

**Department of
Veterans Affairs**

Memorandum

Date: **OCT 31 2016**
From: Deputy Assistant Secretary for Finance (047)
Subj: Fiscal Year 2016 Third Quarter Report on High-Dollar Overpayments (VAIQ 7733616)
To: Inspector General (50)

1. In accordance with the revised Office of Management and Budget (OMB) Circular A-123, Appendix C, agencies with programs susceptible to significant improper payments under the Improper Payments Information Act are required to report quarterly the high-dollar overpayments that occurred within those specific programs to the agency's Inspector General and the Council of Inspectors General on Integrity and Efficiency, and to make this report available to the public. A high-dollar overpayment is any overpayment meeting the threshold that is in excess of 50 percent of the correct amount of the intended payment. The threshold for individuals is \$25,000 and for entities it is \$100,000. VA uses the results of statistically valid sampling for annual Improper Payments Elimination and Recovery Act reporting purposes to identify high-dollar overpayments.
2. During the third quarter, VA identified \$1.129 million in high-dollar overpayments. While testing for the quarter was statistically valid, some programs, which are highly complex and subject to significant improper payments, did not identify a substantial amount of overpayments meeting the reporting threshold. To ensure transparency, VA is also reporting that during the third quarter approximately \$141 million in established debt was reported from Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) programs that may meet high-dollar overpayment criteria; however, they have not been verified as improper payments. This debt represents about 0.17 percent of the total payments issued collectively by VHA and VBA in the third quarter.
3. The attached report provides the total amount of reportable high-dollar overpayments made from VA's high-risk programs, actions taken or planned to recover identified overpayments, and actions taken or planned to prevent re-occurrence.
4. If you have any questions, please have a member of your staff contact Nicole Frish, Director, Improper Payments Remediation and Oversight (IPRO) Office at (202) 461-6145.



Laurie Park

cc: Council of Inspectors General on Integrity and Efficiency

Attachment

**Executive Order 13520 – Reducing Improper Payments
Department of Veterans Affairs
Fiscal Year (FY) 2016 Third Quarter High-Dollar Overpayments Report**

Total High-Dollar Overpayments Identified in Quarter: \$1,129,073

To ensure transparency, the Department of Veterans Affairs (VA) is also reporting that during the third quarter \$141 million in established debt was reported from Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) programs that may meet high-dollar overpayment criteria; however, they have not been verified as improper payments. For these programs, the established debt is approximately 0.17 percent of the total payments issued collectively by VHA and VBA in the third quarter. As reported in VA's Office of Inspector General's "Audit of VA's Implementation of Executive Order 13520 "Reducing Improper Payments", dated August 12, 2011, VA must consider debts established below the threshold because these debts may stem from payments that are over 50 percent of the intended payment amount. However, these debts cannot be reported as high-dollar overpayments for this reporting period because, as stated above, they have not been verified as improper payments.

Actions/Plans to Recover Overpayments:

VA will provide a Notice of Indebtedness to debtors informing them of VA's intent to recover the debt, remedies, and the consequences of failure to cooperate with collection efforts. VA will aggressively pursue the collection of delinquent debts through all means necessary, including but not limited to internal offset from current or future benefit payments, installment agreements, or the use of the Treasury Offset Program.

Overall Actions/Plans to Prevent Re-occurrence of Improper Payments:

VA is working to prevent re-occurrence of improper payments in its high-risk programs by implementing corrective action plans (CAPs). Key overall actions to prevent future overpayments, as well as milestones from the published CAPs are provided below:

Veterans Health Administration:

- VHA's Chief Business Office (CBO) will increase awareness of Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) eligibility and claims issues identified through internal audits by tracking and correcting claims, and providing training to staff where and when errors are identified.
- CBO will implement a system modification to the Fee Basis Claims System that addresses compliance with VA Community Care claims processing

- standards, decreases improper payments, increases productivity, and enhances ease of use, by integrating a module for Eligibility and Enrollment.
- CBO State Home Per Diem program staff will provide training to VA Medical Center staff on improper payment errors, CAPs, and the CBO database.
 - VHA CBO's Field Assistance Program will further develop the national VA Community Care training program, which includes guidance and training through *The Bulletin* (a publication for the VA Community Care community), monthly calls, developing curriculum on claims processing; and focused trainings targeting identified areas of concern such as determining correct payment authority and correct payment amount.
 - VHA will conduct CHAMPVA eligibility data matches, improve electronic processing systems to reduce manual errors, and develop and implement a tracking plan that will monitor the status of overpayments.
 - VHA will provide ongoing training to staff to ensure payments are processed properly and conduct audits to identify, reduce and recapture improper payments.

Veterans Benefits Administration:

- Identify ways to process dependency claims more timely, including continued use of contractors to process these claims.
- Increase quality accuracy rates through implementation of improvements to rating job aids and training on administrative actions.
- Develop and conduct consistency studies targeted to error trends found in test reviews.
- In November 2013, VA implemented upfront income verification using Federal Tax Information received from the Internal Revenue Service to include Social Security Administration information for original claims processing. Expected completion date for expansion of upfront income verification to pension claims involving special monthly pension, dependency, income and medical adjustments, and reopen claims previously denied is October 2016.
- In May 2016, Office of Field Operation provided written guidance to the field regarding completion of incarceration adjustments and established a status tracking mechanism for these types of adjustments. Written manual guidance and procedures for incarceration adjustments were updated in July 2016. Pension Management Centers (PMCs) timeline for completion of incarceration adjustments is December 2016.
- Provide refresher training on the VBA fugitive felon program.
- Investigate whether VBA can improve data matching with the Bureau of Prisons or other sources to identify benefit awards that require adjustments.
- Perform accuracy reviews to identify deficiencies and IPERA errors and disseminate findings to the PMCs on a monthly basis. Increase the frequency of site visits at the PMCs and incorporate IPERA awareness training and compliance into site-visit protocol.

- Update School Certifying Official Handbook to include updated IPERA policies and procedures. This handbook provides processes and procedures to Certifying Officials and other school staff involved with certification of beneficiaries for VA education benefits.

Disaster Relief Act – Hurricane Sandy:

- VA implemented an action plan to prevent the recurrence of lack of documentation for Holdback and Retention payments and included additional training to Construction and Facilities Management (CFM) project staff and greater communication with the VA's Financial Services Center.
- An action plan to prevent the recurrence of payments made outside the period of performance (PoP) was implemented and includes extending the PoP where applicable, and monitoring the Construction and Architect/Engineer contracts with greater scrutiny by CFM Contracting Officers.

Payments to Federal Employees:

- Leverage data analytics to (1) better identify and categorize the root cause of recurring errors that could potentially cause improper payments as well as (2) the development of strategies to reduce improper payments.
- Establish collaborative efforts between Office of Human Resources Management and the Office of Finance to develop a communications plan that facilitates better sharing of information with station human resources (HR) and payroll offices as it relates to audit findings, CAPs, and strategies to reduce improper payments. Establish recurring meeting with stations susceptible to processing, systems, or coding errors that generate improper payments.
- May 2015, VA began deployment to a new human resources information system (HR-Smart) that is expected to increase operational efficiencies and improve controls of HR actions. Full deployment from VA's legacy system (PAID) to HR-Smart was completed in June 2016. Additional controls are under implementation and expected completion in December 2016.
- Continue the VATAS web-based time system deployment that replaces outdated technology and decreases timekeeper errors, provides accuracy in premium pay, increases accuracy of employee pay through standardization of time and attendance, and eliminates exceptions from legacy systems. Full deployment is scheduled for completion in Fiscal Year 2018.

- Deploy seasoned payroll technicians from the Payroll Academy, the new Division instituted by Financial Payroll Service (FPS), to lead virtual training and in-person training with each station. Ensures knowledge, skills and abilities provided to the local customer service reps and payroll technicians on accurately coding employee time in the time and attendance system.
- FPS provides on-site support for those field stations that are experiencing issues with time and attendance reporting and are unable to get the issue corrected.