

SECTION 57—INFORMATION ON ERRONEOUS PAYMENTS

Table of Contents

57.1	What is an erroneous payment?
57.2	Who must report erroneous payment information and when is it due?
57.3	What materials must I provide?
57.4	How do I submit exhibit 57A?
Ex-57A	Erroneous Payment Information
Ex-57B	Programs for Which Erroneous Payment Information is Requested

Summary of Changes

Requires agencies to submit erroneous payment information using a standard electronic reporting format for each program (section 57.3).

Changes some data reporting fields and requires agencies to describe how estimates were derived (section 57.3).

Requires agencies to report on the status of passback and Executive Branch Management Scorecard items (section 57.3).

Adds a request for information on initiatives to reduce erroneous payments (section 57.3).

57.1 What is an erroneous payment?

"Erroneous payments" are payments made under the programs listed in Exhibit 57B that should not have been made or were made for an incorrect amount. In this context, "payments" include the provision of benefits that do not necessarily involve cash disbursements (e.g., loan guarantees). Examples of erroneous payments include payments to ineligible persons or the wrong organizations, payments in the wrong amount, payments for ineligible services, duplicate or other overpayments, and payments for services never received. Erroneous payments may be due to procedural or administrative errors made by the payor (e.g., providing incorrect account numbers in payment instructions) or errors or fraud by payees or claimants (e.g., under reporting of income by beneficiary). Covered payments include overpayments and underpayments made by the Federal Government, its direct contractors, and by States or other grant recipients administering Federal programs.

57.2 Who must report erroneous payment information and when is it due?

Exhibit 57B lists the programs for which agencies must report erroneous payment information. This information is due with the initial budget submission.

57.3 What materials must I provide?

A separate exhibit 57A is required for each program listed in exhibit 57B. Provide the following:

(a) *Section Ia. Program-wide Estimates.* Complete this section for programs where erroneous payment rates are currently being estimated.

SECTION 57—INFORMATION ON ERRONEOUS PAYMENTS

- For FYs 2000 and 2001, report:
 - ▶ The amount of total payments for the program; and
 - ▶ The amount of estimated erroneous payments and rate (amount of estimated erroneous payments/amount of total payments) broken out by overpayments and underpayments where available.
- For FY 2002, report projected erroneous payment rates.
 - ▶ For FYs 2003, 2004, and 2005, report target rates (goals).

The estimates reported in this section should reflect the total erroneous payments estimated for the program either based on a statistically valid sample projected to the universe of program payments or a 100% review of the payments. For statistical projections, please indicate in the "Notes" section the confidence level and confidence interval for the estimate. If the estimates are not based on a statistical projection to the universe, please provide a detailed description and assessment of the current methods for measuring the rate of erroneous payments and the quality of data resulting from these methods. Also indicate whether the period covered is the fiscal year or other period.

(b) Section Ib. Status of Action Plans for Conducting Risk Assessments or Developing Estimate of Erroneous Payments. Complete this section for programs where action plans to perform risk assessments or develop baseline estimates were established as part of the FY 2003 budget and/or Executive Branch Management Scorecard. Provide the status of implementation. Specifically, provide the following:

- Activities completed to date;
- Activities yet to be completed with milestone dates, including date when baseline estimate is expected. Show changes from original milestones where applicable;
- Impediments to estimating erroneous payments identified, if any. Your discussion should include any programmatic and legal obstacles to collecting additional data or establishing estimation procedures; and
- If risk assessment is complete and a conclusion is reached that estimating erroneous payments is not cost-beneficial, provide a detailed description for this conclusion.

(c) Section II. Status of Action Plan for Preventing/Reducing Erroneous Payments. For all programs listed in exhibit 57B, provide the following:

- Status of erroneous payment reduction activities agreed to as part of the FY 2003 Budget and/or included in the Executive Branch Management Scorecard, including new initiatives implemented to date; and
- Results of implemented initiatives, if known (i.e., impact on erroneous payment rate);
- Milestone dates for initiatives not yet fully implemented. Show changes from original milestone dates, where applicable;
- Impediments to erroneous payment prevention or reduction identified, if any; and

- Initiatives for reducing erroneous payments, including (1) a description of the initiative, (2) estimated resources to implement and source (e.g. reallocated within agency budgets or new), and (3) estimated results.

(d) *Agency Contact Point.* Include the name and telephone number of the preparer for each program.

57.4 How do I submit exhibit 57A?

Use the spreadsheet provided at www.cfoc.gov. Email your completed spreadsheets to exhibit57@omb.eop.gov. Before sending the completed spreadsheets, verify that the subject line has the three-digit OMB agency code (see Appendix C) and the full agency name.

ERRONEOUS PAYMENT INFORMATION

Section Ia. - Program-wide Estimates										
Program:										
	1999		2000		2001		2002	2003	2004	2005
	Dollars	Rate	Dollars	Rate	Dollars	Rate	Rate	Rate	Rate	Rate
Total Payments										
Under Payments										
Overpayments										
Total Erroneous Payments										
<p>Notes: Please provide the following information in this notes section:</p> <ol style="list-style-type: none"> 1. Indication of whether the period covered is the fiscal year or other period (please specify). 2. Confidence level and confidence intervals for the estimate. 3. If estimates are not statistically-based projections to the universe of payments, a detailed description and assessment of the current methods for measuring the rate of erroneous payments and the quality of data resulting from these methods. 										

Section Ib. - Status of Action Plans for Conducting Risk Assessments or Developing Estimate of Erroneous Payments
<p>For programs where action plans to perform risk assessment or develop baseline estimate were requested in FY 2003 budget passback and/or Executive Branch Management Scorecard, please provide the status of implementation. Specifically, provide the following:</p> <ol style="list-style-type: none"> 1. Activities completed to date. 2. Activities yet to complete with milestone dates, including date when baseline estimate is expected. Show changes from original milestones where applicable. 3. Impediments to estimating erroneous payments identified, if any. 4. If risk assessment is complete and a conclusion is reached that estimating erroneous payments is not cost-beneficial, detailed description of basis for conclusion.

Section II - Status of Action Plan for Preventing/Reducing Erroneous Payments
<p>For all programs please provide the following:</p> <ol style="list-style-type: none"> 1. Status of implementation of erroneous payment reduction activities agreed-to in FY2003 passback and/or included in the Executive Branch Management Scorecard, including new initiatives implemented to date. 2. Results of implemented initiatives, if known (i.e., impact on erroneous payment rate). 3. Initiatives yet to be fully implemented, with milestone dates. (Show changes from original milestone dates, where applicable). 4. Impediments to erroneous payment prevention or reduction identified, if any. 5. New proposed initiatives for reducing erroneous payments including (1) a description of the initiative, (2) estimated resources to implement, and (3) estimated results.

PROGRAMS FOR WHICH ERRONEOUS PAYMENT INFORMATION IS REQUESTED

Erroneous payment information is requested for the following:

<ul style="list-style-type: none"> Department of Agriculture <ul style="list-style-type: none"> Food Stamps Commodity Loan Program National School Lunch and Breakfast Women, Infants, and Children Department of Defense <ul style="list-style-type: none"> Military Retirement Military Health Benefits Department of Education <ul style="list-style-type: none"> Student Financial Assistance Title I Special Education—Grants to States Vocational Rehabilitation Grants to States Department of Health and Human Services <ul style="list-style-type: none"> Head Start Medicare Medicaid TANF Foster Care—Title IV-E State Children's Insurance Program Child Care and Development Fund Department of Housing and Urban Development <ul style="list-style-type: none"> Low Income Public Housing Section 8 Tenant-Based Section 8 Project Based Community Development Block Grants (Entitlement Grants, States/Small Cities) Department of Labor <ul style="list-style-type: none"> Unemployment Insurance Federal Employee Compensation Act Workforce Investment Act Department of Treasury <ul style="list-style-type: none"> Earned Income Tax Credit Department of Transportation <ul style="list-style-type: none"> Airport Improvement Program Highway Planning and Construction 	<ul style="list-style-type: none"> Federal Transit—Capital Investment Grants Federal Transit—Formula Grants Department of Veterans Affairs <ul style="list-style-type: none"> Compensation Dependency and Indemnity Compensation Pension Insurance Programs Environmental Protection Agency <ul style="list-style-type: none"> Clean Water State Revolving Funds Drinking Water State Revolving Funds National Science Foundation <ul style="list-style-type: none"> Research and Education Grants and Cooperative Agreements Office of Personnel Management <ul style="list-style-type: none"> Retirement Program (CSRS and FERS) Federal Employees Health Benefits Program (FEHBP) Federal Employees' Group Life Insurance (FEGLI) Railroad Retirement Board <ul style="list-style-type: none"> Retirement and Survivors Benefits Railroad Unemployment Insurance Benefits Small Business Administration <ul style="list-style-type: none"> (7a) Business Loan Program (504) Certified Development Companies Disaster Assistance Small Business Investment Companies Social Security Administration <ul style="list-style-type: none"> Old Age and Survivors' Insurance Disability Insurance Supplemental Security Income Program
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