

OMB Offers Guidance for Further Implementation of the Do Not Pay Initiative

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Recently, OMB released guidance on further implementing the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA) which was signed into law in January. The legislation is meant to eliminate federal payments to the wrong recipient, payments in the wrong amount, or improper use of payments.

The **guidance** specifically addresses the use of the Do Not Pay List (DNP) by federal agencies and its implementation while protecting individual privacy. In 2010, the President directed the establishment of a "single point of entry" through which agencies would access relevant data in order to determine eligibility for a federal award or payment. IPERIA codified the DNP Initiative.

IPERIA directs the Department of Treasury to host a working system (Treasury's Working System) for the DNP Initiative where agencies perform prepayment eligibility reviews. Treasury's responsibilities also include entering into Memorandums of Understanding (MOU) with original source agencies and maintaining the central DNP Initiative website.

The law lists five databases to be included in the DNP Initiative: the Social Security Administration's Death Master File, the General Services Administration's System for Award Management (formerly known as the Excluded Parties List System), Treasury's Debt Check Database, the Department of Housing and Urban Development's Credit Alert System or Credit Alert Interactive Voice Response System, and the Department of Health and Human Services Office of the Inspector General's List of Excluded Individuals/Entities. IPERIA also gives OMB authority to mandate the addition of databases to DNP through a designated process.

Paying agencies will only be required to match against relevant databases in the DNP system (e.g., payment-issuing agencies shall not be allowed to match against income data if income is not relevant to the payment or award in question).

The OMB memo also addresses the inclusion of commercial databases in the Treasury Working System. Commercial databases may be added to the DNP Initiative when OMB goes through the specified process for adding a database to the system, and the data is sufficiently accurate, up-to-date, relevant, and complete. Additionally, Treasury is required to establish administrative, technical, and physical safeguards to ensure the security and confidentiality of information in commercial databases in use.

Treasury will be allowed to enter into pilot programs with commercial database providers without satisfying the stringent commercial database use requirements established in the OMB memo. However, the pilot programs can last no longer than six months and cannot interfere with agency payments to recipients.