



Homeland
Security

MEMORANDUM FOR: Distribution

FROM: Troy D. Edgar
Chief Financial Officer

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Date: 2020.09.24
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SUBJECT: Quarterly High-Dollar Overpayments Report
April to June 2020

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 was one High-Dollar Overpayment identified for the Department of Homeland Security (DHS) programs identified as highly susceptible to improper payments, and thus applicable to high dollar overpayment reporting. Applicable information has been included in this report with regards to why this high-dollar overpayment occurred and the actions underway for the Department to recoup the funds. In addition, this report contains updated information on those high-dollar overpayments reported previously as uncollected.

The Department is committed to eliminating payment error in federal programs and increasing transparency. As responsible stewards of taxpayer dollars, reducing improper payments remains 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.

If you have any questions, please contact Alyssa Smiley, Acting Director, Risk Management and Assurance, at alyssa.smiley@hq.dhs.gov.

Distribution:

Joseph V. Cuffari, Inspector General, Department of Homeland Security
Margaret Weichert, Deputy Director for Management, Council of Inspectors General on Integrity
and Efficiency (CIGIE)

Attachment

**Department of Homeland Security
High-Dollar Overpayments Report
for the Current Quarter ending June 30, 2020**

Current Quarter Activity																		
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	High \$ Overpayment Date Identified	Date Overpayment Recouped	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Waived Amount or Documentation Received	Outstanding Balance
CBP	Entity	Greenville	SC	Revenue Division	70X0505	The CBP Revenue Division has communicated with the company in receipt of the two erroneous payments. The company has acknowledged receipt of payment and the necessity of returning the funds to CBP. CBP is in the process of issuing a bill to track the return of the funds.	Incorrect Vendor	Entitlement Error	Two payments were issued for the proper amount, but were issued as replacement refunds to the incorrect party due to a broker mistakenly updating an importer's account and a misinterpretation of the proper payee during the payment preparation and review process. To prevent reoccurrence, it will be re-emphasized that replacement refunds for an entry are made to the importer of record, unless the CBP Port of Entry authorizes differently.	June 11, 2020	June 11, 2020	N/A	\$122,792.98	\$0.00	\$122,792.98	\$0.00	\$0.00	\$122,792.98
Total													\$122,792.98	\$0.00	\$122,792.98	\$0.00	\$0.00	\$122,792.98

**Department of Homeland Security
High-Dollar Overpayments Report
for the Current Quarter ending June 30, 2020**

Debts Under Collection by DHS													
Component	Recipient Type (Entity or Individual)	City	State	Program(s) Responsible	Recovery Action Taken or Planned	Payment Date ¹	High \$ Overpayment Date Identified ²	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance	Days Outstanding ³
FEMA	Entity	Rockville	MD	Financial Management Division - Vendor Payments	<p>Potential debt letters were sent to vendor in June 2019. FEMA Office of the Chief Financial Officer and Procurement Office are working to resolve the discrepancies.</p> <p>FEMA is finalizing determination as to whether improper payment is administrative only and thus not applicable for recovery. HDOP is under review by FEMA OCPO. Can not off-set or recoup, until confirmed by OCPO as a HDOP.</p> <p>FEMA Financial Office will coordinate with Procurement office for updated training on contract billing requirements. OCFO will conduct meeting with OCPO to evaluate the contracting/ invoice processing and develop system to address noncompliance issue. FEMA OCFO and OCPO are creating SOP for CO and CORS to follow.</p>	May 17, 2017	October 9, 2018	\$198,284.17	\$92,440.37	\$105,843.80	\$0.00	\$105,843.80	539
FEMA	Entity	Bowie	MD	Financial Management Division - Vendor Payments	<p>FEMA is finalizing determination as to whether improper payment is administrative only and thus not applicable for recovery. HDOP is under review by FEMA OCPO. Can not offset or recoup, until confirmed by OCPO as a HDOP.</p> <p>FEMA Financial Office will coordinate with Procurement office for updated training on contract billing requirements.</p>	February 1, 2018	November 1, 2019	\$244,348.80	\$144,227.41	\$100,121.39	\$0.00	\$100,121.39	151
Total								\$442,632.97	\$236,667.78	\$205,965.19	\$0.00	\$205,965.19	

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) As part of the IPIA review, DHS Components review prior fiscal year disbursements for the identified programs. For high dollar overpayments identified through the IPIA review, 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
High-Dollar Overpayments Report
for the Current Quarter ending June 30, 2020**

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 ¹	High \$ Overpayment Date Identified ²	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Outstanding Balance
FEMA	Entity	Farmington Mills	MI	Financial Management Division - Vendor Payments	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 Contractor has put in Appeal and the Notice of Debt Letter. As no repayment has been received by FEMA, the balance has been deferred to treasury for collection.	November 25, 2014	December 31, 2016	\$108,769.17	\$54,384.59	\$54,384.58	\$0.00	\$54,384.58
Total								\$108,769.17	\$54,384.59	\$54,384.58	\$0.00	\$54,384.58

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 (HSCP) payments and as the SMARTLINK Payment Drawdown date for Public Assistance.
2) As part of the IPIA review, DHS Components review prior fiscal year disbursements for the identified programs. For high dollar overpayments identified through the IPIA review, 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
High-Dollar Overpayments Report
for the Current Quarter ending June 30, 2020**

Debts Cleared or Collected by Component					Recovery Action Taken To Recoup Overpayment	Payment Date ¹	High \$ Overpayment Date Identified ²	Date Overpayment Recouped	Amount Paid	Correct Amount	Overpayment Amount	Recovered Amount	Waived Amount or Documentation Received	Days Taken to Recoup Overpayment
Component	Recipient Type (Entity or Individual)	City	State	Program(s) Responsible										
FEMA	Entity	Arlington	VA	Financial Management Division - Vendor Payments	As the firm fixed price contract has official ended, it was determined during contract close-out that although multiple invoices were paid at one time, no overpayments were made with regards to the contract. Therefore, determination that no high dollar overpayment was made due to additional documentation received / reviewed.	November 9, 2016	October 9, 2018	June 30, 2020	\$373,386.28	\$0.00	\$373,386.28	\$0.00	\$373,386.28 ³	630 ⁴
FEMA	Entity	Ashburn	VA	Financial Management Division - Vendor Payments	FEMA has determined that the overpayment identified was administrative in nature only. The contracted total allowed for the payment amount; however, FEMA documentation and receipt and acceptance process was not sufficient in guaranteeing adequate documentation to fully support the payment amount at the time.	March 9, 2017	October 9, 2018	June 30, 2020	\$410,000.00	\$0.00	\$410,000.00	\$0.00	\$410,000.00	630 ⁴
FEMA	Entity	Reston	VA	Financial Management Division - Vendor Payments	Potential debt letters were sent to vendor in June 2019. FEMA Office of the Chief Financial Officer and Procurement Office are working to resolve the discrepancies. Upon further review, FEMA determined that the error was due to lack of payee link in the financial system. However, novation agreement states that "all payments made... in the name of or to the transferor shall have the same force and effect as if made to the transferee". Therefore, determination that no high dollar overpayment was made due to additional documentation received / reviewed.	April 19, 2017	October 9, 2018	June 30, 2020	\$232,658.48	\$0.00	\$232,658.48	\$0.00	\$232,658.48 ³	630 ⁴
FEMA	Entity	Reston	VA	Financial Management Division - Vendor Payments	Potential debt letters were sent to vendor in June 2019. FEMA Office of the Chief Financial Officer and Procurement Office are working to resolve the discrepancies. FEMA has determined that the overpayment identified was administrative in nature only. The contracted total allowed for the payment amount; however, FEMA documentation and receipt and acceptance process was not sufficient in guaranteeing adequate documentation to fully support the payment amount at the time.	January 27, 2017 January 30, 2017 February 22, 2017	October 9, 2018	June 30, 2020	\$3,056,859.67	\$1,194,487.68	\$1,862,371.99	\$0.00	\$1,862,371.99	630 ⁴
Total									\$4,072,904.43	\$1,194,487.68	\$2,876,416.75	\$0.00	\$2,876,416.75	

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) As part of the IPIA review, DHS Components review prior fiscal year disbursements for the identified programs. For high dollar overpayments identified through the IPIA review, 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.

3) Upon additional documentation received and reviewed, these payments / overpayments were determined to be accurate overall or due to a lack of FEMA documentation and thus solely administrative in nature. Therefore, FEMA has moved to administratively close as payments are not recoverable from the vendor.

4) Days taken is reflective of time taken to administrative close or write-off the previously reported recoverable amount.