

## FY 2020 OMB Supplemental Data Call

VA

### Disaster Relief Fund (DRF) Beneficiary Travel

#### Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

| Performance Appraisal Criteria                              |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

#### Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The designated program Beneficiary Travel (BT) Senior Accountable Official (SAO) is accountable for ensuring execution of corrective action plans, meeting reduction targets, and establishing and maintaining sufficient internal controls that prevent, detect, and recover improper payments. The SAO's performance plan includes measurable metrics to reduce future improper payments and are outlined in questions 2, 10, and 11.

#### Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Please describe the steps the agency has taken to detect and recover improper payments.*

| Indicate root cause | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text) | Select the actual completion date for action(s) taken |
|---------------------|---|--|---|
|                     |   |  |   |

| Indicate root cause   | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text)  | Select the actual completion date for action(s) taken |
|---|---|---|---|
| 9. Administrative or Process Errors Made by: Federal Agency | 3-Training (how to complete contracts)                  | BT program office provided guidance to stakeholders to ensure contract claims are paid in accordance with contract terms. | FY2020 Q2   |

## Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

BT utilizes the Financial Services Center (FSC), a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, BT payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

## Question 3: Recovery Audits (PIIA Section: 3352)

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the BT program are discussed in response to Question 2.

#### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

#### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

#### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

#### **Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| <b>Cost Prohibitive<br/>(Yes/No)</b> | <b>Indicate Root Cause if<br/>known</b> | <b>Indicate which corrective<br/>action</b> |
|--------------------------------------|---|---|
| N/A                                  | 14. Other                               | Other (free text)                           |

#### **Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

### Question 8: Tolerable Rate

*Do you believe the program has reached a tolerable rate of improper payments?*

|                           |
|---------------------------|
| <b>Indicate Yes or No</b> |
| NO                        |

### Question 8 Free Text: Tolerable Rate

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

### Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 1. Internal Controls   |
| YES                    | 2. Human Capital       |
| YES                    | 3. Information Systems |
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

### Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

BT does not have additional program needs.

### Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| <b>Indicate identified root cause</b>                       | <b>Indicate corrective action(s) taken</b> | <b>Select the actual completion date for action(s) taken</b> | <b>If other completion date, please indicate</b> |
|---|--|--|--|
| 9. Administrative or Process Errors Made by: Federal Agency | 3-Training (how to complete contracts)     | FY2020 Q2  |  |
| 13. Insufficient Documentation to Determine                 | Other (free text)                          | FY2020 Q2  |  |

### **Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Administrative or Process Error Made by: Federal Agency: The BT program office provided guidance to stakeholders to ensure contract claims are paid in accordance with contract terms. Completion Date: February 2020

Insufficient Documentation to Determine: The BT program office actively worked with VA Medical Centers during the current PIIA testing cycle to remediate improper payments where appropriate. Completion Date: March 2020

### **Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| <b>Indicate identified root cause</b>                       | <b>Indicate planned corrective action(s)</b>       | <b>Select the planned completion date for action(s) program will take</b> | <b>Other planned completion date</b> |
|---|--|---|--------------------------------------|
| 13. Insufficient Documentation to Determine                 | Other (free text)                                  | FY2021  |                                      |
| 9. Administrative or Process Errors Made by: Federal Agency | 1-Automation                                       | FY2021  |                                      |
| 8. Failure to Verify: Other Eligibility Data (explain)      | 4-Change Process (instructions, checklist, policy) | FY2021  |                                      |

| Indicate identified root cause                              | Indicate planned corrective action(s)              | Select the planned completion date for action(s) program will take | Other planned completion date |
|---|--|--|-------------------------------|
| 13. Insufficient Documentation to Determine                 | 1-Automation                                       | FY2021   |                               |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 1. Program Design or Structural Issue                       | Other (free text)                                  | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 3-Training (how to complete contracts)             | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 1-Automation                                       | FY2021   |                               |
| 13. Insufficient Documentation to Determine                 | 1-Automation                                       | FY2022   |                               |

**Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Insufficient Documentation to Determine: The BT program office will conduct site visits to high-risk and other facilities throughout the fiscal year. Site visits allow for personalized training to ensure the documentation required from facilities properly support payment accuracy for mileage or special mode transportation. Target Completion Date (TCD): November 2020

Administrative or Process Error Made by: Federal Agency: New software will provide a customized and enhanced tool to streamline claims, automate eligibility determinations, payment processing, detection and prevention of improper payments, and enhance reporting and auditing capabilities. Implementation across facilities will be integral to ensure successful transition and competency in using the tool. TCD: December 2020

Failure to verify-Other eligibility data: The BT program office will publish policy changes to improve clarity in current administrative qualification criteria such as service connection, income

level, receipt of VA Pension, travel related to Compensation and Pension, and attendant/donor/caregiver. TCD: December 2020

Insufficient Documentation to Determine: The Office of Community Care and Member Services continued their partnership to plan for electronic BT invoice payment processing nationwide and is expected to improve the timeliness and accuracy of ambulance claims processing. TCD: December 2020

Insufficient Documentation to Determine: The BT program office will submit proposed enterprise-wide infrastructure solutions to address staffing requirements, training, standardized business processes, program-level monitoring, and quality assurance reporting. TCD: December 2020

Program Design or Structural Issue: The BT program office will release a new series of recurring online Veterans Transportation Service and BT national educational forum sessions annually to increase standardization of processes in the field. Each interactive forum is targeted to issues such as covered benefits, increasing field compliance with established policies, and improving consistencies in payment methodologies. TCD: December 2020

Administrative or Process Error Made by: Federal Agency: The BT program office will provide guidance to stakeholders and Contracting Officer Representatives to ensure contract claims are paid in accordance with contract terms for 2021 PIIA. TCD: May 2021

Insufficient Documentation to Determine: The BT program office will perform a deep dive review of items identified as improper payments to determine root cause, and provide pertinent training, where appropriate, to prevent re-occurrence. TCD: June 2021

Administrative or Process Error Made by: Federal Agency/Insufficient Documentation to Determine: The BT program office will continue post-implementation system modernization of BT systems. TCD: September 2022

**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

| Indicate compliant or non-compliant | Compliance criteria |
|-------------------------------------|---------------------|
|-------------------------------------|---------------------|

| Indicate compliant or non-compliant | Compliance criteria                                      |
|-------------------------------------|--|
| Non-Compliant                       | 6. Report a gross Improper Payment Rate of Less than 10% |

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's response to the OIG's Report can be found in VA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2019 report beginning on page at 18 [www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf](http://www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf)

**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

| Indicate consecutive years |
|----------------------------|
| 5                          |

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*



| Indicate root cause  | Indicate planned corrective actions                |
|--|--|
| 13. Insufficient Documentation to Determine                    | Other (free text)                                  |
| 9. Administrative or Process Errors Made by:<br>Federal Agency | 1-Automation                                       |
| 8. Failure to Verify: Other Eligibility Data (explain)         | 4-Change Process (instructions, checklist, policy) |
| 13. Insufficient Documentation to Determine                    | 1-Automation                                       |
| 13. Insufficient Documentation to Determine                    | 4-Change Process (instructions, checklist, policy) |
| 1. Program Design or Structural Issue                          | Other (free text)                                  |
| 9. Administrative or Process Errors Made by:<br>Federal Agency | 3-Training (how to complete contracts)             |

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Please refer to descriptions of corrective actions in Questions 10 and 11 as applicable. As a result of implementing corrective actions, the BT program reduced its improper payment rate by 2.37 percent from FY19 to FY20 and decreased improper payments by \$12 million.

**Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

| Measurable milestones | Target Date | If other date, please specify | Senior Executive Agency Official | Accountability Mechanism | Incentives    | Consequences            |
|-----------------------|-------------|-------------------------------|----------------------------------|--------------------------|---------------|-------------------------|
| Measurable milestones | FY2022      |                               | Executive Director               | The Senior Accountable   | A performance | A performance metric by |

| Measurable milestones  | Target Date | If other date, please specify | Senior Executive Agency Official | Accountability Mechanism  | Incentives  | Consequences  |
|--|-------------|-------------------------------|----------------------------------|---|---|---|
| with target completion dates are discussed in response to Questions 10 and 11. |             |                               | of Member Services               | Official's performance plan includes measurable metrics to reduce future improper payments. | metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. | design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. |

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| Does the program use the Do Not Pay Initiative (DNP) (yes/no) | Has the DNP reduced/prevented improper payments (yes/no) | How frequently are corrections made? | How frequently is incorrect information identified? |
|---|--|--------------------------------------|---|
| YES   | YES  | Monthly                              | Monthly   |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow

payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## Medical Care Contracts and Agreements

### Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

| Performance Appraisal Criteria                              |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

### Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The Medical Care Contract and Agreements (MCCA) designated program Senior Accountable Official (SAO) is accountable for ensuring execution of corrective action plans, meeting reduction targets, and establishing and maintaining sufficient internal controls that prevent,

detect, and recover improper payments. The SAO's performance plan includes measurable metrics to reduce future improper payments and are outlined in Questions 2, 10, and 11.

**Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                     | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>  | <b>Select the actual completion date for action(s) taken</b> |
|--|--|--|--|
| 9. Administrative or Process Errors<br>Made by: Federal Agency | 4-Change Process (instructions, checklist, policy)             | The VHA Procurement and Logistics Office (P&LO) researched large dollar contract programs where improvements could be made in monitoring and payment approvals. P&LO conducted site visits to identify variations and improve payment processes. | FY2020 Q1  |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

MCCA utilizes the FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, MCCA payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the MCCA program are discussed in response to Question 2.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| <b>Cost Prohibitive (Yes/No)</b> | <b>Indicate Root Cause if known</b> | <b>Indicate which corrective action</b> |
|----------------------------------|-------------------------------------|---|
| N/A                              | 14. Other                           | Other (free text)                       |

### **Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

### **Question 8: Tolerable Rate**

*Do you believe the program has reached a tolerable rate of improper payments?*

| <b>Indicate Yes or No</b> |
|---------------------------|
| NO                        |

### **Question 8 Free Text: Tolerable Rate**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

### **Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| <b>Indicate 'yes' or 'no'</b> | <b>Indicate program needs</b> |
|-------------------------------|-------------------------------|
| YES                           | 1. Internal Controls          |
| YES                           | 2. Human Capital              |

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 3. Information Systems |
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

**Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

MCCA does not have additional program needs.

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| Indicate identified root cause              | Indicate corrective action(s) taken                | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|--|---|---|
| 13. Insufficient Documentation to Determine | 4-Change Process (instructions, checklist, policy) | FY2020 Q3   |   |

**Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Insufficient Documentation to Determine: The VHA Office of Finance issued a memorandum to the PIIA points of contact listing their responsibilities and reporting requirements. P&LO also created a concurrence process and met with field offices to obtain additional documentation.  
Completion Date: May 2020

**Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| Indicate identified root cause                              | Indicate planned corrective action(s)              | Select the planned completion date for action(s) program will take | Other planned completion date |
|---|--|--|-------------------------------|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |

**Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Program Design or Structural Issue: VHA Procurement and Logistics Office (P&LO) will monitor the use of compliant contracts. Target Completion Date (TCD): May 2021

Administrative or Process Error Made by: Federal Agency/Insufficient Documentation to Determine: P&LO will identify remedies for payment errors not made in accordance with the contract such as: restructuring existing contracts, including national contracts; requiring secondary level of approval on invoices by contract specialists prior to payment; implementing ordering systems; and rejecting invoices that do not comply with contract requirements. TCD: December 2021

Administrative or Process Error Made by: Federal Agency/Program Design or Structural Issue: P&LO will work with OAL, Office of Management, and the Senior Procurement Council to ensure ordering processes include documentation required for improper payment testing, thus reducing improper payments. TCD: December 2021

Insufficient Documentation to Determine: P&LO created an annual ongoing recurring concurrence process to meet with field offices to obtain additional documentation. TCD: August 2022



**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

| Indicate compliant or non-compliant | Compliance criteria                                      |
|-------------------------------------|--|
| Non-Compliant                       | 5. Publish and Meet Annual Reduction Targets             |
| Non-Compliant                       | 6. Report a gross Improper Payment Rate of Less than 10% |

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's response to the OIG's Report can be found in VA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2019 report beginning on page 18 at <https://www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf>

**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

| Indicate consecutive years |
|----------------------------|
| 3                          |

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

## Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*

| Indicate root cause   | Indicate planned corrective actions                |
|---|--|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) |

## Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Please refer to descriptions of corrective actions in Questions 10 and 11 as applicable. As a result of implementing corrective actions, the MCCA program reduced its improper payment rate by 53.36 percent from FY19 to FY20 and decreased improper payments by \$527 million.

## Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

| Measurable milestones | Target Date | If other date, please specify | Senior Executive Agency Official   | Accountability Mechanism                      | Incentives                         | Consequences                                      |
|-----------------------|-------------|-------------------------------|------------------------------------|---|------------------------------------|---|
| Measurable milestones | FY2022      |                               | Executive Director Procurement and | The Senior Accountable Official's performance | A performance metric by design has | A performance metric by design has incentives and |

| Measurable milestones | Target Date | If other date, please specify | Senior Executive Agency Official | Accountability Mechanism   | Incentives   | Consequences  |
|-----------------------|-------------|-------------------------------|----------------------------------|--|--|---|
|                       |             |                               | Logistics                        | plan includes measurable metrics to reduce future improper payments. | incentives and consequences for the SES as it is part of the VA SES Performance plan system. | consequences for the SES as it is part of the VA SES Performance plan system. |

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| Does the program use the Do Not Pay Initiative (DNP) (yes/no) | Has the DNP reduced/prevented improper payments (yes/no) | How frequently are corrections made? | How frequently is incorrect information identified? |
|---|--|--------------------------------------|---|
| YES   | YES  | Monthly                              | Monthly   |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP

Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## **CHAMPVA**

### **Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                     | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>  | <b>Select the actual completion date for action(s) taken</b> |
|--|--|--|--|
| 9. Administrative or Process Errors<br>Made by: Federal Agency | 3-Training (how to complete contracts)                         | Developed and implemented recurring voucher examiner sustainment trainings and instituted ongoing monthly communications with reminders and tips focused on improving the accuracy of patient responsibility and other health insurance coverage calculations, as well as data entry, and ensuring proper use of documented policy/procedures. | FY2020 Q1  |
| 1. Program Design or Structural Issue                          | 1-Automation   | Implemented information technology system modifications designed to improve the accuracy and efficiency of vendor selection,   | FY2019 Q4  |

| Indicate root cause | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text)  | Select the actual completion date for action(s) taken |
|---------------------|---|---|---|
|                     |   | vendor setup, and incomplete vendor information, which significantly contributed to improper payment reduction. Specifically, implemented the vendor streamlining system enhancement. |   |

## Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Overpayments recaptured outside of payment recapture audits consist of unsolicited funds received such as pharmacy and other provider refunds.

## Question 3: Recovery Audits (PIIA Section: 3352)

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) utilizes the Office of Community Care's (OCC) Business Integrity and Compliance (BIC) office to provide required recapture recovery services. BIC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments. BIC has several audit processes that are used to review CHAMPVA payment methodologies. Claims that generate a monetary loss are submitted for corrective actions. Initially, these claims are reviewed and the root cause for generating the error is determined. The claims are researched to verify if a corrective action has already been initiated. (i.e. the provider has already returned the payment). If necessary, a recoupment request is submitted to the Debt Management Unit, so that a bill of collection may be generated, and the monetary loss reversed.

Additionally, OCC develops an annual audit plan that independently assesses the CHAMPVA program and associated operations. Recommendations and corrective actions are developed in response to the audits. For CHAMPVA, the Veteran Family Member Benefit Audit Team identifies overpayments in the program through a biannual eligibility determination audit, and special audits identified from other audit findings or requested by leadership.

In FY 2020, OCC recovered \$26,992 in recoveries from prior year recovery audit contracts. OCC has awarded a new recovery audit contract which is currently in the process of securing an authority to operate. The new contractor will begin auditing claims for the VACC, CHAMPVA and Spina Bifida Health Care programs in FY 2021.

#### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

#### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

#### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

#### **Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| <b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b> | <b>Has the DNP reduced/prevented improper payments (yes/no)</b> | <b>How frequently are corrections made?</b> | <b>How frequently is incorrect information identified?</b> |
|--|---|---|--|
| YES  | YES   | Monthly                                     | Monthly  |

#### **Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

As part of VHA’s DNP initiatives, multiple external activities outside the DNP Portal are in place that focus on the prevention of overpayments and are further described below.

CHAMPVA has artificial intelligence built into the claims processing system that allows for Electronic Data Interchange (EDI) professional claims that meet all rules to auto-adjudicate without human intervention. Approximately 32 percent of EDI professional claims currently auto-adjudicate, eliminating the potential for human error.

CHAMPVA monitors the Office of Inspector General List of Excluded Individuals and Entities (LEIE) to ensure payments are not made to anyone on the LEIE.

CHAMPVA conducts additional reviews of claims prior to payment. These include an “Nth audit” (where approximately 2 percent of claims processed by voucher examiners are audited for payment processing accuracy before being released for payment); high-dollar payment reviews; timely filing reviews; other health insurance monitoring; reviews for unusual fees; coding reviews; and eligibility reviews.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## **State Home Per Diem Grants**

### **Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| Indicate root cause  | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text)   | Select the actual completion date for action(s) taken |
|--|---|--|---|
| 9. Administrative or Process Errors<br>Made by: Federal Agency | 3-Training (how to complete contracts)                  | The State Home Per Diem program office enhanced VA Medical Center reviews and oversight processes to incorporate validation and verification activities resulting in improvements to payment accuracy. | FY2020 Q3   |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

State Home Per Diem utilizes the FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, State Home payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.



### Question 3: Recovery Audits (PIIA Section: 3352)

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the State Home Per Diem program are discussed in response to Question 2.

### Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| Does the program use the Do Not Pay Initiative (DNP) (yes/no) | Has the DNP reduced/prevented improper payments (yes/no) | How frequently are corrections made? | How frequently is incorrect information identified? |
|---|--|--------------------------------------|---|
| YES   | YES  | Monthly                              | Monthly   |

### Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

### **Communications, Utilities, and Other Rent**

#### **Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- Meeting applicable improper payments reduction targets;*
- Preventing improper payments from being made; and*
- Promptly detecting and recovering improper payments that are made.*

| <b>Performance Appraisal Criteria</b>                       |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

#### **Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The Communications, Utilities, and Other Rent (CUOR) designated program Senior Accountable Official (SAO) is accountable for ensuring execution of corrective action plans, meeting reduction targets, and establishing and maintaining sufficient internal controls that prevent, detect, and recover improper payments. The SAO's performance plan includes measurable metrics to reduce future improper payments and are outlined in questions 2, 10, and 11.

**Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                  | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>  | <b>Select the actual completion date for action(s) taken</b> |
|---|--|--|--|
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy)             | VHA Procurement and Logistics Office (P&LO) researched large dollar contract programs where improvements could be made in monitoring and payment approvals. P&LO conducted site visits to identify variations and improve payment processes. | FY2020 Q1  |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

CUOR utilizes the FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, CUOR payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify

the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the CUOR program are discussed in response to Question 2.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| Cost Prohibitive (Yes/No) | Indicate Root Cause if known | Indicate which corrective action |
|---------------------------|------------------------------|----------------------------------|
| N/A                       | 14. Other                    | Other (free text)                |

### Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

### Question 8: Tolerable Rate

*Do you believe the program has reached a tolerable rate of improper payments?*

| Indicate Yes or No |
|--------------------|
| NO                 |

### Question 8 Free Text: Tolerable Rate

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

### Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 1. Internal Controls   |

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 2. Human Capital       |
| YES                    | 3. Information Systems |
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

**Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

CUOR does not have additional program needs.

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| Indicate identified root cause                              | Indicate corrective action(s) taken                | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|--|---|---|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2020 Q1   |   |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                                  | Other   | 08/20/2020                                |

**Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Program Design or Structural Issue: The Deputy Under Secretary for Operations and Management issued a memorandum on January 2, 2019, for facilities to put utilities on contract. Fiscal Offices, Facility Energy Engineers, and Network Contracting Officers worked together to ensure VHA is compliant with FAR Part 41, "Acquisition of Utility Services". Completion Date: October 2019

Administrative or Process Error Made by Federal Agency: The Procurement and Logistics Office (P&LO) worked with VHA Office of Finance to provide training on common improper payment

findings and the process of checking the invoice and contract to ensure correct vendor is paid.  
Completion Date: August 2020

### Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| Indicate identified root cause                              | Indicate planned corrective action(s)              | Select the planned completion date for action(s) program will take | Other planned completion date |
|---|--|--|-------------------------------|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |

### Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Program Design or Structural Issue: The Office of Acquisition and Logistics (OAL), consistent with the General Services Administration's path forward, issued the Acquisition Policy Flash Number 20-05, no longer requiring contracts for regulated utilities after January 31, 2020. Full implementation of the memo across all VA medical centers is expected by May 2021. Target Completion Date (TCD): May 2021

Administrative or Process Error Made by: Federal Agency/Insufficient Documentation to Determine: P&LO will identify remedies for payment errors not made in accordance with the contract such as: restructuring existing contracts, including national contracts; requiring secondary level of approval on invoices by contract specialists prior to payment; implementing ordering systems; and rejecting invoices that do not comply with contract requirements. TCD: December 2021

Program Design or Structural Issue: P&LO will work with Office of Acquisition, Logistics and Construction, Office of Management, and the Senior Procurement Council to ensure ordering processes include documentation required for improper payment testing, thus reducing improper payments. TCD: December 2021

**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

| Indicate compliant or non-compliant | Compliance criteria                                      |
|-------------------------------------|--|
| Non-Compliant                       | 6. Report a gross Improper Payment Rate of Less than 10% |

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's response to the OIG's Report can be found in VA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2019 report beginning on page 18 <https://www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf>

**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

| Indicate consecutive years |
|----------------------------|
| 3                          |



**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*

| Indicate root cause   | Indicate planned corrective actions                |
|---|--|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) |

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Please refer to descriptions of corrective actions in Questions 10 and 11 as applicable. As a result of implementing corrective actions, the CUOR program reduced its improper payment rate by 31.18 percent from FY19 to FY20 and decreased improper payments by \$469 million.

**Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

| Measurable milestones  | Target Date | If other date, please specify | Senior Executive Agency Official             | Accountability Mechanism   | Incentives  | Consequences  |
|--|-------------|-------------------------------|--|--|---|---|
| Measurable milestones with target completion dates are discussed in response to Questions 10 and 11. | FY2022      |                               | Executive Director Procurement and Logistics | The Senior Accountable Official's performance plan includes measurable metrics to reduce future improper payments. | A performance metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. | A performance metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. |

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| Does the program use the Do Not Pay Initiative (DNP) (yes/no) | Has the DNP reduced/prevented improper payments (yes/no) | How frequently are corrections made? | How frequently is incorrect information identified? |
|---|--|--------------------------------------|---|
| YES   | YES  | Monthly                              | Monthly   |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report,

OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury's DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## **Purchased Long Term Services and Support**

### **Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

| <b>Performance Appraisal Criteria</b>                       |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

### **Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The Purchased Long-Term Services and Support (PLTSS) designated program Senior Accountable Official (SAO) is accountable for ensuring execution of corrective action plans, meeting reduction targets, and establishing and maintaining sufficient internal controls that prevent, detect, and recover improper payments. The SAO's performance plan includes measurable metrics to reduce future improper payments and are outlined in Questions 2, 10, and 11.

**Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                  | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>   | <b>Select the actual completion date for action(s) taken</b> |
|---|--|---|--|
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy)             | The Deputy Under Secretary for Health for Operations and Management issued a memorandum to use the Veteran Care Agreements template and informed providers of appropriate VA fee schedule to increase payment accuracy. | FY2020 Q2  |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

PLTSS utilizes FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, PLTSS payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify

the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the PLTSS program are discussed in response to Question 2.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| Cost Prohibitive (Yes/No) | Indicate Root Cause if known | Indicate which corrective action |
|---------------------------|------------------------------|----------------------------------|
| N/A                       | 14. Other                    | Other (free text)                |

### Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

### Question 8: Tolerable Rate

*Do you believe the program has reached a tolerable rate of improper payments?*

| Indicate Yes or No |
|--------------------|
| NO                 |

### Question 8 Free Text: Tolerable Rate

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

### Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 1. Internal Controls   |

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 2. Human Capital       |
| YES                    | 3. Information Systems |
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

**Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

PLTSS does not have additional program needs.

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| Indicate identified root cause        | Indicate corrective action(s) taken                | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---------------------------------------|--|---|---|
| 1. Program Design or Structural Issue | 4-Change Process (instructions, checklist, policy) | FY2020 Q3   |   |

**Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Program Design or Structural Issue: Through the implementation of the MISSION Act, specifically related to Veteran Care Agreements (VCA), the Program Office and Office of Community Care clarified delegation of authority through the issuance of a memorandum and convert individual authorizations to VCA's. This ensured those making referrals had proper delegation and not ordering services greater than \$10,000 per standard episode of care.  
Completion Date: June 2020

**Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| Indicate identified root cause                              | Indicate planned corrective action(s)              | Select the planned completion date for action(s) program will take | Other planned completion date |
|---|--|--|-------------------------------|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                                  | FY2021   |                               |
| 13. Insufficient Documentation to Determine                 | Other (free text)                                  | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 1-Automation                                       | FY2021   |                               |

**Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Program Design or Structural Issue: The Geriatrics and Extended Care Office (GEC) will define the process to ensure individuals have the authority to authorize purchases. Target Completion Date (TCD): November 2020

Administrative or Process Error Made by: Federal Agency: GEC will monitor monetary loss errors related to lack of authorization, incorrect vendor, and services not received; follow up with the stations and vendors; and create bills of collections when needed. TCD: May 2021

Insufficient Documentation to Determine: GEC will establish points of contact for each field office and coordinate PIIA formal education and training on documentation requirements that lead to improper payments. Additionally, GEC will hold concurrence meetings with field offices to discuss preliminary improper payments determinations and obtain additional documentation to reduce documentation errors. TCD: May 2021

Administrative or Process Error Made by: Federal Agency: GEC will mandate the use of a new rate schedule, via automation, standardizing the approach to reimbursement that addresses errors related to claims not paid according to contract or paid lesser of billed charge or VA fee schedule. TCD: July 2021



Program Design or Structural Issue: Through the implementation of the MISSION Act, specifically related to the Community Care Network contract, the Program Office and Office of Community Care will change the process for making referrals that reduce ordering officer delegation and individual authorization errors. TCD: September 2021

High Priority Reporting: Due to PLTSS reporting over \$2 billion of improper payments in FY 2019, the program was required under the President's Management Agenda Cross Agency Priority Goal 9 to report quarterly on activities and accomplishments that reduce monetary loss. Those activities and accomplishments can be found at [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). GEC has remained committed to actions that reduce monetary loss and continues to tailor corrective actions to reduce improper payments.

**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

| Indicate compliant or non-compliant | Compliance criteria                                      |
|-------------------------------------|--|
| Non-Compliant                       | 6. Report a gross Improper Payment Rate of Less than 10% |

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's response to the OIG's Report can be found in VA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2019 report beginning on page 18 <https://www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf>

**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

**Indicate consecutive years**

5

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*

| Indicate root cause   | Indicate planned corrective actions                |
|---|--|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                                  |
| 13. Insufficient Documentation to Determine                 | Other (free text)                                  |
| 9. Administrative or Process Errors Made by: Federal Agency | 1-Automation                                       |

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Please refer to descriptions of corrective actions in Questions 10 and 11 as applicable.

**Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- *The measurable milestones to be accomplished*

- *The senior executive agency official responsible*
- *Establishment of an accountability mechanism*
- *Incentives*
- *Consequences*

| <b>Measurable milestones</b>   | <b>Target Date</b> | <b>If other date, please specify</b> | <b>Senior Executive Agency Official</b>                              | <b>Accountability Mechanism</b>  | <b>Incentives</b>   | <b>Consequences</b>   |
|--|--------------------|--------------------------------------|--|--|---|---|
| Measurable milestones with target completion dates are discussed in response to Questions 10 and 11. | FY2021             |                                      | Associate Executive Director, Office of Geriatrics and Extended Care | The Senior Accountable Official's performance plan includes measurable metrics to reduce future improper payments. | A performance metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. | A performance metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. |

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| <b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b> | <b>Has the DNP reduced/prevented improper payments (yes/no)</b> | <b>How frequently are corrections made?</b> | <b>How frequently is incorrect information identified?</b> |
|--|---|---|--|
| YES  | YES   | Monthly                                     | Monthly  |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## Supplies and Materials

### Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- Meeting applicable improper payments reduction targets;*
- Preventing improper payments from being made; and*
- Promptly detecting and recovering improper payments that are made.*

| Performance Appraisal Criteria                              |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

### Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The Supplies and Materials designated program Senior Accountable Official (SAO) is accountable for ensuring execution of corrective action plans, meeting reduction targets, and establishing and maintaining sufficient internal controls that prevent, detect, and recover improper payments. The SAO's performance plan includes measurable metrics to reduce future improper payments and are outlined in Questions 2, 10, and 11.

**Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                  | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>  | <b>Select the actual completion date for action(s) taken</b> |
|---|--|--|--|
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy)             | VHA Procurement and Logistics Office (P&LO) researched large dollar contract programs where improvements could be made in monitoring and payment approvals. P&LO conducted site visits to identify variations and improve payment processes. | FY2020 Q1  |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Supplies and Materials utilizes the FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, Supplies and Materials payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or

collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the Supplies and Materials program are discussed in response to Question 2.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| Cost Prohibitive (Yes/No) | Indicate Root Cause if known | Indicate which corrective action |
|---------------------------|------------------------------|----------------------------------|
| N/A                       | 14. Other                    | Other (free text)                |

### Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

### Question 8: Tolerable Rate

*Do you believe the program has reached a tolerable rate of improper payments?*

| Indicate Yes or No |
|--------------------|
| NO                 |

### Question 8 Free Text: Tolerable Rate

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

### Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 1. Internal Controls   |

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 2. Human Capital       |
| YES                    | 3. Information Systems |
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

**Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Supplies and Materials does not have additional program needs.

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| Indicate identified root cause                              | Indicate corrective action(s) taken                | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|--|---|---|
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2020 Q3   |   |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                                  | Other   | 08/20/2020                                |

**Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Insufficient Documentation to Determine: The VHA Office of Finance issued a memorandum to the PIIA points of contact listing their responsibilities and reporting requirements. The Procurement and Logistics Office (P&LO) also created a concurrence process and met with field offices to obtain additional documentation. Completion Date: May 2020

Administrative or Process Error Made by Federal Agency: P&LO worked with the VHA Office of Finance to provide training on common improper payment findings and the process of



checking the invoice and contract to ensure correct vendor is paid. Completion Date: August 2020

### Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| Indicate identified root cause                              | Indicate planned corrective action(s)              | Select the planned completion date for action(s) program will take | Other planned completion date |
|---|--|--|-------------------------------|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2022   |                               |

### Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Program Design or Structural Issue: VHA P&LO will monitor the use of compliant contracts. Target Completion Date (TCD): May 2021

Administrative or Process Error Made by: Federal Agency/Insufficient Documentation to Determine: P&LO will identify remedies for payment errors not made in accordance with the contract such as: restructuring existing contracts, including national contracts; requiring secondary level of approval on invoices by contract specialists prior to payment; implementing ordering systems; and rejecting invoices that do not comply with contract requirements. TCD: December 2021

Program Design or Structural Issue: P&LO will work with OAL, Office of Management, and the Senior Procurement Council to ensure ordering processes include documentation required for improper payment testing, thus reducing improper payments. TCD: December 2021

Insufficient Documentation to Determine/Program Design or Structural Issue: P&LO created an annual ongoing recurring concurrence process to meet with field offices to obtain additional documentation. TCD: August 2022

**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

| Indicate compliant or non-compliant | Compliance criteria                                      |
|-------------------------------------|--|
| Non-Compliant                       | 6. Report a gross Improper Payment Rate of Less than 10% |

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's response to the OIG's Report can be found in VA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2019 report beginning on page 18 at <https://www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf>

.

**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

| Indicate consecutive years |
|----------------------------|
| 5                          |

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*

| Indicate root cause   | Indicate planned corrective actions                |
|---|--|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) |

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Please refer to descriptions of corrective actions in Questions 10 and 11 as applicable. As a result of implementing corrective actions, the Supplies and Materials program reduced its improper payment rate by 12.65 percent from FY19 to FY20, is reporting an error rate under 10 percent, and decreased improper payments by \$326 million.

**Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

| Measurable milestones   | Target Date | If other date, please specify | Senior Executive Agency Official             | Accountability Mechanism   | Incentives  | Consequences  |
|---|-------------|-------------------------------|--|--|---|---|
| Measurable milestones with target completion dates are discussed in response to Questions 10 and 11 | FY2022      |                               | Executive Director Procurement and Logistics | The Senior Accountable Official's performance plan includes measurable metrics to reduce future improper payments. | A performance metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. | A performance metric by design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. |

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| Does the program use the Do Not Pay Initiative (DNP) (yes/no) | Has the DNP reduced/prevented improper payments (yes/no) | How frequently are corrections made? | How frequently is incorrect information identified? |
|---|--|--------------------------------------|---|
| YES   | YES  | Monthly                              | Monthly   |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report,

OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury's DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## Prosthetics

### Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Please describe the steps the agency has taken to detect and recover improper payments.*

| Indicate root cause  | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text)  | Select the actual completion date for action(s) taken |
|--|---|---|---|
| 9. Administrative or Process Errors<br>Made by: Federal Agency | 3-Training (how to complete contracts)                  | The Prosthetic and Sensory Aids Service reviewed specific errors and used practical examples during formal training to support a firm and sound understanding of the cause of error and actions required to support a proper payment. | FY2020 Q1   |

### Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Prosthetics utilizes the FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, Prosthetics payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the Prosthetics program are discussed in response to Question 2.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

**Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

**Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| <b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b> | <b>Has the DNP reduced/prevented improper payments (yes/no)</b> | <b>How frequently are corrections made?</b> | <b>How frequently is incorrect information identified?</b> |
|--|---|---|--|
| YES  | YES   | Monthly                                     | Monthly  |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued "Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended." Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury's DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed

payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

## Pension

### Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

| Performance Appraisal Criteria                              |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

### Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Meeting applicable improper payments reduction targets – The Pension Senior Accountable Official (SAO) is responsible for executing corrective actions plans in order to meet applicable improper payments reduction targets. Such execution is a critical component of leadership’s annual performance plan. Annual Special Focused Reviews (SFRs) are performed in addition to monthly national quality reviews to ensure accurate claims processing and issuance of correct benefit payment. The National Training Curriculum (NTC) is regularly updated for claims processors with mandated and refresher training exercises. Necessary manual updates are made to reflect the most recent changes to procedures and policies.

Preventing improper payments from being made – The Pension SAO is responsible for ensuring proper internal controls are in place to ensure the detection and prevention of improper



payments. This includes annual training based on error trends identified during monthly national quality reviews, SFRs and annual site visits, as well as efforts to automate the Pension process to reduce human error. An updated data feed from the Social Security Administration (SSA) to share income information is also being pursued to reduce the usage of incorrect financial data. The SSA Death Master File (DMF) is utilized to suspend running awards of beneficiaries who are reported to have passed away. The SSA DMF is also used to identify dependents on awards of Veteran and Survivor beneficiaries to ensure timely action is taken to prevent improper payments. Internal Revenue Service (IRS) Federal Tax Information (FTI) is used to verify income via upfront verification on all original awards.

Promptly detecting and recovering improper payments that are made – The Pension SAO is responsible for ensuring that all payments are accurately issued and, when necessary, correction and recovery of improper payments are expeditiously made. This is a critical component of leadership’s annual performance plan. This is achieved via monthly national quality reviews, SFRs and annual site visits. Refinement of the automated annual cost of living adjustment is also underway to ensure more accurate adjustments are made. The SSA DMF is used to promptly detect improper payments after the death of a claimant or dependent on a beneficiary’s award. Based on a 100 percent match of information benefits are automatically suspended with a due process notice being generated and released. Upon receipt of response or nonresponse benefits are terminated preventing further overpayment of benefits.

## **Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                  | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>   | <b>Select the actual completion date for action(s) taken</b> |
|---|--|---|--|
| 4. Failure to Verify: Death Data                            | 1-Automation   | Pension implemented the SSA Death Match process to include a match on Veteran and Survivor beneficiary dependent information. Batch processing utilized automatic due process issuance based on 100 percent match of information. | FY2020 Q2  |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)  | Pension conducted Special Focus Reviews (SFRs) to ensure claims processors apply proper policies and procedures in making accurate decisions. Reviews also  | Other  |

| Indicate root cause                   | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text)   | Select the actual completion date for action(s) taken |
|---------------------------------------|---|--|---|
|                                       |   | determined if a recipient received newly unreported income.  |   |
| 1. Program Design or Structural Issue | 1-Automation  | Pension conducted detailed Cost of Living Adjustment (COLA) testing before the COLA was applied to award payments to ensure the update went through properly. All award actions were paused during the weekend of the COLA installation, so that additional awards were not missed. As part of the COLA process, many received automated due process letters. Finally, workload tracking (i.e. end products) was automatically created when errors in the COLA process were found to be individually remediated. | Other   |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VBA uses quality reviews to identify possible duplicates and overpayments. VBA performs quality reviews on randomly selected cases that ensure eligibility determinations, proper case processing, and payment accuracy. VBA also uses monthly and quarterly payment reviews to identify possible duplicates and overpayments. VBA tracks, monitors, and recovers most overpayments eligible for recovery through efforts of the Debt Management Center (DMC). Once a debt has been established, it is referred to DMC, which pursues the collection of all debts through lump-sum offset from current or future benefit payments or by installment payments agreed upon by the debtor. If DMC cannot collect the debt, the delinquent debt is referred to the Treasury Offset Program (TOP) for collection.

VBA local offices are also responsible for establishing and collecting debts where the debt is not currently handled by DMC. For monetary loss identified, VBA determines collectability and, if needed, establishes a debt in the core financial management system.

In accordance with 38 U.S.C. § 5302, VBA may waive benefit debts arising from participation in a benefit program when collection would be against equity and good conscience and no evidence exists of fraud, misrepresentation, or bad faith. VBA will notify the debtor of his or her rights and remedies and the consequences of failure to cooperate with collection efforts. The debtor has the right to dispute the existence or amount of the debt or to request a waiver from collection of the debt.

In FY20 Compensation/Pension/DIC identified \$1,683M and recovered \$1,138M outside of payment recapture audits.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the Pension program are discussed in response to Question 2. In FY 2020 Compensation/Pension/DIC identified \$0.30 million through payment recapture audit activities and recovered \$.03 million.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| <b>Cost Prohibitive (Yes/No)</b> | <b>Indicate Root Cause if known</b> | <b>Indicate which corrective action</b> |
|----------------------------------|-------------------------------------|---|
| N/A                              | 14. Other                           | Other (free text)                       |

### **Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

### **Question 8: Tolerable Rate**

*Do you believe the program has reached a tolerable rate of improper payments?*

| <b>Indicate Yes or No</b> |
|---------------------------|
| NO                        |

### **Question 8 Free Text: Tolerable Rate**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

### **Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| <b>Indicate 'yes' or 'no'</b> | <b>Indicate program needs</b> |
|-------------------------------|-------------------------------|
| YES                           | 1. Internal Controls          |
| YES                           | 2. Human Capital              |
| YES                           | 3. Information Systems        |

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

**Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Pension has the resources needed.

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| Indicate identified root cause                              | Indicate corrective action(s) taken | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|-------------------------------------|---|---|
| 4. Failure to Verify: Death Data                            | 1-Automation                        | FY2020 Q2   |   |
| 5. Failure to Verify: Financial Data                        | Other (free text)                   | Other   | 09/30/2020                                |
| 5. Failure to Verify: Financial Data                        | Other (free text)                   | Other   | 09/30/2020                                |
| 5. Failure to Verify: Financial Data                        | Other (free text)                   | Other   | 09/30/2020                                |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                   | Other   | 09/30/2020                                |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                   | Other   | 09/30/2020                                |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                   | Other   | 09/30/2020                                |
| 5. Failure to Verify: Financial Data                        | 1-Automation                        | Other   | 09/30/2020                                |

| Indicate identified root cause              | Indicate corrective action(s) taken | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|-------------------------------------|---|---|
| 13. Insufficient Documentation to Determine | Other (free text)                   | Other   | 09/30/2020                                |

### Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Pension made multiple improvements as required by PIIA to reduce improper payments during FY 2020. Specifically, corrective action implementation resulted in decreases totaling \$66M for 3 error categories that result in improper payments.

Failure to Verify: Death Data: Pension implemented the use of SSA Death Master File (DMF) to identify deceased dependents on running awards that allows VA to remove deceased dependents from Veteran's award in a timely manner and reduce overpayment of benefits. Target Completion Date (TCD): January 10, 2020

Failure to Verify: Financial Data: Pension conducted monthly national quality reviews and disseminated findings to the PMCs. The corrective action is repetitive. TCD: 9/30/2020

Failure to Verify: Financial Data: Pension completed annual special focused reviews (SFRs) and disseminated findings to the PMCs. The corrective action is repetitive. TCD: 9/30/2020

Failure to Verify: Financial Data: The Pension program uses Internal Revenue Service (IRS) Federal Tax Information (FTI) to verify income via upfront verification on all original awards. The corrective action is repetitive. TCD: 9/30/2020

Administrative or Process Errors Made By: Federal Agency: Pension updated the National Training Curriculum to be in alignment with current procedures and processes. Provided mandated refresher training to employees to ensure proper claims processing and timely award adjustments were made. The corrective action is repetitive. TCD: 9/30/2020

Administrative or Process Error Made by Federal Agency: Pension reviewed policies and procedures to identify any necessary updates or changes needed to align with current claims processing practices. Pension ensured Veterans Service (VSRs) Representatives were following appropriate guidance. The corrective action is repetitive. TCD: 9/30/2020

Administrative or Process Error Made by Federal Agency: Pension performed site visits at Pension Management Centers to ensure timely award adjustments were made for the correct amount. The corrective action is repetitive. TCD: 9/30/2020

Failure to Verify: Financial Data: Pension tested automatic Cost of Living Adjustment (COLA) adjustments to ensure defects were addressed before implementation. This procedure resulted in reduction of manual COLA adjustments being made at the PMCs. It also ensured COLA adjustments were made at the proper payment rate which reduced the chance of improper payments. The corrective action is repetitive. TCD: 9/30/2020

Insufficient Documentation: Pension completed quality reviews to ensure all documentation is of record in the eFolder. TCD: 9/30/2020

### **Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| <b>Indicate identified root cause</b>                       | <b>Indicate planned corrective action(s)</b> | <b>Select the planned completion date for action(s) program will take</b> | <b>Other planned completion date</b> |
|---|--|---|--------------------------------------|
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                            | Other (select date)   | 09/30/2021                           |
| 5. Failure to Verify: Financial Data                        | 1-Automation                                 | Other (select date)   | 09/30/2021                           |
| 5. Failure to Verify: Financial Data                        | 1-Automation                                 | Other (select date)   | 09/30/2021                           |
| 5. Failure to Verify: Financial Data                        | 5-Cross Enterprise Sharing                   | Other (select date)   | 09/30/2021                           |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                            | Other (select date)   | 09/30/2021                           |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                            | Other (select date)   | 09/30/2021                           |
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                            | Other (select date)   | 06/30/2021                           |
| 5. Failure to Verify: Financial Data                        | Other (free text)                            | Other (select date)   | 06/30/2021                           |
| 5. Failure to Verify: Financial Data                        | 1-Automation                                 | Other (select date)   | 09/30/2021                           |

## Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Pension has the following corrective actions planned:

Administrative or Process Errors Made By: Federal Agency and Failure to Verify: Financial Data: Other Reason: Pension conducts monthly national quality reviews, annual Special Focused Reviews (SFRs) and annual site visits to ensure claims processors apply proper policies and procedures in making decisions. Target Completion Date (TCD): 9/30/2021

Failure to Verify: Financial Data: Pension performs weekly automatic SSA Death Master File matches to identify beneficiaries or dependents who have passed away for appropriate award termination or adjustment. Data mismatches are automatically sent to the field for manual review and appropriate action to ensure all cases are reviewed timely. TCD: 9/30/2021

Failure to Verify: Financial Data: Pension conducts detailed Cost of Living Adjustment (COLA) testing before the COLA is applied to all award payments to ensure the update goes through properly. All award actions are paused during the weekend of the COLA installation, so that additional awards are not missed. As part of the COLA process, many receive automated due process letters. Finally, workload tracking is automatically created when errors in the COLA process are found to be individually remedied. TCD: 9/30/2021

Administrative or Process Errors Made By: Federal Agency: Pension will develop and deliver a nationally mandated training curriculum for new hires (Pension Virtual and In-Person Progression (VIP) Training). TCD: June 2021

Administrative or Process Errors Made By: Federal Agency: Pension updated National Training Curriculum to be in alignment with current procedures and processes. Provided mandated refresher training to employees to ensure proper claims processing and timely award adjustments were made. TCD: 9/30/2021

Administrative or Process Error Made by Federal Agency: Pension reviewed policies and procedures to identify necessary updates or changes needed to align with current claims processing practices. Pension ensured VSRs were following appropriate guidance. TCD: 9/30/2021

Failure to Verify: Financial Data: Pension automation is being developed to help modernize the pension claims process by injecting automated decision-making and process improvements. TCD: June 2021

Failure to Verify: Financial Data: Pension will re-establish the SSA Income Match to identify when beneficiaries begin to receive or have changes in SSA income. TCD: September 2021



High Priority Reporting: Due to Pension reporting over \$100 million of improper payments in FY 2019, the program was required under the President's Management Agenda Cross Agency Priority Goal 9 to report quarterly on activities and accomplishments that reduce monetary loss. Those activities and accomplishments can be found at [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). Pension has remained committed to actions that reduce monetary loss and continues to tailor corrective actions to reduce improper payments.

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A – Pension was deemed compliant for FY 2019.

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A – Pension was deemed compliant for FY 2019.

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| <b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b> | <b>Has the DNP reduced/prevented improper payments (yes/no)</b> | <b>How frequently are corrections made?</b> | <b>How frequently is incorrect information identified?</b> |
|--|---|---|--|
| YES  | YES   | Monthly                                     | Monthly  |

### **Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

As part of VBA’s DNP activities, multiple internal and external activities outside the DNP Portal are in place that focus on the prevention of overpayments. VBA receives continuous information from several Federal agencies, which it uses to verify the status of VA beneficiaries. The following describes these agreements:

**Fugitive Felon Match** – OIG enters into computer matching agreements (CMAs) with law enforcement agencies for matching lists of individuals with felony arrest warrants against VA records to identify beneficiaries that might be fugitive felons. Matches are researched for accuracy and benefits are adjusted as per applicable regulations.

**Social Security Verification Match** – Once a year, the Social Security Administration (SSA) provides information on SSA rates for recipients of VA Pension and Parents’ DIC to verify reported income.

**SSA Prison Match** – Under an Information Exchange Agreement (IEA), SSA provides VA with information on state prisoners. Periodically, data from Compensation and Pension (C&P) records are run against SSA’s inmate database to identify VA beneficiaries who may be subject to reduction or termination of benefits,

**Bureau of Prisons (BOP) Match** – BOP provides VBA with information on Federal prisoners. On a monthly basis, C&P files are matched with BOP’s inmate database to identify federal incarcerated beneficiaries, which may require a reduction or termination of benefits.

Social Security DMF – SSA compiles death information into a system of record called the DMF. On a weekly basis, C&P master records are matched with the DMF to identify possibly deceased beneficiaries in order to terminate benefits. The DMF is also matched to identify any dependents of beneficiaries who have passed away to adjust awards as appropriate.

For this reporting period, VBA identified a total of 130,600 matches for SSA Death Master File (DMF) and 39,402 matches for incarceration to determine whether due process is required by 38 CFR § 3.103 - Procedural due process and other rights would be needed in order to stop the payment.

## Dependency and Indemnity Compensation (DIC)

### Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Please describe the steps the agency has taken to detect and recover improper payments.*

| Indicate root cause                  | Indicate mitigation strategy/corrective action(s) taken | Provide any additional detail (optional free text)   | Select the actual completion date for action(s) taken |
|--------------------------------------|---|--|---|
| 5. Failure to Verify: Financial Data | 4-Change Process (instructions, checklist, policy)      | DIC completed monthly Quality Management System (QMS) reviews to help identify possible income changes not reported by Veteran or beneficiary. | Other   |

### Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VBA uses quality reviews to identify possible duplicates and overpayments. VBA performs quality reviews on randomly selected cases that ensure eligibility determinations, proper case processing, and payment accuracy. VBA also uses monthly and quarterly payment reviews to identify possible duplicates and overpayments. VBA tracks, monitors, and recovers most overpayments eligible for recovery through efforts of the Debt Management Center (DMC). Once a debt has been established, it is referred to DMC, which pursues the collection of all debts through lump-sum offset from current or future benefit payments or by installment payments agreed upon by the debtor. If DMC cannot collect the debt, the delinquent debt is referred to the Treasury Offset Program (TOP) for collection.

VBA local offices are also responsible for establishing and collecting debts where the debt is not currently handled by DMC. For monetary loss identified, VBA determines collectability and, if needed, establishes a debt in the core financial management system.

In accordance with 38 U.S.C. § 5302, VBA may waive benefit debts arising from participation in a benefit program when collection would be against equity and good conscience and no evidence exists of fraud, misrepresentation, or bad faith. VBA will notify the debtor of his or her rights and remedies and the consequences of failure to cooperate with collection efforts. The debtor has the right to dispute the existence or amount of the debt or to request a waiver from collection of the debt.

In FY20 Compensation/Pension/DIC identified \$1,683M and recovered \$1,138M outside of payment recapture audits.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the DIC program are discussed in response to Question 2. In FY 2020 Compensation/Pension/DIC identified \$0.30 million through payment recapture audit activities and recovered \$.03 million.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

## Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| <b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b> | <b>Has the DNP reduced/prevented improper payments (yes/no)</b> | <b>How frequently are corrections made?</b> | <b>How frequently is incorrect information identified?</b> |
|--|---|---|--|
| YES  | YES   | Monthly                                     | Monthly  |

## Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

As part of VBA’s DNP activities, multiple internal and external activities outside the DNP Portal are in place that focus on the prevention of overpayments. VBA receives continuous information from several Federal agencies, which it uses to verify the status of VA beneficiaries. The following describes these agreements:

Fugitive Felon Match – OIG enters into computer matching agreements (CMAs) with law enforcement agencies for matching lists of individuals with felony arrest warrants against VA records to identify beneficiaries that might be fugitive felons. Matches are researched for accuracy and benefits are adjusted as per applicable regulations.

Social Security Verification Match – Once a year, the Social Security Administration (SSA) provides information on SSA rates for recipients of VA pension and Parents’ DIC to verify reported income.

SSA Prison Match – Under an Information Exchange Agreement (IEA), SSA provides VA with information on state prisoners. Periodically, data from Compensation and Pension (C&P) records are run against SSA’s inmate database to identify VA beneficiaries who may be subject to reduction or termination of benefits

Bureau of Prisons (BOP) Match – BOP provides VBA with information on Federal prisoners. On a monthly basis, C&P files are matched with BOP’s inmate database to identify federal incarcerated beneficiaries, which may require a reduction or termination of benefits.

Social Security DMF – SSA compiles death information into a system of record called the DMF. On a weekly basis, C&P master records are matched with the DMF to identify possibly deceased beneficiaries in order to terminate benefits. The DMF is also matched to identify any dependents of beneficiaries who have passed away to adjust awards as appropriate.

For this reporting period, VBA identified a total of 130,600 matches for SSA Death Master File (DMF) and 39,402 matches for incarceration to determine whether due process is required by 38 CFR § 3.103 - Procedural due process and other rights would be needed in order to stop the payment.

## VA Community Care

### Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

| Performance Appraisal Criteria                              |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

### Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The VA Community Care (VACC) designated program Senior Accountable Official (SAO) is accountable for ensuring execution of corrective action plans, meeting reduction targets, and establishing and maintaining sufficient internal controls that prevent, detect, and recover improper payments. The SAO's performance plan includes measurable metrics to reduce future improper payments and are outlined in Questions 2, 10, and 11.

**Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>   | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>   | <b>Select the actual completion date for action(s) taken</b> |
|--|--|---|--|
| 9.<br>Administrative or Process Errors<br>Made by:<br>Federal Agency | 1-Automation   | Office of Community Care (OCC) implemented the remaining Medicare Fee Schedules into VA's Fee Basis Claims System. Schedules include: -Durable Medical Equipment, Prosthetics/Orthotics, and Supplies -Home Health Prospective Payment System   | FY2019 Q4  |
| 9.<br>Administrative or Process Errors<br>Made by:<br>Federal Agency | 4-Change Process (instructions, checklist, policy)             | OCC significantly decreased allowance of bulk payments and instead processed third party administered reimbursements using adjudication logic to strengthen internal controls and mitigate payment processing errors.   | FY2019 Q4  |
| 9.<br>Administrative or Process Errors<br>Made by:<br>Federal Agency | 4-Change Process (instructions, checklist, policy)             | With the implementation of the MISSION Act all community care is now purchased using Veteran Care Agreements (VCA), the Community Care Network (CCN) contract, Patient-Centered Community Care, or local contracts. This will increase payment accuracy and decrease monetary loss in the VACC program. | FY2020 Q1  |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*



VACC utilizes the FSC, a franchise fund (fee-for-service) organization, to provide required recapture recovery services. FSC's recapture and recovery program is focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually.

In FY 2020, VACC payments were included in the FSC review, which totaled \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

In FY 2020, OCC recovered \$26,992 in recoveries in prior year recovery audit contracts. OCC has awarded a new recovery audit contract which is currently in the process of securing an authority to operate. The new contractor will begin auditing claims for the VACC, CHAMPVA and Spina Bifida Health Care programs in FY 2021.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**



*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

**Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

**Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

| Cost Prohibitive (Yes/No) | Indicate Root Cause if known | Indicate which corrective action |
|---------------------------|------------------------------|----------------------------------|
| N/A                       | 14. Other                    | Other (free text)                |

**Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

The program continues to prioritize improper payments and work corrective actions.

**Question 8: Tolerable Rate**

*Do you believe the program has reached a tolerable rate of improper payments?*

| Indicate Yes or No |
|--------------------|
| NO                 |

**Question 8 Free Text: Tolerable Rate**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA continues to prioritize the reduction of improper payments and implementing appropriate corrective actions.

**Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

| Indicate 'yes' or 'no' | Indicate program needs |
|------------------------|------------------------|
| YES                    | 1. Internal Controls   |
| YES                    | 2. Human Capital       |
| YES                    | 3. Information Systems |
| YES                    | 4. Resources           |
| N/A                    | 5. Other: Explain      |

**Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VACC does not have additional program needs.

**Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))**

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

| Indicate identified root cause                              | Indicate corrective action(s) taken                | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|--|---|---|
| 9. Administrative or Process Errors Made by: Federal Agency | 1-Automation                                       | FY2019 Q4   |   |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) | FY2019 Q4   |   |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2019 Q4   |   |

| Indicate identified root cause                              | Indicate corrective action(s) taken                | Select the actual completion date for action(s) taken | If other completion date, please indicate |
|---|--|---|---|
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2019 Q4   |   |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) | FY2020 Q1   |   |
| 13. Insufficient Documentation to Determine                 | 4-Change Process (instructions, checklist, policy) | FY2020 Q1   |   |
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2020 Q2   |   |

### Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Administrative or Process Error Made by Federal Agency: OCC implemented the remaining Medicare Fee Schedules into VA's Fee Basis Claims System. Schedules included:

-Durable Medical Equipment, Prosthetics/Orthotics, and Supplies

-Home Health Prospective Payment System

Completion Date: July 2019

Administrative or Process Error Made by: Federal Agency: OCC significantly decreased bulk payments and instead processed third party administered reimbursements using adjudication logic to strengthen internal controls and mitigate payment processing errors. Completion Date: August 2019

Insufficient Documentation to Determine: OCC implemented a 72-hour notification process for community emergency care to include generating a consult that will prompt the need for an authorization. Completion Date: September 2019

Program Design or Structural Issue: With the implementation of the MISSION Act, all community care is now purchased using a VCA, the CCN contract, Patient-Centered Community Care, or local contracts. This will eliminate the error of care purchased outside of a formal contract. Completion Date: September 2019

Administrative or Process Error Made by Federal Agency/Insufficient Documentation to Determine: With the implementation of the MISSION Act on June 6, 2019, all community care is now purchased using a VCA, the CCN contract, or local contracts. This will increase payment accuracy and decrease monetary loss in the VACC program. Completion Date: December 2019

Program Design or Structural Issue: OCC implemented a process to verify staff have designated authority to obligate VACC services. VHA OCC program management staff implemented central electronic storage of facility Delegation of Authority Medical Services (DOAMS) lists. The facility Chief of Staff annually reviews all services listed on the DOAMS list template and designates the appropriate delegation of authority. Completion Date: January 2020

### Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

| Indicate identified root cause                              | Indicate planned corrective action(s)              | Select the planned completion date for action(s) program will take | Other planned completion date |
|---|--|--|-------------------------------|
| 9. Administrative or Process Errors Made by: Federal Agency | Other (free text)                                  | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 1. Program Design or Structural Issue                       | 4-Change Process (instructions, checklist, policy) | FY2021   |                               |
| 13. Insufficient Documentation to Determine                 | Other (free text)                                  | FY2021   |                               |
| 9. Administrative or Process Errors Made by: Federal Agency | 6-Audit (improve IC)                               | FY2021   |                               |
| 1. Program Design or Structural Issue                       | 1-Automation                                       | FY2021   |                               |

### Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Administrative or Process Error Made by: Federal Agency: OCC will utilize current quality review processes to identify incorrect adjudication trends and apply training/guidance based on findings. Target Completion Date (TCD): November 2020

Administrative or Process Error Made by: Federal Agency/Program Design or Structural Issue: OCC will transition to improved automation, which will mitigate payment system and payment processing errors due to additional internal controls. TCD: November 2020

Insufficient Documentation to Determine: OCC will clarify guidance regarding eligibility and program selection when adjudicating claims and review claims processed for appropriate eligibility and program selections. TCD: November 2020

Administrative or Process Error Made by: Federal Agency: OCC will obtain root cause analysis from vendors for incorrect billing vendor errors and track corrective actions through completion. TCD: January 2021

Program Design or Structural Issue: OCC will close out the Patient-Centered Community Care contract. All future care in the community will be purchased through a VCA, the CCN, and local contracts. TCD: March 2021

Administrative or Process Error Made by: Federal Agency/Program Design or Structural Issue: OCC will create a centralized emergency care authorization process for reporting and approving emergent care. TCD: September 2021

Program Design or Structural Issue: OCC will use an industry-standard referral and authorization system incorporating portal functionality to prepare and complete all referrals and authorizations prior to the Veteran receiving care. The system enables information sharing between VA staff and community providers and appropriate documentation is available to support Veteran eligibility and authorization of services; therefore, decreasing instances of improper payments. TCD: September 2021

High Priority Reporting: Due to VACC reporting over \$100 million of improper payments in FY 2019, the program was required under the President's Management Agenda Cross Agency Priority Goal 9 to report quarterly on activities and accomplishments that reduce monetary loss. Those activities and accomplishments can be found at [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). VACC has remained committed to actions that reduce monetary loss and continues to tailor corrective actions to reduce improper payments.

**Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

| Indicate compliant or non-compliant | Compliance criteria |
|-------------------------------------|---------------------|
|-------------------------------------|---------------------|

| Indicate compliant or non-compliant | Compliance criteria                                      |
|-------------------------------------|--|
| Non-Compliant                       | 6. Report a gross Improper Payment Rate of Less than 10% |

**Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's response to the OIG's Report can be found in VA's Compliance with the Improper Payments Elimination and Recovery Act for Fiscal Year 2019 report beginning on page 18 at <https://www.va.gov/oig/pubs/VAOIG-19-09563-142.pdf>

**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

| Indicate consecutive years |
|----------------------------|
| 5                          |

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*

| Indicate root cause | Indicate planned corrective actions |
|---------------------|-------------------------------------|
|---------------------|-------------------------------------|

| Indicate root cause  | Indicate planned corrective actions                   |
|--|---|
| 9. Administrative or Process Errors Made by:<br>Federal Agency | Other (free text)                                     |
| 9. Administrative or Process Errors Made by:<br>Federal Agency | 4-Change Process (instructions,<br>checklist, policy) |
| 1. Program Design or Structural Issue                          | 4-Change Process (instructions,<br>checklist, policy) |
| 13. Insufficient Documentation to Determine                    | Other (free text)                                     |
| 9. Administrative or Process Errors Made by:<br>Federal Agency | 6-Audit (improve IC)                                  |
| 1. Program Design or Structural Issue                          | 1-Automation  |

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Please refer to descriptions of corrective actions in Questions 10 and 11 as applicable. As a result of implementing corrective actions, the VACC program reduced its improper payment rate by 13.82 percent from FY19 to FY20 and decreased monetary loss by \$300 million.

**Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

| Measurable milestones             | Target Date | If other date, please specify | Senior Executive Agency Official | Accountability Mechanism          | Incentives              | Consequences                       |
|-----------------------------------|-------------|-------------------------------|----------------------------------|-----------------------------------|-------------------------|------------------------------------|
| Measurable milestones with target | FY2021      |                               | Acting Deputy Under              | The Senior Accountable Official's | A performance metric by | A performance metric by design has |

| Measurable milestones  | Target Date | If other date, please specify | Senior Executive Agency Official       | Accountability Mechanism   | Incentives  | Consequences   |
|--|-------------|-------------------------------|--|--|---|--|
| completion dates are discussed in response to Questions 10 and 11. |             |                               | Secretary of Health for Community Care | performance plan includes measurable metrics to reduce future improper payments. | design has incentives and consequences for the SES as it is part of the VA SES Performance plan system. | incentives and consequences for the SES as it is part of the VA SES Performance plan system. |

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

N/A

**Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| Does the program use the Do Not Pay Initiative (DNP) (yes/no) | Has the DNP reduced/prevented improper payments (yes/no) | How frequently are corrections made? | How frequently is incorrect information identified? |
|---|--|--------------------------------------|---|
| YES   | YES  | Monthly                              | Monthly   |

**Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury’s DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow



payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

As part of VHA's DNP initiatives, multiple external activities outside the DNP Portal are in place that focus on the prevention of overpayments and are further described below.

Within VHA/OCC, the Department of Program Integrity leverages data, systems, and applications for the development of various controls to mitigate fraud, waste, and abuse and prevent improper payments.

Business Rules Cost Avoidance – OCC developed, tested, and deployed an additional 39 prepayment business rules. This implementation of duplicate logic has increased cost avoidance by 11.3% percent from \$13.1 million in FY 2019 to \$14.5 million in FY 2020.

Top Potential Duplicate Report (TPDR) – The TPDR is a manually generated report that flags high-dollar claims with paid amounts greater than \$1,000 for duplicate analysis. Through this process the field reviews the report and stops the payment as appropriate prior to disbursement. OCC avoided \$13.4 million of improper payments for FY 2020. OCC deployed duplicate logic in March 2019 expanding the scope and review of claims to \$250 and above, with an ultimate goal of eliminating TPDR reporting. A years-worth of data suggests that new duplicate business rules are having a significant impact showing an 8.2 percent increase in cost avoidance based on the total amount bill as compared to the total amount cost avoided. Data suggests that upfront automated logic is mitigating false positives while efficiently finding more duplicates within the claims process system and eliminating those claims from TPDR reporting altogether. Proportionately more dollars were cost avoided in FY 2020 as indicated by the data below:

FY 2019: Total billed \$103.7M, Total cost avoidance \$18.2M (17.5%)

FY 2020: Total billed \$52.3M, Total cost avoidance \$13.4M (25.7%)

See also the discussion of FSC reviews in the Agency-wide response found in the Payments to Federal Employees – Payroll program.

## **Education - Chapter 33 Compensation**

### **Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

| <b>Indicate root cause</b>                                     | <b>Indicate mitigation strategy/corrective action(s) taken</b> | <b>Provide any additional detail (optional free text)</b>   | <b>Select the actual completion date for action(s) taken</b> |
|--|--|---|--|
| 9. Administrative or Process Errors<br>Made by: Federal Agency | Other (free text)  | Compensation Service held monthly calls with field employees after conducting quality reviews to highlight error trends that will assist in preventing future instances of monetary loss. The calls are designed to assist field employees in correctly processing claims and claim reviewers in reviewing based on current guidance. | Other  |
| 9. Administrative or Process Errors<br>Made by: Federal Agency | Other (free text)  | Compensation Service provided procedural guidance and training to field employees for manually processing claims (i.e. dependency claims) in accordance with current regulations.   | Other  |
| 9. Administrative or Process Errors<br>Made by: Federal Agency | Other (free text)  | Compensation Service identified a new consistency study to be completed for temporary total evaluations in an effort to identify error trends and remediate monetary loss payments.   | FY2020 Q2  |

**Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VBA uses quality reviews to identify possible duplicates and overpayments. VBA performs quality reviews on randomly selected cases that ensure eligibility determinations, proper case processing, and payment accuracy. VBA also uses monthly and quarterly payment reviews to identify possible duplicates and overpayments. VBA tracks, monitors, and recovers most overpayments eligible for recovery through efforts of the Debt Management Center (DMC). Once a debt has been established, it is referred to DMC, which pursues the collection of all debts through lump-sum offset from current or future benefit payments or by installment payments

agreed upon by the debtor. If DMC cannot collect the debt, the delinquent debt is referred to the Treasury Offset Program (TOP) for collection.

VBA local offices are also responsible for establishing and collecting debts where the debt is not currently handled by DMC. For monetary loss identified, VBA determines collectability and, if needed, establishes a debt in the core financial management system.

In accordance with 38 U.S.C. § 5302, VBA may waive benefit debts arising from participation in a benefit program when collection would be against equity and good conscience and no evidence exists of fraud, misrepresentation, or bad faith. VBA will notify the debtor of his or her rights and remedies and the consequences of failure to cooperate with collection efforts. The debtor has the right to dispute the existence or amount of the debt or to request a waiver from collection of the debt.

In FY20 Compensation/Pension/DIC identified \$1,683M and recovered \$1,138M outside of payment recapture audits.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Recapture/recovery activities applicable to the Compensation program are discussed in response to Question 2. In FY 2020 Compensation/Pension/DIC identified \$0.30 million through payment recapture audit activities and recovered \$.03 million.

### **Question 4: Excluded Programs (PIIA Section: 3352(e) (7))**

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

Refer to VA's agency-wide response located under the PFE Payroll Program.

### **Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

| <b>Does the program use the Do Not Pay Initiative (DNP) (yes/no)</b> | <b>Has the DNP reduced/prevented improper payments (yes/no)</b> | <b>How frequently are corrections made?</b> | <b>How frequently is incorrect information identified?</b> |
|--|---|---|--|
| YES  | YES   | Monthly                                     | Monthly  |

### **Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued “Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended.” Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative (which encompasses Treasury’s DNP Portal and other agency-specific efforts). Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

As part of VBA’s DNP activities, multiple internal and external activities outside the DNP Portal are in place that focus on the prevention of overpayments. VBA receives continuous information from several Federal agencies, which it uses to verify the status of VA beneficiaries. The following describes these agreements:

Fugitive Felon Match – OIG enters into computer matching agreements (CMAs) with law enforcement agencies for matching lists of individuals with felony arrest warrants against VA records to identify beneficiaries that might be fugitive felons. Matches are researched for accuracy and benefits are adjusted as per applicable regulations.

SSA Prison Match – Under an Information Exchange Agreement (IEA), SSA provides VA with information on state prisoners. Periodically, data from Compensation and Pension (C&P) records are run against SSA’s inmate database to identify VA beneficiaries who may be subject to reduction or termination of benefits

Bureau of Prisons (BOP) Match – BOP provides VBA with information on Federal prisoners. On a monthly basis, C&P files are matched with BOP’s inmate database to identify federal incarcerated beneficiaries, which may require a reduction or termination of benefits.

Social Security DMF – SSA compiles death information into a system of record called the DMF. On a weekly basis, C&P master records are matched with the DMF to identify possibly deceased beneficiaries in order to terminate benefits. The DMF is also matched to identify any dependents of beneficiaries who have passed away to adjust awards as appropriate.

For this reporting period, VBA identified a total of 130,600 matches for SSA Death Master File (DMF) and 39,402 matches for incarceration to determine whether due process is required by 38 CFR § 3.103 - Procedural due process and other rights would be needed in order to stop the payment.

## **Disaster Relief Act - Hurricane Sandy**

### **Education**

#### **Education - Chapter 1606**

#### **Education - Chapter 1607**

### **Fee Program**

### **PFE Payroll**

## **Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- Meeting applicable improper payments reduction targets;*
- Preventing improper payments from being made; and*
- Promptly detecting and recovering improper payments that are made.*

| <b>Performance Appraisal Criteria</b>                       |
|---|
| meeting applicable improper payments reduction targets      |
| prevent improper payments from being made                   |
| promptly detect and recover improper payments that are made |

## **Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

VA's annual performance plans include performance elements tied to outcomes. In accordance with VA policy on performance management, performance outcomes can be used for recognizing and rewarding accomplishments, identifying developmental needs, and recommending all personnel actions. By design, a performance measure results in incentives and consequences. Where appropriate, employee performance plans include performance elements designed to prevent loss, recover overpayments, reduce VA's overall reported improper payments, and increase compliance.

VA continues to prioritize activities to reduce improper payments and increase compliance. In FY 2020, VA successfully reduced overall reported improper payments by \$620 million or 5 percent and is reporting five programs below thresholds despite challenges in obtaining documentation due to COVID-19. This is VA's second consecutive year of reported reductions. Less than 8 percent (about \$890 million) of VA's reported improper payments represent a monetary loss and VA continues to develop and implement corrective actions that remediate the root cause of improper payments.

## **Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In addition to activities discussed in individual program responses, VA performs the following:

**Veterans Benefits Administration Activities (VBA).** VBA uses quality reviews to identify possible duplicates and overpayments. VBA performs quality reviews on randomly selected cases that ensure eligibility determinations, proper case processing, and payment accuracy. VBA also uses monthly and quarterly payment reviews to identify possible duplicates and overpayments. VBA tracks, monitors, and recovers most overpayments eligible for recovery through efforts of the Debt Management Center (DMC). Once a debt has been established, it is referred to DMC, which pursues the collection of all debts through lump-sum offset from current or future benefit payments or by installment payments agreed upon by the debtor. If DMC cannot collect the debt, the delinquent debt is referred to the Treasury Offset Program (TOP) for collection.

VBA local offices are also responsible for establishing and collecting debts where the debt is not currently handled by DMC. For monetary loss identified, VBA determines collectability and, if needed, establishes a debt in the core financial management system.

In accordance with 38 U.S.C. § 5302, VBA may waive benefit debts arising from participation in a benefit program when collection would be against equity and good conscience and no evidence exists of fraud, misrepresentation, or bad faith. VBA will notify the debtor of his or her rights and remedies and the consequences of failure to cooperate with collection efforts. The debtor has the right to dispute the existence or amount of the debt or to request a waiver from collection of the debt.

**Defense Finance and Accounting Service (DFAS) Activities.** VA uses DFAS to process payroll transactions. When the Defense Civilian Payroll System disburses an overpayment, DFAS oversees the debt collection process for VA. Under the terms of the Debt Collection Improvement Act, the agency is only required to give full due process notification for a debt that is incurred for pay periods older than four pay periods and \$50 or more. Debts incurred within the most recent four pay periods or less than \$50 do not require advance notification prior to collection but will include reference to it on the Leave and Earnings Statement. Employees have 30 days from the debt letter date to request a waiver. If this request is not received by the DFAS payroll office within the 30-day limit and the debt collections have begun, they will not be placed on hold, even if the employee requests a waiver later. Employees have three years to request a waiver. If collections are started and a waiver is requested later and is approved, DFAS will refund all collections made prior to that time.

Response continued in Question 3 free text.

### **Question 3: Recovery Audits (PIIA Section: 3352)**

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

Response continued from Question 2 free text.

**Activities for Federal Supply Schedule (FSS) Contracts.** VA Supply Fund employees work with OIG's Office of Contract Review (OCR) to recover funds owed to the Government for monetary loss under the health care FSS contracts awarded by VA due to: (1) defective pricing, whether the prices for the items awarded were based on accurate, complete, and current commercial pricing disclosures by the offeror during contract negotiations; (2) price reduction violations, whether the contractor complied with the terms and conditions of the Price Reductions Clause; and (3) whether manufacturers of covered drugs have complied with the pricing provisions contained in Section 603 of P.L. 102-585. Other reviews conducted by OCR include health care resource proposals, claims, and other special-purpose reviews. In FY 2020, this audit recovery program recovered more than \$24 million.

**Financial Services Center (FSC) Activities.** FSC is a franchise fund (fee-for-service) organization with a recapture and recovery program focused on detection, prevention, and recovery of overpayments for each program FSC services that expends \$1 million or more annually. In FY 2020, FSC reviewed \$1.1 billion in payments and identified \$19.5 million in overpayments. In FY 2020, \$9.7 million in overpayments were recovered from current and prior fiscal years. FSC also reviews payments with interest penalties \$50 or more. This consists of reviewing interest payments and determining if interest was accurate and appropriate. If an interest payment is determined to be inaccurate, it is sent to the FSC payment resolution team for verification and/or collection. Finally, to verify the accuracy and timeliness of payments, statistically valid payment reviews are conducted monthly and quarterly.

Bills of Collection (BOC) are generated by FSC for all overpayments of \$50 or more. If the full amount of an improper payment was paid via electronic funds transfer (EFT), FSC processes a letter of reversal/letter of indemnity to recover the funds by having the bank reverse the



erroneous transaction. In cases where the improper payment is paid via treasury check or where the improper amount was less/more than the full amount of the EFT, FSC or VA stations process a BOC requesting the vendor to return the funds for the improper amount. After a minimum of 45 days, if the vendor has not returned the funds, requested additional information, or disputed the BOC, an internal offset is processed to collect the funds from the next FSC-issued payment(s) to that same vendor until the BOC is satisfied. If previous attempts to collect are unsuccessful, FSC refers the debt to TOP to collect the funds from the next government-issued payment(s) to the vendor or employee until the bill is satisfied.

#### Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

VA has not excluded any programs or activities with outlays of \$1 million or more from payment recapture activities.

#### Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

*Please describe your agency's progress:*

- *Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- *Identifying risk and vulnerabilities to fraud, and*
- *Establishing strategies, procedures, and other steps to curb fraud.*

| <b>Implementation of OMB Circular A-123</b> | <b>Implementation of GAO Green Book</b> | <b>Identifying Risk and Vulnerabilities</b> | <b>Establishing Strategies, Procedures and Other steps</b> |
|---|---|---|--|
| 3 – Fully Operational                       | 3 – Fully Operational                   | 3 – Fully Operational                       | 3 – Fully Operational                                      |

#### Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**Implementation of OMB Circular A-123.** In alignment with OMB Circular A-123 guidance for managing fraud risk, Office of Business Oversight (OBO) implemented a comprehensive risk survey questionnaire using 10 fraud risk factors. The assessment is completed by VA programs



annually and enables VA to identify the extent programs are susceptible to fraud and pinpoint the programs at highest risk.

**Implementation of GAO Green Book.** GAO Green Book Principle 8, Assess Fraud Risk, requires management to consider potential fraud when identifying and responding to risk. Annually VA reporting entities complete an internal control assessment, which includes an assessment of controls and activities for assessing fraud risk in Principle 8. The assessment identifies any deficiencies and management creates corrective action plans to address them.

**Identifying Risk and Vulnerabilities.** In FY 2020, OBO worked with all programs that ranked high risk for fraud in the prior year risk survey questionnaire. OBO guided the programs through a fraud risk assessment; program personnel identified the program's top fraud risks and vulnerabilities and documented their risk response. The results were shared with Administration leadership for integration into VA Enterprise Risk Management activities.

**Establishing Strategies, Procedures, and Other Steps.** VA established strategies and procedures to mitigate risks in major programs.

*Payroll* - The VA Time and Attendance System (VATAS) is a centralized timekeeping system that helps reduce risk and vulnerabilities to fraud in payroll. VATAS provides surveillance capabilities, security enhancements, and reporting tools to help identify trends as well as risks and potential fraud in payroll processing.

*Beneficiary Payments* - VBA's Counter-Fraud teams identify fraud attempts using advanced analytics and investigatory techniques to protect Veterans' benefits payments. In FY 2020, VBA investigated actual and attempted benefits theft cases and supported numerous OIG investigations.

*Grants* - OBO provided oversight by assessing Veterans Health Administration (VHA) Homeless Veteran Grants to determine if they were legislatively compliant. OBO reviewed Grantee fiscal operations for internal controls and fraud risk management and made recommendations for improvement as needed.

*Large Contracts* - VA's Office of Acquisition and Logistics is implementing a fraud risk management framework focusing on subcontracting and compliance with legislative and federal acquisition requirements that will assist VA contracting officers in monitoring compliance and includes internal controls to identify and prevent fraud.

*Charge Cards* - VA's Financial Services Center analyzes charge card transactions through data collection and use of predictive models/forensic accounting methods. The analyses identify violations that enable VA to identify and correct deficiencies.

## **Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a)(3) (C))**

*Please indicate the following:*

- *Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.*
  - *Whether it was likely to be above or below the statutory threshold.*
- *The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.*
- *If they had substantial changes to RA methodology.*

| <b>Program not listed</b>                   | <b>Likely to be above or below threshold?</b> | <b>Assessment Date</b> | <b>Substantial RA methodology changes??</b> |
|---|---|------------------------|---|
| 1 - Alcohol & Drug Treatment Rehabilitation | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 2 - Automobile Adaptive Equipment           | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 3 - Automobile Grants                       | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 4 - Burial - Pension                        | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 5 - Burial (NCA)                            | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 6 - Canteen Service                         | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 7 - Caregiver Support                       | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 8 - Clothing Allowance                      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 9 - Compensated Work/Incentive Therapy      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 10 - Disaster Relief (Hurricane Sandy)      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 11 - Education- Chapter 1606                | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 12 - Education – Chapter 33                 | Likely to be Below Statutory Threshold        | FY2019 Q4              | NO  |
| 13 - Education – Reporting Fees             | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 14 - Education – State Approving Agencies   | Likely to be Below Statutory Threshold        | Other                  | NO  |

| <b>Program not listed</b>                                   | <b>Likely to be above or below threshold?</b> | <b>Assessment Date</b> | <b>Substantial RA methodology changes??</b> |
|---|---|------------------------|---|
| 15 - Equipment  | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 16 - Facility Maintenance and Operations                    | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 17 - Foreign Medical Program                                | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 18 - Franchise Fund   | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 19 - General Administration                                 | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 20 - General Operating Expenses                             | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 21 - General Post Fund                                      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 22 - Grants- Construction of State Extended Care Facilities | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 23 - Grants – Homeless Per Diem                             | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 24 - Health Care for Homeless Veterans                      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 25 - Human Resources - Payroll                              | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 26 - Indian Health Services – Tribal Health Program         | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 27 - Information Technology Services                        | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 28 - Insurance Claims & Interest Expense                    | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 29 - Land and Structures                                    | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 30 - Loan Guaranty – Loan Administration                    | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 31 - Loan Guaranty – Loan                                   | Likely to be Below                            | Other                  | NO  |

| <b>Program not listed</b>                                     | <b>Likely to be above or below threshold?</b> | <b>Assessment Date</b> | <b>Substantial RA methodology changes??</b> |
|---|---|------------------------|---|
| Production  | Statutory Threshold                           |                        |   |
| 32 - Loan Guaranty – Property Management                      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 33 - Medical and Prosthetic Research                          | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 34 - Montgomery GI Bill – Chapter 30                          | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 35 - National Service Life Insurance                          | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 36 - Non-Medical Contracts and Agreements                     | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 37 - OALC – Major/Minor Construction                          | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 38 - Off-Station Provider Services                            | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 39 - Office of Information & Technology                       | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 40 - Office of Inspector General (OIG)                        | Likely to be Below Statutory Threshold        | FY2019 Q4              | NO  |
| 41 - Other Contracts, Services, Agreements, and Miscellaneous | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 42 - Pharmacy – Consolidated Mail Outpatient Pharmacies       | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 43 - Pharmacy – Medical Facilities                            | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 44 - Professional Services Contracts                          | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 45 - Service-Disabled Veterans Insurance                      | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 46 - Servicemembers’ Group Life Insurance                     | Likely to be Below Statutory Threshold        | Other                  | NO  |
| 47 - Shared Services  | Likely to be Below Statutory Threshold        | Other                  | NO  |

| <b>Program not listed</b>                                      | <b>Likely to be above or below statutory threshold?</b> | <b>Assessment Date</b> | <b>Substantial RA methodology changes??</b> |
|--|---|------------------------|---|
| 48 - Specially Adapted Housing                                 | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 49 - Spina Bifida – Chapter 18                                 | Likely to be Below Statutory Threshold                  | FY2019 Q4              | NO  |
| 50 - Spina Bifida Health Care                                  | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 51 - Supply Fund   | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 52 - Support Services for Veteran Families                     | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 53 - Survivor and Dependents Education Assistance – Chapter 35 | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 54 - Transportation of Things                                  | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 55 - Travel  | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 56 - VR&E Beneficiary Payment                                  | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 57 - Veterans Insurance and Indemnities                        | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 58 - Veterans Reopened Insurance                               | Likely to be Below Statutory Threshold                  | Other                  | NO  |
| 59 - Veterans Special Life Insurance                           | Likely to be Below Statutory Threshold                  | Other                  | NO  |

**Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In FY 2020, VA tested and reported improper payments for 12 of its 71 programs, leaving 59 programs required to complete improper payment<sup>1</sup> risk assessments other years. For these 59 programs, VA completed improper payment risk assessments as appropriate:

31 programs<sup>2</sup> identified significant changes in FY19 and completed improper payments risk assessments in the 4<sup>th</sup> quarter of FY 2020;

2 programs<sup>3</sup> that were newly identified or required based on the three-year risk assessment reporting cycle in FY 2019;

25 programs<sup>4</sup> that were required as part of the three-year risk assessment reporting cycle in FY 2018; and

1 remaining program, Education – Chapter 33 was granted relief from reporting in FY 2020 after reporting below statutory thresholds for two consecutive years; the program will complete a risk assessment in FY 2021 due to significant changes.

VA's risk assessments are accomplished using an objective and comprehensive risk assessment questionnaire to satisfy risk assessment requirements for improper payments and fraud.

<sup>1</sup> VA's Fraud/Improper Payment risk survey was developed based on legislative requirements in effect when distributed to VA programs in February 2020. VA will update its Fraud/Improper Payment Risk Survey to meet new legislative requirements in FY 2021.

<sup>2</sup> VA completed a risk assessment in the 4<sup>th</sup> quarter of FY 2020 for the following programs as referenced in the table above: Numbers 1, 2, 3, 5, 7, 8, 10, 14, 15, 16, 17, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 36, 37, 38, 41, 42, 50, 53, 54, and 55.

<sup>3</sup> VA completed a risk assessment in FY 2019 for the following programs as referenced in the table above: Numbers 40, and 49.

<sup>4</sup> VA completed a risk assessment in FY 2018 for the following programs as referenced in the table above: Numbers 4, 6, 9, 11, 13, 18, 19, 21, 32, 33, 34, 35, 39, 43, 44, 45, 46, 47, 48, 51, 52, 56, 57, 58, and 59.

## **Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

In October 2016, GAO issued "Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended." Within the report, OMB is cited as reporting that the overall Do Not Pay Initiative encompasses Treasury's DNP Portal and other agency-specific efforts. Therefore, VA responded yes for the DNP Initiative even though VA currently uses the DNP Portal for post payment reviews, which do not allow payments to be stopped before they are made. VA uses monitoring systems outside of the DNP Portal to stop payments to vendors and recipients that have been identified as ineligible for receiving payments as its DNP Initiative activities. None of the pre-payment stops discussed in this narrative were a result of the using the Treasury DNP Working System.

In addition to program-specific activities discussed in individual program responses, VA performs the following:

The FSC reviews the Financial Management System file of commercial vendor payments scheduled for payment three times daily for payment amounts \$50 or more. FSC then matches vendor payments, excluding medical payments, against the previous 90 days of disbursed payments to identify potential duplicate payments before their submission for disbursement. These matches are researched to ensure there are no false positives and then sent to either the FSC payment resolution team or to the appropriate VA facility for verification and cancellation. Duplicate payments identified through this process are canceled before the payments are made.

In addition, FSC has implemented corrective actions to include increased use of electronic invoicing and optical character recognition technology to minimize improper payments via reviews in the prepayment state. From these prepayment review efforts, FSC stopped \$3 billion from being disbursed in error during FY 2020.

VA is also working with Treasury in multiple analytics initiatives, to assess data quality and test internal controls in place. For this reporting period, VBA identified a total of 130,600 matches for Social Security Administration (SSA) SSA Death Master File (DMF) and 39,402 matches for incarceration to determine whether due process is required by 38 CFR § 3.103 - Procedural due process and other rights would be needed in order to stop the payment.

## **VR&E**