



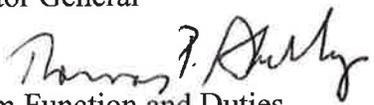
UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

MEMORANDUM

DATE: October 31, 2012

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

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

SUBJECT: Report on High-Dollar Overpayments for the Quarter Ended September 30, 2012

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 July 1, 2012 through September 30, 2012, the U.S. Department of Education (Department) identified improper payments totaling \$50,603.94. 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 Craig Stanton at (202) 245-8102.

Attachment

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

Mr. Danny Werfel, Controller
Office of Federal Financial Management
Office of Management and Budget

400 MARYLAND AVE, S.W., WASHINGTON, DC 20202
www.ed.gov

**U.S. Department of Education
High-Dollar Overpayments
July 1, 2012 to September 30, 2012**

Date	Amount	Payment Type (Individual / Entity)	Location			Cognizant Program	Recovery Action(s) Taken / Planned	Future Preventive Action(s)
			City	County	State			
6/6/2012 ¹	\$ 22,463.33	Individual	East Hartford	Hartford	CT	Direct Loan	A borrower's payment was posted incorrectly to another borrower's account which triggered an improper refund payment. The refund was cancelled and the payment was posted to the correct borrower's account.	Customer Service controls have been implemented to ensure correct application of payments to borrower accounts. These include, for payments over the phone, forcing the Customer Service Representative to enter the borrower's account number twice in addition to the borrower's social security number. The system analyzes the account number and the social security number to make sure that they match for that borrower.
9/18/2012	\$ 28,140.61	Individual	New York	New York	NY	Direct Loan	This was a misdirected payment; all funds have been recovered. The trustee of the borrower in bankruptcy returned the improper refund check to FSA.	Quality control (i.e., "Quality Check") procedures in use to ensure that unapplied payments are posted to the proper accounts will be evaluated.

¹ This improper payment was identified on 6/6/2012 by the servicer, at which time the servicer initiated action to correct. The standard reporting procedure for these types of errors is for the servicer to include it in its monthly report of improper refund payments due to Federal Student Aid in the subsequent month. Due to the timing of the issuance of these servicer reports and the cut-off for compilation of the quarterly high-dollar report, this payment is reported here rather than the FY2012Q3 report.