

APPENDIX A

Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report

The Office of the Inspector General (OIG) provided a draft of the *Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* to the Department of Justice (Department). The Department's response is incorporated in the *Independent Auditors' Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* of this final report. The following provides the report's recommendations, the status of the recommendations, the OIG's analysis of the response, and a summary of actions necessary to close the report.

Recommendation:

- 1. Periodically assess the treatment of any new or significant cash collections based on legal proceedings to ensure proper classification of these amounts in the Statement of Custodial Activities.**

Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of establishing procedures to identify new or significant cash collections and ensuring that the program and financial management offices are in agreement with proper classification. The Department also stated that the format of the statement of custodial activity will also undergo a thorough review as part of the annual review of the financial statement preparation guide.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has properly implemented procedures to identify new or significant cash collections and proper classification.

- 2. Periodically review and align the defined cost allocation methodology against the mission-driven program objectives to ensure proper assignment of costs among strategic goals.**

Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of establishing a formal annual review of all cost allocation methodologies to ensure proper reporting of costs by strategic goal.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has implemented a formal process of verifying cost allocation methodologies against strategic goal objectives.

3. Critically analyze the accounting and reporting of complex or unusual transactions to ensure proper, accurate, and consistent reporting in the financial statements and footnotes.

Resolved. The Department concurred with our recommendation. The Department stated in its response that it is in the process of establishing a formal annual review process involving budget formulation, budget execution, and financial reporting to ensure proper, accurate, and consistent reporting in the financial statements.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department adequately reviews the complex or unusual transactions that occur to ensure proper, accurate, and consistent reporting in the financial statements and footnotes.

4. Assess reconciliation, financial reporting review, and other monitoring controls at certain components, and identify those areas where the components' management could increase the rigor and precision of those controls.

Resolved. The Department concurred with our recommendation. The Department stated in its response that it will implement additional controls to increase the rigor and precision over financial reporting.

This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department has implemented additional controls over certain components to increase rigor and precision over financial reporting.

APPENDIX B

Improper Payments Information Act, as Amended, Reporting Details

The Improper Payments Information Act of 2002 (IPIA), as amended, requires agencies to annually report certain information on improper payments to the President and Congress through their annual Agency Financial Report (AFR) or Performance and Accountability Report (PAR).¹ The Department provides the following improper payments reporting details as required by the IPIA, as amended; implementing guidance in OMB Circular A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*; and IPIA reporting requirements in OMB Circular A-136, *Financial Reporting Requirements*.

Item I. Risk Assessment. All agencies must assess the improper payment risk level for each program that is not already reporting an improper payment estimate at least once every three years. All programs that are assessed for risk in a given year should be listed in this section. In addition, clearly identify the risk-susceptible programs (i.e., programs that are susceptible to significant improper payments based on statutory thresholds) identified by the agency risk assessments performed in the fiscal year or required by OMB to be included (OMB may determine, on a case-by-case basis, that certain programs that do not meet the statutory threshold requirements may still be subject to the annual reporting requirements). Agencies should briefly describe all of the risk assessments performed in the fiscal year (the risk factors examined should be included in the description). Highlight any changes to the risk assessment methodology or results that occurred since the FY 2014 AFR.

In accordance with the IPIA, as amended, and OMB implementing guidance, the Department assessed its programs and activities for susceptibility to significant improper payments. The Department's top-down approach for assessing the risk of significant improper payments allows for the analysis and reporting of results by the Department's five mission-aligned programs – Law Enforcement; Litigation; Prisons and Detention; State, Local, Tribal, and Other Assistance; and Administrative, Technology, and Other. The approach promotes consistency across the Department in implementing the expanded requirements of the IPIA, as amended.

In FY 2015, the Department disseminated an updated risk assessment survey instrument for Department components to use in conducting the required risk assessment. The instrument examined disbursement activities against eight risk factors, such as payment volume and process complexity, and covered commercial payments, custodial payments, benefit and assistance payments, grants and cooperative agreements, and employee disbursements.²

The Department's risk assessment methodology for FY 2015 did not change from FY 2014. For FY 2015, the methodology again included assessing risk against various risk factors and for various payment types. In addition, the results of the FY 2015 risk assessment did not change from FY 2014. For FY 2015, the Department-wide risk assessment again determined there were no programs susceptible to significant improper payments, i.e., improper payments exceeding the statutory thresholds of (1) both 1.5 percent of program outlays and \$10 million or (2) \$100 million.

¹ The IPIA was amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

² The eight risk factors examined during the risk assessment were Recent Major Changes in Funding, Authorities, Practices, or Procedures; Results of OMB Circular A-123 Assessment, OIG Audits/Reviews, and Other External Audits/Reviews; Results of Monitoring Activities; Results of Recapture Audit Activities; Process Complexities; Volume and Dollar Amount of Payments; Inherent Risk; and Capability of Personnel.

In FY 2013, the Department received approximately \$20 million under the Disaster Relief Appropriations Act of 2013 (Disaster Relief Act) for Hurricane Sandy relief activities. The Disaster Relief Act states that all programs and activities receiving funds under the Act shall be deemed to be susceptible to significant improper payments for purposes of IPIA reporting, regardless of any previous improper payment risk assessment results. OMB required agencies to report on the funding received under the Act beginning in FY 2014. In accordance with the requirements, the reporting details in the AFR for FY 2014 and the reporting details that follow for FY 2015 address Disaster Relief Act funds as susceptible to significant improper payments.

Item II. Statistical Sampling. Each agency that has programs or activities that are susceptible to significant improper payments based on statutory thresholds and is reporting an improper payment rate under Item III below shall briefly describe the statistical sampling process conducted to estimate the improper payment rate for each program identified as being susceptible to significant improper payments. In addition, briefly highlight any changes to any sampling and estimation plans that have occurred since the FY 2014 AFR.

Based on the results of the FY 2015 Department-wide risk assessment, there were no programs susceptible to significant improper payments. This remains unchanged from FY 2014. Two Department programs received Disaster Relief Act funding – the Law Enforcement Program and the Prisons and Detention Program. As required by OMB implementing guidance, the Department designed a sampling methodology to obtain a statistically valid estimate of the annual amount of improper payments made with Disaster Relief Act funds. The Department submitted the methodology to OMB for review, and OMB’s feedback did not require any updates to the methodology. The sample was designed as a single stage stratified random sample. Payment amounts were used to define the stratum boundaries. A single certainty (or take-all) stratum was used for payment amounts that were large relative to the rest of the data. The remaining payments were stratified based upon payment amounts and randomly selected. Due to the limited number of FY 2014 payments associated with the Law Enforcement Program, 100 percent of payments made with Disaster Relief Act funds for this program were tested, rather than a sample.

The results of testing achieved OMB’s required confidence and precision requirements of 90 percent two-sided confidence and plus or minus 2.5 percent margin of error. The results identified no improper payments with Disaster Relief Act funds; therefore, the gross estimate of the annual amount of improper payments is \$0, and the estimated improper payment rate is zero percent.

Item III. Improper Payment Reporting.

- A. The table that follows (Table 1) is required for each agency that has programs and activities reporting under OMB Circular A-123, Appendix C or for programs that OMB has automatically deemed susceptible to significant improper payments regardless of whether the program or activity has improper payments exceeding the statutory thresholds. Agencies must include the following information:**
- all programs susceptible to significant improper payments must be listed whether or not an error measurement is being reported;
 - where no measurement is provided, the agency should indicate the date by which a measurement is expected and add a note to explain why there was no measurement;
 - if the Current Year (CY) is the baseline measurement year, and there is no Previous Year (PY) information to report, indicate by either “Note” or “N/A” in the PY column;
 - if any of the dollar amounts included in the estimate correspond to newly established measurement components in addition to previously established measurement components, separate the two amounts to the extent possible;
 - agencies are expected to report on CY activity, and if not feasible then PY activity is acceptable if approved by OMB (agencies should include future year outlay and improper payment estimates for CY+1, +2, and +3; future year outlay estimates should

- match the outlay estimates for those years as reported in the most recent President's Budget); and
- agencies shall include the gross estimate of the annual amount of improper payments (i.e., overpayments plus underpayments) and list the total overpayments and underpayments that make up the CY amount.

Based on the results of the FY 2015 Department-wide risk assessment, there were no programs susceptible to significant improper payments. The information in Table 1 provides the required reporting details for the Department activities that received funds under the Disaster Relief Act. The table provides outlays (disbursements) for FYs 2014 and 2015, along with estimated outlays for FYs 2016 through 2018. Also, the table provides actual and estimated improper payments through FY 2018. As shown, the gross estimate of the annual amount of improper payments is \$0 for FYs 2014 through 2018. The future year improper payment estimates are based on the results of testing performed in FY 2015. In FY 2016, the future year estimates will be revised if testing identifies any payments made with Disaster Relief Act funds as improper.

Table 1
Improper Payment Reduction Outlook
(Dollars in Millions)

DOJ Mission-Aligned Program	FY 2014			FY 2015				
	Outlays	Improper Payments %	Improper Payments \$	Outlays	Improper Payments %	Improper Payments \$	Over-payments \$	Under-payments \$
Law Enforcement	\$2.245	0%	\$0	\$0.529	0%	\$0	\$0	\$0
Prisons and Detention	\$1.348	0%	\$0	\$1.395	0%	\$0	\$0	\$0

DOJ Mission-Aligned Program	FY 2016			FY 2017			FY 2018		
	Est. Outlays	Est. Improper Payments \$	Est. Improper Payments %	Est. Outlays	Est. Improper Payments %	Est. Improper Payments \$	Est. Outlays	Est. Improper Payments %	Est. Improper Payments \$
Law Enforcement	\$2.244	0%	\$0	\$2.114	0%	\$0	\$0.000	0%	\$0
Prisons and Detention	\$0.172	0%	\$0	\$0.000	0%	\$0	\$0.000	0%	\$0

B. For high-priority programs, agencies shall provide a basic summary discussing the supplemental measures, the frequency of each supplemental measurement, the measurement baseline, a discussion of how information from this measurement will help the program reduce improper payments, and the actual or planned targets, including any reasons for meeting, exceeding, or failing to meet the supplemental targets.

Not applicable. OMB has not designated any DOJ programs as high-priority (programs with the most egregious cases of improper payments).

Item IV. Improper Payment Root Cause Categories. Each agency that has programs and activities that have been deemed susceptible to significant improper payments is required to provide an Improper Payment Root Cause Category Matrix (Table 2).

Not applicable. Based on the results of the FY 2015 Department-wide risk assessment, there were no programs susceptible to significant improper payments. With regard to the risk-susceptible activities funded by Disaster Relief Act funds, testing in FYs 2014 and 2015 identified no improper payments; therefore, an analysis and summary of improper payment root causes was not applicable.

Item V. Corrective Actions. Each agency that has programs and activities with improper payments exceeding the statutory thresholds shall identify the reasons their programs and activities are susceptible to significant improper payments and put in place a corrective action plan to reduce them.

Not applicable. Based on the results of the FY 2015 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

Item VI. Internal Controls Over Payments. Each agency that has programs and activities with improper payments exceeding the statutory thresholds is required to briefly summarize the status of internal controls over payments using (1) a single narrative explaining efforts undertaken to provide reasonable assurance that internal controls over payments are in place and operating effectively and (2) a table providing the status of internal controls (Table 3).

Not applicable. Based on the results of the FY 2015 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

Item VII. Accountability. Each agency that has programs and activities with improper payments exceeding the statutory thresholds shall describe the steps the agency has taken and plans to take to ensure that agency managers, accountable officers, programs, and States and localities (where appropriate) are held accountable for reducing and recapturing improper payments. Specifically, they should be held accountable for meeting applicable improper payment reduction targets and establishing and maintaining sufficient internal controls that effectively prevent improper payments from being made and promptly detect and recapture any improper payments that are made.

Not applicable. Based on the results of the FY 2015 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

Item VIII. Agency Information Systems and Other Infrastructure. Each agency that has programs and activities with improper payments exceeding the statutory thresholds shall describe whether the agency has the internal controls, human capital, and information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted. If the agency does not have such internal controls, human capital, and information systems and other infrastructure, describe the resources the agency requested in its most recent budget submission to Congress to establish and maintain the necessary internal controls, human capital, and information systems and other infrastructure.

Not applicable. Based on the results of the FY 2015 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

Item IX. Barriers. Each agency that has programs and activities with improper payments exceeding the statutory thresholds shall describe any statutory or regulatory barriers that may limit the agency's corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.

Not applicable. Based on the results of the FY 2015 Department-wide risk assessment, there were no programs and activities with improper payments exceeding the statutory thresholds.

Item X. Recapture of Improper Payments Reporting.

- A. Agencies shall discuss payment recapture audit (or recovery auditing) efforts. The discussion should describe:
- the agency's payment recapture audit program;
 - the actions and methods used by the agency to recoup overpayments;
 - a justification of any overpayments that have been determined not to be collectible;
 - any actions the agency has taken during the current fiscal year or intends to take in future fiscal years to recapture and/or prevent improper payments;
 - a list of all agency recapture audit contract programs;
 - any conditions giving rise to improper payments and how those conditions are being resolved; and
 - any programs or activities excluded from review under the agency's payment recapture audit program (including any programs or activities for which the agency has determined a payment recapture audit program is not cost-effective).

The Department's payment recapture audit program is part of its overall program of internal control over disbursements. The program includes establishing and assessing internal controls to prevent improper payments, reviewing disbursements to identify improper payments, assessing root causes of improper payments, developing corrective action plans, and tracking the recapture of improper payments and disposition of recaptured funds. The scope of the program includes all payment types required by the IPIA, as amended, and OMB implementing guidance. Payments to confidential informants are excluded because of the Department's responsibility to protect sensitive law enforcement information. In FY 2015, five components used a recapture audit contractor to supplement internal review efforts to detect improper payments.

The Department's top-down approach for tracking and reporting the results of payment recapture audit activities promotes consistency across the Department in implementing the expanded requirements of the IPIA, as amended. In FY 2015, the Department provided components an updated template to assist them in assessing root causes of improper payments and tracking the recapture of such payments and disposition of recaptured funds.

The root causes for overpayments other than for grants largely fell within the OMB-defined error category of *Administrative or Process Error Made by Federal Agency*. Most errors were user errors, including data entry errors. Department components have implemented actions to address specific areas where improvements could be made. For example, to prevent improper payments, the DEA conducts data analytics on payment data entered into the Unified Financial Management System prior to processing disbursements to identify payments that, if processed, would be improper, e.g., payments to ineligible recipients, payments for ineligible services, and duplicate payments. To reduce data entry errors, the FBI increased its use of electronic billing and consolidation of invoices.

The root causes for grant overpayments largely fell within the OMB-defined error categories of *Administrative or Process Error Made by State or Local Agency* and *Administrative or Process Error Made by Other Party*. Most errors involved payments for which grantees did not provide sufficient documentation to support the payments. To reduce the risk of these types of overpayments, the Department components that issue grants expanded training and communications informing grantees of their responsibilities related to receiving Federal awards. For example, the OJP requires all grantees responsible for improper payments to submit written policies and procedures describing the internal controls put in place to prevent similar occurrences in the future.

Department components also have taken actions to facilitate the recapture of improper payments. For example, the FBI produces an accounts receivable report to track the age and collection efforts for all uncollected improper payments. The ATF issues demand letters to debtors notifying them of the

status of the debt, the payment due date, where to send payment, and the collection actions the ATF can pursue.

In FY 2015, there were four overpayments totaling approximately \$199,000 that components determined not to be collectible. Three related to expenditures by grantees totaling approximately \$184,000 (or 92 percent) that were determined not to be collectible due to fiscal distress. The fourth was determined not to be collectible due to lengthy collection efforts being unsuccessful.

In accordance with the IPIA, as amended, and OMB implementing guidance, the Department measured payment recapture performance. Based on performance through the period ended September 30, 2015, the Department achieved an annual payment recapture rate of 94 percent.³ Table 4 on the following page provides additional detail on the approximate \$9.5 million in improper payments identified in FY 2015 through the Department's payment recapture audit program and the approximate \$8.9 million of recaptured funds.

B. Agencies shall complete Table 4. Include each program or activity that expends \$1 million or more annually and either conducts a payment recapture audit or recaptures payments outside of a payment recapture audit.

Table 4 on the following page provides a summary of overpayments identified in FY 2015 through the Department's payment recapture audit activities, as well as overpayments identified outside of such activities, i.e., through audits conducted by the DOJ OIG.⁴ The table also provides the annual payment recapture rates for all payment types included in the Department's payment recapture audit program. The rate for grants was approximately 48 percent, while the rate for all other payment types ranged from approximately 92 percent to 100 percent. The lower rate for grants is attributed in part to factors that extend the time frame for receiving recaptured grant funds; e.g., some grantees have been placed on multi-year repayment programs based on ability to pay and other factors. The lower rate is also attributed to the identification of one overpayment totaling approximately \$316,000 on September 9, 2015, which did not allow enough time for the collection process to be completed by fiscal year-end (September 30), and the three overpayments mentioned above totaling approximately \$184,000 that were determined not to be collectible. In FY 2016, the Department will focus on improving the recapture rate for grants and sustaining the high recapture rates for all other payment types.

³ The 94 percent annual payment recapture rate is the cumulative rate for all payment types.

⁴ The overpayments identified through audits conducted by the OIG do not include all questioned costs. When questioned costs are identified in an OIG audit report, Department management initiates a process to validate whether the costs in question were improper payments; e.g., the Department will request additional support from grantees for transactions that, at the time of audit, were not supported by adequate documentation. The validation process can take months, and in some cases years, to complete. Therefore, for payment recapture audit reporting purposes, improper payments identified for recapture include only the questioned costs for which Department management has completed the validation process and determined that the incurred costs should not have been charged to the Government and should be recaptured from the grantee.

Table 4
Improper Payment Recaptures with and without Audit Programs
(Dollars in Millions)

DOJ Mission-Aligned Program	Overpayments Recaptured through Payment Recapture Audits														
	Contracts					Grants					Benefits				
	Amount Identified	Amount Recaptured	FY 2015 Recapture Rate	FY 2016 Target	FY 2017 Target	Amount Identified	Amount Recaptured	FY 2015 Recapture Rate	FY 2016 Target	FY 2017 Target	Amount Identified	Amount Recaptured	FY 2015 Recapture Rate	FY 2016 Target	FY 2017 Target
Administrative, Technology, and Other	\$0.564	\$0.563	99.8%	87%	88%	N/A ⁵	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Litigation	\$1.164	\$0.925	79.5%	87%	88%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Law Enforcement	\$1.915	\$2.179	113.8% ⁶	87%	88%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State, Local, Tribal, and Other Assistance	\$0.130	\$0.131	100.8% ⁶	87%	88%	\$0.967	\$0.461	47.7%	85%	85%	\$0.043	\$0.043	100.0%	87%	88%
Prisons and Detention	\$4.206	\$4.157	98.8%	87%	88%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	\$7.979	\$7.955	99.7%	87%	88%	\$0.967	\$0.461	47.7%	85%	85%	\$0.043	\$0.043	100%	87%	88%

DOJ Mission-Aligned Program	Overpayments Recaptured through Payment Recapture Audits (continued)								Overpayments Recaptured outside of Payment Recapture Audits ⁸	
	Other ⁷					Total (all payment types)				
	Amount Identified	Amount Recaptured	FY 2015 Recapture Rate	FY 2016 Target	FY 2017 Target	Amount Identified	Amount Recaptured	Amount Identified	Amount Recaptured	
Administrative, Technology, and Other	\$0.027	\$0.022	81.5%	86%	87%	\$0.591	\$0.585	\$0.000	\$0.000	
Litigation	\$0.052	\$0.053	101.9% ⁶	85%	86%	\$1.216	\$0.978	\$0.450	\$0.413	
Law Enforcement	\$0.391	\$0.356	91.0%	85%	86%	\$2.306	\$2.535	\$0.016	\$0.016	
State, Local, Tribal, and Other Assistance	\$0.000	\$0.000	-	85%	86%	\$1.140	\$0.635	\$10.393	\$6.656	
Prisons and Detention	\$0.001	\$0.001	100.0%	85%	86%	\$4.207	\$4.158	\$2.029	\$0.000	
TOTAL	\$0.471	\$0.432	91.7%	85%	86%	\$9.460	\$8.891	\$12.888	\$7.085	

⁵ An N/A response indicates the payment type is not applicable for the program.

⁶ The improper payments recaptured exceeded the improper payments identified due to the recapture during FY 2015 of improper payments identified in previous years.

⁷ The payment type of *Other* includes custodial payments (payments to non-Federal individuals under programs such as Debt Collection Management) and employee payments (payments to employees for salary, locality pay, travel pay, etc.).

⁸ The information in this section of the table provides the overpayments identified through audits conducted by the DOJ OIG and the amounts recaptured. Although the overpayments are identified outside of the Department's payment recapture audit program, component processes to recapture improper payments are the same, regardless of whether they are identified by the OIG or through component payment recapture audit activities.

C. Agencies shall report the following information on their overpayments recaptured through payment recapture audits:

- i. a summary of how amounts recaptured through payment recapture audits in the current year have been disposed of (Table 5).**

Table 5 provides the disposition information for the overpayments recaptured in FY 2015 through the Department’s payment recapture audit activities. As shown in the table, \$8.887 million of the \$8.891 million recaptured (or 99 percent) was returned to the original fund from which the payments were made.

Table 5
Disposition of Funds Recaptured through Payment Recapture Audits
(Dollars in Millions)

DOJ Mission-Aligned Program	Payment Type (includes only the types with overpayments)	Amount Recaptured in FY 2015	Disposition	
			Returned to Original Fund	Payment Recapture Auditor Fees
Administrative, Technology, and Other	Contracts	\$0.563	\$0.563	
	Other	\$0.022	\$0.022	
Litigation	Contracts	\$0.925	\$0.924	\$0.001
	Other	\$0.053	\$0.053	
Law Enforcement	Contracts	\$2.179	\$2.179	
	Other	\$0.356	\$0.356	
State, Local, Tribal, and Other Assistance	Contracts	\$0.131	\$0.131	
	Grants	\$0.461	\$0.461	
	Benefits	\$0.043	\$0.043	
Prisons and Detention	Contracts	\$4.157	\$4.154	\$0.003
	Other	\$0.001	\$0.001	
TOTAL		\$8.891	\$8.887	\$0.004

- ii. an aging schedule of the amount of overpayments identified through the payment recapture audit program that are outstanding, i.e., overpayments that have been identified but not recaptured (Table 6).**

The Department’s payment recapture audit program data covers the cumulative period of FYs 2004 through 2015. Table 6 on the following page provides the aging schedule for the overpayments identified through payment recapture audit activities that were outstanding (not recaptured) as of the end of FY 2015. Of the \$3.4 million in overpayments that were outstanding more than a year, approximately \$2.8 million (or approximately 82 percent) has been referred to the Treasury for collection.

Table 6
Aging of Outstanding Overpayments Identified in Payment Recapture Audits
(Dollars in Millions)

DOJ Mission-Aligned Program	Payment Type (includes only the types with outstanding improper payments)	Amount Outstanding (0 to 6 months)	Amount Outstanding (6 months to 1 year)	Amount Outstanding (over 1 year)	Amount Determined to Not be Collectible
Administrative, Technology, and Other	Contracts	\$0.003	\$0.000	\$0.352	\$0.000
	Other	\$0.000	\$0.004	\$0.000	\$0.000
Litigation	Contracts	\$0.252	\$0.004	\$0.034	\$0.000
	Other	\$0.001	\$0.000	\$0.000	\$0.000
Law Enforcement	Contracts	\$0.074	\$0.016	\$0.057	\$0.000
	Other	\$0.075	\$0.078	\$0.080	\$0.000
State, Local, Tribal, and Other Assistance	Grants	\$0.357	\$0.008	\$2.234	\$0.184
Prisons and Detention	Contracts	\$0.229	\$0.004	\$0.616	\$0.015
TOTAL		\$0.991	\$0.114	\$3.373 (of which \$2.780 million has been referred to the Treasury for collection)	\$0.199

Item XI. Additional Comments. Agencies may provide additional comments, if any, on overall agency efforts, specific programs, best practices, or common challenges identified as a result of IPIA, IPERA, and/or IPERIA implementation.

The Department recognizes the importance of maintaining adequate internal controls to provide for proper payments and is committed to the continuous improvement of the overall disbursement management process. The Department’s top-down approach for implementing the expanded requirements of the IPIA, as amended, promotes consistency across the Department, both with regard to conducting the required risk assessment and for tracking and reporting payment recapture audit activities. In FY 2016, the Department will continue its efforts to further reduce improper payments.

Item XII. Agency Reduction of Improper Payments with the Do Not Pay Initiative. IPERIA requires pre-payment and pre-award reviews by each agency to determine program or award eligibility and to prevent improper payments before the release of any Federal funds. The procedures must ensure that a thorough review on eligibility occurs with relevant information of available databases.

IPERIA also requires OMB to submit to the Congress an annual report, which may be included as part of another report submitted to Congress by the Director, regarding the operation of the Do Not Pay Initiative, which shall (A) include an evaluation of whether the Do Not Pay Initiative has reduced improper payments or improper awards and (B) provide the frequency of corrections or identification of incorrect information. To support this requirement, all agencies shall provide a brief narrative discussing the agency's actions attributable to the Do Not Pay Initiative and respective databases on an annual basis, regardless of the agency’s susceptibility to improper payments. This narrative shall include an evaluation of whether the Do Not Pay Initiative has reduced improper payments or improper awards; identify the frequency of corrections or identification of incorrect information; and include the table summarizing the results of the Do Not Pay Initiative in preventing improper payments (Table 7). The narrative should describe:

- A. how the agency has incorporated the IPERIA listed Do Not Pay databases into existing business processes and programs (e.g., online searches, batch processing, continuous monitoring, etc.) or how and when the agency plans to begin using the databases, as appropriate. Agencies should list their efforts separately from the screening of payments

performed through the tools offered by the Treasury Do Not Pay Business Center (e.g., agencies that receive death data directly from SSA). The databases include:

- the Death Master File of the Social Security Administration (DMF);
- the General Services Administration’s Excluded Parties List System (EPLS) or the updated System for Award Management (SAM);
- the Debt Check Database of the Department of the Treasury (Debt Check);
- the Credit Alert System or Credit Alert Interactive Voice Response System of the Department of Housing and Urban Development (CAIVRS);
- the List of Excluded Individuals/Entities of the Office of Inspector General of the Department of Health and Human Services (LEIE); and
- the Prisoner Update Processing System of the Social Security Administration (PUPS), as added to IPERIA by the Bipartisan Budget Act of 2013, Public Law 113–67.

The Department does not have any loan programs, and its benefit programs consist of payments to recipients who are screened thoroughly during the application process. The Department’s vendor payments are made following a review of vendor eligibility in SAM, as required by the Federal Acquisition Regulation. Therefore, the Department’s implementation of the Do Not Pay Portal has primarily consisted of post-payment screening and vendor table continuous matching. The following table summarizes how the Department uses the IPERIA listed Do Not Pay databases, if applicable.

Department of Justice Use of Do Not Pay Databases

Do Not Pay Database	DOJ Use
Death Master File	Post-payment comparison (including benefits, grants, vendor payments, and employee payments) as part of Payment Integration reporting.
Excluded Parties List System (SAM Exclusions)	Contracting Officers use SAM Exclusions as part of the pre-award vendor screening process. Grant-making components may optionally use SAM Exclusions as part of grant application review process. DOJ uses conclusive SAM Exclusions matching to identify vendors who may need to be deactivated from system vendor tables.
Debt Check Database	Not applicable to DOJ programs.
Credit Alert Interactive Voice Response System	Not applicable to DOJ programs (no loan programs).
List of Excluded Individuals/Entities	Not applicable to DOJ programs (except as included in SAM Exclusions and used by Contracting Officers for pre-award vendor screening).
Prisoner Update Processing System	Not applicable to DOJ programs.

B. how the agency has incorporated databases not listed in IPERIA into existing business processes and programs to prevent improper payments (e.g., online searches, batch processing, or continuous monitoring).

The Department has not incorporated databases not listed in IPERIA into existing business processes and programs to prevent improper payments and does not plan to because the listed IPERIA databases provide comprehensive information to support a thorough review on eligibility to prevent improper payments before the release of DOJ funds.

C. any process improvements attributable to the Do Not Pay Initiative for the previous FY (e.g., improved controls over awards, reduction in FTE required for monitoring, or improvements in review documentation), as appropriate.

Prior to FY 2015, the Department only had access to the unrestricted version of the SAM Exclusions List, which was unable to provide conclusive matching for vendors without DUNS numbers (used for about half of the Department’s payments). Through the use of the Treasury’s Payment Application Modernization /Do Not Pay Payment Integration, which uses the restricted SAM Exclusions List for matching, the Department has received improved SAM Exclusions post-payment matching.

- D. the frequency of corrections or identification of incorrect information provided to original source agencies as described in OMB Memorandum M-13-20 (Note: This applies to original source agencies and Treasury.).**

The Department is in the process of becoming a source agency for CAIVRS and did not provide data for CAIVRS during FY 2015. Therefore, there were neither corrections nor identification of incorrect information during FY 2015.

- E. a thoughtful analysis linking agency efforts in establishing internal controls and reducing improper payment rates to the Do Not Pay Initiative, as appropriate.**

The Do Not Pay Initiative has served mainly to reinforce existing internal controls. For example, when a vendor is discovered through continuous monitoring to have a conclusive match with the SAM Exclusions database, staff review the vendor record in the relevant financial system table and take appropriate action to prevent future obligations from being processed for the vendor. This process reinforces the existing control, i.e., the review by contracting staff of a vendor's status in SAM.

- F. include the table (Table 7) reflecting the dollar amounts and number of payments reviewed for improper payments during FY 2015.**

The following table summarizes the Department's use of the IPERIA listed Do Not Pay databases applicable to DOJ programs in FY 2015, as well as the results of the reviews.

Table 7
Results of the Do Not Pay Initiative in Preventing Improper Payments
(\$ in Millions)

Reviews	Number of Payments Reviewed for Improper Payments	Dollars of Payments Reviewed for Improper Payments	Number of Payments Stopped	Dollars of Payments Stopped	Number of Potential Improper Payments Reviewed and Determined Accurate	Dollars of Potential Improper Payments Reviewed and Determined Accurate
Reviews with the IPERIA Listed Databases (DMF and SAM Exclusions)	1,459,236	\$15,340.520	0	\$0	0	\$0
Reviews with Databases Not Listed in IPERIA	0	\$0	0	\$0	0	\$0

This page intentionally left blank.

APPENDIX C

Acronyms

A

ACM	Asbestos Containing Materials
AFF	Assets Forfeiture Fund
AFF/SADF	Assets Forfeiture Fund and Seized Asset Deposit Fund
AFR	Agency Financial Report
ALAT	Assistant Legal Attaché
APR	Annual Performance Report
ARRA	American Recovery and Reinvestment Act
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives
ATR	Antitrust Division
AUSA	Assistant United States Attorney

B

BJS	Bureau of Justice Statistics
BOP	Bureau of Prisons
Budget	Budget of the United States

C

CAP	Cross-Agency Priority
CCA	Corrections Corporation of America
CCIPS	Computer Crime & Intellectual Property Section
CDCS	Consolidated Debt Collection System
CFO	Chief Financial Officer
CHRP	COPS Hiring Recovery Program (under Recovery Act)
CIV	Civil Division
COPS	Office of Community Oriented Policing Services
CPCLO	Chief Privacy and Civil Liberties Officer
CPOT	Consolidated Priority Organization Target
CRM	Criminal Division
CRS	Community Relations Service
CRT	Civil Rights Division
CSCATL	Correctional Systems and Correctional Alternatives for Tribal Lands
CSRS	Civil Service Retirement System
CVF	Crime Victims Fund

D

DCM	Debt Collection Management
-----	----------------------------

DEA	Drug Enforcement Administration
Department, The	Department of Justice
Disaster Relief	Disaster Relief Appropriations Act of 2013Act
DMF	Death Master File
DOJ	Department of Justice
DOL	Department of Labor
DTEC	Domestic Terrorism Executive Committee

E

ENRD	Environment and Natural Resources Division
EOIR	Executive Office for Immigration Review
EOUSA	Executive Office for U.S. Attorneys

F

FAA	Federal Aviation Administration
FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FBWT	Fund Balance with U.S. Treasury
FCRA	Fair Credit Reporting Act
FCSC	Foreign Claims Settlement Commission
FECA	Federal Employees Compensation Act
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefits Program
FERS	Federal Employees Retirement System
FERS-RAE	Federal Employees Retirement System-Revised Annuity Employees System
FFMIA	Federal Financial Management Improvement Act
FISA	Foreign Intelligence Surveillance Act
FISMA	Federal Information Security Management Act
FLU	Financial Litigation Unit
FMFIA	Federal Managers' Financial Integrity Act
FMIS2	Financial Management Information System 2
FMPM	Financial Management Policy Memorandum
FOIA	Freedom of Information Act
FPI	Federal Prison Industries, Inc.
FTE	Full-Time Equivalent
FY	Fiscal Year

G

GAO	Government Accountability Office
GAN	Grant Adjustment Notice
GED	General Educational Development
GMRA	Government Management Reform Act
GPR	Government Performance and Results Act
GPRAMA	GPR Modernization Act of 2010
GPRS	Grant Payment Request System

I

IC	Intelligence Community
IC4	Internet Cyber Crime Coordination Cell
IG	Inspector General
InTC	Insider Threat Center
Integrity Act	Federal Managers' Financial Integrity Act
INTERPOL	International Criminal Police Organization
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments, Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
IPOL	INTERPOL Washington
ISIL	Islamic State of Iraq and the Levant
IUS	Internal Use Software

J

JMD	Justice Management Division
-----	-----------------------------

K

KG	Kilogram
----	----------

L

LCM	Lower of average cost or market value
-----	---------------------------------------

M

MCO	Mission Critical Operation
-----	----------------------------

N

N/A	Not Applicable
NIBIN	National Integrated Ballistic Information Network
NIBRS	National Incident-Based Reporting System
NICS	National Instant Criminal Background Check System
NSA	National Security Agency
NSD	National Security Division
NSCS	National Security Cyber Specialist

O

OBDs	Offices, Boards and Divisions
OCDETF	Organized Crime Drug Enforcement Task Forces
OCFO	Office of the Chief Financial Officer
OEO	Office of Enforcement Operations
OIG	Office of the Inspector General
OIP	Office of Information Policy
OJP	Office of Justice Programs
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OLA	Office of Legislative Affairs
OLC	Office of Legal Counsel
OMB	Office of Management and Budget
OPA	Office of the Pardon Attorney
OPCL	Office of Privacy and Civil Liberties
OPM	Office of Personnel Management
OPR	Office of Professional Responsibility
OSG	Office of the Solicitor General
OTJ	Office of Tribal Justice
OVC	Office of Victims of Crime
OVP	Office of the Vice President
OVW	Office on Violence Against Women

P

PHS	Public Health Services
PIV	Personal Identity Verification
PMRU	Professional Misconduct Review Unit
PRDOJ	Puerto Rico Department of Justice
PSOB Act	Public Safety Officers' Benefits Act of 1976
PY	Prior Year/Previous Year

R

RCA	Reports Consolidation Act of 2000
RECA	Radiation Exposure Compensation Act
Recovery Act	American Recovery and Reinvestment Act of 2009

S

SADF	Seized Asset Deposit Fund
SBF	Special Benefits Fund
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SG	Strategic Goal
SMI	Serious Mental Illness
SOD	Special Operations Division
STOP	Services, Training, Officers, Prosecutors

T

TAX	Tax Division
TDY	Temporary Duty
TSA	Transportation Security Administration
TSP	Thrift Savings Plan
Trust Fund	Federal Prison Commissary Fund

U

UAS	Unmanned Aircraft Systems
UCR	Uniform Crime Reporting
UDO	Undelivered Orders
UFMS	Unified Financial Management System
USA FREEDOM ACT	Uniting and Strengthening America by Fulfilling Rights and Ensuring Effective Discipline Over Monitoring Act of 2015
USAs	United States Attorneys
USAO	United States Attorneys' Offices
USMS	United States Marshals Service
USP	United States Penitentiary
USSGL	U.S. Standard General Ledger
UST	United States Trustees

V

VOI/TIS	Violent Offender Incarceration and Truth-In Sentencing
---------	--

W

WITSEC	Witness Security
--------	------------------

This page intentionally left blank.

APPENDIX D

Department Component Websites

Component	Website
American Indian and Alaska Native Affairs Desk (OJP)	www.ojp.usdoj.gov/programs/aiana.htm
Antitrust Division	www.justice.gov/atr/index.html
Bureau of Alcohol, Tobacco, Firearms and Explosives	www.atf.gov/
Bureau of Justice Assistance (OJP)	www.bja.gov/
Bureau of Justice Statistics (OJP)	www.bjs.gov/
Civil Division	www.justice.gov/civil/index.html
Civil Rights Division	www.justice.gov/crt/
Community Oriented Policing Services - COPS	www.cops.usdoj.gov/
Community Capacity Development Office (OJP)	www.ojp.usdoj.gov/ccdo/welcome_flash.html
Community Relations Service	www.justice.gov/crs
Criminal Division	www.justice.gov/criminal/
Diversion Control Program	www.deadiversion.usdoj.gov/
Drug Enforcement Administration	www.justice.gov/dea/
Environment and Natural Resources Division	www.justice.gov/enrd/
Executive Office for Immigration Review	www.justice.gov/eoir/
Executive Office for U.S. Attorneys	www.justice.gov/usao/eousa/
Executive Office for U.S. Trustees	www.justice.gov/ust/
Federal Bureau of Investigation	www.fbi.gov/
Federal Bureau of Prisons	www.bop.gov/
Foreign Claims Settlement Commission of the United States	www.justice.gov/fcsc/
INTERPOL Washington	www.justice.gov/interpol-washington/
Justice Management Division	www.justice.gov/jmd/
National Criminal Justice Reference Service (OJP)	www.ncjrs.gov/
National Institute of Corrections	www.nicic.gov/
National Institute of Justice (OJP)	www.ojp.usdoj.gov/nij/
National Security Division	www.justice.gov/nsd/
Office of the Associate Attorney General	www.justice.gov/asg/index.html
Office of the Attorney General	www.justice.gov/ag/
Office of the Deputy Attorney General	www.justice.gov/dag/
Office of Information Policy	www.justice.gov/oip/oip.html
Office of the Inspector General	www.justice.gov/oig/
Office of Justice Programs	www.ojp.usdoj.gov/
Office of Juvenile Justice and Delinquency Prevention (OJP)	www.ojjdp.gov/
Office of Legal Counsel	www.justice.gov/olc/index.html
Office of Legal Policy	www.justice.gov/olp/
Office of Legislative Affairs	www.justice.gov/ola/
Office of the Pardon Attorney	www.justice.gov/pardon/
Office of Professional Responsibility	www.justice.gov/opr/index.html
Office of Public Affairs	www.justice.gov/opa/index.html
Office of the Solicitor General	www.justice.gov/osg/
Office of Tribal Justice	www.justice.gov/otj/index.html
Office for Victims of Crime (OJP)	www.ojp.usdoj.gov/ovc/
Office on Violence Against Women	www.ovw.usdoj.gov/
Tax Division	www.justice.gov/tax/
U.S. Attorneys	www.justice.gov/usao/
U.S. Marshals Service	www.justice.gov/marshals/
U.S. Parole Commission	www.justice.gov/uspc/