



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

**MEMORANDUM**

'AUG - 1 2014

**TO:** Kathleen Tighe, Inspector General  
Office of the Inspector General

**FROM:** Thomas P. Skelly *Thomas P. Skelly*  
Delegated to Perform Function and Duties of the Chief Financial Officer

**SUBJECT:** Report on High-Dollar Overpayments for the Quarter Ended June 30, 2014

The purpose of this memorandum is to comply with the high-dollar overpayment reporting requirements addressed in the Office of Management and Budget (OMB) implementation guidance M-10-13, dated March 22, 2010, relative to Executive Order 13520. The OMB implementation guidance requires agency heads to submit quarterly reports on high-dollar overpayments to the Office of Inspector General, and the Council of Inspectors General on Integrity and Efficiency.

During the reporting period covering April 1, 2014 through June 30, 2014, the U.S. Department of Education (Department) identified improper payments totaling \$2,656,356.73. See attachment for additional details.

The Department is committed to ensuring the integrity of its programs and is focused on identifying and managing the risk of improper payments and mitigating the risk with adequate control activities. The Department will continue to work closely with the Office of the Inspector General and OMB to explore additional opportunities for identifying and reducing potential improper payments.

If you have any questions, please contact Phillip Juengst at (202) 245-8030.

Attachment

cc: w/attachment  
Ms. Phyllis Fong, Chair  
Council of Inspectors General  
on Integrity and Efficacy

Mr. David Mader, Controller  
Office of Federal Financial Management  
Office of Management and Budget

**U.S. Department of Education  
High-Dollar Overpayments  
April 1, 2014 to June 30, 2014**

Date	Amount	Payment Type (Individual / Entity)	Location			Cognizant Program	Recovery Action(s) Taken / Planned	Future Preventive Action(s)
			City	County	State			
3/10/2014	\$19,110.27	Individual	Mt. Vernon	Jefferson	Illinois	Direct Loan	<p>The loan servicer misapplied a payment to the wrong borrower's account. That action generated a refund due prompt. On 3/10/2014 the loan servicer incorrectly processed a refund in the amount of \$19,110.27 to the borrower.</p> <p>The servicer discovered the error on 3/24/2014 when the borrower contacted the servicer's call center. The servicer issued a stop payment and the entire amount was recovered on 4/13/2014.</p>	The servicer's refund approvers will be retrained to ensure that prior to approval refunds are verified against multiple, unique identifiers: social security number, amount due, and Treasury schedule ID.
03/18/2014	\$17,294.20	Individual	Washington		DC	Department payroll	<p>A retired employee resumed active service on a temporary assignment. The employee had then been fully reinstated.</p> <p>On 3/18/14 the employee reported an overpayment of \$17,294.20 to the supervisor of record. The supervisor concluded that the employee had the improper annuitant code, which caused the overpayment. The employee was advised to contact the National Business Center. The full amount was recovered on 5/27/2014.</p>	The personnel responsible for processing such transactions were retrained on the appropriate and relevant coding for such transactions.
5/16/2014	\$29,557.26	Entity	Logan	Cache	Utah	Rehabilitative Long Term Training	<p>A grantee erred and made a draw down sooner than necessary. The grantee self-identified and reported the error on 5/16/2014. The funds were fully recovered on 5/21/2014.</p>	This request was human error on the part of the grantee. The grantee was provided technical assistance regarding the implications of the overdrawn funds. Additionally, the Department maintains a Continuous Controls Monitoring System (CCMS) designed to detect

**U.S. Department of Education  
High-Dollar Overpayments  
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								improper payments. CCMS was functioning properly and also identified this improper payment soon after it was reported by the grantee.
5/29/2014	\$2,590,395	Entity	Helena	Lewis and Clark	Montana	Individuals with Disabilities Education Act	The payment was detected on 5/29/2014 through CCMS. On 6/4/14 a staff member from the Department's program office contacted the grantee to inquire about the excessive draw down. The grantee explained the funds were drawn down in error. The funds were fully recovered on 6/5/14.	The CCMS system caught the error as designed. Technical assistance and retraining was provided to both the staff person and grantee regarding implications of excessive draw downs and requirements under the Cash Management Improvement Act.