

# PAYMENT INTEGRITY (UNAUDITED)

## Background

Per OMB Circular A-136, agencies must report information on payment integrity, disclosing proper and improper payments. IPERIA, Pub. L. 112-248, amends IPIA, Pub. L. 107-300, and the Improper Payments Elimination and Recovery Act of 2010 (IPERA, Pub. L. 111-204); it provides guidance on monitoring and reporting improper payments.

IPERIA requires agencies to annually report information on improper payments to the President and Congress and continue reviewing programs annually to identify those susceptible to significant improper payments. OMB defines significant improper payments as gross annual improper payments in a program exceeding both the threshold of 1.5 percent of program outlays and \$10 million of improper program payments, or \$100 million in improper program payments regardless of percentage.

For FY 2018, GSA is required to report on the Rental of Space program. The <sup>19</sup><https://paymentaccuracy.gov/> link contains more detailed information on improper payments and information reported in previous FYs.

## Purchase Cards Program Reporting Relief

OMB guidance allows agencies to request approval for exemption from improper payment reporting when those programs no longer meet the criteria to qualify as high risk. For the previous three fiscal years, GSA reported the following improper payments for the Purchase Card Program totaling: FY 2015 \$1.98 million, FY 2016 \$1.57 million and FY 2017 \$1.28 million. These amounts are significantly below the OMB reporting base floor of \$10 million.

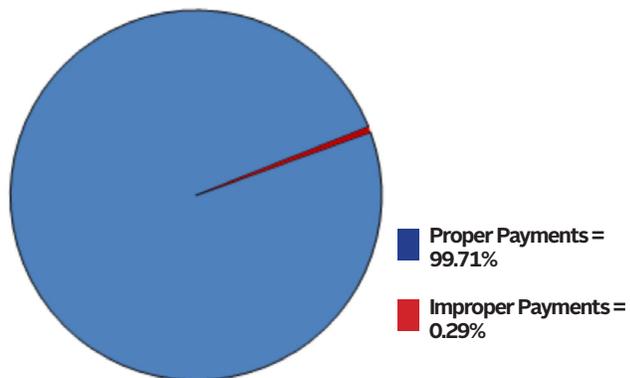
GSA requested relief from improper payment reporting for the Purchase Card Program for FY 2018. OMB reviewed and approved this request. In accordance with OMB Circular A-123, Appendix C, GSA is required to complete a risk assessment on this program within the next three years. The risk assessment for Purchase Cards will be conducted in FY 2020. An additional risk assessment is scheduled in FY 2020 for Employee Payments and Travel.

## Rental of Space Results

Based on the sample results, GSA's improper payment rate for Rental of Space was 0.29 percent, which is below the FY 2018 target rate of 1.80 percent. It is important to point out that GSA's proper payment rate for Rental of Space is 99.71 percent.

The chart at right presents Rental of Space payments and the percentage of associated proper and improper payments.

**Improper Payments of Rental Space**



## Ongoing Actions

GSA has demonstrated a commitment to reducing improper payments. In FY 2018, GSA's PBS Office of Leasing developed written guidance, training, and oversight of consistent standard procedures for the administration of leases. This Office became the primary liaison to coordinate recommendations resulting from the payment recapture audit.

GSA's OCFO established a continuous monitoring corrective action group. The group includes representatives from the OCFO, the PBS Office of Leasing, and GSA's FSSP. This multi-office working group meets monthly to discuss improper payment error types, options for reducing improper payments, and ways to standardize business processes.

GSA provides the following improper payment reporting details in accordance with IPERIA, OMB Circular A-123, Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments, and OMB Circular A-136, Financial Reporting Requirements.

## Statistical Sampling

For FY 2018, GSA measured, estimated, and reported improper payment percentages and dollars for the Rental of Space program. A stratified sampling design was used to test payments based on FY 2017 disbursements. A statistician designed the statistical sample plans and the extrapolation of sample errors across the payment populations.

The sampling plan provided an overall estimate of the percentage of improper payment dollars within +/-2.5 percent precision at the 95 percent confidence level, as specified by OMB M-18-20 guidance. Using a stratified random sampling approach, payments were grouped into mutually exclusive strata, or groups based on total dollars. These stratified samples provide greater precision than a simple random sample of the same size.

The following procedure describes the sample selection process:

1. Grouped payments into mutually exclusive strata based on the sample design;
2. Using a random number generator, assigned each payment a random number;
3. Sorted the population by stratum and random number within stratum; and,
4. Selected the number of payments within each stratum (by ordered random numbers) following the sample size design. For some strata, all payments were selected.

To estimate improper payment dollars for the population from the sample data, the stratum specific ratio of improper to total payment dollars was calculated.

## Accountability, Agency Information Systems and Other Infrastructure, and Barriers

These sections are not applicable as the Rental of Space program does not exceed the improper payment statutory thresholds.

## Additional Comments

GSA has made significant improvements in reporting for Rental of Space, a program designated as "high risk" for improper payments. In FY 2018, GSA improved the payment processes for this activity and worked with OMB to establish realistic targets, bringing the Rental of Space program into compliance. Test results show that this program has an improper payment rate below the Agency's FY 2018 target and has monetary losses to the Government below one percent of annual program payments.

## Improper Payment Tables

Table 1 details the FY 2018 improper payment (IP) amounts and rates for the Rental of Space program as well as the projected outlays and targeted improper payment amount and rate for FY 2019.

**Table 1 Improper Payment Reduction Outlook (\$ in millions)**

12 month Sampling Timeframe for FY 2018 data

Program Name	FY2017 Outlays (\$M)	FY 2017 IP Amount (\$M) <sup>1</sup>	FY 2017 IP Rate <sup>1</sup>	FY 2018 Outlays (\$M)	FY 2018 IP Amount (\$M) <sup>2</sup>	FY 2018 IP Rate	FY 2018 Over-payment \$	FY 2018 Under-payment \$	FY 2019 Est. Outlays <sup>4</sup>	FY 2019 Est. IP % <sup>3</sup>	FY 2019 Est. IP \$	Start Date for data	End date for data
Rental of Space <sup>2</sup>	\$ 5,486.41	\$ 107.80	1.96%	\$ 5,683.11	\$ 16.70	0.29%	\$ 16.56	\$ 0.14	\$ 5,615.97	1.40%	\$ 78.62	10/1/16	9/30/2017
Purchase Cards <sup>6</sup>	\$ 28.56	\$ 1.28	4.47%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

<sup>1</sup> The amount GSA reported in FY17 included leases with expired SAM registrations. GSA has been advised by the Office of General Counsel that issues with SAM registrations should not be considered improper payments. Reclassifying these leases from improper to proper would result in an improper payment rate of 0.72% and Improper payment amount of \$39.4 million.

<sup>2</sup> To determine improper payments for Rental of Space: (1) For Pegasys financial testing, GSA compared Lease Digest Actions (GSA Form R620) to actual payments in Pegasys to identify discrepancies. (2) For GSA Outside Payment Recapture testing, GSA reviewed lease documents including amendments, Lease Digest Actions with particular attention to document execution dates, agreement effective dates, and payment dates. (3) For Payment Recapture testing, using lease contracts, supplemental lease agreements, lease agreements, R620s and other lease documents, a detailed monthly rental schedule was developed from lease commencement to the most recent rent payment. This schedule was then compared to actual payments, by month, to identify any discrepancies.

<sup>3</sup> IP estimate for the Rental of Space program was based on 3 different categories:(1) Projected IP amount from Pegasys financial sample plus (2) Projected IP amount in error from Outside Payment recapture sample plus (3) 100% of amount in error from Payment Recapture audit report.

<sup>4</sup> The Rental of Space FY 2019 estimated outlays are based on payments made in FY 2018.

<sup>5</sup> GSA reduced its target to 1.40% for FY 2019. This represents a significant reduction from the prior year's target rate of 1.80%. GSA will be reviewing more tenant improvement (TI) reconciliations during FY 2019. There is uncertainty around the effect these TI transactions will have on next year's IP rate as a small number of errors can lead to large IP percentage increases.

<sup>6</sup> GSA requested relief from IP reporting for the Purchase Card Program for FY 2018. OMB reviewed and approved our request.

**Table 2 CY Estimate Statistical Information**

Program or Activity	CY Confidence Level	CY Margin of Error
Rental of Space	95%	0.12%

**Table 3 Improper Payment Root Cause Category Matrix (\$ in millions)**

Reason for Improper Payment		Rental of Space	
		Overpayments	Underpayments
Program Design or Structural Issue			
Inability to Authenticate Eligibility: Inability to Access Data			
Inability to Authenticate Eligibility: Data Needed Does Not Exist			
Failure to Verify:	Death Data		
	Financial Data		
	Excluded Party Data		
	Prisoner Data		
	Other Eligibility Data (explain)		
Administrative or Process Error Made by:	Federal Agency	\$14.46	\$0.14
	State or Local Agency		
	Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)		
Medical Necessity			
Insufficient Documentation to Determine			
Other Reason <sup>1</sup>		\$2.10	
<b>TOTAL</b>		<b>\$16.56</b>	<b>\$0.14</b>

<sup>1</sup> Other Reason constitutes improper payments that occurred based on Real Estate Tax Credits - Tax Bills\Refunds not Submitted and Tax Bills Reassessed.

### Corrective Actions Undertaken by GSA Programs

GSA's Rental of Space program does not exceed the statutory thresholds. Therefore, GSA is not required to describe corrective action plans.

### Monetary Loss to the Government

Table 4 estimates the total improper payments monetary loss to the Government for the Rental of Space program. In order to estimate improper payment dollars by actual monetary loss to the Government, GSA omits underpayments and overpayments not involving claims.

**Table 4 Improper Payment Classification (\$ in millions)**

Program or Activity <sup>1</sup>	Actual Monetary loss to the Government identified in Sample	Estimated Total Monetary loss to the Government
Rental of Space Pegasys Financial testing	\$0.004	\$0.598
Rental of Space Outside Payment Recapture testing	\$8.165	\$11.158
Rental of Space Payment Recapture testing	\$4.802	\$4.802
<b>Rental of Space Total</b>	<b>\$12.971</b>	<b>\$16.558</b>

<sup>1</sup> The actual and estimated monetary loss to the Government is based on three categories:

(1) Pegasys financial improper overpayment testing errors;

(2) Outside Payment recapture improper overpayment testing errors;

(3) Payment Recapture audit report. (Since 100% of the Payment Recapture Audit identified amount constitutes improper overpayments; the actual monetary loss to the Government identified in the Payment Recapture audit report is the same as the estimated total monetary loss to the Government).

### Loss Root Cause Category Matrix for programs reporting greater than \$100 million in Monetary Loss

GSA has no programs reporting greater than \$100 million in monetary loss. Table 5, Report of the Loss Root Cause Category Matrix for programs reporting greater than \$100 million in Monetary Loss, does not apply.

### Recapture of Improper Payments

In FY 2018, GSA complied with reporting recapture of improper payments in compliance with IPERIA. This included annual reporting on the payment recapture audit program and completing a detailed cost effective analysis for performing payment recapture audits on programs expending more than \$1 million and determining that a payment recapture audit program for all programs other than Rental of Space is not cost effective. GSA notified OMB and OIG that GSA programs were analyzed for payment recapture cost effectiveness and provided them a copy of the analysis.

### Payment Recapture Cost-effective Analysis for Programs over \$1 million

GSA Payment Recapture Audit Program Scope:

GSA has 39 programs subject to potential Payment Recapture audit and does full payment recapture audit on one program, Rental of Space. Of the remaining 38 programs:

- Seventeen have no history of improper payments. Since there are no improper payments, a payment recapture audit would not apply to these programs.
- Nine are below the \$1 million requirement and were not considered for payment recapture auditing.
- One has lapsed funding, and was not considered for payment recapture auditing. There will be no more expenditures for this program.

This leaves GSA with 11 programs on which to perform a detailed cost-effectiveness analysis. The following chart shows the Outlays/Overpayment Information for Rental of Space and the 11 Remaining Programs:

**Outlays/Over Payment Information for Rental of Space and 11 Other Programs**

Program Name	Outlays In Dollars	Average Three Year Overpayments as % of Outlays	Average Three Year Overpayments	2017	2016	2015
Rental of space	\$5,680,898,408	0.5136	\$ 29,175,278	\$ 21,424,022	\$ 37,182,350	\$ 28,919,461
Integrated Technology Services (ITS) - Flow-Thru	\$1,454,266,154	0.2822	\$ 4,104,603	\$ -	\$ 1,367,044	\$ 10,946,765
Building operations	\$2,466,075,079	0.0992	\$ 2,447,040	\$ 2,122,228	\$ 2,205,194	\$ 3,013,696
Assisted Acquisition Services (AAS) - Flow-Thru	\$5,181,845,806	0.0139	\$ 721,147	\$ 576,632	\$ 1,586,133	\$ 676
Operating Expenses (Reimbursable)	\$5,206,412	6.5140	\$ 339,146	\$ -	\$ 1,015,998	\$ 1,440
Repairs and alterations	\$674,710,147	0.0501	\$ 338,105	\$ 496,341	\$ 38,991	\$ 478,983
Acquisition Services Fund - Operating	\$1,092,049,850	0.0188	\$ 205,771	\$ 231,854	\$ 385,077	\$ 382
Construction and acquisition of facilities	\$578,308,482	0.0247	\$ 142,898	\$ 1,038	\$ 81,570	\$ 346,085
Special services and improvements	\$1,779,209,030	0.0025	\$ 43,873	\$ 31,473	\$ 35,503	\$ 64,643
Government-wide Policy (Reimbursable)	\$ 27,105,919	0.0920	\$ 24,941	\$ 74,824	\$ -	\$ -
Federal Citizen Services Fund (Reimbursable)	\$ 3,023,980	0.0141	\$ 425	\$ -	\$ 1,275	\$ -
Operating Expenses (Direct)	\$ 53,419,671	0.0000	\$ 5	\$ -	\$ -	\$ 15

## Agency Program Prioritization

GSA reviewed these programs, giving priority to those with a higher potential for overpayments and recoveries. GSA utilized known sources of improper payment information, giving priority to recent payments and to payments made in programs identified as susceptible to significant improper payments. GSA's audit recovery program focuses on its largest program, Rental of Space. For the \$24.97 million in FY 2017 overpayments; 85.7 percent (\$21.42 million) related to the Rental of Space with only 14.3 percent (\$3.55 million) related to other programs.

## GSA Self-Reported Overpayments Information Explained

GSA self-reported overpayments generally involve those overpayments identified by GSA regions as improper and forwarded to our FSSP for processing. GSA tracked the trends of these self-reported overpayments for the past three years and included this as a factor in its risk assessment analysis.

Based on this factor, the Payment Recapture Audit focused on the Rental of Space program. Over the past three years this audit identified \$19.1 million in overpayments. In FY 2017 GSA recovered \$11.5 million. GSA recoveries are accounted for in the year of receipt.

## Likelihood That Identified Overpayments Will Be Recaptured

GSA anticipates that identified overpayments will be recaptured. The nature of GSA operations involve recapturing overpayments from commercial vendors. These commercial vendors have the resources to remit overpayments with the applicable laws and regulations allowing recovery from such vendors. The evidence of overpayment is generally clear and convincing with little or no resistance from vendors concerning payment recovery.

## Likelihood that Expected Recoveries Exceed Costs

According to the GSA's Payment Recapture contract, the Auditor is able to perform Payment Recapture Audits on any program they believe to be cost-effective (other than the two OIG programs). The following chart shows the minimum upfront costs GSA would spend if the Payment Recapture Audit was conducted on a new program.

Program Name	GSA Self-Reported Average Three Year Overpayments	Assigned Staff	Conferences	Training	Reporting	Audit Fees	Total	Cost Effective?
Integrated Technology Services (ITS) - Flow-Thru	\$ 4,104,603	\$233,849	\$19,125	\$3,000	\$27,287	\$738,829	\$1,022,090	No*
Building operations	\$ 2,447,040	\$233,849	\$19,125	\$3,000	\$27,287	\$440,467	\$723,728	No**
Assisted Acquisition Services (AAS) - Flow-Thru	\$ 721,147	\$233,849	\$19,125	\$3,000	\$27,287	\$129,806	\$413,067	No**
Operating Expenses (Reimbursable)	\$ 338,105	\$233,849	\$19,125	\$3,000	\$27,287	\$61,046	\$344,307	No
Repairs and alterations	\$ 339,146	\$233,849	\$19,125	\$3,000	\$27,287	\$60,859	\$344,120	No
Acquisition Services Fund - Operating	\$ 205,771	\$233,849	\$19,125	\$3,000	\$27,287	\$37,039	\$320,300	No
Construction and acquisition of facilities	\$ 142,898	\$233,850	\$19,125	\$3,000	\$27,287	\$25,722	\$308,983	No
Special services and improvements	\$ 43,873	\$233,851	\$19,125	\$3,000	\$27,287	\$7,897	\$291,158	No
Government-wide Policy (Reimbursable)	\$ 24,941	\$233,850	\$19,125	\$3,000	\$27,287	\$4,489	\$287,750	No
Federal Citizen Services Fund (Reimbursable)	\$ 425	\$233,851	\$19,125	\$3,000	\$27,287	\$77	\$283,338	No
Operating Expenses (Direct)	\$ 5	\$233,852	\$19,125	\$3,000	\$27,287	\$1	\$283,262	No

\* Based on GSA self-reporting no overpayments in FY 2017.

\*\* Duplicate/erroneous payment data review that is completed on this program on an annual basis shows limited overpayment results.

## Cost Effectiveness Summary

Based on the results, it is not cost-effective to do Full Payment Recapture Audits on any additional programs.

GSA notes that our results do not formally capture the additional resources the USDA FSSP would be spending on these new programs. GSA believes that these increased resources could impact the USDA FSSP's ability to perform higher priority activities.

## Payment Recapture Audit Efforts for Rental of Space Program

GSA's objective in reviewing Rental of Space is to detect and recover overpayments and errors while identifying opportunities for process improvement. GSA's actions and methods used to recoup overpayments involve analyzing lease contracts, lease agreements, lease digest actions, and the development of a detailed monthly rental schedule from lease commencement to the most recent payment. This schedule is then compared to actual payments by month, to determine if discrepancies exist. If discrepancies are discovered, they are quantified and identified as to nature and origin. A review of real estate tax adjustments is also conducted for each lease reviewed. Tax adjustments are reviewed for accuracy, with analysis of the Lessor's submission of tax bills, the GSA's calculation of adjustments and the actual payment of the adjustment.

The conditions giving rise to improper payments involve rent overpayments, rent credits, and real estate tax credits. These overpayments can be caused by calculation errors, administrative errors, system errors, failure to take the proper rent credits, failure to charge rent on time or at all, and failure to terminate the lease timely. Overpayments related to real estate tax credits result from failure by the lessor to comply with the lease contract and submit tax bills or refunds, the complexity in determining the base year tax amount, and improperly determining which line items of the tax bill GSA is required to pay.

GSA is addressing these conditions through recent Lease Payment Audit refresher training and is sending letters to all landlords re-affirming their obligation to submit a tax bill each year. GSA is implementing a standard process across the nation that requires analysts to review the current year tax bill for each lease. The treatment of real estate taxes will be facilitated by the PBS National Leasing Office and through IT enhancements.

GSA establishes claims in accordance with the Debt Collection Improvement Act of 1996 (DCIA). GSA's payment recapture audit identifies claims related to the Rental of Space program. Table 6 identifies the Rental of Space program with overpayments obtained through payment recapture audits and "Other" programs with overpayments recaptured outside of GSA's payment recapture audit program.

**Table 6 Overpayment Payment Recaptures with and without Recapture Audit Programs**  
(\$ in millions)

		Overpayments Recaptured through Payment Recapture Audits				Overpayments Recaptured outside of Payment Recapture Audits <sup>3</sup>		
Funds recaptured from a High-Priority Program? (Y/N)	Program or Activity	Amount Identified in FY 2018 <sup>1</sup>	Amount Recovered in FY 2018 <sup>2</sup>	Recapture Rate in FY 2018 <sup>3</sup>	FY 2019 Recapture Rate Target <sup>3</sup>	Amount Identified in FY 2018	Amount Recovered in FY 2018	Recapture Rate in FY 2018
N	Rental of Space	\$ 7.97	\$ 11.01	138%	79%	\$ 23.09	\$ 21.95	95%
N	Other <sup>4</sup>					\$ 3.73	\$ 3.80	102%
	<b>TOTAL</b>	<b>\$ 7.97</b>	<b>\$ 11.01</b>	<b>138%</b>		<b>\$ 26.82</b>	<b>\$ 25.75</b>	<b>96%</b>

<sup>1</sup> Our vendor, in addition to performing Payment Recapture Audit on Rental of Space, performed duplicate/erroneous payment data reviews across GSA programs as a whole. The amount identified from these reviews is \$24,095. For simplicity GSA combined this amount with the overall Rental of Space identified amount.

<sup>2</sup> Includes both recaptures of overpayments during FY 2018 and overpayments that were reported prior to FY 2018.

<sup>3</sup> The collections amount and recapture rate relates more to the effects from the amount identified changing from year to year than to successful recapture efforts. A claim typically takes between 4 and 6 months to fully process after it is submitted. There was a smaller collections percentage (74%) in FY 2017 than in FY 2018 (138%) primarily because the over payment amount reported in 2017 (\$15.55M) was higher than that in FY 2018 (\$7.97M). GSA expects the Payment Recapture Auditor to identify a higher over payments amount in FY 2019 than in FY 2018, which would drive down the recapture rate. Thus, GSA is setting a realistic target rate of 79% for FY 2019.

<sup>4</sup> Other includes several programs activities. Over 97% of the \$3.73M amount of the listed programs under Other relates to the following four program activities: building operations, acquisition services fund - operating, repairs and alterations, and construction and acquisition of facilities.

The Payment Recapture Audit for the Rental of Space program is funded through a revolving fund. Therefore, funds recaptured are credited back to their original purpose. Disposition of recaptured funds from the FY 2018 payment recapture audit is identified in Table 7.

**Table 7 Disposition of Funds Recaptured Through Payment Recapture Audit Programs**  
 (\$ in millions)

Program or Activity	Amount Recaptured	Agency Expenses to Administer the Program	Payment Recapture Audit Fees <sup>1</sup>	Financial Management Improvement Activities	Original Purpose	Office of Inspector General	Returned to Treasury	Other (please explain in footnote)
Rental of Space	\$ 11.01	NA	\$ 1.85	NA	\$ 9.16	NA	NA	NA
<b>TOTAL</b>	<b>\$ 11.01</b>	<b>NA</b>	<b>\$ 1.85</b>	<b>NA</b>	<b>\$ 9.16</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

<sup>1</sup> Fees based on invoices submitted by Payment Recapture Audit firm in FY 2018.

The aging of an overpayment begins at the time the overpayment is detected, which is the date that the Payment Recapture Audit GSA Contracting Officer Representative executes final approval of the claim form. Thus, GSA is reporting aging of outstanding overpayments based on the final approval date on claim forms, rather than the date that the accounts receivable record related to a claim is established in the accounting system. Unsatisfied debt is referred to the Treasury Offset Program for further collection efforts. Uncollectable accounts are written off based on the Accounts Receivable Policy Handbook, CFO P 4253.1, Chapter 4, Servicing Non-Federal Accounts Receivable. See Table 8, Aging of Outstanding Overpayments Identified in the Payment Recapture Audit Programs.

The Outstanding overpayments identified in the payment recapture audits in FY 2018 are reflected in Table 8.

**Table 8 Aging of Outstanding Overpayments Identified in the Payment Recapture Audit Programs<sup>1</sup>**  
 (\$ in millions)

Program or Activity	Amount Outstanding (0 – 6 months)	Amount Outstanding (6 months to 1 year)	Amount Outstanding (over 1 year)	Amount determined to not be collectable <sup>2</sup>
Rental of Space <sup>3</sup>	\$ 1.59	\$1.63	\$3.39	\$3.17
<b>TOTAL</b>	<b>\$1.59</b>	<b>\$1.63</b>	<b>\$3.39</b>	<b>\$3.17</b>

<sup>1</sup> The aging of an overpayment begins at the time the overpayment is detected, which is the date that the Payment Recapture Audit GSA Contracting Officer Representative executes final approval on the claim form. Thus, GSA is reporting aging of outstanding overpayments based on the final approval date on claim forms, rather than the date that the accounts receivable record related to a claim is established in the accounting system.

If GSA reported aging of outstanding overpayments based on the date a receivable claim is established in the accounting system, the aging amounts would be as follows:

Amount Outstanding (0-6 months): \$1.14  
 Amount Outstanding (6 months to 1 year): \$1.58  
 Amount Outstanding (over 1 year): \$3.37  
 Amount Determined not to be Collectable: \$3.17

<sup>2</sup> Uncollectable accounts are written off based on the Accounts Receivable Policy Handbook, CFO P 4253.1B, as amended, Chapter 4, Servicing Non-Federal Accounts Receivable. GSA writes off claims with a remaining principal balance under \$100 at 120 days old; claims above \$100 are written off after they have been referred to Treasury for collection for 60 days. Amount determined to not be collectable is cumulative, based on OMB Town Hall guidance, and includes all current and prior amounts determined to not be collectable dating back to October 2010.

<sup>3</sup> As follows are the percent such amounts represent of the total overpayments from recapture audits of the agency (i.e., overpayments that have been identified but not recaptured):

Amount Outstanding (0-6 months): 16.24%  
 Amount Outstanding (6 months to 1 year): 16.71%  
 Amount Outstanding (over 1 year): 34.70%  
 Amount Determined not to be Collectable: 32.35%

Note: The percentages are based on full numbers and not the rounded outstanding dollar amounts listed hereon.

### Confirmed Fraud (FY 2018)

Table 9 reports the amount of fraud confirmed within the FY 2018. GSA consulted with the GSA OIG to collect the data listed in Table 9. The amounts reflected in the table below represent the result of GSA OIG investigations of fraud against GSA and against other Federal agencies.

**Table 9 Confirmed Fraud<sup>1</sup> (\$ in millions)**  
**Annual Figures Covering October 1, 2017 through September 30, 2018**

Program or Activity	Confirmed Fraud
Criminal Results	\$16.144
Civil Results	\$74.054
Non-Judicial Recoveries	\$7.054
<b>TOTAL</b>	<b>\$97.252</b>

<sup>1</sup> Information provided by GSA OIG Office of Investigations.

## FY 2018 Risk Assessment to Identify Programs Susceptible to Significant Improper Payments

IPERIA requires all agencies conduct a thorough review of their programs and activities that may be susceptible to improper payments annually. In addition, IPERIA requires a re-baseline and review assessment be conducted at least once every three years for all programs not currently identified as high-risk. GSA completed the required risk assessments for 36 programs in FY 2018. See Table 10, Programs Susceptible to Significant Improper Payments During FY 2018 Risk Assessment.

The evaluation for susceptibility of programs making significant improper payments was determined by qualitative and quantitative factors. The qualitative factors included:

- Whether the program or activity reviewed is new to the Agency;
- The complexity of the program or activity reviewed, particularly with respect to determining correct payment amounts;
- The volume of payments made annually;
- Whether payments or payment eligibility decisions are made outside of the agency, for example, by a state or local Government, or a regional Federal office;
- Recent major changes in program funding, authorities, practices, or procedures;
- The level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate;
- Inherent risks of improper payments due to the nature of agency programs or operations;
- Significant deficiencies in the audit reports of the Agency including, but not limited to, the Agency IG or the GAO audit report findings, or other relevant management findings that might hinder accurate payment certification; and
- Results from prior improper payment work.

A weighted quantitative average of risk conditions based on input from these qualitative factors was calculated. This figure was then weighted with the size of the payment population to calculate an overall risk score. The risk assessment identified no additional programs or activities susceptible to significant improper payments.

In FY 2018, GSA established a new inventory of 39 programs using what was reported to OMB based on the Digital Accountability and Transparency Act (DATA Act). Within these 39 programs, one is Rental of Space, which is already currently assessed as high risk and reported in Table 1, and two are OIG program funds that we do not review based on the OIG Act. Thus, 36 programs were assessed.

GSA completed the assessments prior to the issuance of the OMB M-18-20 guidance and thus reviewed the programs against the nine risk factors noted in OMB M-15-02 guidance. The assessments addressed two additional factors that are not required to be addressed in the M-18-20 guidance: (1) Inherent risks of improper payments due to the nature of agency programs or operations and (2) results from prior improper payment work. By addressing these two additional factors, GSA executed robust risk assessments. In executing the risk assessments, GSA met the OMB M-18-20 guidance.

GSA made one key change in the risk assessment conducted from the prior year. In FY 2018, GSA leveraged the FY 2017 Service and Organization Controls Report (SOC 1) to assess the portion of the process at the USDA FSSP that is covered by this report. The report did not identify any concerns relating to improper payments.

Table 10 includes the programs on which GSA conducted a risk assessment during FY 2018. None of the programs were found to be susceptible to significant improper payments.

**Table 10 All Programs Assessed for Risk of Improper Payments During FY 2018 Risk Assessment Cycle**

<b>Program Name</b>	<b>Was the Program or Activity Susceptible to Significant Improper Payments During FY 2018 Risk Assessment</b>
Electronic Government (E-GOV) Fund (Direct)	No
Installment acquisition payments	No
Construction of lease purchase facilities	No
ITOR Oversight/ Cybersecurity and Program Management	No
Data Driven Innovation	No
Lapsed Balances	No
Federal Buildings and Courthouses	No
Electronic Government	No
Real Property Utilization and Disposal	No
18F Flow-Thru	No
Federal Citizen Services Fund (Reimbursable)	No
Digital Services	No
Allowances and pensions	No
Operating Expenses (Reimbursable)	No
Pre-Election Transition	No
Acquisition Workforce Training	No
Presidential Transition	No
Audit contracts and contract administration	No
High-Performance Green Buildings - Major R&A	No
Government-wide Policy (Reimbursable)	No
International Trade Center*	No*
Technology Transformation Service	No
Operating Expenses (Direct)	No
Government-wide policy	No
Integrated Award Environment	No
Construction and acquisition of facilities	No
Repairs and alterations	No
Working Capital Fund (Reimbursable)	No
General Supplies and Services (GSS) - Flow-Thru	No
Acquisition Services Fund - Operating	No
Integrated Technology Services (ITS) - Flow-Thru	No
Special services and improvements	No
Building operations	No
Travel/ Motor Vehicles and Card Services (TMVCS) - Flow-Thru	No
Assisted Acquisition Services (AAS) - Flow Thru	No
Working Capital Fund (Direct)	No

\*This program was assessed through the Building Operations risk assessment.

## Do Not Pay Initiative

When enrolling in Do Not Pay (DNP), GSA elected to match against the Death Master File (DMF) and the General Services Administration's Excluded Parties List System (EPLS) database. The GSA vendor table is transmitted to DNP on the 10th of every month. GSA compares the vendor file to the EPLS and the DMF. Vendors that have exclusions are annotated and deactivated in the GSA vendor master database file. No corrections to the SAM/EPLS Private database have been identified by GSA in our review process.

Additionally, GSA utilizes online single-search DNP functionality to check for any matches prior to establishing a new vendor record in the GSA vendor table. GSA also receives results for our payments processed on a daily basis from DNP. These results reflect matches to the SAM Exclusion Records and to Deceased Individuals as a result of post-payment matching of GSA payments schedules to these databases. The payment matches and exclusion information are reviewed in the DNP Portal. The SAM Data Universal Numbering System (DUNS) registrations interface directly into GSA's accounting vendor database ensuring vendors with debarments do not receive improper payments.

Once they are reviewed, the payments are adjudicated as proper or improper. In general, GSA's items to adjudicate monthly in DNP are very low, ranging from none to one per month. GSA's reduction in improper payments is mostly attributable to GSA's PBS National Office of Leasing and OCFO developing written guidance and oversight of standard procedures for the administration of leases rather than the DNP initiative.