



Cross-Agency Priority Goal

Improper Payments: The Federal Government will achieve a payment accuracy rate of 97 percent by the end of 2016.

Print Date: 03-02-2013 03:47:29 AM

Field	Content
Goal Leader:	Danny Werfel, Controller, Office of Management and Budget
Goal Statement:	The Federal Government will achieve a payment accuracy rate of 97 percent by the end of 2016.
Description:	<p>Improper payments are payments made by the government to the wrong entity, in the wrong amount, or for the wrong reason. Although not all improper payments are fraud, and not all improper payments represent a loss to the government, all improper payments degrade the integrity of government programs and compromise citizens' trust in government. This Administration has made it a top priority to significantly reduce the government-wide error rate. When the President took office in 2009, payment error rates were on the rise. In fiscal year (FY) 2009, the government-wide improper payment rate was 5.42 percent. Since then, this error rate has been declining, down to 5.29 percent in FY 2010, 4.69 percent in FY 2011, and 4.35 percent in FY 2012. Based on reduction targets set by the agencies, the government-wide improper payment rate is on a trajectory to decline to 3 percent in FY 2016. Therefore, by the end of FY 2016, no less than 97 percent of all government payments will be accurate. Historical data over the past three years show that each percentage improvement in our accuracy rate equates to roughly \$44 billion in improper payments avoided. Interestingly, there are some principles of accounting that point to a 3-percent error rate as a key threshold or target for materiality. Thus, our new goal ensures that tens of billions of dollars in improper payments will be avoided, while also employing a common rule of thumb used by private and public sector accounting professionals.</p>