire-to-retire process are held accountable for their respective areas of responsibilities. Military Service members are held accountable to report their eligibility information as well as any qualifying change of life situations affecting their pay timely to their Personnel and/or Finance offices. Personnel and/or Finance offices are held accountable to process Military Service member payroll and benefit documentation accurately and timely and to ensure the documentation is correctly entered into entitlement systems. Personnel and/or Finance office employees are required to perform reconciliations on a regular basis and to make timely edits or updates to a Military Service member's pay in entitlement systems, as necessary. Management is held accountable for ensuring that controls are in place to properly capture, record, and approve Military Service members' pay and entitlement information. Additionally, management is responsible for reviewing finance reports, which reflect pay and entitlements paid to Military Service members, and for conducting monthly internal reviews to compare and reconcile pay and personnel records.

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:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	13. Insufficient Documentation to Determine	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: The majority of the improper payments identified for the Military Pay program resulted from insufficient supporting documentation and may or may not equate to inaccurate payments or monetary losses to the Department. The Army and the Air Force made significant progress in providing supporting documentation for its payments tested in FY 2020. As such, in FY 2021, the Army and the Air Force will continue to perform root cause analyses to identify the procedural gaps in internal controls and business practices preventing them from providing more complete supporting documentation for testing. New CAPs were developed by the Army and the Air Force based on the FY 2020 testing results and they are designed to improve the timeliness and quality of their key supporting documentation and further reduce their Military Pay improper payments in FY 2021.

Question 8: Tolerable Rate
Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

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: The Department has not yet determined whether a tolerable rate has been reached.

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
YES	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: Internal Controls

The Department has internal controls in place that support the reduction of improper payments in the Military Pay program to the levels the Department has targeted. In FY 2020, three Material Weaknesses (MWs) in Military Pay were reassessed based on materiality and risk impact to the overall Department and, as a result, they are no longer being reported as MWs. Moreover, Military Pay Services, which support the end-to-end delivery of payroll processing services, received an unmodified System and Organizational Control (SOC) 1 Type 2 report under Statement on Standards for Attestation Engagements *(SSAE) No. 18* in FY 2020.

Human Capital

Currently, the Department has the human capital it needs to reduce improper payments in the Military Pay program to the levels the Department has targeted. However, as the Military Pay program evolves and DoD operations change, additional skill sets and personnel resources may be needed to sustain and advance the program.

Information Systems and Other Infrastructure

The Department has the information systems and other infrastructure it needs to reduce improper payments in the Military Pay program to the levels the Department has targeted. The primary system currently used by the Department to process Military Pay is the Defense Joint Military Pay System (DJMS). The general and application controls of DJMS were included in the scope of the Military Pay Services FY 2020 Statement on Standards for Attestation Engagements *(SSAE) No. 18* examination, which received an unmodified System and Organizational Control (SOC) 1 Type 2 report. Moreover, the Automated Disbursing System, the Centralized Disbursing System, and the Deployable Disbursing System, which are the primary disbursing systems for the Department, received an unmodified SOC 1 Type 2 report under SSAE No. 18 in FY 2020. As technology advances, the Department continues to improve the accuracy and efficiency of Military Pay through implementation of new payroll and entitlement processing systems and enhancements to existing systems.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	FY2020 Q2	
1. Program Design or Structural Issue	4-Change Process (instructions, checklist, policy)	FY2020 Q2	
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	FY2020 Q2	

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: A significant portion of the improper payments identified for the Military Pay program were due to Insufficient Documentation to Determine; therefore, the Department of Army and Department of Air Force developed corrective action plans (CAPs) based on their root cause analysis results. The corrective actions included the following activities: (1) Updated the Standard Operating Procedure (SOP) that established the responsibilities for the administration and processing of the military pay post-payment reviews in support of the PIIA. This included meetings with stakeholders in the Defense Finance and Accounting Service (DFAS) to discuss recommendations on the content and/or process requirements necessary to complete the post payment reviews. (2) Developed a key supporting documentation matrix to identify all required documentation required for the post-payment reviews. (3) Performed an analysis to identify the required key supporting documentation for all entitlement payment types. (4)Implemented a continuous monitoring post payment review process that consisted of monthly status reports to highlight the status of the post-payment reviews and missing documents and/or invalid documents submitted.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
13. Insufficient Documentation to Determine	Other (free text)	FY2021	

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
1. Program Design or Structural Issue	4-Change Process (instructions, checklist, policy)	FY2022	
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	FY2022	

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: In FY 2021, the Department of the Army and the Department of the Air Force will continue to perform root cause analyses to identify the procedural gaps in internal controls and business practices preventing them from providing more complete supporting documentation for testing. The corrective actions will include the following activities: (1) Establish a robust timeline of activities to improve the distribution, reconciliation, and key supporting documentation (KSD) response process. (2) Accelerate the post payment review schedule to allow all stakeholders to adjudicate actions required to identify and report improper payments. (3) Review and validate the Army G-1 HRC KSD Matrix to confirm there is a comprehensive listing of document for each type of entitlement and/or allowances paid. (4) Issue guidance for substantive testing requirements for KSDs related to Basic Allowance for Housing, Basic Pay, Cost of Living Allowance (COLA), Family Separation Allowance (FSA), and Overseas Housing Allowance (OHA) entitlements. (5) Host a Military Pay entrance conference with all key stakeholders to discuss the post payment review objective, timelines, and supporting documentation requirements to assist with establishing clear expectations for the entire duration of the review period. (6) Develop and/or update the post payment review procedures to include an effective communication plan. (7) Develop procedures to utilize a centralized collaboration software tool/platform to disseminate samples to DoD Components, collect supporting documentation and furnish final improper payment results. (8) Perform an in-depth analysis of Military Pay transactions to determine the actual root causes of payroll disbursements errors identified during the post payment review. (9) Develop corrective action plans to address specific root causes identified for improper payments that attributed to payroll disbursements. (10) Implement the Integrated Personnel and Pay System-Army (IPPS-A) to improve the accuracy, effectiveness, and auditability of military pay transactions. In conjunction with the phased implementation of IPPS-A, the Army has initiated a three-prong strategy for training human resources professionals on military pay. (11) Implement the Air Force Integrated Personnel and Pay system (AF-IPPS), a single Total Force military personnel and pay system, enabling financial auditability and long-term sustainment.

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
Non-Compliant	3. Publish Improper Payment Estimates
Non-Compliant	5. Publish and Meet Annual Reduction Targets

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: In FY 2019, the Department did not comply with two PIIA requirements. Specifically, the DoD published unreliable improper payment estimates and missed its annual improper payment reduction targets. The DoD did not comply with the PIIA requirement by not publishing reliable improper payment estimates for five programs (i.e., Military Health Benefits, Civilian Pay, Military Retirement, DoD Travel Pay, and Commercial Pay) and did not meet reduction targets for three programs (i.e., Military Health Benefits, Military Pay, and Civilian Pay).

This program had two deficiencies: (1) DoD post-payment reviews did not obtain and examine supporting documentation for the samples to determine whether military service members were eligible for the type and amount of pay they received; (2) DoD did not ensure that the program met its self-imposed improper payment target rate.

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

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
8

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: The scope and depth of the annual DoD OIG reviews has expanded over the years, identifying more specific deficiencies each year. The Department continues to work diligently to correct them. Since

fiscal year 2013, DoD resolved 74 percent of the DoD OIG audit recommendations related to PIIA, steadily improved its overall compliance with PIIA requirements, and moved the Department closer to meeting the President's Management Agenda, Cross-Agency Priority Goal 9, of "Getting Payments Right." This progress demonstrates that compliance for the DoD programs can be achieved through internal actions.

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

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)

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: In FY 2019, reviewers were required to examine supporting documentation for the samples of this program; however, the DoD OIG decided it will review this program and determine the accuracy of the reviews in FY 2020. In FY 2019, DoD changed its sampling and estimation methodology; therefore, a new baseline was being established in FY 2019 and FY 2020 in order to develop an accurate and realistic target rate in FY 2021.

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

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:
- *The measurable milestones to be accomplished*
- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Verify Complete Universe of Payment Population	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials	Defense Payment Integrity Senior Accountable Officials Steering Committee	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability	Inaccurate Payment Integrity Reporting and Lack of Public Trust

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
			Steering Committee	Quarterly Meetings	to American Taxpayers	
Perform Adequate Reviews of Payment Samples	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Generate a Reliable Estimate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Report a Reduction in the Annual IP Rate to Demonstrate Improvement Toward Meeting the Annual Target Rate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust

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: The Defense Payment Integrity Senior Accountable Officials Steering Committee (the Committee) was created in FY 2018 and it institutionalized a forum of accountability to oversee and guide the Department's actions required by Appendix C of the OMB Circular Number A-123 to achieve full compliance with the Payment Integrity Information Act of 2019 (PIIA). The Committee is chaired by the Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and co-chaired by

the Defense Finance and Accounting Service, Deputy Director, Operations. It also includes Senior Executive Service representatives from the Military Services and defense agencies. The Committee provides oversight to the DoD Payment Integrity program and drives action for compliance with PIIA. More specifically, the Committee evaluates the status of improper payments testing, the root causes of improper payments and appropriate actions to reduce them, payment recapture activities, and solutions to resolve DoD-wide audit findings and recommendations related to improper payments. Additionally, it supports audits related to improper payments, reviews audit recommendations, and oversees the identification of root cause(s) and the development and implementation of corrective actions to address areas of noncompliance.

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 Department does not use DNP for this program

DFAS Commercial Pay

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:

Performance Appraisal Criteria
prevent improper payments from being 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: The Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials (DAOs) and Certifying Officials (COs) accountable for government funds. DAOs and COs are subject to pecuniary liability for an illegal, improper, or incorrect payment. The Deputy Chief Financial Officer (*DCFO*) is the Executive Agent and Senior Accountable Official for the DoD Payment Integrity Program. The DCFO, Director of Financial Management Policy and Reporting, and the Payment Integrity Program Manager provide oversight to the DoD Payment Integrity program and are each held accountable in their performance plans for reducing and recapturing improper payments as well as achieving compliance with Payment Integrity Information Act of 2019.

The Department is committed to ensuring that timely and accurate payments are made to its contractors and vendors. The Department Financial Management Regulation (*DoD FMR*) *Volume 5* establishes disbursing requirements, principles, standards, responsibilities, and pecuniary liability standards for

disbursing officers (DOs), certifying officers, and other accountable officials throughout the DoD. DoD FMR Volume 5 applies to the Secretary of Defense, Military Departments, Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, Combatant Commands, DoD Inspector General, Defense Agencies, and DoD Field Activities. Moreover, the Department adheres to *10 U.S.C. §2773(a)*, which holds Departmental Accountable Officials (DAOs) and Certifying Officials (COs) accountable for government funds. DAOs and COs are subject to pecuniary liability for an illegal, improper, or incorrect payment. This law forms the basis of the DoD FMR, *Volume 5, Chapter 5*, which addresses: the selection, appointment, responsibilities, and qualifications for certifying officers; certification of vouchers for payment; DAOs; random review of disbursement vouchers; and pecuniary liability.

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:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)

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: The primary root cause of improper payments in the Commercial Pay program was attributed to Administrative or Process Errors Made by Federal Agency. In FY 2020, the DoD IG conducted an audit on the Mechanization of Contract Administration Services (MOCAS) System (which accounts for more than 50% of the outlays in the Commercial Pay program) and provided recommendations to improve the overall accuracy and completeness of the improper payment estimate for MOCAS payments. The corrective actions taken in FY 2020 improved the overall accuracy and completeness for MOCAS improper payment estimates and additional corrective actions will be taken in FY 2021.

Question 8: Tolerable Rate
Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

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: The Department has not yet determined whether a tolerable rate has been reached.

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
YES	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: Internal Controls

The Department has the internal controls in place to support the reduction of improper payments in the Commercial Pay program to the levels the Department has targeted. However, a material weakness in Contract/Vendor Pay related to improper payments was reported in FY 2020. Moreover, OUSD(C) provides ongoing oversight to ensure material weaknesses are resolved by their target dates and coordination continues between the Enterprise Risk Management/Internal Control Program and the Payment Integrity Program to leverage best practices in internal controls.

Human Capital

Currently, the Department has the human capital it needs to reduce improper payments in the Commercial Pay program to the levels the Department has targeted. However, as the Commercial Pay program evolves and DoD operations change, additional skill sets and personnel resources may be needed to sustain and advance the program.

Information Systems and Other Infrastructure

The Department has the information systems and other infrastructure it needs to reduce improper payments in the Commercial Pay program to the levels the Department has targeted. The Defense Finance and Accounting Service (DFAS) Contract Pay, received an unmodified System and Organizational Control (SOC) 1 Type 2 report under Statement on Standards for Attestation Engagements *(SSAE) No. 18* in FY 2020. The general and application controls of the Mechanization of Contract Administration Services System (which accounts for more than 50% of the outlays in the Commercial Pay program) were included in the scope of the DFAS Contract Pay SSAE No. 18 examination. Additionally, Wide Area Workflow, which is used to support the initiation, receipt, and acceptance of electronic invoices submitted by DoD vendors, and OnePay both received unmodified SOC 1 Type 2 reports under SSAE No. 18 in FY 2020. And, the Computerized Accounts Payable System, the Defense Agencies Initiative, and the Integrated Accounts Payable Systems each received qualified SOC 1 Type 2 reports under SSAE No. 18 in FY 2020. Moreover, the Automated Disbursing System, the Centralized Disbursing System, and the Deployable Disbursing System, which are the primary disbursing systems for

the Department, received an unmodified SOC 1 Type 2 report under SSAE No. 18 in FY 2020. As technology advances, the Department continues to consider ways to improve the accuracy and efficiency of travel pay through implementation of new travel and entitlement processing systems and enhancements to existing systems.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	Other	09/30/2020

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: In FY 2020, the Department improved the overall accuracy and completeness of the Commercial Pay estimate by implementing audit recommendations related to Mechanization of Contract Administration Services (MOCAS) system improper payment estimates to included implementing procedures to review for duplicate payments during the post pay review process that are outside of the pre-validation review process. In addition, government purchase card payments made to U.S. Bank and transportation overcharges reported by the General Services Administration were included in the program testing populations. The Department also improved the reliability of the estimate by testing General Fund Enterprise Business System payments made OCONUS and DFAS-Europe payments made to foreign governments and workers. Moreover, in FY 2020, the Army developed and implemented statistically valid plans for testing commercial payments at three overseas locations.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))
Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	FY2021	

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: In FY 2021, the Department will improve the overall accuracy and completeness of the Commercial Pay improper payment estimate and prevent improper payments in this program by implementing the audit recommendations made by the DoD Office of Inspector General in their audit on the Mechanization of Contract Administration Services (MOCAS) system. MOCAS accounts for over 50% of the payments made in the Commercial Pay program. The corrective actions will include the following activities: (1) Conduct focused training for pay technicians to increase their ability to compute and input claims accurately. This will also include updating standard operating procedures on newly implemented controls. (2) Document the "Short Pay" process to improve existing controls and implement procedures to ensure that payments made to vendors are accurate. The newly implemented controls will include the development of a tool for enhanced visibility of the workload, which will facilitate a more efficient approach to monitoring the refunds due, thus increasing the timeliness of payments. (3) Use a database that will furnish reports highlighting data inaccuracies in MOCAS on the front end of the payment process. This includes adding integrity checks within the Business Activity Monitoring Tool to determine if changes can be made to create exceptions to identified duplicate payments.

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
Non-Compliant	3. Publish Improper Payment Estimates

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: In FY 2019, the Department did not comply with two PIIA requirements. Specifically, the DoD published unreliable improper payment estimates and missed its annual improper payment reduction targets. The DoD did not comply with the PIIA requirement by not publishing reliable improper payment estimates for five programs (i.e., Military Health Benefits, Civilian Pay, Military Retirement, DoD Travel Pay, and Commercial Pay) and did not meet reduction targets for three programs (i.e., Military Health Benefits, Military Pay, and Civilian Pay).

This program had two deficiencies: (1) DoD did not produce a complete and accurate improper payments estimate because it did not verify a complete universe of payments and it did not include payments for transportation of things and government purchase cards (GPC) in the testing population; (2) The Army did not use statistically valid sampling and estimation plans for testing commercial payments at three overseas locations.

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

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
8

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: The scope and depth of the annual DoD OIG reviews has expanded over the years, identifying more specific deficiencies each year. The Department continues to work diligently to correct them. Since fiscal year 2013, DoD resolved 74 percent of the DoD OIG audit recommendations related to PIIA, steadily improved its overall compliance with PIIA requirements, and moved the Department closer to meeting the President's Management Agenda, Cross-Agency Priority Goal 9, of "Getting Payments Right." This progress demonstrates that compliance for the DoD programs can be achieved through internal actions.

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

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)

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: In FY 2020, DoD will continue to develop a strategy for verifying the complete universe of payments for this program and it will complete risk assessments and testing on payments for transportation of things and government purchase card. In FY 2020, the Army developed and implemented statistically valid plans for testing commercial payments at the three overseas locations.

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

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- *The measurable milestones to be accomplished*
- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Verify Complete Universe of Payment Population	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Perform Adequate Reviews of Payment Samples	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust
Generate a Reliable Estimate	FY2021		Chairperson(s) of Defense Payment Integrity Senior Accountable Officials Steering Committee	Defense Payment Integrity Senior Accountable Officials Steering Committee Quarterly Meetings	Full PIIA Compliance; Demonstration of Proper Stewardship; Accountability to American Taxpayers	Inaccurate Payment Integrity Reporting and Lack of Public Trust

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: The Defense Payment Integrity Senior Accountable Officials Steering Committee (the Committee) was created in FY 2018 and it institutionalized a forum of accountability to oversee and guide the Department's actions required by Appendix C of the OMB Circular Number A-123 to achieve full compliance with the Payment Integrity Information Act of 2019 (PIIA). The Committee is chaired by the Office of the Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer and co-chaired by the Defense Finance and Accounting Service, Deputy Director, Operations. It also includes Senior Executive Service representatives from the Military Services and defense agencies. The Committee provides oversight to the DoD Payment Integrity program and drives action for compliance with PIIA. More specifically, the Committee evaluates the status of improper payments testing, the root causes of improper payments and appropriate actions to reduce them, payment recapture activities, and solutions to resolve DoD-wide audit findings and recommendations related to improper payments. Additionally, it supports audits related to improper payments, reviews audit recommendations, and oversees the identification of root cause(s) and the development and implementation of corrective actions to address areas of noncompliance.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))
Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Weekly	Weekly

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 Department uses the online search, payment integration, and batch matching features of DNP. The majority of the flagged payees are based on the Death Master File and the name match results from the rest of the DNP databases. The Department researches all payments that are identified to be potentially improper. Research has determined that the majority of these match results are false positives (e.g., a vendor's tax identification number being matched to a deceased individual's social security number). The remaining are deemed proper based on established business rules related to contracts terms and vendor performance. The Department has adjudicated and deemed proper all potential improper payments identified using the DNP Portal. The DNP initiative has not reduced the Department's improper payments.

Currently, the Department makes payments using the Treasury Direct Disbursements and/or Non-Treasury Disbursements. The Department interfaces with Treasury's centralized data to achieve a higher degree of certainty that a payee is legitimate and eligible prior to disbursing the payment. Since the DNP

program was established, the Department has identified potential payments issues such as debarment from future contracts, lack of System Award Management (SAM) registration, and deceased individuals.

All payments that are identified as potentially improper are then adjudicated and either paid or not paid. The majority of the false positives received are based on the American InfoSource results coupled with name match results from the DNP Portal. The relatively insignificant remaining portion are deemed not to be improper payments and must be paid accordingly based off of established business rules related to vendor performance in accordance with established contracts. To date, the Department has been able to adjudicate and clear all potential improper payments identified using the DNP portal.

DFAS sends a weekly Batch file comprised of invoices in an unpaid status to DNP for review and receives results the next day. The DNP data sources used in the process are the Death Master File, the List of Excluded Individuals and Entities, Office of Foreign Assets Control and the System for Award Management SAM Exclusions Records.

In addition to the Batch Matching process, DFAS adjudicates transactions processed through DNP Payment Integration. These are payment files sent to Treasury for disbursement. Results from these files are available in the DNP portal and are researched in the same manner as the Batch Matching process. Payment Integration files automatically vets against the DNP death data sources (i.e., American InfoSource, the DMF, the DoD death data, and the Department of State death data). However, the invoices contained in the records are also included in the Batch Matching process that occurs prior to payment.