



**Homeland
Security**

MAR 12 2019

MEMORANDUM FOR: John V. Kelly
Senior Official Performing the Duties of Inspector General

Mark D. Jones
Council of Inspectors General on Integrity and Efficiency

FROM: Stacy Marcott 
Senior Official Performing the Duties of the Chief Financial Officer

SUBJECT: Quarterly High-Dollar Overpayments Report
October to December 2018

Attached is the Department's Quarterly High-Dollar Overpayments report, as required by Section 3(f) of Executive Order 13520, *Reducing Improper Payments*. During the reporting period, there were nine High-Dollar Overpayments identified for the DHS programs identified as highly susceptible to improper payments, and thus applicable to high dollar overpayment reporting. This report contains information on those high-dollar overpayments identified during the annual Improper Payment Information Act (IPIA)¹ testing as well as those reported in the previous report that remain uncollected as of this reporting period.

The Department is committed to eliminating payment error in federal programs and increasing transparency. As responsible stewards of taxpayer dollars, reducing improper payments remain a top priority. We continue to monitor programs and strengthen controls to reduce the instances of improper payments, take steps to mitigate systemic weaknesses, and address specific root causes.

Attachments

¹ The term "IPIA" implies "IPIA, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act (IPERIA)."

**Department of Homeland Security
High-Dollar Overpayments Report
for the Current Quarter ending (December 31, 2018)**

Current Quarter Activity Outstanding																		
Component	Recipient Type (Entity or Individual)	City	State	Program Office	Treasury Fund Symbol (TFS)	Recovery Actions Taken or Planned	Category (Bill)	Cause of Overpayment Category	Why the Overpayment Occurred And Actions to Prevent Reoccurrence	Payment Date ¹	High \$ Overpayment Date Identified ²	Date Overpayment Recouped	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Waived Amount or Documentation Received	Outstanding Balance
FEMA	Entity	Salt Lake	UT	Homeland Security Grant Program	7040560	Grantee submitted Documentation to resolved the improper payment	Insufficient Documentation	Documentation Submission Problem	Grantee failed to submit required documentation for IPERA testing within the appropriate timeframe. The FEMA program office will reach out to the grantee and emphasize the documentation retention requirement as noted in 44CFR and the audit requests requirements.	December 2, 2016	October 10, 2018		\$226,037.57	\$0.00	\$226,037.57	\$0.00	\$226,037.57	\$0.00
FEMA	Entity	Arlington	VA	Financial Management Division-Vendor Payments	70x0702	Coordinate with Procurement office for updated training on contract billing requirements.	Vendor Billing Error	Vendor Billing Error	Testing staff cannot validate total cost billed, with the condition for the release of payment. Coordinate with Procurement office for updated training on contract billing requirements.	November 9, 2016	October 9, 2018		\$373,386.28	\$0.00	\$373,386.28	\$0.00	\$0.00	\$373,386.28
FEMA	Entity	Ashburn	VA	Financial Management Division-Vendor Payments	70x0702	Coordinate with Procurement office for updated training on contract billing requirements.	Vendor Billing Error	Vendor Billing Error	Testing staff cannot validate total cost billed, with the condition for the release of payment. Coordinate with Procurement office for updated training on contract billing requirements.	March 9, 2017	October 9, 2018		\$410,000.00	\$0.00	\$410,000.00	\$0.00	\$0.00	\$410,000.00
FEMA	Entity	Rockville	MD	Financial Management Division-Vendor Payments	70x0702	Coordinate with Procurement office for updated training on contract billing requirements.	Vendor Billing Error	Vendor Billing Error	Testing staff cannot validate total cost billed, with the condition for the release of payment. Coordinate with Procurement office for updated training on contract billing requirements.	May 17, 2017	October 9, 2018		\$198,284.17	\$92,440.37	\$105,843.80	\$0.00	\$0.00	\$105,843.80
FEMA	Entity	Reston	VA	Financial Management Division-Vendor Payments	70x0702	Coordinate with Procurement office for updated training on contract billing requirements.	Vendor Billing Error	Vendor Billing Error	Testing staff cannot validate total cost billed, with the condition for the release of payment. Coordinate with Procurement office for updated training on contract billing requirements.	April 19, 2017	October 9, 2018		\$232,658.48	\$0.00	\$232,658.48	\$0.00	\$0.00	\$232,658.48
FEMA	Entity	Baltimore	MD	Homeland Security Grant Program	7050560	Grantee submitted Documentation to resolved the improper payment	Insufficient Documentation	Documentation Submission Problem	Grantee failed to submit required documentation for IPERA testing within the appropriate timeframe. The FEMA program office will reach out to the grantee and emphasize the documentation retention requirement as noted in 44CFR and the audit requests requirements.	March 3, 2017	October 10, 2018	October 30, 2018	\$140,457.41	\$0.00	\$140,457.41	\$0.00	\$140,457.41	\$0.00
FEMA	Entity	Reston	VA	Financial Management Division-Vendor Payments	70x0702	Coordinate with Procurement office for updated training on contract billing requirements.	Vendor Billing Error	Vendor Billing Error	Testing staff cannot validate total cost billed, with the condition for the release of payment. Coordinate with Procurement office for updated training on contract billing requirements.	January 27, 2017 January 30, 2017 February 22, 2017	October 9, 2018		\$3,056,859.67	\$1,194,487.68	\$1,862,371.99	\$0.00	\$0.00	\$1,862,371.99
FEMA	Entity	City of Longmont	CO	Public Assistance	70X0702	Grantee has offset subsequent payments from existing obligations in order to correct the overpayment	Invalid Grant Drawdown	Lack of Program Office Oversight	Grantee drew down more than expended which caused an overpayment. FEMA has develop a Validation SOP in which program offices will validate expenditures for drawdowns as they are requested.	February 13, 2017 February 14, 2017	October 12, 2018	February 14, 2017	\$214,745.55	\$96,694.74	\$118,050.81	\$105,817.09	\$0.00	\$12,233.72
FEMA	Entity	Jefferson County	CO	Public Assistance	70X0702	Grantee has offset subsequent payments from existing obligations in order to correct the overpayment	Invalid Grant Drawdown	Lack of Program Office Oversight	Grantee drew down more than expended which caused an overpayment. FEMA has develop a Validation SOP in which program offices will validate expenditures for drawdowns as they are requested.	June 5, 2017	October 12, 2018	June 5, 2017	\$193,408.64	\$0.00	\$193,408.64	\$193,408.64	\$0.00	\$0.00
Total													\$5,045,837.77	\$1,383,622.79	\$3,662,214.98	\$299,225.73	\$366,494.98	\$2,996,494.27

1) For multiple payments consolidated into one identified quarterly high dollar overpayment to the individual or entity, all payment dates are noted. Payment date set as the PARS Transaction Date for Homeland Security Grant Program (HSGP) payments and as the SMARTLINK Payment Drawdown date for Public Assistance.

2) All high dollar overpayments identified were discovered through the Improper Payment Information Act (IPIA) annual review. As part of the IPIA review, DHS Components review prior fiscal year disbursements for the identified programs. As such, the FY2018 IPIA review examined FY2017 disbursements. The reported "date identified" reflects the date upon which FEMA's improper payment testing results under the annual IPIA requirement were verified through the DHS HQ quality review process and extrapolated out as final testing results. Note that updates to testing results were taken by FEMA up until this point in order to allow FEMA programs the most extensive time to gather any outstanding documentation and to ensure the most accurate IPIA testing results.

**Department of Homeland Security
Current Status of Outstanding High-Dollar Overpayments Previously Reported
for the Quarter Ending(December, 31, 2018)**

Debts Under Collection by DHS													
Component	Recipient Type (Entity or Individual)	City	State	Program(s) Responsible	Recovery Action Taken or Planned	Payment Date	High \$ Overpayment Date Identified	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance	Days Outstanding ¹
FEMA	Entity	Farmingtonmills	MI	Vendor Payment	Notice of potential Debt sent to vendor for resolution of improper transaction. Transaction was improper due to nonsubmission of supporting documentation. The incentive fee for the time period of June 23, 2014 - June 27, 2014, for the vendor was 6% when it should have only received 3%. The contract , under SSPA-3 it states that they must have an error rate of less than 10% to get the 6% incentive payment and therefore would only qualify for a 3% incentive. The error rate for this period was 11%. Thus the total incentive should have been \$54,384.59 not \$108,769.17. The Bill for Collection was sent on March 8, 2018 to FEMA Finance Center by the Contracting Officer. The AON Contractor has put in Appeal and the Notice of Debt Letter. The Contracting Officer and the COR remaing engaged regarding the issue.	November 25, 2014	December 31, 2016	\$108,769.17	\$54,384.59	\$54,384.58	\$0.00	\$54,384.58	730

Total	\$108,769.17	\$54,384.59	\$54,384.58	\$0.00	\$54,384.58
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1) Days outstanding calculated as the days between when the payment was identified and the current quarter end date. Note that that the days outstanding was overstated in the FY2018 Q4 submission as it was calculated as the days between when the payment was made and when the high dollar overpayment was identified.

Department of Homeland Security
Current Status of Outstanding High-Dollar Overpayments Previously Reported
for the Quarter Ending (December, 31, 2018)

Debts Sent to Treasury Offset Program for Collection

Component	Recipient Type (Entity or Individual)	City	State	Program(s) Responsible	Recovery Action Taken or Planned	Payment Date	High \$ Overpayment Date Identified	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance	Days Outstanding
					N/A - No prior overpayments referred to Treasury Offset					\$0.00		\$0.00	0
Total								\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	

Department of Homeland Security
Current Status of Outstanding High-Dollar Overpayments Previously Reported
for the Quarter Ending (December 31, 2018)

Debts Cleared or Collected by Component															
Component	Recipient Type (Entity or Individual)	City	State	Program(s) Responsible	Recovery Action Taken To Recoup Overpayment	Payment Date	High \$ Overpayment Date Identified	Date Overpayment Recouped	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Waived Amount or Documentation Received	Outstanding Balance	Days taken to Recoup Overpayment
					N/A - No prior outstanding overpayments with debt collected or cleared						\$0.00			\$0.00	
									Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00