



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Controls Appear to Have
Addressed Prior
Overpayments of Post-9/11
GI Bill Monthly Housing
Allowance

REVIEW

REPORT #19-08728-166

JUNE 23, 2020



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Executive Summary

The Post-9/11 GI Bill benefit provides financial support for education and housing to veterans with at least 90 days on active duty after September 10, 2001, or at least 30 days if discharged for a service-connected disability.¹ Veterans, eligible dependents, and service members pursuing a degree at an accredited college or university or a program at a non-college-degree school can receive 36 months of education benefits for 100 percent eligibility, and up to a combined total of 48 months of benefits if the student has participated in more than one VA education program.² Those benefits include a monthly housing allowance.

The VA Office of Inspector General (OIG) analyzed Post-9/11 GI Bill participant data to identify potential overpayments of monthly housing allowances to students in this education program. To do this, the OIG analyzed nine-and-a-half years of monthly housing allowance payments. The data were filtered to include only students who continued to receive housing payments more than 18 months after their latest tuition payment; received more than 36 months of housing payments; and had fewer than 365 days between each housing payment. From this subset of students, in May 2019 the OIG identified potentially recurring overpayments of monthly housing allowances to 20 students receiving Post-9/11 GI Bill education benefits. The OIG did this focused review to determine whether Veterans Benefits Administration (VBA) processing controls allowed those payments to continue well beyond allowable limits, resulting in improper payments.

What the Review Found

Based on this focused analysis of Post-9/11 GI Bill students' housing payments, the OIG found VBA substantially overpaid monthly housing allowances to 16 students. These overpayments were a result of VBA's previous control deficiencies that allowed some Post-9/11 GI Bill monthly housing allowance payments to continue beyond the allowable limits. The total improper payments identified in this focused review were about \$961,000, all overpayments. The OIG considers the number of individual overpayments meeting the parameter of this focused review to be minimal, as more than two million students were enrolled in classes using Post-9/11 GI Bill benefits for the nine-and-a-half-year review period (July 7, 2009, to April 1, 2019).

VBA's Education Service has added controls during this period that have improved its processes and should reduce future risk of the kind of substantial monthly housing allowance

¹ Post-9/11 Veterans Educational Assistance Act of 2008, Pub. L. No. 110-252, Title V §§ 5001-5006 (2008), codified at 38 U.S.C. § 3301, et seq.

² The Veterans Benefits Administration (VBA) refers to this as an institution of higher learning, which is a college, university, technical or business school offering instruction at the postsecondary level that leads to an associate or higher degree. The institution must be empowered by the appropriate state education authority (under state law) or accredited by a recognized accrediting agency to grant such degrees.

overpayments found during this review.³ Specifically, VBA implemented a system update in May 2015 to prevent monthly housing allowance payments to continue after entitlement is exhausted. VBA also implemented a non-college-degree job aid tool to validate “clock hours” in June 2017 to further minimize payment calculation errors.⁴ These additional controls appear to have been effective, as there were no similar overpayments identified in this review since the last control was implemented in June 2017. VBA also plans to conduct periodic analyses of payments that go beyond the course end date to identify any potential housing allowance overpayments.

Of the 16 overpayments identified, 13 were due to human error. VBA’s claims examiners either incorrectly entered course end dates or entered the incorrect course end dates submitted by school certifying officials into VBA electronic systems.⁵ VBA is attempting to collect 11 of these 13 overpayments because the students continued to accept monthly housing allowances despite no longer attending courses or being enrolled in an approved academic program. VBA explained that, in these instances, it sought to collect because it was not solely responsible for the overpayments. However, for one of these 13 overpayments, VBA considered the error entirely administrative and did not seek to collect the debt, despite similar circumstances to the 11 students against whom a debt was assessed. According to the chief of quality assurance for the Education Service, a regional processing office approved this decision to consider the error administrative without the Education Service’s knowledge. In the one other instance, no debt was created because VBA only learned of the overpayment after the student passed away in September 2017.

Three of the 16 overpayments identified were caused by a VBA electronic system being mistakenly set to allow payments to continue beyond the end of a student’s entitlement date. The electronic system did not properly apply an 84-day extension limitation and paid monthly housing allowances through the end of the term.⁶ VBA does not intend to collect these

³ VBA’s Education Service provides veterans, service members, reservists, and certain family members with educational resources to supplement opportunities missed because of military service. Its mission is to provide ready access to, and timely and accurate delivery of, education benefits.

⁴ For non-college-degree programs, if a program is measured in clock hours, benefits are paid based on clock hours of attendance per week, as opposed to credit hours. Clock hour is a period of time consisting of 50 to 60 minutes in various academic settings or 60 minutes of preparation in a correspondence course. Credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally established equivalency that reasonably approximates not less than one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class student work each week.

⁵ Claims examiners process students’ applications and enrollment certifications. School certifying officials, designated by the school or training facility, are responsible for informing VA of enrollment status of veterans and other eligible students.

⁶ For students enrolled in a school that does not operate on the quarter or semester schedule who exhaust their entitlement after they have completed more than half the course, the discontinuation date for benefits can be extended up to 84 days. (38 C.F.R. § 21.9635(o)).

overpayments because Education Service staff determined the students bore no responsibility because they resulted from a system error and students were actively enrolled.

The overall financial impact to VA of the overpayments identified in this review was not significant and the OIG did not identify any overpayments created since June 2017. However, given the large amount of funds at issue, the OIG encourages VBA to implement additional controls to further reduce the risk of future long-term overpayments, such as monthly certifications by students. VBA should strive to apply debts consistently when students are overpaid housing allowance benefits to which they are not entitled, as those funds could be put to better use for the payment of benefits to eligible recipients. The OIG is not making any recommendations at this time because VBA's existing and planned controls appear to address the monthly housing allowance overpayment errors found under the parameters of this review.

Management Comments and OIG Response

The under secretary for benefits concurred with OIG's findings and said VBA will continue its work on system enhancements. Specifically, VBA will further its efforts regarding monthly housing certifications to improve its processing capabilities and ensure the prevention of overpayments associated with the Post-9/11 GI Bill monthly housing allowance. No OIG follow-up action is required at this time.



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Abbreviations

OIG	Office of Inspector General
VBA	Veterans Benefits Administration



Introduction

In May 2019, the VA Office of Inspector General (OIG) became aware of several recurring overpayments of monthly housing allowances to veterans receiving Post-9/11 GI Bill education benefits. In these instances, the veterans were no longer enrolled in educational programs or had exhausted their entitlement to education benefits but continued to receive their housing allowance for extended periods of time, such as three years or more. The OIG conducted this focused review to determine whether the Veterans Benefits Administration's (VBA) processing controls allowed Post-9/11 GI Bill monthly housing allowance payments to continue well beyond allowable limits in these instances, resulting in improper payments.

Post-9/11 GI Bill Benefits

VBA's Education Service provides veterans, service members, reservists, and certain family members with educational resources to supplement opportunities missed because of military service. Its mission is to provide ready access to, and timely and accurate delivery of, education benefits. One of the education benefits administered by VBA is the Post-9/11 GI Bill.

The Post-9/11 GI Bill benefit can pay up to 100 percent of tuition and fees for a student pursuing school or training.⁷ Tuition and fee payments are made directly to the school or training facility on the student's behalf.

The benefit provides financial support for education and housing to veterans with at least 90 days of active duty after September 10, 2001, or at least 30 days of active duty if discharged for a service-connected disability. Veterans, eligible dependents, and service members pursuing a degree at an accredited college or university or a program at a non-college-degree school can be eligible to receive monthly housing allowances.⁸ According to VBA's School Certifying Official Handbook, a monthly housing allowance is paid directly to the student at the beginning of each month for the previous month. Eligible students are paid based on the military's basic allowance for housing rate. If the student is enrolled less than full time, eligibility is classified as less than 100 percent and the housing amount is prorated.⁹ According to VBA's Annual Benefits Report

⁷ Post-9/11 Veterans Educational Assistance Act of 2008, Pub. L. No. 110-252, Title V §§ 5001-5006 (2008), codified at 38 U.S.C. § 3301, et seq.

⁸ VBA's School Certifying Official Handbook refers to degree-granting schools as institutions of higher learning, which may be a college, university, technical or business school offering instruction at the postsecondary level that leads to an associate or higher degree. The institution must be empowered by the appropriate state education authority (under state law) or accredited by a recognized accrediting agency to grant such degrees. VA Manual 22-4 part 12, chap. 33 sub. 4.3, "Housing Allowance," March 27, 2018.

⁹ 38 U.S.C. § 3313(c)(1)(B).

for fiscal year 2018, more than 708,000 beneficiaries received Post-9/11 GI Bill benefits during that fiscal year.

Students submit paper or online claim applications for Post-9/11 GI Bill benefits to VBA's regional processing offices. Upon receipt of an original formal claim for benefits under a specific program, regional processing office claims examiners are required to determine the claimant's basic eligibility. After claims examiners approve the original claim applications, school certifying officials at either a degree-granting college or university or a non-college-degree program must submit enrollment certifications.¹⁰ After receiving the certifications, claims examiners begin processing students' claims for monthly housing allowance and book stipends and initiate payment of tuition and fees to the schools. Regional processing offices use VA's Long Term Solution system to quickly process original and supplemental claims for awarding monthly housing allowances.¹¹ Claims examiners review the enrollment certifications and authorize payment of the claims in Long Term Solution. Figure 1 illustrates the Post-9/11 GI Bill claim process.

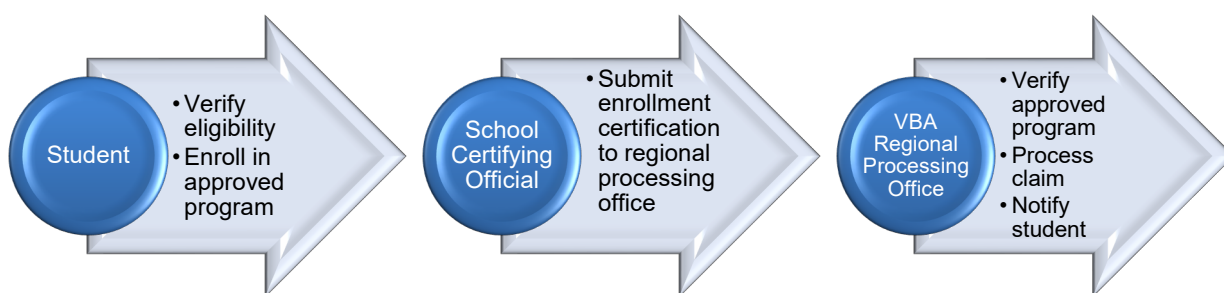


Figure 1. Post-9/11 GI Bill Claims Process

Source: VA's School Certifying Official Handbook and VBA's Manual 22-4

Prior OIG Reports

The OIG previously examined obstacles to VA's implementation of changes to monthly housing allowances required by the Harry W. Colmery Veterans Educational Assistance Act of 2017 (also known as the Forever GI Bill), which was signed August 16, 2017. The act expanded

¹⁰ Claims examiners process students' applications and enrollment certifications. School certifying officials are designated by a school to carry out reporting requirements, including keeping VA informed of the enrollment status of veterans and eligible dependents and service members, staying informed of current VA rules and benefits, and maintaining records of VA students and making those records available for inspection.

¹¹ Supplemental applications involve a change of facility or program, and reentrance into previously approved programs, including those where the prior enrollment was terminated because of unsatisfactory progress, conduct, or attendance.

education benefits for veterans, service members, families, and survivors.¹² This act included a change to how VBA pays monthly housing allowances to students using the Post-9/11 GI Bill program, involving updating the basis for calculating monthly housing stipends to the zip code of the campus where the student physically attends most classes, instead of the location of the main campus of the institution where the student is enrolled.¹³ The Forever GI Bill Housing Payment Fulfillment Act of 2018, signed in January 2019, required VA to report its implementation plans to Congress.¹⁴

The OIG's prior findings were that VBA failed to modify its electronic systems, such as Long Term Solution, by the required implementation date to make accurate housing allowance payments. The OIG prior report also found VA lacked an accountable official to oversee the project during most of the effort. This resulted in unclear communication of implementation progress and inadequately defined expectations, roles, and responsibilities of the various VA business lines and contractors involved.

The improper housing allowance payments that students received from delayed implementation of the act were not the same as those overpayments identified in this report's review. This report does note, however, that the act has affected implementation of other information technology improvements—specifically, VBA officials indicated that implementing the act has impeded other Long Term Solution and Benefits Delivery Network system upgrades and changes.

¹² Harry W. Colmery Veterans Educational Assistance Act of 2017, Pub. L. No. 115-48, (2017).

¹³ Harry W. Colmery Veterans Educational Assistance Act of 2017, § 107 (2017).

¹⁴ Forever GI Bill Housing Payment Fulfillment Act of 2018, Pub. L. No. 115-422, § 3(c), (2019).

Results

Finding: Despite a Small Number of Substantial Overpayments, VBA Processing Controls Generally Prevented Monthly Housing Allowance Payments Beyond the Allowable Limits

The OIG found VBA substantially overpaid monthly housing allowances to 16 students who had received Post-9/11 GI Bill education benefits. These students were identified by the OIG using a focused analysis of Post-9/11 GI Bill students' housing allowance payments. These overpayments resulted from VBA's prior control deficiencies allowing some Post-9/11 GI Bill monthly housing allowance payments to continue beyond the allowable limits. The improper payments identified in this focused review totaled about \$961,000, which were all overpayments.¹⁵ The OIG considers the number of individual overpayments meeting the parameters of this focused review to be minimal, as more than two million students were enrolled in classes using Post-9/11 GI Bill benefits for the nine-and-a-half-year review period (July 7, 2009, to April 1, 2019). Therefore, subject to the parameters of this review, VBA's processing controls generally prevented a significant number of monthly housing allowance payments to continue beyond allowable limits.

Thirteen overpayments occurred due to human error when entering course end dates in the Long Term Solution and Benefits Delivery Network systems. Three overpayments occurred because the Long Term Solution system incorrectly allowed payments to continue beyond the end of a student's entitlement date. Thirteen of the 16 overpayments were related to claims at non-college-degree programs, with 10 overpayments resulting from human error and three from the Long Term Solution system error.

VBA's implementation of additional controls from 2015 to 2017 appears to have reduced the risk of the types of overpayments identified in this review. Specifically, VBA implemented a system update in May 2015 to prevent housing allowance payments beyond when entitlement is exhausted. In addition, VBA implemented a Program Hour Validator Job Aid in June 2017 to further minimize payment calculation errors for non-college-degree programs.¹⁶ This added

¹⁵ An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Office of Management and Budget Circular A-123, app. C, "Requirements for Payment Integrity Improvement," June 26, 2018. Here, the payments were improper because they were not allowed under applicable statutory and regulatory authority.

¹⁶ If a non-college-degree program is measured in clock hours, benefits are paid based on clock hours of attendance per week as opposed to credit hours. A clock hour is a period consisting of 50 to 60 minutes in various academic settings or 60 minutes of preparation in a correspondence course. Credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally established equivalency that reasonably approximates not less than one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class student work each week.

another mandatory review for non-college-degree school programs using clock hours, which ensures that the amount of certified program hours is within the allowable program limits. These additional controls appear to have been effective, as there were no similar overpayments identified in this review since the last control was implemented in June 2017.

VBA is attempting to collect about \$810,000 of the about \$961,000 overpaid by establishing debts for 11 of the 16 overpayments. VBA did not establish debts for three of the remaining five overpayments because it determined the payments in those cases were made in error by its electronic system and those students were still enrolled in classes and thus not at fault. VBA decided not to seek reimbursement for the debt of one student whose overpayment was caused by human error and received payments after course attendance had ended. According to the chief of quality assurance for the Education Service, a regional processing office approved this decision without the Education Service's knowledge. In the one other instance, no debt was created because VBA only learned of the overpayment after the student passed away in September 2017.

What the OIG Did

The OIG analyzed monthly housing allowance payments received from July 7, 2009, to April 1, 2019, during which time more than two million students were enrolled in classes using Post-9/11 GI Bill benefits. These data were analyzed to identify potential overpayments of monthly housing allowances to students that continued long after the students should have stopped receiving housing allowances. To do this, the OIG filtered the data using parameters that included only students who continued to receive housing payments more than 18 months after their latest tuition payment, who received more than 36 months of monthly housing allowance payments, and who had less than 365 days between each housing payment. The OIG further narrowed the data to include only those students with probable ongoing or stopped overpayments.¹⁷ This resulted in 20 students with potential overpayments. Appendix A has additional details regarding the scope and methodology of the review.

Staff from the OIG's Data Analytics Division analyzed the data that identified 20 students with potential monthly housing allowance overpayments. Seven of the 20 students were continuing to receive housing allowances and those overpayments would have continued through as far as 2023 had the OIG not intervened. VBA Education Service stopped the overpayments—in May 2019 for six of these students and in August 2019 for the seventh—after concluding they were erroneous and not fraudulent.

The team's review and analysis focused on the 20 potential overpayments and the internal controls related to those overpayments and determined the following:

¹⁷ The application of criteria identified 54 students with possible overpayments. The OIG excluded 34 of these students because the OIG's review of the data determined them to be at low risk of substantial overpayments.

- VBA made some substantial monthly housing allowance overpayments.
- VBA made efforts to recoup most of the monthly housing allowance overpayments.
- Controls implemented should reduce the risk of monthly housing allowance overpayments.

VBA Made Some Substantial Monthly Housing Allowance Overpayments

The OIG identified 20 potential monthly housing allowance overpayments consisting of seven ongoing overpayments and 13 overpayments that occurred in the past and had already been stopped. The OIG verified as improper 16 of the 20 monthly housing allowance payments identified in this review. The 16 overpayments averaged about \$60,100 each and included four overpayments of more than \$100,000 each. Given that the overpayments also occurred for a duration ranging from about two to nine-and-a-half years, the OIG considers these overpayments substantial. VBA leaders were unaware of these overpayments until the OIG brought the overpayments to their attention.

The awards that resulted in these 16 overpayments were processed between February 9, 2010, and June 8, 2017. VBA provided reasonable explanations and documentation for the remaining four of the 20 potential payments that confirmed they were not overpayments because the ending date of the payments corresponded with the end of the courses and the students had not exceeded their entitlement. All 16 overpayments related to supplemental education claims for continuation of the recipient's education, such as courses for a new semester.

Thirteen of the 16 monthly housing allowance overpayments, which totaled about \$884,000, resulted from human error on the part of the claims examiner (including three from college-degree programs), who entered incorrect course end dates into the Long Term Solution application and Benefits Delivery Network system or entered the wrong course end dates that were submitted by school certifying officials, which claims examiners should have identified.¹⁸ These 13 overpayments were improper because the monthly housing allowance is only payable for a month during which an individual pursues a program of education on more than a half-time basis.¹⁹ Example 1 describes one instance of this type of overpayment.

¹⁸ The Benefits Delivery Network is the legacy system employed by VBA to process entitlements for three of the five business lines: Compensation and Pension, Education, and Vocational Rehabilitation and Employment. The primary services of the Benefits Delivery Network are receipt, processing, tracking, and disposition of veterans' applications for benefits and requests for assistance, and general administration of legislated benefit programs.

¹⁹ 38 U.S.C. § 3313(c)(1)(B).

Example 1

VBA overpaid more than \$107,000 in monthly housing allowance payments to a student who attended a culinary school, a non-college-degree program, for two terms for slightly more than two months. The claims examiner manually entered an end date in Long Term Solution for the initial term of September 28, 2021, instead of entering the correct term end date of September 28, 2012, which had been provided by the school certifying official. The claims examiner also did not catch this error a second time when the school later submitted an additional second term for certification. The student was enrolled in the program through November 9, 2012, and had been notified in writing that he would receive a \$1,233 monthly housing allowance payment through September 2021. VBA continued to overpay this student from November 2012 and stopped payment in May 2019 after the OIG made VBA aware of this issue. VBA established a debt of about \$107,300 in September 2019 for monthly housing allowance payments made after the end of the culinary program in November 2012 through May 2019. VBA had to establish an additional debt of about \$9,000 for related overpayments of books and supplies. As of February 2020, the veteran's monthly disability compensation payment of about \$280 is being withheld to recoup the total overpayment of nearly \$116,300.

The other three monthly housing allowance overpayments, which totaled about \$77,700, were issued to students after their education benefits had been exhausted. Generally, students receive up to 36 months of education benefits for 100 percent Post-9/11 GI Bill eligibility, and up to a combined total of 48 months of benefits if the student has participated in more than one education program, such as the Montgomery GI Bill.²⁰ Also, if a student enrolled in a school that does not operate on quarters or semesters exhausts their entitlement after he or she has completed more than half the course, the discontinuation date for benefits can be extended up to 84 days.²¹ These particular students were enrolled in programs that operated on clock hours, not quarters or semesters, and had not completed more than half the course before the date they exhausted their benefits; therefore, they were not eligible for any extension beyond their entitlement exhaustion date. An error in the Long Term Solution system did not properly apply the 84-day limitation and issued payments until the end of the term, creating overpayments. While implementing the May 2015 Long Term Solution update will prevent future monthly housing allowance payments

²⁰ Under 38 C.F.R. §21.4020(a) the aggregate period for which any person may receive assistance under two or more programs may not exceed 48 months. The Montgomery GI Bill–Active Duty (Chapter 30) provides up to 36 months of education benefits to eligible veterans for a variety of educational pursuits. Eligible veterans include those who enrolled in Chapter 30 and paid \$100 per month for the first 12 months of active duty.

²¹ 38 C.F.R. §21.9635(o)(2) the discontinuation date of benefits is the earlier of the last day of the course or 12 weeks (i.e., 84 days) from the date of exhaustion.

beyond the entitlement exhaustion date, these three errors occurred before that implementation date. Example 2 describes one instance of this type of overpayment.

Example 2

VBA overpaid more than \$31,000 in monthly housing allowance payments to a student who attended a non-college-degree program at a medical school for three years. The student was approved to be enrolled in the program from July 1, 2011, to July 1, 2014, and was notified correctly in writing that she would only receive monthly housing allowance payments through December 2012, which was when her entitlement ended. However, the student received payments beyond that date and through the program end date of July 1, 2014. This occurred because at the time the Long Term Solution system did not prevent payments from being made beyond the exhaustion date. VBA's Education Service had identified that limitation and identified this claim as an issue in February 2016 and calculated the overpayment. VBA did not establish a debt of \$31,100 for overpayments made between January 2013 through July 2014 because VBA determined that because the overpayment was related to a system error the student was not at fault.

As previously discussed, 13 of the 16 overpayments were related to claims at non-college-degree programs. Ten of the overpayments resulted from human error and three from the Long Term Solution system error. Non-college-degree programs often use clock hours instead of credit hours and semesters; they involve continuous terms that may vary in duration. In addition, these programs' enrollment certifications can include clock hours that vary week to week throughout the duration of a course. According to multiple claims examiners the OIG review team interviewed, claims involving non-college-degree programs are more susceptible to error than those for degree-granting colleges or universities because of the lengthier terms that require verification.

According to the chief of quality assurance from VBA's Education Service, VBA implemented the use of the non-college-degree Program Hours Validator Job Aid on June 27, 2017. This mandatory job aid requires that claims examiners verify all enrollment certifications submitted in clock hours, which includes course start and end dates, for non-college-degree programs. It also ensures the number of clock hours certified does not exceed the approved program hours or length by greater than 10 percent for a given non-college-degree program. Some reasons for this 10 percent buffer include accounting for leaves of absence and scheduled school closures. Because the OIG's focused review did not identify these types of monthly housing allowance overpayments after the VBA implemented this job aid, the OIG concluded the job aid has helped reduce the number of such errors.

VBA Made Efforts to Recoup Most of the Monthly Housing Allowance Overpayments

When students are awarded VA education benefits, they receive notification letters from VBA that include the name of the program under which they will receive benefits, such as the Post-9/11 GI Bill. This letter includes information on their entitlement and payments, such as amount of tuition, fees, and monthly housing allowance. In addition, the letter states that veterans must promptly notify the school certifying official and VA of any change in their enrollment. Any change in enrollment information will affect their housing allowance. Figure 2 is an excerpt from a notification letter.

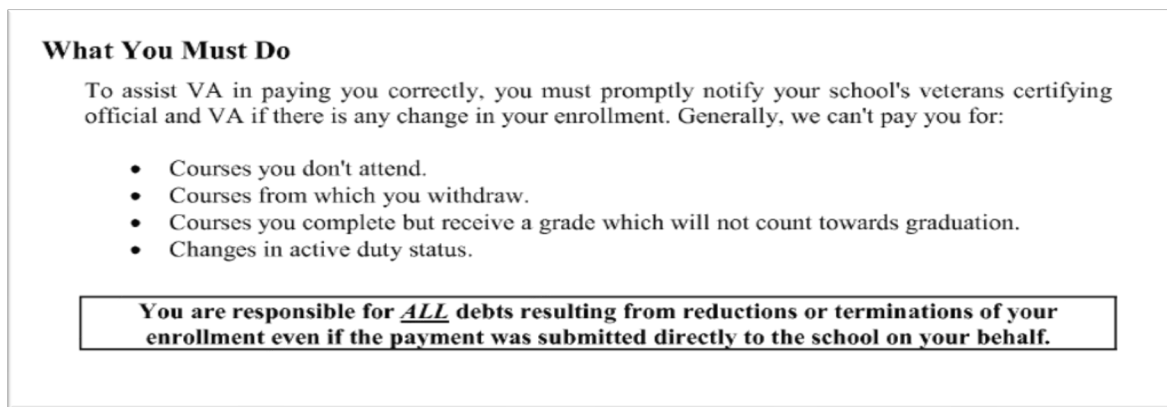


Figure 2: VBA education benefit notification letter

Source: Long Term Solution Award Letter

For the Post-9/11 GI Bill, VBA is required to seek reimbursement for an overpayment unless an administrative error or VA error in judgment was the sole cause of the overpayment, or the overpayment is waived.²² The OIG found one inconsistency regarding VBA's determination regarding whether these overpayments were an administrative error or whether an error in judgment was the sole cause of the overpayment. During conversations with the Education Service's assistant director for policy and procedures and the team lead for operations program coordination, the OIG was informed that it was VBA's intention to collect the debts associated with the overpayments from the students discovered during this review, but not all students were deemed to be subject to debt. Some students' debts were not established or collected because VBA considered their overpayments to be administrative errors for which VBA was solely responsible. The administrative errors were based on whether these students were still enrolled in and attending classes when they received the monthly housing allowance overpayments. VBA stated that for cases in which students received monthly housing allowance payments for

²² 38 C.F.R. §§ 21.9695, 21.9635(r)(1).

extended periods when the students were not enrolled in a program, VBA was not solely responsible for the error.

VBA informed 11 of 13 students whose overpayments resulted from entry of the wrong course end date by school certifying officials or claims examiners that they were responsible for repayment because they continued to accept monthly housing allowances long after their enrollment in an approved academic program ended. VBA explained that in these instances students also bore some responsibility for accepting overpayments for terms they did not attend.

VBA did not request payment from one of the 13 students in this category, despite seemingly similar conditions. The OIG was informed by the chief of quality assurance for the Education Service that the student's overpayment of about \$34,900 was categorized as an administrative error by the regional processing office's education officer and the regional office assistant director without the knowledge of the Education Service, as any overpayment amount under \$50,000 does not require Education Service approval. One student in this category was not subject to repayment due to extraordinary circumstances: VBA only learned of the overpayment after the student passed away in September 2017.

The other three students who continued to receive housing allowance payments after they had exhausted their entitlements were not expected to repay them. Education Service staff determined those housing allowance overpayments resulted from a Long Term Solution system error, and those students were actively enrolled in classes when they received their overpayments. VBA decided those overpayments were administrative errors for which the students bore no responsibility.

Debts established and processed at regional processing offices are electronically transmitted to VA's Debt Management Center for collection. Veterans, service members, and family members who incur debts as a result of their participation in VA education, compensation, and programs receive letters from the Debt Management Center notifying them of their rights and their obligation to reimburse VA. Upon receipt of an initial debt notification letter, one must contact the Debt Management Center within 30 days and repay the entire debt, establish a repayment plan, or request a waiver of debt.²³

The Education Service was reviewing its internal procedures on administrative errors and planned to issue a procedural revision, according to the assistant director for Education Service's policy and procedures. The chief of quality assurance said the revision would clarify both agency and claimant responsibilities. He explained further that the Education Service anticipates revisions to include examples when administrative errors will not apply, such as the cases when the monthly housing allowance is paid either beyond when entitlement is exhausted, when an individual is not enrolled in a training program, and due to additional system error. On

²³ Debts that are waived do not have to be repaid.

April 7, 2020, the OIG was informed that Education Service's senior leaders had the draft of the procedural revisions regarding administrative errors. The leaders anticipated that the revised procedures would be published within 30 days, once the regional processing offices had an opportunity to provide comments.

New Controls Should Reduce the Risk of Monthly Housing Allowance Overpayments

VBA has implemented additional processing controls from 2015 to 2017 that should continue to reduce the risk of significant monthly housing allowance payments that exceed allowable limits. As mentioned earlier, a system update was implemented in May 2015 and the Program Hours Validator Job Aid was put in place on June 27, 2017, to prevent housing allowance payments beyond the entitlement exhaustion date and minimize payment calculation errors for non-college-degree programs, respectively.

VBA is considering implementing additional controls to further reduce long-term education benefit overpayments. In June 2019, VBA cited the absence of real-time system checks to validate or prevent extended payment periods as a root cause for monthly housing allowance overpayments. The chief of quality assurance for the Education Service explained this type of system change would require additional time and funding to implement. In addition, the executive director of the Education Service said the Benefits Delivery Network system is being retired and the focus has been on information technology upgrades related to implementing the Colmery Act. Therefore, until VBA adds data validation checks to its systems, it is planning to conduct specialized reviews of payments that go beyond course end dates to identify and minimize the risk of long-term monthly housing allowance overpayments.

Education Service managers indicated that monthly certifications by students would further help reduce overpayments. Students would have to self-certify that they are still attending school before receiving monthly housing allowance payments. However, as with the additional system checks, competing priorities have absorbed the funding and attention necessary to make the system upgrades required for that process. The OIG encourages VBA to continue to consider a monthly self-certification option, which adds another layer of prevention against some of the overpayments discussed in this report.

Conclusion

Because there were only 16 individual substantial monthly housing allowance overpayments identified in this review of a nine-and-a-half-year period, the overall financial impact to VA for these types of overpayments was not significant. These overpayments were the result of prior control deficiencies, which appear to be redressed by the additional controls VBA started implementing in 2015 because the OIG did not identify any overpayments created since June 2017. However, given the large amount of funds at issue, the OIG encourages VBA to

continue to put in place controls to reduce identified vulnerabilities that could result in future long-term monthly housing allowance overpayments, such as monthly certifications by students. VBA should strive to apply debts consistently when students are overpaid housing allowance benefits to which they are not entitled. The recovered funds could be put to better use by paying benefits to eligible recipients. The OIG is not making any recommendations at this time, as VBA's existing and planned controls appear to address the monthly housing allowance overpayment errors found within the parameters of this review.

Management Comments

The under secretary for benefits concurred with the OIG's findings and said VBA will continue its work on system enhancements. Specifically, VBA will further its efforts regarding monthly housing certifications to improve its processing capabilities and ensure the prevention of overpayments associated with the Post-9/11 GI Bill monthly housing allowance.

OIG Response

The OIG appreciates the under secretary for benefits' commitment to work on system enhancements regarding monthly housing certifications to improve processing capabilities and prevent monthly housing allowance overpayments related to the Post-9/11 GI Bill program. No OIG follow-up action is required at this time.

Appendix A: Scope and Methodology

Scope

The review team conducted its audit work from July 2019 through April 2020. The team analyzed monthly housing allowance payments received from July 7, 2009, to April 1, 2019, during which more than two million students were enrolled in classes using Post-9/11 GI Bill benefits.

Methodology

The OIG analyzed Post-9/11 GI Bill participant data to identify potential overpayments of monthly housing allowance to students in this education program. To do this, the review team used OIG-contracted technical specialists to identify substantial monthly housing allowance overpayments, which occurred over a nine-and-a-half-year review period (July 7, 2009, to April 1, 2019) for participants of the Post-9/11 GI Bill. These OIG-contracted staff only performed specialized data analysis under the specific direction of the OIG. The data for this analysis were pulled from VBA's Benefits Delivery Network fiscal payment and accounting tool for the Post-9/11 GI Bill program. They were downloaded to a data warehouse that aggregates monthly school payments for students enrolled in classes using Post-9/11 GI Bill benefits. There were 2,006,242 students within this population. The data analysts examined each student's associated housing payments and other related Post-9/11 GI Bill payments from the payments table.

To identify students who continued to receive housing payments after they were no longer enrolled in courses or after their entitlement was exhausted, the data analysts calculated the difference in years between the latest monthly housing allowance payment and latest tuition payment for each student. To do this, the team pulled the following information:

- Tuition payment date (most recent)
- Book or licensing and certification payments date (most recent)
- Monthly housing allowance payment date (most recent)
- Number of months that monthly housing allowance payments were received
- Maximum number of days between concurrent monthly housing allowance payments
- Total amount of monthly housing allowance payments given to the student

The data analysts then graphed the distribution of years between the latest monthly housing allowance payments and tuition payments. Based on this distribution, most students' monthly housing allowance payments ended within a year of their last tuition payment. Thus, they filtered

the dataset to students who continued to receive monthly housing allowance payments more than 18 months after their latest tuition payment and who received more than 36 months of housing payments. Students generally would not receive housing allowance payments 18 months after the course ended, and they generally receive 36 months of housing benefits at 100 percent eligibility under the Post-9/11 GI Bill. These restrictions narrowed the original population to 550 students.

The subset of 550 students was then filtered to identify those with less than 365 days between each housing allowance payment. This was to focus on the students with the most potential of having ongoing or stopped overpayments. This process identified 54 students who were most likely to be involved in overpayment scenarios. Upon further review of the students' records, 34 of 54 students appeared to have not received an overpayment. Therefore, the review focused on the 20 students determined to have probable ongoing or stopped monthly housing allowance overpayments. The team initially found seven potential ongoing overpayments and 13 potential stopped overpayments within the subset of 54 students.

To accomplish its review, the OIG performed the following activities:

- Reviewed 20 monthly housing allowance payments in Long Term Solution, The Image Management System, and Share.²⁴
- Conducted on-site interviews at VBA's Education Service from August 6, 2019, to August 9, 2019. During this week, the team interviewed VBA Education Service managers at various levels and divisions to determine the cause of the overpayments identified.
- Conducted phone interviews with nine claims examiners at the regional processing offices about the processing claims and error types that led to overpayments in monthly housing allowances for Post-9/11 GI Bill beneficiaries.
- Obtained VBA Education Service initial review, explanation, and concurrence for the monthly housing allowance overpayments.

Fraud Assessment

The review team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this review. The team exercised due diligence in staying alert to any fraud indicators by taking actions or being aware of any indicators such as the following:

- Solicited the OIG's Office of Investigations for indicators.

²⁴ The Image Management System is the scanning system used by VA. All education paperwork is scanned into The Image Management System. Share is the gateway into the Veterans Network (VETSNET) which establishes claim control in the Benefits Delivery Network, and users may view the payment history for multiple benefit programs, to include the Post-9/11 GI Bill program.

- Reviewed the OIG hotline complaints and concerns for indicators.
- Conducted fraud assessments to identify fraud risks significant to the review objective, such as housing allowance payments over an extended period for non-attending students.

The OIG did not identify any instances of fraud or potential fraud during this review.

Data Reliability

The team obtained the data from VBA's Benefits Delivery Network fiscal payment and accounting tool for the Post-9/11 GI Bill program and determined whether any data was missing from key fields and assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Additionally, the team compared data, such as education facility name, course end date, and dates of payments, against information contained electronically for each sample reviewed in VBA's The Image Management System, Long Term Solution, and Share systems. The data were sufficiently reliable for the review objective. The data appeared to be complete and accurate for their intended purpose of determining, based on the specified parameters, whether overpayments in monthly housing allowance were issued to recipients of Post-9/11 GI Bill benefits long after they were no longer enrolled in an approved program or eligible to receive monthly housing allowance payments.

Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix B: Management Comments

Department of Veterans Affairs

MEMORANDUM

Date: May 21, 2020

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report — Controls Appear to Have Addressed Prior Overpayments of Post-9/11 GI Bill Monthly Housing Allowance [Project No. 2019-08728-R4-0002]-VIEWS 02707626

To: Assistant Inspector General for Auditing and Evaluations (52)

This is in response to OIG's Draft Report: Controls Appear to Have Addressed Prior Overpayments of Post-9/11 GI Bill Monthly Housing Allowance.

VBA appreciates the opportunity to review the draft report. The draft report contains no recommendations and VBA concurs with OIG's findings. VBA will continue its work on system enhancements, specifically in regard to monthly housing certifications, to improve its processing capabilities and ensure the prevention of overpayments associated with the Post-9/11 GI Bill Monthly Housing Allowance.

The OIG removed point of contact information prior to publication.

(Original signed by)

Paul R. Lawrence, Ph.D.

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended

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