

Department of  
Veterans Affairs

# Memorandum

Date:

From: Deputy Assistant Secretary for Finance (047)

Subj: Fiscal Year 2016 Fourth Quarter Report on High-Dollar Overpayments (VAIQ: 7759484)

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 fourth quarter, VA identified \$0 in high-dollar overpayments<sup>1</sup>. 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 fourth quarter approximately \$231 million in established debt was reported from 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 0.37 percent of the total payments issued collectively by VBA in the fourth 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 and Remediation Office (IPRO) at (202) 461-6145.



Laurie Park

cc: Council of Inspectors General on Integrity and Efficiency

Attachment

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<sup>1</sup> VA did not complete all testing required to identify HDOPs for FY16, Q4. VA will complete this testing and report any HDOPs identified in the FY17, Q1 report.

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

**Total High-Dollar Overpayments Identified in Quarter: \$0**

To ensure transparency, the Department of Veterans Affairs (VA) is also reporting that during the fourth quarter \$231 million in established debt was reported from Veterans Benefits Administration (VBA) programs that may meet high-dollar overpayment (HDOP) criteria; however, they have not been verified as improper payments. For these programs, the established debt is approximately 0.37 percent of the total payments issued collectively by VBA in the fourth 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:**

Although VA is not reporting any HDOPs for the fourth quarter in FY 2016, VA remains committed to actively addressing the root causes of improper payments as identified in the corrective action plans (CAPs) for the 14 programs currently reporting in the Agency Financial Report. Key overall actions to prevent future overpayments, as well as milestones from the published CAPs are provided below:

**Veterans Health Administration:**

- VHA Office of Community Care (VACC) 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.
- VACC will implement a system modification to the Fee Basis Claims System that addresses compliance with VACC claims processing standards, decreases improper payments, increases productivity, and enhances ease of use, by integrating a module for Eligibility and Enrollment.

- VACC State Home Per Diem program staff will provide training to VA Medical Center staff on improper payment errors, CAPs, and the VACC database.
- VACC's Field Assistance Program will further develop the national VACC training program, which includes guidance and training through *The Bulletin* (a publication for the VACC 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.
- Beneficiary Travel system patches were developed and released to enhance the accuracy of claims processing and address deductible issues, missing claim date information and expanded special mode account selection options. These capabilities along with the ability to import electronic invoices in one standard format will reduce administrative and process errors.

#### **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 (FTI) 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 January 2017.
- In May 2016, Office of Field Operations provided the field written guidance in 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 Center (PMC) 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 Improper Payments Elimination and Recovery Act (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. PMC Site visits were completed in November of 2015, April 2016, and August 2016.

#### **Disaster Relief Act – Hurricane Sandy:**

- Routinely review payments made to determine if services were provided within the contract Period of Performance (PoP). This CAP will include monthly monitoring in order to assure payments are not made outside the contract PoP. The monthly reviews will be documented and indicate if efforts to reduce payments outside PoP are successful. Anticipated completion date of this corrective action is September 2017.

#### **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.
- In 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 Veteran Affairs Time and Attendance System 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.