

# FY 2020 OMB Supplemental Data Call

## Department of Education

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## 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
5. Failure to Verify: Financial Data	1-Automation	FY2020 Q4	Other
5. Failure to Verify: Financial Data	6-Audit (improve IC)	FY2020 Q4	Other
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	1-Automation	FY2020 Q4	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)	FY2020 Q4	Other
13. Insufficient Documentation to Determine	6-Audit (improve IC)	FY2020 Q4	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:** The Department employs its Payment Integrity Monitoring Application (PIMA), which detects anomalies in grants payment data, to identify potential improper payments. Case management files for payment anomalies are established within the application for follow-up investigation by the Department's grant program officials to validate improper payments and determine root causes.

While Treasury's Do Not Pay (DNP) tool continues to check the Department's payment data, to verify recipient eligibility for payment, in FY 2020, the Department extended its collaboration with the DNP analytics team by exploring new, potential integrity checks performed on its payment data.

Additionally, the Department relies on its robust internal control framework and continues to address gaps, strengthen internal control processes, and align assessments with enterprise risk management. All of these efforts reflect the Department's commitment to demonstrating payment integrity and responsible financial stewardship to the American taxpayer.

**ANSWER:** FSA has established an integrated system of complementary oversight functions to help detect and recover improper payments and ensure compliance by all participating parties. When an improper payment is detected and deemed collectable, FSA establishes an account receivable and pursues collection. Recoveries are also made through grant program, payroll, and other offsets.

In FY 2020, FSA developed and implemented an interface to Treasury's DNP tool to compare vendors, grantees, loan recipients, and beneficiaries prior to payment with DNP data sources such as death records and economic exclusions (e.g., banned foreign individuals or entities, GSA debarment).

As part of its oversight activities, FSA performs program reviews of selected schools to confirm FSA requirements for institutional eligibility, financial responsibility, and administrative capability were met. For errors identified in performance, FSA assesses monetary liabilities that are calculated based on program review findings, and FSA identifies actions that schools must take to make whole FSA programs or recipients for any funds that were improperly managed and to prevent the same problems from recurring.

FSA also reviews the annual Single Audit Act compliance audits of schools performed by independent auditors to evaluate schools' administration of FSA programs. For deficiencies identified by the auditors, schools are required to develop corrective action plans. FSA reviews and evaluates the effectiveness of schools' corrective actions and mitigation efforts for noted exceptions.

### **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:** A comprehensive report on the cost-effectiveness of the various recapture audit programs was conducted, and the Department determined that payment recapture audits would not be cost-effective for any of its loan and grant programs or for contracts.

### **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:** The Department does not conduct payment recapture audits on its grant and loan programs or for contracts, but rather identifies and recovers improper payments through sources other than payment recapture audits and works with grantees and Title IV (FSA) program participants to resolve and recover amounts identified in compliance audits, OIG audits, and Department-conducted program reviews. The Department also analyzes the return of grant funds from recipients to determine if they are due to improper payments. When an improper payment is detected and deemed collectable, the Department establishes an account receivable and pursues collections. Recoveries are also made through grant program, payroll, and other offsets. Recipients of Department funds can appeal to management's decisions regarding funds to be returned to the Department or they may go bankrupt before the Department can collect, thereby delaying or decreasing the amounts the Department is able to collect. Additionally, the Department has wide discretion to decide not to collect improper payments from grantees in cases where it determines that pursuing collections would cause more harm to the federal interest.

Based on the results of a cost benefit analysis, the Department determined that the cost of a recapture audit program for grants would exceed the benefits, especially after factoring in the work already

conducted to recapture payments outside of payment recapture audits. The Department also found that recovery amounts in contracts had consistently been insignificant, at less than one percent. Federal Student Aid also conducted a cost-benefit analysis, comparing the costs of programs and activities to identify improper payments versus the anticipated amounts to be recovered. The results of FSA’s cost-benefit analysis suggested that additional actions may not be cost-beneficial.

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

*Please describe your agency's progress:*

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

**ANSWER:**

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

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

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

**ANSWER:** It is the Department’s policy to proactively mitigate fraud through effective and streamlined fraud risk management across all components of the Department touching program integrity and internal controls. It is the Department’s position that everyone has a role to play in reducing the risks of fraud, from internal employees to external grantees, beneficiaries, contractors, and partners.

The Department has taken steps to proactively identify the risk of fraud occurring across the agency. By establishing an overarching Fraud Risk Governance Structure, the Department now has a means of promoting consistent organizational behavior by providing guidelines and assigning responsibility for fraud risk management, including the implementation of strong antifraud procedures/controls. In doing so, the Department has identified several common fraud schemes and indicators. OIG Investigative Services has identified several fraud indicators and broken them down into the following categories: K-12 Fraud, Postsecondary Education Fraud, Public Corruption, and Computer Crime.

This Fraud Risk Governance Structure also outlines current efforts already underway at the Department to mitigate the risk of fraud, such as: Required internal trainings covering fraud, waste, and abuse; Multiple risk assessments by the Department and FSA; Antifraud controls/tools that foster a culture of responsibility and awareness to mitigate fraud risk; FSA’s draft Fraud Risk Framework intended to outline FSA’s fraud risk management activities designed to combat fraud, and preserve integrity in operations and programs, safeguard taxpayer monies, and minimize improper payments; OIG Audits; Data analytics consisting of preliminary analytics, FSA Analytics using machine learning techniques to detect and mitigate potential fraud in the student loan portfolio, and OIG Information Technology Audits and Computer Crime Investigations who proactively monitor ED data through sophisticated modeling for criminal activity and network intrusions; and Fraud Awareness Initiatives including (but not limited to)

fraud communication (such as through the EDSOC Cyber Threat Intelligence Security Bulletin), OIG fraud awareness and communication, and FSA’s fraud awareness communications during International Fraud Awareness Week.

To build capacity and expertise for and to dedicate resources to fraud risk identification and mitigation, especially in Title IV programs, FSA has created a compliance and fraud risk group, designating a fraud risk advisor within its Enterprise Risk Management Directorate. Currently, ERMD’s compliance and fraud risk group is working to revise the charter and reconstitute the previously established Enterprise Fraud Risk Advisory Group to promote the integration of fraud risk management practices and processes into the daily operations of FSA and to provide oversight, planning, and coordination of enterprise fraud risk management activities.

**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:**

<b>Program not listed</b>	<b>Likely to be above or below threshold?</b>	<b>Assessment Date</b>	<b>Substantial RA methodology changes??</b>
Contracts Management	Likely to be Below Statutory Threshold	FY2020 Q2	NO
Transit Benefits	Likely to be Below Statutory Threshold	FY2020 Q2	NO
Personnel Compensation and Benefits	Likely to be Below Statutory Threshold	FY2020 Q2	NO
Travel and Transportation	Likely to be Below Statutory Threshold	FY2020 Q2	NO
Purchase Card	Likely to be Below Statutory Threshold	FY2020 Q2	NO
Credit Programs	Likely to be Below Statutory Threshold	FY2020 Q3	NO

<b>Program not listed</b>	<b>Likely to be above or below threshold?</b>	<b>Assessment Date</b>	<b>Substantial RA methodology changes??</b>
Fulbright Hays Group Projects Aboard	Likely to be Below Statutory Threshold	Other	NO
Strengthening Historically Black Graduate Institutions Program	Likely to be Below Statutory Threshold	Other	NO
Alaska Native and Native Hawaiian Serving Institutions	Likely to be Below Statutory Threshold	Other	NO
Innovation & Modernization Grant Program	Likely to be Below Statutory Threshold	Other	NO
School Emergency Response to Violence (Project SERV)	Likely to be Below Statutory Threshold	Other	NO
RRCEP--TA Center on WIOA/Program Performance	Likely to be Below Statutory Threshold	Other	NO
Charter Schools Management Organizations	Likely to be Below Statutory Threshold	Other	NO
Research on Statistical and Research Methodology in Education	Likely to be Below Statutory Threshold	Other	NO
Evaluation of State and Local Education Programs and Policies	Likely to be Below Statutory Threshold	Other	NO
Statewide Family Engagement Centers	Likely to be Below Statutory Threshold	Other	NO
Research Networks Focused on Critical Problems of Policy and Practice in Special Education	Likely to be Below Statutory Threshold	Other	NO
Leadership Consortia in Sensory Disabilities and Disabilities Associated with Intensive Service Needs	Likely to be Below Statutory Threshold	Other	NO

<b>Program not listed</b>	<b>Likely to be above or below threshold?</b>	<b>Assessment Date</b>	<b>Substantial RA methodology changes??</b>
Center for the Development and Implementation of High-Quality Instruction, Interventions, and Services for Children with Disabilities	Likely to be Below Statutory Threshold	Other	NO
Professional Development for Arts Educators	Likely to be Below Statutory Threshold	Other	NO
Grants for Enhanced Assessment Instruments	Likely to be Below Statutory Threshold	Other	NO
DC School Choice	Likely to be Below Statutory Threshold	Other	NO
Striving Readers Comprehensive Literacy Grant Program	Likely to be Below Statutory Threshold	Other	NO
TA Center on State Data Collection, Reporting, Analysis and Use	Likely to be Below Statutory Threshold	Other	NO
Special Olympics/Direct Appropriation	Likely to be Below Statutory Threshold	Other	NO
Education Innovation and Research - Early-phase	Likely to be Below Statutory Threshold	Other	NO
Academies for American History and Civics	Likely to be Below Statutory Threshold	Other	NO
Trauma-Informed Care Grant Program	Likely to be Below Statutory Threshold	Other	NO
Special Education-Grants to States	Likely to be Below Statutory Threshold	Other	YES
Title I, Part A	Likely to be Above Statutory Threshold	Other	YES



**ANSWER:**

<b>Program not listed</b>	<b>Likely to be above or below threshold?</b>	<b>Assessment Date</b>	<b>Substantial RA methodology changes??</b>
Federal Perkins Loan (Perkins)	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Health Education Assistance Loan (HEAL)	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Federal Supplemental Educational Opportunity Grant (FSEOG)	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Iraq and Afghanistan Service Grant (IASG)	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Federal Work Study (FWS)	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Federal Family Education Loan (FFEL)	Likely to be Below Statutory Threshold	FY2020 Q3	NO
Teacher Education Assistance for College and Higher Education (TEACH)	Likely to be Below Statutory Threshold	FY2020 Q3	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:** During the FY 2020 pre-assessment process, the Department determined that 23 non-FSA grant programs required a qualitative reassessment due to a significant change in funding levels. The approach used in FY 2020 was the same as the previous qualitative grant improper payment assessment conducted in FY 2019. The results determined that the non-FSA grant program activities listed above were likely to be below the statutory threshold.

The Department also conducted risk assessments of its administrative payments, including contract management, transit benefits, personnel compensation and benefits, travel and transportation, purchase cards, and credit programs. Administrative payments were last assessed for the risk of improper payments in FY 2017. As such, these activities were due for reassessment in FY 2020. Based on the results, administrative payments were likely to be below the statutory threshold. The qualitative approach for grants and administrative payments were conducted using a questionnaire that aligned with the seven risk factors outlined in A-123 Appendix C.

Additionally, two non-FSA grant programs, Title I and Special Education, each had outlays exceeding \$5 billion in a 12-month period, requiring a quantitative risk assessment to be conducted. The quantitative risk assessment methodology for these two programs was new in FY 2020 and involved developing a sampling methodology, reviewing samples, and conducting payment testing. As a result of this

assessment, the Title I program was determined to be likely above the statutory threshold and Special Education was likely to be below the statutory threshold.

**ANSWER:** FSA performed a qualitative risk assessment of all FSA-managed programs in FY 2020, except for the Pell Grant and Direct Loan programs, which were previously identified and continue to be classified as susceptible to significant improper payments. FSA determined that the programs listed above were likely to be below the statutory threshold. To conduct the risk assessments, FSA used a risk assessment approach similar to that used in FY 2017, which was the last time all FSA-managed programs were assessed. The following 14 risk factors were considered in FY 2020, of which the first 11 are the improper payment related risk factors set forth in the Payment Integrity Information Act of 2019: (1) newness of program or transactions; (2) complexity of program or transactions; (3) volume of payments; (4) eligibility determination and disbursement authority; (5) changes in program funding, authorities, practices or procedures; (6) human capital management; (7) history of audit issues; (8) similarities to other programs for which improper payment estimates are reported; (9) accuracy and reliability of previously reported improper payment estimates; (10) information and data systems to confirm eligibility; (11) fraud risk; (12) management oversight; (13) level of manual intervention; (14) prior improper payment incidents.

## Restart Program

### 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
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

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

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

**ANSWER:** Department personnel, including managers and staff, are held accountable for promoting payment integrity and maintaining effective internal controls in their day-to-day jobs. Key management officials have specific expectations related to payment integrity included in their annual performance plans. Program officials who administer programs deemed susceptible to significant improper payments are highly engaged in developing and implementing corrective actions as well as providing technical assistance for grantees to prevent improper payments from being made and to ensure payments are supported by sufficient documentation. Additionally, Senior Accountable Officials are identified for both the Department and Federal Student Aid (FSA).

### 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	2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)
NO	13. Insufficient Documentation to Determine	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 mitigation strategies and corrective actions planned to lower the improper payment rate for the Immediate Aid to Restart School Operations (RESTART) and Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) programs would not be cost prohibitive.

**Question 8: Tolerable Rate**

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

**ANSWER:**

<b>Indicate Yes or No</b>
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 RESTART and Emergency Impact Aid programs have not reached a tolerable rate of improper payments, and the program office will implement mitigation strategies and take corrective actions to reduce the rate of improper payments in the future.

**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:**

<b>Indicate 'yes' or 'no'</b>	<b>Indicate program needs</b>
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:** The Disaster Recovery Unit (DRU) has the internal controls, human capital, information systems and other infrastructure and program needs to reduce the improper payment rate for both the RESTART and Emergency Impact Aid programs.

**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:**

<b>Indicate identified root cause</b>	<b>Indicate planned corrective action(s)</b>	<b>Select the planned completion date for action(s) program will take</b>	<b>Other planned completion date</b>
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)	FY2021	
13. Insufficient Documentation to Determine	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:** The DRU will continue to provide technical assistance to RESTART and Emergency Impact Aid grantees to reduce misunderstanding that can lead to incomplete or incorrect submission of payment supporting documentation. Extended timelines will allow grantees more time to gather subrecipient documentation, and technical assistance on recordkeeping and student count validation will be given as part of the grant closeout process.

If Congress appropriates future funding for these programs, DRU will proactively mitigate risks that could increase the improper payment rate. It will provide new RESTART grantees with an overview of the improper payment assessment process at the beginning of the grant period, and help grantees with collecting and storing documentation in a format that is useful for the Department to evaluate. Assisting Emergency Impact Aid grantees in ensuring better collection of initial and final data will make payments more likely to be deemed proper. Additionally, DRU would improve the design of the program and application process to reduce the improper payment rate.

**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:**

<b>Indicate compliant or non-compliant</b>	<b>Compliance criteria</b>
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

<b>Indicate compliant or non-compliant</b>	<b>Compliance criteria</b>
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

**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:**

<b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b>	<b>Has the DNP reduced/prevented improper payments (yes/no)</b>	<b>How frequently are corrections made?</b>	<b>How frequently is incorrect information identified?</b>
YES	N/A	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 continues its efforts to prevent and detect improper payments via the Department of Treasury’s Do Not Pay (DNP) Business Center Portal, as required by the *Payment Integrity Information Act of 2019 (PIIA)*. During FY 2020, 538,621 payments totaling \$152.9 billion were reviewed for possible improper payments through the DNP Portal screening, which includes the Death Master File and the System for Award Management (SAM) File. On a weekly basis, the Department continues to validate that potential improper payments identified through this screening process were properly adjudicated and reported to Treasury timely. In FY 2020, the Department embarked on a project to investigate several payment integrity checks proposed by DNP Analytics Team. After thorough analysis and research, no improper payments were identified.

**Pell Grant**

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

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

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

**ANSWER:**

<b>Performance Appraisal Criteria</b>
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

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

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

**ANSWER:** FSA managers and staff are held accountable for maintaining effective controls. Key management officials have annual performance appraisal elements that contain specific criteria related to payment integrity. FSA also has an integrated system of complementary oversight functions to help prevent, detect, and recover improper payments, and ensure compliance by all participating parties. This includes routinely conducting program reviews to confirm that schools meet requirements for institutional eligibility, financial responsibility, and administrative capability. Program reviews evaluate schools' compliance with federal requirements, assess monetary liabilities for errors in performance which are calculated based on program review findings, and identify actions schools must take to make whole the Higher Education Act's Title IV programs or recipients for any funds that were improperly managed and prevent the same problems from recurring. FSA also uses Single Audit Act compliance audits of FSA's loan and grant programs as a key source of identifying risks and potential improper payments made by external entities, including federal, state, and private organizations and institutions, that receive and further distribute the grant and loan funds to subordinate organizations and individuals. FSA has worked with fund recipients to resolve audit findings timely and is working with OMB to clarify and strengthen compliance audit 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:**

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
NO	5. Failure to Verify: Financial Data	1-Automation
NO	11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)
NO	13. Insufficient Documentation to Determine	3-Training (how to complete contracts)
NO	13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)
NO	13. Insufficient Documentation to Determine	6-Audit (improve IC)
NO	5. Failure to Verify: Financial Data	3-Training (how to complete contracts)
NO	5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
NO	5. Failure to Verify: Financial Data	5-Cross Enterprise Sharing
NO	5. Failure to Verify: Financial Data	6-Audit (improve IC)
NO	11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	4-Change Process (instructions, checklist, policy)
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:** For payments that are within FSA’s control, lowering the improper payment rate beyond the current level may be possible without being cost prohibitive by applying additional mitigation strategies such as integrating payment files with Do Not Pay. Lowering the improper payment rate for payments made by external entities that receive and further distribute FSA grant and loan funds to subordinate organizations and individuals will continue to be a challenge because those entities are outside of FSA’s operational control. However, FSA will continue to identify and implement cost effective mitigation strategies, such as implementation of the FUTURE Act to improve verification of applicants’ and borrowers’ income data.

**Question 8: Tolerable Rate**

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

**ANSWER:**

<b>Indicate Yes or No</b>
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:** FSA believes the Pell Grant program improper payment rate can be reduced through implementation of the FUTURE Act.



**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:** FSA has the internal controls, human capital, and information systems and other infrastructure to reduce improper payments that are within FSA’s control to levels FSA has targeted. FSA will also continue to pursue implementation of the FUTURE Act to improve verification of applicants’ and borrowers’ income data. However, FSA must also continue to rely on controls established by external entities that receive funds and make payments on behalf of FSA for programs, including the Pell Grant program. These entities are outside of FSA’s operational control. FSA will continue to leverage data from program reviews and Single Audit Act compliance audits to identify and address root causes of improper payments made by external entities; however, any requirements for additional monitoring and sources of data would require additional resources.

**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
5. Failure to Verify: Financial Data	1-Automation	Other	09/30/2020
5. Failure to Verify: Financial Data	3-Training (how to complete contracts)	Other	09/30/2020
5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)	Other	09/30/2020
5. Failure to Verify: Financial Data	5-Cross Enterprise Sharing	Other	09/30/2020

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
5. Failure to Verify: Financial Data	6-Audit (improve IC)	Other	09/30/2020
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	Other	09/30/2020
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	4-Change Process (instructions, checklist, policy)	Other	09/30/2020
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)	Other	09/30/2020
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)	Other	09/30/2020
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	Other	09/30/2020
13. Insufficient Documentation to Determine	6-Audit (improve IC)	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:** To prevent improper payments, FSA maintains a robust internal control framework which includes performing computer matches against external sources performed in FSA systems during the aid delivery process; promoting the IRS Data Retrieval Tool (DRT), which remains the fastest, most accurate way to input tax return information into the FAFSA form; enhancing verification procedures; and conducting annual program risk assessments and reviews of program participants, among other activities. FSA also publishes and delivers various free training, guidance, and resources for school financial aid administrators to target the root causes of improper payments and other frequently identified compliance issues. For example, FSA publishes updates to questions and answers about verification requirements to help clarify verification requirements, reducing the risk of verification deficiencies.

In September 2020, FSA implemented a pre-payment interface to Treasury’s DNP tool to compare vendors, grantees, loan recipients, and beneficiaries with DNP data sources. The pre-payment matching included 54,382 payments totaling \$14.0 million, none of which were improper payments. In addition, in FY 2020, FSA submitted 3.6 million payments totaling \$12.5 billion to DNP for post payment matching, none of which were improper payments.

In addition to performing these ongoing and annually recurring actions, FSA continues to pursue long term corrective actions, such as implementation of the FUTURE Act to improve verification of applicants’ and borrowers’ income data.

**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:**

<b>Indicate identified root cause</b>	<b>Indicate planned corrective action(s)</b>	<b>Select the planned completion date for action(s) program will take</b>	<b>Other planned completion date</b>
5. Failure to Verify: Financial Data	1-Automation	FY2023	
5. Failure to Verify: Financial Data	3-Training (how to complete contracts)	FY2021	
5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)	FY2023	
5. Failure to Verify: Financial Data	5-Cross Enterprise Sharing	FY2023	
5. Failure to Verify: Financial Data	6-Audit (improve IC)	FY2021	
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	FY2021	
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	4-Change Process (instructions, checklist, policy)	FY2021	
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	

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	
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	FY2021	
13. Insufficient Documentation to Determine	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:** FSA will continue to identify and validate potential improper payments identified through Do Not Pay. FSA will continue to maintain a robust internal control framework, which includes performing computer matches against external sources performed in FSA systems during the aid delivery process; promoting the IRS Data Retrieval Tool (DRT), which remains the fastest, most accurate way to input tax return information into the FAFSA form; enhancing verification procedures; and conducting annual program risk assessments and reviews of program participants, among other activities. FSA will continue to publish and deliver various free training, guidance, and resources for school financial aid administrators to target root causes of improper payments and other frequently identified compliance issues. FSA will also continue to leverage Single Audit Act compliance audits of its loan and grant programs as a key source of identifying risks and potential improper payments made by external entities, including federal, state, and private organizations and institutions, that receive and further distribute grant and loan funds to subordinate organizations and individuals. FSA will continue to work with fund recipients to resolve audit findings timely and work with OMB to clarify and strengthen compliance audit requirements.

Long term corrective actions FSA is pursuing to prevent improper payments include coordinating with OMB to pursue legislation that would bar someone from receiving another Pell Grant if they have been awarded three consecutive Pell Grants without earning any credits. FSA expects this to have a meaningful impact by preventing the fraudulent practice of people going from school to school, enrolling long enough to receive a reimbursement, but not pursuing any credits. FSA will also continue to coordinate with Treasury to implement provisions of the FUTURE Act.

**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

Indicate compliant or non-compliant	Compliance criteria
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 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	N/A	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:** FSA continues to implement efforts to prevent and detect improper payments via the DNP Business Center Portal. In September 2020, FSA implemented a pre-payment interface to Treasury’s DNP tool to compare vendors, grantees, loan recipients, and beneficiaries with DNP data sources. The pre-payment matching included 54,382 payments totaling \$14.0 million, none of which were improper payments. In addition, in FY 2020, FSA submitted 3.6 million payments totaling \$12.5 billion to DNP for post payment matching, none of which were improper payments. FSA will continue to validate that potential improper payments identified through these screening processes are properly adjudicated and reported to Treasury timely.

**Emergency Impact Aid for Displaced Students**

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

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities*

(where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

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

**ANSWER:**

<b>Performance Appraisal Criteria</b>
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

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

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

**ANSWER:** Department personnel, including managers and staff, are held accountable for promoting payment integrity and maintaining effective internal controls in their day-to-day jobs. Key management officials have specific expectations related to payment integrity included in their annual performance plans. Program officials who administer programs deemed susceptible to significant improper payments are highly engaged in developing and implementing corrective actions as well as providing technical assistance for grantees to prevent improper payments from being made and to ensure payments are supported by sufficient documentation. Additionally, Senior Accountable Officials are identified for both the Department and Federal Student Aid (FSA).

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

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

**ANSWER:**

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
NO	2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)
NO	13. Insufficient Documentation to Determine	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 mitigation strategies and corrective actions planned to lower the improper payment rate for the Immediate Aid to Restart School Operations (RESTART) and Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) programs would not be cost prohibitive.

### Question 8: Tolerable Rate

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

ANSWER:

<b>Indicate Yes or No</b>
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 RESTART and Emergency Impact Aid programs have not reached a tolerable rate of improper payments, and the program office will implement mitigation strategies and take corrective actions to reduce the rate of improper payments in the future.

### 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:

<b>Indicate 'yes' or 'no'</b>	<b>Indicate program needs</b>
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: The Disaster Recovery Unit (DRU) has the internal controls, human capital, information systems and other infrastructure and program needs to reduce the improper payment rate for both the RESTART and Emergency Impact Aid programs.

### 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:

<b>Indicate identified root cause</b>	<b>Indicate planned corrective action(s)</b>	<b>Select the planned completion date for action(s) program will take</b>	<b>Other planned completion date</b>
13. Insufficient Documentation to Determine	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
13. Insufficient Documentation to Determine	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:** The DRU will continue to provide technical assistance to RESTART and Emergency Impact Aid grantees to reduce misunderstanding that can lead to incomplete or incorrect submission of payment supporting documentation. Extended timelines will allow grantees more time to gather subrecipient documentation, and technical assistance on recordkeeping and student count validation will be given as part of the grant closeout process.

If Congress appropriates future funding for these programs, DRU will proactively mitigate risks that could increase the improper payment rate. It will provide new RESTART grantees with an overview of the improper payment assessment process at the beginning of the grant period, and help grantees with collecting and storing documentation in a format that is useful for the Department to evaluate. Assisting Emergency Impact Aid grantees in ensuring better collection of initial and final data will make payments more likely to be deemed proper. Additionally, DRU would improve the design of the program and application process to reduce the improper payment rate.

**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 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:**

<b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b>	<b>Has the DNP reduced/prevented improper payments (yes/no)</b>	<b>How frequently are corrections made?</b>	<b>How frequently is incorrect information identified?</b>
YES	N/A	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 continues its efforts to prevent and detect improper payments via the Department of Treasury’s Do Not Pay (DNP) Business Center Portal, as required by the *Payment Integrity Information Act of 2019 (PIIA)*. During FY 2020, 538,621 payments totaling \$152.9 billion were reviewed for possible improper payments through the DNP Portal screening, which includes the Death Master File and the System for Award Management (SAM) File. On a weekly basis, the Department continues to validate that potential improper payments identified through this screening process were properly adjudicated and reported to Treasury timely. In FY 2020, the Department embarked on a project to investigate several payment integrity checks proposed by DNP Analytics Team. After thorough analysis and research, no improper payments were identified.

**Direct Loan**

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

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

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

**ANSWER:**

<b>Performance Appraisal Criteria</b>
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

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

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

**ANSWER:** FSA managers and staff are held accountable for maintaining effective controls. Key management officials have annual performance appraisal elements that contain specific criteria related to payment integrity. FSA also has an integrated system of complementary oversight functions to help prevent, detect, and recover improper payments, and ensure compliance by all participating parties. This includes routinely conducting program reviews to confirm that schools meet requirements for institutional eligibility, financial responsibility, and administrative capability. Program reviews evaluate schools’ compliance with federal requirements, assess monetary liabilities for errors in performance which are calculated based on program review findings, and identify actions schools must take to make whole the Higher Education Act’s Title IV programs or recipients for any funds that were improperly managed and prevent the same problems from recurring. FSA also uses Single Audit Act compliance audits of FSA’s loan and grant programs as a key source of identifying risks and potential improper payments made by external entities, including federal, state, and private organizations and institutions, that receive and further distribute the grant and loan funds to subordinate organizations and individuals. FSA has worked with fund recipients to resolve audit findings timely and is working with OMB to clarify and strengthen compliance audit 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:**

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
NO	5. Failure to Verify: Financial Data	1-Automation
NO	11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)
NO	13. Insufficient Documentation to Determine	3-Training (how to complete contracts)
NO	13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)
NO	13. Insufficient Documentation to Determine	6-Audit (improve IC)
NO	5. Failure to Verify: Financial Data	3-Training (how to complete contracts)
NO	5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
NO	5. Failure to Verify: Financial Data	5-Cross Enterprise Sharing
NO	5. Failure to Verify: Financial Data	6-Audit (improve IC)
NO	11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	4-Change Process (instructions, checklist, policy)
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:** For payments that are within FSA’s control, lowering the improper payment rate beyond the current level may be possible without being cost prohibitive by applying additional mitigation strategies such as integrating payment files with Do Not Pay. Lowering the improper payment rate for payments made by external entities that receive and further distribute FSA grant and loan funds to subordinate organizations and individuals will continue to be a challenge because those entities are outside of FSA’s operational control. However, FSA will continue to identify and implement cost effective mitigation strategies, such as implementation of the FUTURE Act to improve verification of applicants’ and borrowers’ income data.

**Question 8: Tolerable Rate**

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

**ANSWER:**

<b>Indicate Yes or No</b>
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:** FSA believes the Direct Loan program improper payment rate can be reduced through implementation of the FUTURE Act.

**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:** FSA has the internal controls, human capital, and information systems and other infrastructure to reduce improper payments that are within FSA’s control to levels FSA has targeted. FSA will also continue to pursue implementation of the FUTURE Act to improve verification of applicants’ and borrowers’ income data. However, FSA must also continue to rely on controls established by external entities that receive funds and make payments on behalf of FSA for programs, including the Direct Loan program. These entities are outside of FSA’s operational control. FSA will continue to leverage data from program reviews and Single Audit Act compliance audits to identify and address root causes of improper payments made by external entities; however, any requirements for additional monitoring and sources of data would require additional resources.

**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
5. Failure to Verify: Financial Data	1-Automation	Other	09/30/2020
5. Failure to Verify: Financial Data	3-Training (how to complete contracts)	Other	09/30/2020
5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)	Other	09/30/2020
5. Failure to Verify: Financial Data	5-Cross Enterprise Sharing	Other	09/30/2020

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
5. Failure to Verify: Financial Data	6-Audit (improve IC)	Other	09/30/2020
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	Other	09/30/2020
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	4-Change Process (instructions, checklist, policy)	Other	09/30/2020
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)	Other	09/30/2020
13. Insufficient Documentation to Determine	3-Training (how to complete contracts)	Other	09/30/2020
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	Other	09/30/2020
13. Insufficient Documentation to Determine	6-Audit (improve IC)	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:** To prevent improper payments, FSA maintains a robust internal control framework which includes performing computer matches against external sources performed in FSA systems during the aid delivery process; promoting the IRS Data Retrieval Tool (DRT), which remains the fastest, most accurate way to input tax return information into the FAFSA form; enhancing verification procedures; and conducting annual program risk assessments and reviews of program participants, among other activities. FSA also publishes and delivers various free training, guidance, and resources for school financial aid administrators to target the root causes of improper payments and other frequently identified compliance issues. For example, FSA publishes updates to questions and answers about verification requirements to help clarify verification requirements, reducing the risk of verification deficiencies.

In September 2020, FSA implemented a pre-payment interface to Treasury’s DNP tool to compare vendors, grantees, loan recipients, and beneficiaries with DNP data sources. The pre-payment matching included 54,382 payments totaling \$14.0 million, none of which were improper payments. In addition, in FY 2020, FSA submitted 3.6 million payments totaling \$12.5 billion to DNP for post payment matching, none of which were improper payments.

In addition to performing these ongoing and annually recurring actions, FSA continues to pursue long term corrective actions, such as implementation of the FUTURE Act to improve verification of applicants’ and borrowers’ income data.

**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
5. Failure to Verify: Financial Data	1-Automation	FY2023	
5. Failure to Verify: Financial Data	3-Training (how to complete contracts)	FY2021	
5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)	FY2023	
5. Failure to Verify: Financial Data	5-Cross Enterprise Sharing	FY2023	
5. Failure to Verify: Financial Data	6-Audit (improve IC)	FY2021	
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	FY2021	
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	4-Change Process (instructions, checklist, policy)	FY2021	
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	

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	
13. Insufficient Documentation to Determine	4-Change Process (instructions, checklist, policy)	FY2021	
13. Insufficient Documentation to Determine	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:** FSA will continue to identify and validate potential improper payments identified through Do Not Pay. FSA will continue to maintain a robust internal control framework, which includes performing computer matches against external sources performed in FSA systems during the aid delivery process; promoting the IRS Data Retrieval Tool (DRT), which remains the fastest, most accurate way to input tax return information into the FAFSA form; enhancing verification procedures; and conducting annual program risk assessments and reviews of program participants, among other activities. FSA will continue to publish and deliver various free training, guidance, and resources for school financial aid administrators to target root causes of improper payments and other frequently identified compliance issues. FSA will also continue to leverage Single Audit Act compliance audits of its loan and grant programs as a key source of identifying risks and potential improper payments made by external entities, including federal, state, and private organizations and institutions, that receive and further distribute grant and loan funds to subordinate organizations and individuals. FSA will continue to work with fund recipients to resolve audit findings timely and work with OMB to clarify and strengthen compliance audit requirements.

Long term corrective actions FSA is pursuing to prevent improper payments include implementing provisions of the FUTURE Act, which FSA will continue to coordinate with Treasury to implement.

**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

Indicate compliant or non-compliant	Compliance criteria
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 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	N/A	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:** FSA continues to implement efforts to prevent and detect improper payments via the DNP Business Center Portal. In September 2020, FSA implemented a pre-payment interface to Treasury’s DNP tool to compare vendors, grantees, loan recipients, and beneficiaries with DNP data sources. The pre-payment matching included 54,382 payments totaling \$14.0 million, none of which were improper payments. In addition, in FY 2020, FSA submitted 3.6 million payments totaling \$12.5 billion to DNP for post payment matching, none of which were improper payments. FSA will continue to validate that potential improper payments identified through these screening processes are properly adjudicated and reported to Treasury timely.