

# Payment Integrity Scorecard

**Program or Activity**  
Military Retirement

**Reporting Period**  
Q4 2023

**FY 2022 Overpayment Amount (\$M)\***

**\$369**

\*Estimate based a sampling time frame starting 10/2020 and ending 9/2021

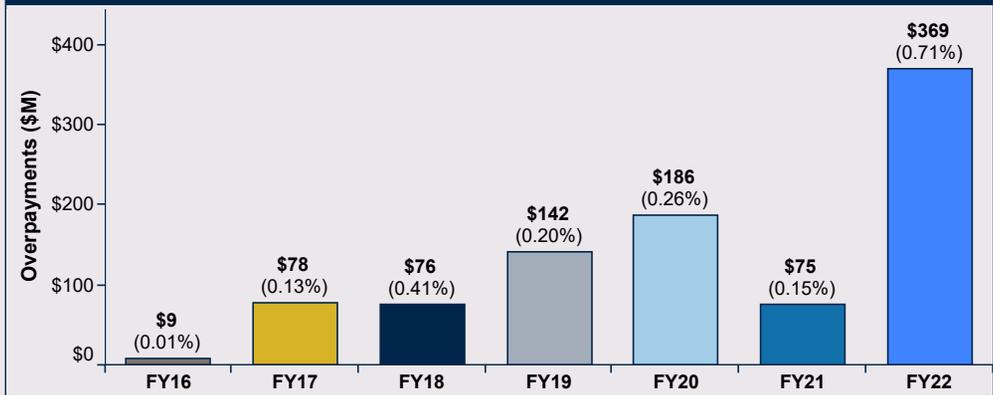


**DOD**  
Military Retirement

**Brief Program Description & summary of overpayment causes and barriers to prevention:**

Retired and Annuitant (R&A) pay is responsible for retired and annuity customers accounts, including establishment, payment, maintenance, and termination. R&A's projected Monetary Loss Improper Payment's rate for FY 2022 was \$369.45M. The largest contributor to this amount is payments released in error, categorized as Overpayments outside Agency control. Only four errors were found in testing, which included one payment in the amount of \$1679.25. This one identified error forecasted the impact of our projected improper payment for this category to \$302M. This error was outside agency control as the payment was made to a deceased retiree, prior to R&A receiving notification of the death.

**Historical Payment Rate and Amount (\$M)  
(Overpayment as Percentage of Total Outlays)**



**Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments**

As a result of a National Defense Authorization Act (NDAA), Survivor Benefit Plan (SBP) - Dependency and Indemnity Compensation (DIC) offset was eliminated. The DFAS Military Retirement (R&A) operations team prioritized these corrective actions by implementing a phased offset program to ensure effective management of the changes. As a result, Military Retirement received minimal cost refund errors in FY 2023. SBP/DIC phased offset was completed during FY 2023. Annuitants receive full SBP from DFAS and full DIC from Veteran Affairs. As a result, the cost refunds dropped to minimal levels. These generated the bulk of payments over the projected threshold in prior years and were effectively reduced in FY 2023. This was a top priority and was successfully implemented by the DFAS Military Retirement Operations team. Furthermore, DFAS Military Retirement operations team pursued efforts with Treasury and VA to implement use of the Treasury Do Not Pay (DNP) file. During R&A's testing it was determined that pertinent death data was missing. As a result R&A pursued receiving data through Experian, it has been determined that this source also does not contain all pertinent data and R&A and DMDC (Defense Manpower Data Center) are working to reengage with SSA (Social Security Administration) to be effective CY2024. Additionally, R&A is pursuing Treasury DNP for future use as DNP is working to obtain the missing data directly from the SSA Death Master file.

**Accomplishments in Reducing Overpayment**

		Date
1	Defense Manpower Data Center (DMDC) contracted with Experian as the new source for death data as of July 1, 2023. It was determined that data wasn't sufficient, as a result DMDC and R&A are reengaging with SSA for CY24. Additionally, R&A is pursuing DNP for future use.	Jul-23
2	DFAS Military Retirement operations is collaborating with Disbursing on a Lean 6 project focused on refining and enhancing the Reclamation Process, the project is currently in the stage of finalizing the solution set. As a result, we will receive funds in a timely manner.	Jul-23
3	R&A is continuing to enhance its processes and align its resources to meet agency goals to reduce improper payments. R&A is embracing opportunities to automate its processes and workload as it becomes available.	Sep-23

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<b>Program or Activity</b> Military Retirement	<b>Reporting Period</b> Q4 2023
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Goals towards Reducing Overpayments	Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 DFAS Military Retirement operations has partnered with DMDC who has contracted with Experian as the new source for death data as of July 1, 2023. It was determined that this data was not sufficient, as a result DMDC and DFAS Military Retirement (R&A) operations are reengaging with SSA for CY24. Reengaging with SSA will ensure that no members are paid erroneously. Additionally, R&A is pursuing DNP for future use which will allow opportunities for receiving the file on a more frequent basis.	On-Track	Oct-23	1 <b>Recovery Audit</b>	Internal Controls' review process allows to quickly identify erroneously processed overpayments. The post review process identifies errors after release, at which point the funds would be reclaimed. Most reclamations are automated through EFT recall requests.	Military Retirement has multiple internal review processes which consist of: random sampling reviews of payments under \$2500, pre-reviews of all one-time payments over \$2500, and post pay sampling reviews.
			2 <b>Recovery Activity</b>	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 reclaimed.	Military Retirement a systematic monthly death match review, in which we send DMDC a full list of R&A customers. DMDC uses that information to bump against death files and return Retiree and Annuitant death notifications to R&A for action.
2 DFAS Military Retirement operations is continuing to collaborate with Disbursing on a Lean 6 project focused on refining and enhancing the Reclamation Process. This project is in currently working towards finalizing the solution set in preparation of an Internal Review audit which will further test Disbursing's reclamation process. R&A will support Disbursing Operations with any potential recommendations and/or appropriate corrective actions identified via the audit, to strengthen the program.	On-Track	Oct-23	3 <b>Recovery Activity</b>	DFAS utilizes a well-established Risk Management framework called ERMT. Specifically, Military Retirement has 29 key internal controls and 26 unique controls to ensure proper execution and or subsequent recoupment of Military Retirement payments.	DFAS Internal Review is conducting a Payment Reclamation Audit through Disbursing Operations and any potential recommendations and/or appropriate corrective actions identified will be pursued in order to strengthen the program.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
<b>\$318M</b>	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Timing differences between notification of a retiree/annuitant's death vice when they are paid. Notifications that come in after the pay file has gone out will result in an overpayment. The notification is dependent upon when SSA, the VA, or DFAS is informed of the death.	Cross Enterprise Sharing - sharing of documents, processes, and opportunities with intra-agency partners and stakeholder. Potentially managed through federated repositories and a registry to create a longitudinal connection to information used to mitigate Improper Payments.	Military Retirement in partnership with DMDC is reengaging with SSA while also pursuing DNP for a future source which will allow potential implementation of receiving death data on a more frequent basis, thus reducing errors associated with timeliness and supporting document.
<b>\$51M</b>	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	Military Retirement high risk errors was on the accuracy of the Survivor Benefit Plan - Dependency and Indemnity Compensation (SBP-DIC) cost refunds being processed. The Phased elimination of SBP-DIC offset is complete and Cost Refunds are no longer processed.	Change Process – altering or updating a process or policy to prevent or correct error.	Military Retirement has completed the final phase of eliminating the SBP-DIC offset. Cost Refunds are no longer processed thus the risk associated with the projected overpayment rate for this error has been mitigated.

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 over pre-review of payments and certifying officer legislation and developed an internal post-payment review process to mitigate the documented risks. The Director also tests the controls to ensure their effectiveness and documents the test results. R&A has identified obstacles resolving overpayments outside of the Agency control errors, in particular the erroneous after death payments, include timely receipt of death notifications. There are instances when death notices can be received timely, but payments still go out due to payment schedules and end of month file runs. To avoid this issue completely is nearly impossible, but R&A continues to make efforts to improve such as collaborating with outside agencies, and pursuing alternative sources of death data received from DMDC on a more frequent basis. Thus, further reducing errors associated with timeliness.