

IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) under Public Law 111-204 requires GSA to review all programs and activities it administers, identify those which may be susceptible to significant erroneous payments, and implement mandatory actions to reduce erroneous payments. In FY 2011, GSA performed a simplified risk assessment which evaluates improper payments from the results of the GSA payment recapture audit and continuous monitoring program surrounding the disbursement process. Based on these assessments, we conclude that no GSA programs are risk-susceptible under the new guidelines. OMB defines a risk-susceptible program as having improper payments greater than \$10 million and 2.5 percent of program disbursements or greater than \$100 million, regardless of the error rate.

PAYMENT RECAPTURE AUDIT PROGRAM

In FY 2011, GSA's Payment Recapture Audit Program reviewed \$22.6 billion of the \$25.2 billion in disbursements subject to review. Payments subject to other reviews which include Construction and the Transportation programs were excluded from the Payment Recapture Audit Program. Since FY 2004, this program has identified \$178.6 million of overpayments and successfully recovered \$122.4 million of improper payments. 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. GSA's current outstanding overpayments are \$1.77 million, of which 50% of the total amounts have been outstanding for less than 6 months. The remaining balance has been outstanding for over 6 months but less than a year. Current and prior-year results of the Payment Recapture Audit program are presented in the table below.

Payment Recapture Auditing Results Current Year (FY 2011) and Prior Years (FY 2004 through FY 2010)															
Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	Amount Subject to Review for CY Reporting	Actual Amount Reviewed and Reported (CY)	Amount Identified for Recovery (CY)	Amount Recovered (CY)	% of Amount Recovered out of Amount Identified (CY)	Amount Outstanding (CY)	% of Amount Outstanding out of Amount Identified	Amount Determined Not to be Collectable (CY)	Amounts Identified for Recovery (PYs)	Amounts Recovered (PYs)	Cumulative Amounts Identified for Recovery (CY + PY)	Cumulative Amounts Recovered (CY + PYs)	Cumulative Amounts Outstanding (CY + PY)	Cumulative Amounts Determined Not to be Collectable (CY + PY)
Leasing	Contract	\$3.1 B	\$3.1B	\$13.2M	\$11.5M	87%	\$1.73M	13%	\$0	N/A	N/A	N/A	N/A	N/A	N/A
Utilities	Contract	\$650M	N/A	\$275K	\$233K	85%	\$42K	15%	\$0	N/A	N/A	N/A	N/A	N/A	N/A
Other	Contract	\$21.5 B	\$19.5B	\$85K	\$81K	95%	\$4.3K	5%	\$0	N/A	N/A	N/A	N/A	N/A	N/A
Totals		\$25.2B	\$22.6B	\$13.6M	\$11.8M	87%	\$1.77M	13%	\$0	\$165M	\$110.6M	\$178.6M	\$122.4M	N/A	N/A

OTHER ACCOMPANYING INFORMATION

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. In addition to this audit performed under the IPERA guidance, GSA will continue its review of payment transactions as part of the quarterly continuous monitoring program.

IPERA requires agencies to establish annual targets for their payment recapture audit programs based on the rate of recovery. GSA payment recapture recovery rate was 87% in FY 2011. A summary of GSA recovery rate and recovery rate targets for subsequent years are provided below.

Payment Recapture Audit Targets							
Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	CY Amount Identified	CY Amount Recovered	CY Recovery Rate	CY + 1 Recovery Audit Target	CY + 2 Recovery Rate Target	CY + 3 Recovery Rate Target
Leasing	Contract	\$13.2M	\$11.5M	87%	83%	85%	87%

The Payment Recapture Audit program consolidates the results of the contractor and GSA discovered errors and reports the total amount as shown in the tables to the right. There are no other known overpayments recaptured outside of this program.

FY 2011 Payment Recapture Audit Program Results (in Dollars)	
Recovery Audit Program Costs	\$2,939,208
Agency Salaries & Expenses	\$173,187
Total Contracted Expenses	\$2,766,021
Paid	\$2,602,933
Due	\$163,088
Total Payment Errors Identified	\$13,557,588
Discovered by Contractor	\$13,545,722
Amount Unrecoverable	\$0
Amount Recovered	\$11,773,967
Amount Outstanding	\$1,771,755
Discovered by GSA	\$11,846
Amount Unrecoverable	\$0
Amount Recovered	\$7,531
Amount Outstanding	\$4,315