Improper Payments Information Act

Improper Payment Reporting Details

As a result of the inherent lag in reviewing and evaluating improper payments, GSA received approval from OMB to report prior-year Improper Payments Information Act (IPIA) program results for current year reporting in an effort to obtain more accurate estimates of improper payments and recovery effectiveness. In FY 2010, GSA performed a simplified risk assessment which evaluates improper payments from the GSA payment recapture audit (previously called recovery audit) and the Continuous Monitoring program surrounding the disbursement process. Based on this assessment, we consider any significant legislative, programmatic, funding, and/or other program changes to conclude that none of GSA programs are risk-susceptible programs under the IPIA guidelines. OMB defines a risk-susceptible program as having improper payments greater than $10 million and 2.5 percent of program disbursements.

Payment Recapture (Recovery) Audit Program

GSA's Payment Recapture Audit Program reviewed $16 billion of the $17.9 billion in disbursements subject to review for FY 2010 reporting. Payments subject to other reviews which include Construction, Fleet, and the Transportation programs were excluded from the Payment Recapture Audit Program. This program has identified over $249 million of overpayments since FY 2005 and successfully recovered over $110 million. All amounts recovered are returned to the original program, excluding a contingency fee paid to the payment recapture audit contractor upon successful collection of contractor identified claims. Current and prior-year results of the Payment Recapture Audit program are presented in the table below.

Payment Recapture Auditing Results
Current Year (FY 2010) and Prior Years (FY 2005 through FY 2009)

Agency Component	Amount Subject to Review for CY Reporting	Actual Amount Reviewed and Reported CY	Amounts Identified for Recovery CY	Amounts Recovered CY	Amounts Identified for Recovery PYs	Amounts Recovered PYs	Cumulative Amounts Identified for Recovery (CY + PYs)	Cumulative Amounts Recovered (CY + PYs)
GSA-Wide	$17.9 B	$16 B	$29.5 M	$16.2 M (55 Percent)	$220.4 M	$94.3 M (43 Percent)	$249.9M	$110.5 M (44 Percent)

The Payment Recapture Audit Program works with managers to improve the efficiency and effectiveness of the recovery audit process from payment review to claim collection. Business process changes have been proposed and new controls identified to prevent further occurrences of known disbursement risks. One change involves strengthening the post-payment review process to support risk-based reviews of key disbursement risks and provide managers with continuous monitoring over the disbursement process.

Obtaining the necessary supporting documentation to assess the validity of payments remains a challenge due to documentation not existing in electronic form and difficulties in accessing the supporting documentation in the many business and feeder systems that exist across GSA. Better system integration and wide-spread adoption of electronic imaging of key supporting documentation would help address this problem, reduce the cost of these reviews, and improve the accuracy and timelines of the post-payment and pre-payment review processes at GSA.

FY 2010
Payment Recapture Audit Program Results
(in Dollars)

Recovery Audit Program Costs	**$2,054,805**
Agency Salaries & Expenses	$251,973
Total Contracted Expenses	$1,802,832
Paid	$1,484,859
Due	$317,973
Total Payment Errors Identified	$29,522,988
Discovered by Contractor	$16,709,596
Amount Unrecoverable	$0
Amount Recovered	$6,391,191
Amount Outstanding	$10,318,405
Discovered by GSA	$12,813,402
Amount Unrecoverable	$29,528
Amount Recovered	$9,777,429
Amount Outstanding	$3,006,445

Over the upcoming fiscal year, GSA plans to expand the scope of the Payment Recapture Audit Program to include telecommunication payments (local and long distance), Fleet Vehicles and Recovery Act payments. Results of payment recapture audits will continue to be monitored monthly, root causes of improper payments reviewed, and controls reviewed annually and tested as part of the A-123 assessment of internal controls over financial reporting. GSA continues to view the Payment Recapture Audit Program as a key element of its overall program of effective internal controls over the payment process.