To: Deborah Jeffrey  
Inspector General

From: Jeffrey Page  
Chief Operating Officer

Subject: High-Dollar Overpayments for the quarter ending September 30, 2015

Date: November 18, 2015

The purpose of this Document is to comply with the High-Dollar overpayments' reporting requirements addressed in the Office of Management and Budget (OMB) implementation guidance M-15-02 Circular A-123, Appendix C, dated October 20, 2014, relative to Executive Order 13520. The OMB implementation guidance makes necessary for agency heads to submit reports quarterly on High-Dollar overpayments to the Office of Inspector General.

The Corporation for National and Community Service (CNCS) identifies high-dollar overpayments through improper payments testing, which was completed in October 2015. During the reporting period covering 7/01/2015 through 09/30/2015, CNCS has not identified any high-dollar overpayments.

This report upholds CNCS’s commitment to carrying out the Executive Order’s goals of eliminating payment errors. Reducing improper payments remains vital for CNCS. We continue to monitor programs in order to reduce the amount of overpayments.
Supplemental Information

High-Dollar Overpayment Reporting Procedures

Office of Management and Budget (OMB) Circular A-123, Appendix C requires that agencies with programs susceptible to significant improper payments under the Improper Payments Information Act of 2002, (Pub. L. No. 107-300, 31 U.S.C. 3301 note, as amended\(^1\) (IPIA)) are required to report quarterly on high-dollar overpayments that occurred within those specific programs. This information must be reported to the agency’s Inspector General and to the public through the agency’s website or other means of information. A report must be made even if there are no high-dollar overpayments found.

OMB A-123, Appendix C was last updated in October of 2014, which changed the reporting threshold for high-dollar overpayments (HDOP). Now, a HDOP is one made to an individual that exceeds $25,000 in a quarter or a payment to an entity that exceeds $100,000 in a quarter. An agency must identify HDOPs through one or more relevant sources of information available to the agency, as cost-effective, such as annual improper payment testing samples, payment recapture audits or other sources identified by the agency.

As of September 30, 2015, CNCS has identified three programs that are susceptible to significant improper payments, triggering quarterly HDOP reporting. These programs are AmeriCorps State and National, the Foster Grandparents Program, and Retired and Senior Volunteer Program. Currently, CNCS is identifying HDOPs through IPERA testing. Given the nature of CNCS’s grant programs, it is unlikely that many, if any, high-dollar overpayments will be identified. Staff and member payroll are

\(^1\) IPIA was amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Pub. L. No. 111-204) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA; Pub. L. No. 111-204).
approximately 80% of all payments made throughout the different grant programs. Most staff are not typically compensated at a rate where improper overpayments reach the HDOP threshold level within a three month period.

The Office of Accountability and Oversight (OAO) has spoken with CNCS’s Office of General Counsel (OGC) to determine the methodology used to track HDOPs. When performing IPERA testing, OAO tracks the amount, date, and person and/or entity of each tested transaction. When a payment is identified as improper, OAO will identify whether the specific payment qualifies as an HDOP. If it is not an HDOP on its face, OAO will then assess the potentiality that other payments made to that individual and/or entity over the current quarter are also improper and in aggregate could reach the level of an HDOP. We will do this by extrapolating the data collected during IPERA testing to the entire quarter (i.e. for payroll we will determine the number of payments in that quarter and determine the amount of overpayment which likely occurred in each payment). If the extrapolation shows that payments to the individual or entity could reach the HDOP threshold, OAO will work with Program Officers and Grants Officers to collect all the necessary information to make a final determination as to whether any actual HDOPs were made.

Part of HDOP reporting includes reporting on any efforts made to recover the cost of the payment. Although no HDOPs have been identified yet, OAO will work with the Program and Grants Offices to recover costs associated with the HDOP in the same way that OAO recovers identified improper payments.