

Secretary

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

June 13, 2013

MEMORANDUM FOR: Charles K. Edwards
Acting Inspector General

Council of Inspectors General on Integrity and Efficiency

FROM: Secretary Napolitano 

SUBJECT: Quarterly High-Dollar Overpayments Report
October to December 2012

Attached is the Department's Quarterly High-Dollar Overpayments Report for the period October to December 2012, as required by Section 3f of Executive Order 13520, *Reducing Improper Payments*. In addition, information is included on high-dollar overpayments from prior reports which remain uncollected as of December 31, 2012. This report will be made publicly available within 15 days.

This report supports the Department's commitment to fulfilling the Executive Order's goals of eliminating payment error in federal programs and increasing transparency. As responsible stewards of taxpayer dollars, reducing improper payments remains a top priority for the Department. We continue to monitor programs and strengthen controls to reduce the instances of improper payments, taking steps to mitigate systemic weaknesses and address specific root causes.

Over the past few years, DHS has strengthened training of personnel, enhanced document retention and removed non-federal personnel from the payment review and approval process. These efforts have supported a reduction in the estimated error rate of our high-risk programs from seven percent in Fiscal Year 2008 to less than two percent in Fiscal Year 2012. We have established a workgroup comprised of internal control, payment processing, and procurement staff from Headquarters and Components with payment centers to examine invoice review and approval processes to identify and strengthen related internal controls. We are also working with other federal agencies to share best practices in eliminating high-dollar overpayments and improving payment processing.

Attachment

**Department of Homeland Security
High-Dollar Overpayments Report
for the Quarter Ending December 31, 2012**

Component	Recipient Type (Entity or Individual)	City and State	Program(s) Responsible	Collection Actions Taken or Planned	Why the Overpayment Occurred And Actions to Prevent Reoccurrence	Payment Date	Date High \$ Overpayment Identified for Reporting to the Department	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance
FEMA	Entity	American Samoa	Public Assistance	Program office reached out to grantee and received additional documentation. Clarifications needed before payment can be deemed proper.	During the annual improper payment testing assessment, the grantee did not submit all required documentation within the appropriate timeframe, thereby making a portion of the payment improper. The program office will reach out to the grantee to provide instructions on documentation retention and the requirements of audits and internal reviews.	August 5, 2011	November 30, 2012	\$87,648.09	\$37,416.74	\$50,231.35	\$0.00	\$50,231.35
FEMA	Entity	Branchville, NJ	Federal Insurance and Mitigation Administration	Program office will offset payment for next insurance installment.	Insurance company inspectors or adjusters did not follow standard operating procedures to review the past reports for duplication of payments. Federal Insurance and Mitigation Administration staff will provide training to insurance companies on how to review prior losses.	March 2, 2011	November 30, 2012	\$447,817.00	\$0.00	\$447,817.00	\$0.00	\$447,817.00
FEMA	Entity	Cumberland, RI	Assistance to Firefighter Grants	Program offices have reached out to grantee to obtain proper documentation. Collection notice sent in January.	During the annual improper payment testing assessment, the grantee did not submit the required documentation within the appropriate timeframe, thereby making the entire payment improper. The program office will reach out to the grantee to provide instructions on documentation retention and the requirements of audits and internal reviews.	December 8, 2010	November 30, 2012	\$41,000.00	\$0.00	\$41,000.00	\$0.00	\$41,000.00
MGMT	Entity	Washington, DC	Dallas Finance Center	The vendor returned the funds through Treasury.	A modification was issued in order to change the vendor's name in the contract. The accounting technician processed the payment using the old vendor's name instead of the new vendor's name. Remedial training was given to the Accounting Technicians regarding the proper review of contract modifications to ensure vendor payment accuracy. Also, improved vendor file maintenance required.	October 30, 2012	November 26, 2012	\$35,714.52	\$0.00	\$35,714.52	\$35,714.52	\$0.00
OHA	Entity	St. Paul, MN	Office of Health Affairs /Burlington Finance Center	Funds were returned through the Treasury.	The obligation was entered in the financial system under the incorrect vendor's name. In the future, the importance of verifying all vendor information will be emphasized with all accounting technicians to ensure that payments are made to correct vendors. Periodic refresher training will be provided to all staff to ensure payment technicians validate payment information.	October 29, 2012	November 19, 2012	\$100,000.00	\$0.00	\$100,000.00	\$100,000.00	\$0.00
USCG	Entity	Belmont, MA	Coast Guard Headquarters	Vendor returned overpayment.	An incorrect amount of funds was authorized via memorandum by Coast Guard Headquarters. The full amount of the contract was paid rather than work billed to date. Error was due to program office oversight. Since this error occurred with the issuing authority no action to prevent reoccurrence is necessary at the Finance Center. Resource Management has noted that proper procedures were not followed and has counseled the settlement attorney.	November 13, 2012	December 3, 2012	\$115,000.00	\$35,000.00	\$80,000.00	\$80,000.00	\$0.00
USCG	Entity	Washington, DC	Coast Guard Headquarters	Vendor returned overpayment.	Invoice was paid to the wrong vendor due to incorrect entry of vendor number into the payment system. Operation Payables Branch Contracts Payable team will conduct refresher training on the processing of invoices with careful attention given to the entering of vendor information. Also, improved vendor file maintenance required.	April 25, 2011	November 20, 2012	\$74,334.88	\$0.00	\$74,334.88	\$74,334.88	\$0.00
USCG	Individual	Alameda, CA	Pay & Personnel Center	Funds recovered by Treasury directly from the estate.	Two payments were made to the service member prior to receiving a notification of their death. The overpayments were identified through the Defense Manpower Data Center death match. Received report of retiree's death after payments made. The USCG performs monthly and quarterly checks using data from the Department of Defense, the Social Security Administration, and the Veteran's Administration to prevent issuance of retiree benefits to deceased members. Additionally, families and estates are required to immediately notify the USCG of a retiree's death. Late notification of death by the family is not uncommon due to the stress of the situation.	October 1, 2012 and November 1, 2012	November 3, 2012	\$7,735.50	\$0.00	\$7,735.50	\$7,735.50	\$0.00

Department of Homeland Security
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USCG	Individual	Astoria, OR	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	<p>Servicing Personnel Office deleted and re-entered Reserve Orders. However, upon further discovery, the initial orders were not deleted as intended. When re-entry of orders occurred, a duplicate payment of pay and entitlements resulted.</p> <p>A check has been added to the standard operating procedures to ensure deletion of the original Orders has occurred before processing of re-entered Reserve Orders commences.</p>	November 1, 2012	November 1, 2012	\$12,085.12	\$0.00	\$12,085.12	\$0.00	\$12,085.12
USCG	Individual	Japan	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	<p>Member checked into government quarters on June 22, 2012. Notification to Servicing Personnel Office did not occur until November 2012. Six overpayments resulted.</p> <p>The Servicing Personnel Office counseled the member on the need for timely notification of entitlement changes that may impact payroll.</p>	July 1, 2012 to September 30, 2012	November 28, 2012	\$8,160.98	\$0.00	\$8,160.98	\$0.00	\$8,160.98
USCG	Individual	Santa Rosa, CA	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	<p>A change in entitlements resulted from an unreported early termination of reserve orders for thirteen individuals. Relevant section of the Personnel & Pay Procedures Manual updated.</p> <p>Message sent to all Servicing Personnel Offices on need to timely report early terminations.</p>	March 1, 2012 to July 31, 2012	October 5, 2012	\$29,842.78	\$0.00	\$29,842.78	\$14,093.00	\$15,749.78
USCG	Individual	Vancouver, WA	Pay & Personnel Center	Funds recovered by Treasury directly from the estate.	<p>Payment was made to the service member prior to receiving a notification of their death. The overpayment was identified through the Defense Manpower Data Center death match.</p> <p>Received report of retiree's death after payment made. The USCG performs monthly and quarterly checks using data from the Department of Defense, the Social Security Administration, and the Veteran's Administration to prevent issuance of retiree benefits to deceased members. Additionally, families and estates are required to immediately notify the USCG of a retiree's death. Late notification of death by the family is not uncommon due to the stress of the situation.</p>	December 1, 2012	December 7, 2012	\$8,884.77	\$0.00	\$8,884.77	\$8,884.77	\$0.00

Totals	\$968,223.64	\$72,416.74	\$895,806.90	\$320,762.67	\$575,044.23
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**Department of Homeland Security
Current Status of Outstanding High-Dollar Overpayments on the Previous Secretary's High-Dollar Overpayments Report
for the Quarter Ending December 31, 2012**

Debts Under Collection by DHS

Component	Recipient Type	City and State	Program(s) Responsible	Collection Action Taken or Planned	Payment Date	Date High \$ Overpayment Identified for Reporting to the Department	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance	Days Outstanding
FEMA	Entity	Albany, NY	Homeland Security Grants Program	A collection bill was sent to the recipient to recoup the overpayment.	November 23, 2009	November 15, 2011	\$48,474.76	\$0.00	\$48,474.76	\$0.00	\$48,474.76	412
FEMA	Entity	Carson City, NV	Homeland Security Grant Program	A collection bill was sent to the recipient to recoup the overpayment.	September 30, 2009	August 5, 2010	\$27,609.10	\$0.00	\$27,609.10	\$0.00	\$27,609.10	879
FEMA	Entity	Englewood, NJ	Emergency Food & Shelter Program	Office of General Counsel has determined that FEMA cannot implement collection actions on Emergency Food & Shelter Program improper Payments. The servicing agent (United Way) will collect funds from Charitable Organization. The Servicing Agent will provide collection details by the 15th of each month.	October 7, 2009	November 15, 2011	\$178,890.00	\$118,489.40	\$60,400.60	\$0.00	\$60,400.60	412
FEMA	Entity	Jacksonville, FL	Emergency Food & Shelter Program	Office of General Counsel has determined that FEMA cannot implement collection actions on Emergency Food & Shelter Program improper Payments. The servicing agent (United Way) will collect funds from Charitable Organization. The Servicing Agent will provide collection details by the 15th of each month.	May 18, 2009	November 15, 2011	\$27,830.00	\$15,782.74	\$12,047.26	\$0.00	\$12,047.26	412
FEMA	Entity	Mansfield, OH	Emergency Food & Shelter Program	Office of General Counsel has determined that FEMA cannot implement collection actions on Emergency Food & Shelter Program improper Payments. The servicing agent (United Way) will collect funds from Charitable Organization. The Servicing Agent will provide collection details by the 15th of each month.	November 23, 2009	November 15, 2011	\$26,837.50	\$11,137.50	\$15,700.00	\$0.00	\$15,700.00	412
FEMA	Entity	Silver Creek, NY	Public Assistance	A collection bill was sent to the recipient to recoup the overpayment.	March 17, 2010	November 15, 2011	\$75,440.99	\$0.00	\$75,440.99	\$0.00	\$75,440.99	412
FEMA	Entity	Steelville, IL	Emergency Food & Shelter Program	Office of General Counsel has determined that FEMA cannot implement collection actions on Emergency Food & Shelter Program improper Payments. The servicing agent (United Way) will collect funds from Charitable Organization. The Servicing Agent will provide collection details by the 15th of each month.	December 1, 2009	November 15, 2011	\$25,364.00	\$0.00	\$25,364.00	\$0.00	\$25,364.00	412
FEMA	Entity	Sylacauga, AL	Emergency Food & Shelter Program	Office of General Counsel has determined that FEMA cannot implement collection actions on Emergency Food & Shelter Program improper Payments. The servicing agent (United Way) will collect funds from Charitable Organization. The Servicing Agent will provide collection details by the 15th of each month.	October 28, 2009	November 15, 2011	\$52,549.00	\$0.00	\$52,549.00	\$0.00	\$52,549.00	412
FEMA	Entity	U.S. Virgin Islands	Public Assistance	A collection bill was sent to the recipient to recoup the overpayment.	September 13, 2010	November 15, 2011	\$53,000.00	\$0.00	\$53,000.00	\$0.00	\$53,000.00	412
FLETC	Individual	Glynco, GA	Human Capital Operations Division	A list of separated individuals eligible for back payment of overtime was not properly vetted by staff within the Human Capital Operations Division prior to disbursement of funds. As a result, nine individuals were paid that were deemed ineligible due to their position classification. Collection bills were sent to the recipients to recoup the overpayments. Requests for waiver were received from eight recipients. One recipient repaid the overpayment. Four of the outstanding overpayments are above \$10,000 and require Departmental approval to waive. These claims are undergoing waiver review. Four of the waiver claims were below \$10,000. These claims were waived by FLETC's Chief Financial Officer. These waived and collected debts are listed in the debt collected portion of this report. The four outstanding overpayments undergoing Departmental review are listed here.	January 25-26, 2012	August 10, 2012	\$67,343.56	\$0.00	\$67,343.56	\$0.00	\$67,343.56	143

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Component	Recipient Type	City and State	Program(s) Responsible	Collection Action Taken or Planned	Payment Date	Date High \$ Overpayment Identified for Reporting to the Department	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance	Days Outstanding
USCG	Individual	Guam	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	April 1, 2012	May 5, 2012	\$6,736.72	\$0.00	\$6,736.72	\$1,742.89	\$4,993.83	240
USCG	Individual	Juneau, AK	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	February 1, 2012	March 1, 2012	\$19,996.20	\$0.00	\$19,996.20	\$15,012.56	\$4,983.64	305
USCG	Individual	Kodiak, AK	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	November 1, 2011	November 18, 2011	\$6,307.41	\$0.00	\$6,307.41	\$3,904.78	\$2,402.63	409
USCG	Individual	Kodiak, AK	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	October 31, 2011	November 8, 2011	\$10,241.50	\$0.00	\$10,241.50	\$8,532.91	\$1,708.59	419
USCG	Individual	Los Angeles, CA	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	July 31, 2012	August 31, 2012	\$7,715.68	\$0.00	\$7,715.68	\$478.51	\$7,237.17	122
USCG	Individual	Miami, FL	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	December 15, 2011	December 29, 2011	\$5,124.83	\$0.00	\$5,124.83	\$2,454.65	\$2,670.18	368
USCG	Individual	New Orleans, LA	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	October 1, 2011	November 25, 2011	\$7,135.16	\$0.00	\$7,135.16	\$589.97	\$6,545.19	402
USCG	Individual	New York, NY	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	August 31, 2011	October 31, 2011	\$5,994.00	\$0.00	\$5,994.00	\$1,810.43	\$4,183.57	427
USCG	Individual	Seattle, WA	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	November 1, 2008	June 15, 2011	\$8,903.21	\$1,051.71	\$7,851.50	\$3,138.49	\$4,713.01	565
USCG	Individual	Washington, DC	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	December 30, 2011	February 23, 2012	\$9,280.24	\$0.00	\$9,280.24	\$1,505.67	\$7,774.57	312
USCG	Individual	Washington, DC	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	December 30, 2011	February 27, 2012	\$20,197.18	\$0.00	\$20,197.18	\$6,706.49	\$13,490.69	308
USCG	Individual	Washington, DC	Pay & Personnel Center	Payroll deduction implemented to recoup overpayment.	June 29, 2012	July 9, 2012	\$20,703.69	\$0.00	\$20,703.69	\$9,674.08	\$11,029.61	175

Totals	\$711,674.73	\$146,461.35	\$565,213.38	\$55,551.43	\$509,661.95
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Department of Homeland Security
 Current Status of Outstanding High-Dollar Overpayments on the Previous Secretary's High-Dollar Overpayments Report
 for the Quarter Ending December 31, 2012

Debts Sent to Treasury Offset Program for Collection

Component	Recipient Type	City and State	Program(s) Responsible	Collection Action Taken or Planned	Payment Date	Date High \$ Overpayment Identified for Reporting to the Department	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance	Days Outstanding
FEMA	Entity	US Virgin Islands	Port Security Grant Program	Recoupment package sent to individual. Debt later sent to the Treasury Offset Program for collection.	November 11, 2008	September 30, 2010	\$19,239.54	\$0.00	\$19,239.54	\$0.00	\$19,239.54	823
USCG	Individual	New Orleans, LA	Pay & Personnel Center	Transferred debt to CG Finance Center. Sent to Treasury Offset for collection 6/13/2012.	December 27, 2011	January 24, 2012	\$6,990.34	\$0.00	\$6,990.34	\$0.00	\$6,990.34	342
USCG	Entity	Miami, FL	Office of Financial Policy and Systems	Contacted vendor who confirmed overpayment. Vendor added to USCG 'Do Not Pay List' with automatic offset of overpayment on next invoice. Debt sent to Treasury Offset Program for collection.	September 25, 2010	January 10, 2011	\$76,740.37	\$38,177.37	\$38,563.00	\$0.00	\$38,563.00	721

Total	\$102,970.25	\$38,177.37	\$64,792.88	\$0.00	\$64,792.88
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Department of Homeland Security
 Current Status of Outstanding High-Dollar Overpayments on the Previous Secretary's High-Dollar Overpayments Report
 for the Quarter ending December 31, 2012

Debts Cleared or Collected by DHS

Component	Recipient Type	City and State	Program(s) Responsible	Recovery Action Taken To Recoup Overpayment	Payment Date	Date High \$ Overpayment Identified for Reporting to the Department	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Waived Amount	Outstanding Balance
FEMA	Entity	Washington, DC	Homeland Security Grants Program	Grantee returned overpayment.	August 19, 2009	July 28, 2010	\$3,133,009.25	\$2,489,893.60	\$643,115.65	\$643,115.65	\$0.00	\$0.00
FLETC	Individual	Glynco, GA	Human Capital Operations Division	A list of separated individuals eligible for back payment of overtime was not properly vetted by staff within the Human Capital Operations Division prior to disbursement of funds. As a result, nine individuals were paid that were deemed ineligible due to their position classification. Collection bills were sent to the recipients to recoup the overpayments. Requests for waiver were received from eight recipients. One recipient repaid the overpayment. Four of the outstanding overpayments are above \$10,000 and require Departmental approval to waive. These claims are undergoing waiver review. Four of the waiver claims were below \$10,000. These claims were waived by FLETC's Chief Financial Officer. These waived and collected debts are listed here. The four outstanding overpayments undergoing Departmental review are listed under the Debts Under Collection by DHS section of this report.	January 25 & 26, 2012	August 10, 2012	\$55,116.76	\$0.00	\$55,116.76	\$23,345.25	\$31,771.51	\$0.00
TSA	Entity	Pittsburgh, PA	Commercial Payables	Vendor returned overpayment.	August 9, 2012	August 9, 2012	\$345,270.00	\$0.00	\$345,270.00	\$345,270.00	\$0.00	\$0.00
USCG	Individual	Alameda, CA	Pay & Personnel Center	Overpayment recouped by payroll deductions.	September 30, 2011	October 31, 2011	\$5,603.55	\$0.00	\$5,603.55	\$5,603.55	\$0.00	\$0.00
Total							\$3,538,999.56	\$2,489,893.60	\$1,049,105.96	\$1,017,334.45	\$31,771.51	\$0.00