



# US DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

---

**DEPARTMENT OF VETERANS AFFAIRS**

---

## **Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2024**

Review

24-03777-113

May 21, 2025

**BE A**  
**VOICE FOR**  
**VETERANS**

---

**REPORT WRONGDOING**  
**vaoig.gov/hotline | 800.488.8244**

---

## OUR MISSION

To serve veterans and the public by conducting meaningful independent oversight of the Department of Veterans Affairs.

## CONNECT WITH US



**Subscribe** to receive updates on reports, press releases, congressional testimony, and more. Follow us at @VetAffairsOIG.

## PRIVACY NOTICE

In addition to general privacy laws that govern release of medical information, disclosure of certain veteran health or other private information may be prohibited by various federal statutes including, but not limited to, 38 U.S.C. §§ 5701, 5705, and 7332, absent an exemption or other specified circumstances. As mandated by law, the OIG adheres to privacy and confidentiality laws and regulations protecting veteran health or other private information in this report.



## Executive Summary

The VA Office of Inspector General (OIG) conducted this review to determine whether VA complied with the requirements of the Payment Integrity Information Act of 2019 (PIIA) for fiscal year (FY) 2024.<sup>1</sup> PIIA took effect in March 2020, repealing prior Improper Payments Elimination and Recovery Acts while setting similar improper payment reporting requirements—including annual compliance reports by inspectors general.<sup>2</sup>

PIIA requires federal agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on Office of Management and Budget (OMB) guidance. In addition, PIIA requires each inspector general to review their agency's improper payment reports and issue an annual report. The OIG's FY 2024 compliance review used guidance from both OMB and the Council of the Inspectors General on Integrity and Efficiency for reporting requirements.<sup>3</sup>

According to OMB, an improper payment is any payment “made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements,” such as payments to an ineligible recipient or for an ineligible good or service.<sup>4</sup> When an agency's review cannot discern whether a payment was proper because of missing or insufficient documentation, the payment should be considered an unknown payment.<sup>5</sup>

PIIA requires agencies to complete six requirements (including subrequirements) to be considered compliant for FY 2024:

**Requirement 1a:** Publish payment integrity information with the annual financial statement.<sup>6</sup>

---

<sup>1</sup> Payment Integrity Information Act of 2019, Pub. L. No. 116-117, 134 Stat. 113 (31 U.S.C. § 3301 note).

<sup>2</sup> Improper Payments Information Act of 2002, Pub. L. No. 107-300, 116 Stat. 2350 (31 U.S.C. § 3321 note); Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111-204, 124 Stat. 2224; Improper Payments Elimination and Recovery Improvement Act of 2012, Pub. L. No. 112-248, 126 Stat. 2390 (31 U.S.C. § 3321 note).

<sup>3</sup> OMB, “Requirements for Payment Integrity Improvement,” app. C in OMB Circular A-123, March 5, 2021; OMB Circular A-136, *Financial Reporting Requirements*, part II, May 30, 2024; OMB, “OMB FY 2024 Payment Integrity Annual Data Call Instructions,” September 26, 2024; Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews*, October 22, 2024. The guidance provided by the Council of the Inspectors General on Integrity and Efficiency was used to inform the process by which this review was conducted.

<sup>4</sup> OMB, “Requirements for Payment Integrity Improvement,” app. C in OMB Circular A-123.

<sup>5</sup> OMB, “Requirements for Payment Integrity Improvement,” app. C in OMB Circular A-123.

<sup>6</sup> The annual financial statement is the VA Agency Financial Report, which includes VA's annual audited financial statements and accompanying materials, as well as the report on the audit of those financial statements.

**Requirement 1b:** Post the annual financial statement and accompanying materials on the agency website.

**Requirement 2a:** Conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years.

**Requirement 2b:** Adequately conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.

**Requirement 3:** Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.

**Requirement 4:** Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.

**Requirement 5a:** Publish improper payment and unknown payment reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.

**Requirement 5b:** Demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate.

**Requirement 5c:** Develop a plan to meet the improper payment and unknown payment reduction target.

**Requirement 6:** Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.<sup>7</sup>

An additional requirement states programs with an annual reported improper payment estimate resulting in a monetary loss of \$100 million or more are considered high priority and must publish a payment integrity scorecard for OIG review.

---

<sup>7</sup> "Payment Accuracy" (website), November 27, 2024, <https://www.paymentaccuracy.gov/>; "U.S. Department of Veterans Affairs Fiscal Year 2024 Agency Financial Report" (website), VA Office of Finance, November 15, 2024, <https://department.va.gov/wp-content/uploads/2024/11/2024-va-afr-full-report.pdf>; OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123. Significant improper payments are annual improper payments and unknown payments in the program that exceed (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million regardless of the percentage of program outlays.

## VA's Reported Improper Payments

In FY 2024, VA reported improper and unknown payment estimates totaling about \$2.2 billion for seven programs.<sup>8</sup> Of that amount, about half (\$1.1 billion) represented a monetary loss and the other half was considered either a nonmonetary loss that cannot be recovered or an unknown payment.<sup>9</sup> The FY 2024 estimate is a decrease from the previous two years. VA reported improper payments and unknown payments totaling about \$3.2 billion in FY 2023 and about \$3.5 billion in FY 2022. For FY 2024, VA reported a reduction of about \$1 billion, or 32 percent, from the FY 2023 results.<sup>10</sup>

## What the Review Found

VA satisfied five of the six requirements under PIIA. VA was not considered compliant with the act, as it did not fulfill requirement 6. VA should have reported an improper and unknown payment rate of less than 10 percent for the Pension Program and the Purchased Long-Term Services and Supports Program, but it had higher estimates in the accompanying materials to VA's financial statements.<sup>11</sup>

The OIG found VA satisfied the additional reporting requirement for three high-priority programs with prior-year monetary losses from improper payments of more than \$100 million reported in FY 2024.<sup>12</sup>

## What the OIG Recommended

The OIG recommended the under secretary for benefits reduce improper and unknown payments to below 10 percent for the Pension Program and recommended the under secretary for health reduce improper and unknown payments to below 10 percent for the Purchased Long-Term Services and Supports Program.<sup>13</sup> Both are repeat recommendations. The Pension Program recommendation has remained unimplemented since OIG's FY 2022 report, and the Purchased

---

<sup>8</sup> Appendix A provides background information about the seven programs. Appendix B illustrates compliance with each of the six requirements (including subrequirements) for the remaining 67 programs and activities with annual outlays above the reporting threshold of \$10 million.

<sup>9</sup> OMB Circular A-123 states improper payments are classified as monetary loss (overpayment) and nonmonetary loss. A nonmonetary loss is either an underpayment or a technically improper payment—that is, a payment to the right recipient for the correct amount that fails to meet applicable regulatory or statutory requirements.

<sup>10</sup> The four programs with decreased improper and unknown payment rates were Communications, Utilities, and Other Rent; Medical Care Contracts and Agreements; Purchased Long-Term Services and Supports; and VA Community Care.

<sup>11</sup> Information regarding this review's scope and methodology is provided in appendix C.

<sup>12</sup> The three high-priority programs were Pension, Purchased Long-Term Services and Supports, and VA Community Care.

<sup>13</sup> The recommendations addressed to the under secretaries for benefits and health are directed to anyone in an acting status or performing the delegable duties of the position.

Long-Term Services and Supports Program recommendation has remained unimplemented since the FY 2020 report—the OIG's first review of PIIA.<sup>14</sup>

## VA Management Comments and OIG Response

VA highlighted that it has reduced improper and unknown payments by about \$1 billion from FY 2023 and \$12.57 billion (over 85 percent) since FY 2018 by prioritizing corrective actions on the largest proportion of errors and noncompliance with laws and regulations. VA also concurred with the OIG's two recommendations and provided plans for corrective actions, which were evaluated by OIG personnel during the review. The OIG considers the planned actions responsive and will monitor VA's progress until sufficient evidence has been presented to demonstrate acceptable progress on implementation. VA's comments are presented in full in appendix D.



LARRY M. REINKEMEYER  
Assistant Inspector General  
for Audits and Evaluations

---

<sup>14</sup> VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2022](#), Report No. 23-00237-124, June 2, 2023; VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2023](#), Report No. 24-00510-167, May 23, 2024; VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2020](#), Report No. 21-00519-192, August 2, 2021; VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021](#), Report No. 22-00576-178, June 28, 2022.

## Contents

|   |    |
|---|----|
| Executive Summary .....   | i  |
| Abbreviations .....   | vi |
| Introduction.....   | 1  |
| Results and Recommendations .....   | 4  |
| Finding: VA Satisfied Five of Six Requirements but Failed to Report Improper and<br>Unknown Payment Rates Below 10 Percent..... | 4  |
| Recommendations 1–2.....  | 12 |
| Appendix A: Background .....  | 13 |
| Appendix B: Reporting Compliance.....   | 15 |
| Appendix C: Scope and Methodology .....   | 22 |
| Appendix D: VA Management Comments, Acting Assistant Secretary for Management<br>and Chief Financial Officer .....              | 25 |
| OIG Contact and Staff Acknowledgments .....   | 28 |
| Report Distribution .....   | 29 |

## Abbreviations

|      |   |
|------|---|
| FY   | fiscal year                               |
| OIG  | Office of Inspector General               |
| OMB  | Office of Management and Budget           |
| PIIA | Payment Integrity Information Act of 2019 |



## Introduction

The VA Office of Inspector General (OIG) conducted this review to determine whether VA complied with the requirements of the Payment Integrity Information Act of 2019 (PIIA) for fiscal year (FY) 2024.<sup>15</sup> PIIA, enacted on March 2, 2020, repealed prior Improper Payments Elimination and Recovery Acts but set forth similar improper payment reporting requirements, including annual compliance reports by inspectors general.<sup>16</sup>

PIIA requires federal agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on Office of Management and Budget (OMB) guidance. In addition, PIIA requires each inspector general to review their federal agency's improper payment reports and issue an annual report. The OIG's FY 2024 compliance review used a combination of guidance from OMB and the Council of the Inspectors General on Integrity and Efficiency for reporting requirements.<sup>17</sup> OMB guidance implements the requirements from PIIA.

According to OMB, an improper payment is any payment "made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements."<sup>18</sup> An improper payment includes any that

- was made to an ineligible recipient;
- was made for an ineligible good or service;
- was a duplicate;
- was made for goods or services not received, except for those payments where authorized by law; or
- did not account for credit for applicable discounts.

---

<sup>15</sup> Payment Integrity Information Act of 2019, Pub. L. No. 116-117, 134 Stat. 113 (31 U.S.C. § 3301 note).

<sup>16</sup> Improper Payments Information Act of 2002, Pub. L. No. 107-300, 116 Stat. 2350 (31 U.S.C. § 3321 note); Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111-204, 124 Stat. 2224; Improper Payments Elimination and Recovery Improvement Act of 2012, Pub. L. No. 112-248, 126 Stat. 2390 (31 U.S.C. § 3321 note).

<sup>17</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123, March 5, 2021; OMB Circular A-136, *Financial Reporting Requirements*, part II, May 30, 2024; OMB, "OMB FY 2024 Payment Integrity Annual Data Call Instructions," September 26, 2024; Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews*, October 22, 2024. The guidance provided by the Council of the Inspectors General on Integrity and Efficiency was used to inform the process by which this review was conducted.

<sup>18</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

An improper payment can be an overpayment, underpayment, or technically improper.<sup>19</sup> In addition, when an agency's review cannot discern whether a payment was proper because of missing or insufficient documentation, the payment should be considered an unknown payment.<sup>20</sup>

## OMB Guidance for Fiscal Year 2024 Review

The OIG's compliance review is based on VA's FY 2024 reporting. As described in OMB guidance, PIIA requires agencies to complete all the following requirements to be considered compliant for FY 2024:

**Requirement 1a:** Publish payment integrity information with the annual financial statement.<sup>21</sup>

**Requirement 1b:** Post the annual financial statement and accompanying materials on the agency website.

**Requirement 2a:** Conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years.

**Requirement 2b:** Adequately conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.

**Requirement 3:** Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.

**Requirement 4:** Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.

**Requirement 5a:** Publish improper payment and unknown payment reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.

**Requirement 5b:** Demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate.

**Requirement 5c:** Develop a plan to meet the improper payment and unknown payment reduction target.

---

<sup>19</sup> OMB Circular A-123 states improper payments are classified as a monetary loss (overpayment) or a nonmonetary loss. A nonmonetary loss is either an underpayment or a technically improper payment—that is, a payment to the right recipient for the correct amount that fails to meet applicable regulatory or statutory requirements.

<sup>20</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

<sup>21</sup> The annual financial statement is the VA Agency Financial Report, which includes VA's annual audited financial statements and accompanying materials as well as the report on the audit of those financial statements.

**Requirement 6:** Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.<sup>22</sup>

OMB also designates high-priority programs for greater levels of oversight and review. As an additional requirement, any agency reporting high-priority programs must disclose actions or plans to prevent improper and unknown payments, as well as to recover related monetary losses. VA programs with a monetary loss from improper payments of \$100 million or more are required to complete a quarterly payment integrity scorecard on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

The VA OIG is required to assess the information provided, “determine the extent of oversight warranted,” and provide recommendations to modify VA’s plans to recover monetary losses related to improper payments as well as any actions VA intends to take to prevent improper and unknown payments.<sup>23</sup>

## VA’s Reported Improper Payments

In FY 2024, VA reported improper and unknown payment estimates totaling about \$2.2 billion for seven programs. Of that amount, about half (\$1.1 billion) represented a monetary loss, and the other half was considered either a nonmonetary loss that cannot be recovered or an unknown payment. The FY 2024 estimate is a decrease from the previous two years. VA reported improper payments and unknown payments totaling about \$3.2 billion in FY 2023 and about \$3.5 billion in FY 2022.

For FY 2024, VA reported a reduction of about \$1 billion, or 32 percent, from the FY 2023 results.<sup>24</sup> VA estimated reductions in overall improper and unknown payment rates for four of seven programs and activities susceptible to significant improper payments.

---

<sup>22</sup> OMB, “Requirements for Payment Integrity Improvement,” app. C in OMB Circular A-123. Significant improper payments must be reported and are defined as gross annual improper payments in the program that exceed (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported or (2) \$100 million regardless of the percentage of program outlays.

<sup>23</sup> OMB, “Requirements for Payment Integrity Improvement,” app. C in OMB Circular A-123.

<sup>24</sup> The four programs with decreased improper and unknown payment rates were Communications, Utilities, and Other Rent; Medical Care Contracts and Agreements; Purchased Long-Term Services and Supports; and VA Community Care.

## Results and Recommendations

### Finding: VA Satisfied Five of Six Requirements but Failed to Report Improper and Unknown Payment Rates Below 10 Percent

VA did not satisfy one PIIA requirement to report an improper and unknown payment rate of less than 10 percent for two programs that had estimates in the accompanying materials to VA's financial statements (requirement 6). The two programs were the Purchased Long-Term Services and Supports Program and the Pension Program. The improper and unknown payment rate for Purchased Long-Term Services and Supports decreased from FY 2023; however, the improper and unknown payment rate for Pension increased. VA satisfied the other requirements and subrequirements by

- publishing payment integrity information with the annual financial statements with a link to accompanying materials on PaymentAccuracy.gov (requirement 1a) and posting the FY 2024 Agency Financial Report on its website (requirement 1b),
- conducting improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years (requirement 2a) and adequately concluding whether the program is likely to make improper payments and unknown payments above or below the statutory threshold (requirement 2b),
- publishing improper payment and unknown payment estimates for programs susceptible to significant improper and unknown payments in the accompanying materials to the annual financial statement (requirement 3),
- publishing corrective action plans for each program for which an estimate above the statutory threshold was provided in the accompanying materials to the annual financial statement (requirement 4),
- publishing improper and unknown payment reduction targets for each program for which an estimate above the statutory threshold was provided in the accompanying materials to the annual financial statement (requirement 5a),
- demonstrating improvements to payment integrity or reaching a tolerable improper and unknown payment rate (requirement 5b), and
- developing a plan to meet the improper and unknown payment reduction targets (requirement 5c).

Table 1 shows VA's compliance with each requirement for the seven programs and activities susceptible to significant improper payments with published improper payment estimates—including shading and parentheses to highlight the noncompliance of the Pension

Program and the Purchased Long-Term Services and Supports Program with requirement 6. Appendix A provides background information about the seven programs, and appendix B illustrates compliance with each of the six requirements (including subrequirements) for the remaining 67 programs and activities with annual outlays above the reporting threshold of \$10 million.

**Table 1. Compliance Reporting for the Seven Programs and Activities Susceptible to Significant Improper Payments, by Requirement**

| Program name                              | Reqt. 1          | Reqt. 2          | Reqt. 3 | Reqt. 4 | Reqt. 5                    | Reqt. 6 |
|---|------------------|------------------|---------|---------|----------------------------|---------|
| Beneficiary Travel                        | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | Yes     |
| Communications, Utilities, and Other Rent | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | Yes     |
| Medical Care Contracts and Agreements     | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | Yes     |
| Pension                                   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | No      |
| Purchased Long-Term Services and Supports | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | No      |
| Supplies and Materials                    | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | Yes     |
| VA Community Care                         | a: Yes<br>b: Yes | a: Yes<br>b: Yes | Yes     | Yes     | a: Yes<br>b: Yes<br>c: Yes | Yes     |

Source: OIG analysis of VA FY 2024 Agency Financial Report and accompanying materials.

Note: "Reqt." stands for "requirement."

## What the OIG Did

The review team assessed VA's FY 2024 Agency Financial Report and accompanying materials to determine compliance with reporting requirements.<sup>25</sup> The team also reviewed relevant federal laws, regulations, and VA policies and followed up with individuals from VA's Office of Management, the Veterans Health Administration, and the Veterans Benefits Administration to obtain updates on VA's improper payment reporting.

OMB allows VA to report improper payment data based on the previous fiscal year's activity. Accordingly, the OIG review team evaluated FY 2023 data published in the financial report and accompanying materials. OIG statisticians reviewed the statistical validity of sampling methodologies for the programs and activities reported in the accompanying materials to the Agency Financial Report and performed independent calculations to verify sample estimates and margins of error for all programs and activities. The review team assessed whether VA accurately reported improper payment estimates by verifying that VA developed a sampling plan, tested sample payments, and submitted those sampling plans to OMB in a timely manner. In addition, the team reviewed risk assessments VA completed for FY 2024 to determine whether risks were properly evaluated based on known deficiencies.

Last, the review team evaluated VA's corrective action plans for OMB's required elements. Appendix C provides additional information on the review's scope and methodology.

## Two Programs Exceeded the 10 Percent Improper and Unknown Payment Rate Threshold in VA Reporting (Requirement 6)

Amounts reported by VA in the accompanying materials to the Agency Financial Report show two programs exceeded the 10 percent threshold for improper and unknown payment rates in FY 2024: (1) Purchased Long-Term Services and Supports and (2) Pension. Table 2 shows the improper and unknown payment rates for these programs in FYs 2023 and 2024.

---

<sup>25</sup> "Payment Accuracy" (website), November 27, 2024, <https://www.paymentaccuracy.gov/>; "U.S. Department of Veterans Affairs Fiscal Year 2024 Agency Financial Report" (website), VA Office of Finance, November 15, 2024, <https://department.va.gov/wp-content/uploads/2024/11/2024-va-afr-full-report.pdf>.

**Table 2. Improper Payment and Unknown Payment Rates for Programs Exceeding the 10 Percent Threshold**

| Program name                              | FY 2023 improper and unknown payments (%) | FY 2023 improper and unknown payment totals (in millions) | FY 2024 improper and unknown payments (%) | FY 2024 improper and unknown payment totals (in millions) |
|---|---|---|---|---|
| Purchased Long-Term Services and Supports | 38.72%                                    | \$1,417.99  | 13.52%                                    | \$760.10  |
| Pension                                   | 10.86%                                    | \$419.27  | 13.85%                                    | \$518.58  |

Source: VA's FY 2023 and 2024 accompanying materials to the Agency Financial Report.

In its FY 2024 accompanying materials, VA reported improper and unknown payment rates of 13.52 percent for the Purchased Long-Term Services and Supports Program, a decrease of 25.2 percentage points from FY 2023. However, the Pension Program increased 2.99 percentage points from FY 2023 to FY 2024 for reported improper and unknown payment rates.

### **VA Published Payment Integrity Information with the Annual Financial Statement and Posted It and Accompanying Materials on the Agency Website (Requirements 1a and 1b)**

VA published an Agency Financial Report for FY 2024 along with accompanying materials, consistent with requirement 1a.<sup>26</sup> The accompanying materials included improper payment estimates, the causes, and corrective actions to reduce improper payments. Additionally, VA posted the financial report and accompanying materials to the VA website and a link to [PaymentAccuracy.gov](https://www.paymentaccuracy.gov), in accordance with requirement 1b.<sup>27</sup>

### **VA Conducted Risk Assessments and Adequately Determined Programs' and Activities' Risk of Improper Payments (Requirements 2a and 2b)**

For requirement 2a, agencies must conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years. In FY 2024, to determine whether programs and activities were susceptible to significant improper payments, VA performed risk assessments for 24 programs and activities with annual outlays above the reporting threshold of \$10 million during this PIIA review cycle. VA determined 23 of the

<sup>26</sup> "U.S. Department of Veterans Affairs Fiscal Year 2024 Agency Financial Report" (website), VA Office of Finance.

<sup>27</sup> "U.S. Department of Veterans Affairs Fiscal Year 2024 Agency Financial Report" (website), VA Office of Finance.

24 programs were at low or medium risk of significant improper payments and published them in the accompanying materials to the Agency Financial Report.<sup>28</sup> The Compensation Program's improper payment risk assessment concluded the program is susceptible to significant risk of improper and unknown payments. As a result, the Compensation Program will be included in next year's PIIA review in accordance with OMB guidance.<sup>29</sup> For the remaining programs and activities with more than \$10 million in annual outlays, VA conducted risk assessments in FYs 2022 and 2023. Therefore, VA met the risk assessment requirement.

The OIG review team judgmentally selected five program risk assessments: Veterans Health Administration Insurance Claims and Interest Expense, Office of Information Technology, Grants (Homeless Per Diem), National Service Life Insurance, and Compensation. The review team verified that VA's risk assessment process incorporated the risk factors identified by OMB and met frequency requirements. The team also determined VA adequately concluded whether the programs and activities were likely to make improper and unknown payments above the statutory threshold (requirement 2b).<sup>30</sup> Specifically, table 1 listed the seven programs and activities that VA determined to be susceptible to significant improper payments.

### **VA Published Improper Payment Estimates (Requirement 3)**

The OIG found that VA published statistically valid estimates for all seven programs and activities identified as susceptible to significant improper payments. For each of the seven programs and activities, the review team verified that VA developed a sampling plan, tested sample payments, and submitted those sampling plans to OMB in a timely manner. VA identified the sample payments as either proper or improper and calculated the corresponding monetary value. VA projected the totals derived from its testing for each of the seven programs and activities and reported these totals in the accompanying materials to the Agency Financial Report. The review team selected and examined a sample of 13 payments for each of the seven programs and activities that VA tested and generally agreed with VA's testing methodology.

PIIA requires an agency to produce statistically valid improper payment estimates. An improper payment estimate is considered statistically valid if there is an associated point estimate—the improper payment estimates—and confidence intervals around that estimate.<sup>31</sup> OIG statisticians confirmed that VA's point estimates and associated confidence intervals were valid.

---

<sup>28</sup> "U.S. Department of Veterans Affairs Fiscal Year 2024 Agency Financial Report" (website), VA Office of Finance; "PaymentAccuracy.gov" (website).

<sup>29</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

<sup>30</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

<sup>31</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

## VA Published Corrective Action Plans (Requirement 4)

VA reported corrective action plans for six of the seven programs and activities in its FY 2024 accompanying materials. The Communications, Utilities, and Other Rent Program reported unknown and improper payments below the statutory threshold and, therefore, was not required to perform a corrective action plan. OMB guidance states inspectors general should evaluate whether corrective action plans are focused on the true root causes of improper payments. The review team determined VA's reported corrective actions were reasonable to address the root causes and had the potential to reduce improper payments for six of the seven programs and activities that were reviewed.

## VA Proposed Improper and Unknown Payment Reduction Targets, Developed Plans to Meet Those Targets, and Demonstrated Improved Payment Integrity for Programs with Estimates Above the Statutory Threshold (Requirements 5a, 5b, and 5c)

VA published the FY 2025 reduction targets for all seven programs and activities in its FY 2024 accompanying materials to the Agency Financial Report (requirement 5a). The review team validated the reduction targets as appropriately aggressive and realistic by comparing prior years' improper payment rates with proposed reduction targets. VA showed improvement for programs with estimates above the statutory threshold in four of the seven programs (requirement 5b). OMB provides examples of improvements, such as reducing improper and unknown payment estimates, meeting reduction targets, and expanding sampling and estimation methods for a program or activity.<sup>32</sup> For four of the seven programs, the reported improper and unknown payment amounts met reduction targets in FY 2024. To make this determination, the review team compared the FY 2024 improper and unknown payment rates to the FY 2024 published reduction targets. Table 3 shows FY 2024 reduction targets and the FY 2024 actual improper and unknown payment rate for all seven programs.

**Table 3. FY 2024 Reduction Targets, Actual Improper and Unknown Payment Rates, and FY 2025 Reduction Targets**

| Program name                               | FY 2024 reduction target | FY 2024 actual improper and unknown payment rate | FY 2025 reduction target |
|--|--------------------------|--|--------------------------|
| Beneficiary Travel                         | 6.80%                    | 8.09%  | 7.75%                    |
| Communications, Utilities, and Other Rents | 2.45%                    | 0.57%  | 0.00%                    |
| Medical Care Contracts and Agreements      | 3.90%                    | 2.28%  | 2.25%                    |

<sup>32</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

| Program name                              | FY 2024 reduction target | FY 2024 actual improper and unknown payment rate | FY 2025 reduction target |
|---|--------------------------|--|--------------------------|
| Pension                                   | 9.99%                    | 13.85%   | 9.54%                    |
| Purchased Long-Term Services and Supports | 35.00%                   | 13.52%   | 13.00%                   |
| Supplies and Materials                    | 3.50%                    | 7.57%  | 7.00%                    |
| VA Community Care                         | 4.80%                    | 1.90%  | 1.80%                    |

Source: VA's FY 2024 accompanying materials to the Agency Financial Report.

Finally, VA developed plans to meet the improper and unknown payment reduction targets for FY 2025 (requirement 5c). The review team assessed the programs' corrective action plans for FY 2025 and verified that the plans focused on actions to further reduce the improper and unknown payment rates.

## VA Developed and Publicly Reported Actions to Prevent and Recover Improper Payments for High-Priority Programs with \$100 Million or More in Monetary Losses

OMB designates programs as high priority if they have \$100 million or more in annual reported estimated monetary losses from improper payments. OMB requires agencies to provide information on high-priority programs so it can be published quarterly in an OMB Payment Integrity Scorecard. The scorecard includes actions an agency has taken or plans to take to recover monetary losses from improper payments and intended steps to prevent improper payments from occurring. This includes highlighting past and future efforts to mitigate root causes of improper payments.<sup>33</sup>

The programs for VA Community Care, Pension, and Purchased Long-Term Services and Supports were considered high-priority programs in FY 2024 with prior-year monetary losses from improper payments estimated at \$954.17 million, \$418.06 million, and \$318.46 million, respectively.<sup>34</sup> VA met the reporting requirement by providing quarterly updates to the scorecards (posted by OMB) that include goals, accomplishments, and strategies aimed at preventing improper payments. The team reviewed the scorecards for these three programs—including VA's plans to recover and prevent future improper payments—and determined the plans appeared to be accurate and complete.

<sup>33</sup> OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

<sup>34</sup> Programs are expected to provide information for the Payment Integrity Scorecard immediately after the publication of an annual improper payment estimate with a monetary loss that is \$100 million or more and are expected to continue providing information on a quarterly basis until the program reports an annual monetary loss estimate for improper payments that is less than \$100 million. OMB, "Requirements for Payment Integrity Improvement," app. C in OMB Circular A-123.

## **Conclusion**

VA met five of the six reporting requirements (including subrequirements) for PIIA compliance. The deficiencies in the final reporting requirement put VA in noncompliance with the law for FY 2024. The noncompliance involved two of seven programs or activities that had estimates above the 10 percent threshold for improper and unknown payments reported in the accompanying materials to VA's financial statements. VA met additional requirements for high-priority programs by providing quarterly updates to OMB that included plans to prevent and recover monetary losses from improper payments.

## Recommendations 1–2

The OIG made the following recommendation to the under secretary for benefits:<sup>35</sup>

1. Reduce improper and unknown payments to below 10 percent for the Pension Program. (This is a repeat recommendation from the VA Office of Inspector General's fiscal year 2022 and fiscal year 2023 reports.<sup>36</sup>)

The OIG made the following recommendation to the under secretary for health:

2. Reduce improper and unknown payments to below 10 percent for the Purchased Long-Term Services and Supports Program. (This repeat recommendation has been in place since the VA Office of Inspector General's fiscal year 2020 report, which was the office's first review of the Payment Integrity Information Act of 2019.<sup>37</sup>)

## VA Management Comments

VA concurred with the OIG's two recommendations and provided corrective actions plans from the Veterans Health Administration and the Veterans Benefits Administration that had been evaluated by the OIG team during this review, along with target completion dates. VA highlighted that it has reduced improper and unknown payments by about \$1 billion from FY 2023 and \$12.57 billion (over 85 percent) since FY 2018 by prioritizing corrective actions on the largest proportion of errors and noncompliance with laws and regulations. VA's comments are provided in full in appendix D.

## OIG Response

VA's planned actions evaluated during the review are acceptable, and the OIG will monitor VA's development until sufficient evidence has been presented to demonstrate acceptable progress on completion.

---

<sup>35</sup> The recommendations addressed to the under secretaries for benefits and health are directed to anyone in an acting status or performing the delegable duties of the position.

<sup>36</sup> VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2022](#), Report No. 23-00237-124, June 2, 2023. VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2023](#), Report No. 24-00510-167, May 23, 2024.

<sup>37</sup> VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2020](#), Report No. 21-00519-192, August 2, 2021; VA OIG, [Review of VA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021](#), Report No. 22-00576-178, June 28, 2022.

## **Appendix A: Background**

Within VA's Office of Management, the Improper Payments Remediation and Oversight Office provides oversight and coordination of compliance activities under the Payment Integrity Information Act of 2019 (PIIA). Individual administrations and staff offices are responsible for complying with PIIA requirements applicable to their programs and activities.

VA considered the following seven programs and activities at risk for significant improper payments.

### **Beneficiary Travel**

The Beneficiary Travel Program provides eligible veterans and other beneficiaries mileage reimbursement or common carrier or special mode transportation to receive VA-authorized health care.

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

This program includes payments for communications usage and utility services, as well as charges for possession and use of land, structures, or equipment owned by others.

### **Medical Care Contracts and Agreements**

These contracts and agreements include payments for research and medical and educational data or services; reimbursements at contract per diem rates for hospitalization and dialysis treatment furnished by non-VA facilities; and indirect charges added for research and demonstration projects.

### **Pension**

The Pension Program provides supplemental income to eligible veterans and their families with financial challenges.

### **Purchased Long-Term Services and Supports**

The Purchased Long-Term Services and Supports Program is organizationally aligned under the Veterans Health Administration's Geriatrics and Extended Care Office, which strives to empower veterans to rise above the challenges of aging, disability, or serious and chronic illnesses.

### **Supplies and Materials**

Supplies and materials are acquired by formal contracts or other forms of purchase and should be consumed or expended within one year.

## **VA Community Care**

VA established the Community Care Program to provide timely and specialized care to eligible veterans by authorizing veterans to receive care in the community if needed services are not available through VA within established timelines. Changes to VA Community Care regulations took effect June 6, 2019, with implementation of the VA MISSION Act of 2018.<sup>38</sup>

---

<sup>38</sup> VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act of 2018, Pub. L. No. 115-182, 132 Stat. 1393.

## Appendix B: Reporting Compliance

This appendix illustrates compliance with each of the six requirements (including subrequirements) for the 67 VA programs and activities with annual outlays above the reporting threshold of \$10 million that VA determined were at low, medium, or significant risk of improper and unknown payments.

As described in the report, the requirements and subrequirements are as follows:

**Requirement 1a:** Publish payment integrity information with the annual financial statement.

**Requirement 1b:** Post the annual financial statement and accompanying materials on the agency website.

**Requirement 2a:** Conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years.

**Requirement 2b:** Adequately conclude whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.

**Requirement 3:** Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.

**Requirement 4:** Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.

**Requirement 5a:** Publish improper payment and unknown payment reduction targets for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.

**Requirement 5b:** Demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate.

**Requirement 5c:** Develop a plan to meet the improper payment and unknown payment reduction target.

**Requirement 6:** Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

VA identified the Compensation Program as susceptible to significant risk of improper and unknown payments, and it will be included in next year's Payment Integrity Information Act of 2019 (PIIA) review. The remaining programs and activities were *not* identified as being susceptible to significant improper payments; therefore, requirements 3 through 6 were not applicable (indicated in table B.1 with a dash). Table B.1 lists each program or activity and the related reporting compliance by requirement.

**Table B.1. Reporting Compliance by Program or Activity and Requirements**

| Program or activity name  | Req. 1           | Req. 2           | Req. 3 | Req. 4 | Req. 5               | Req.6 |
|---|------------------|------------------|--------|--------|----------------------|-------|
| Alcohol and Drug Treatment Rehabilitation                           | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Automobile Adaptive Equipment                                       | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Caregiver Support   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Civilian Health and Medical Program of the VA (CHAMPVA)             | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Clothing Allowance  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Compensated Work Therapy  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Compensation  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| COVID-19 Office of Information and Technology                       | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| COVID-19 Veterans Benefits Administration General Operating Expense | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| COVID-19 Veterans Health Administration Supplemental Disbursements  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |

| Program or activity name  | Req. 1           | Req. 2           | Req. 3 | Req. 4 | Req. 5               | Req.6 |
|---|------------------|------------------|--------|--------|----------------------|-------|
| Dependency and Indemnity Compensation                                       | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Education Service (Chapter 33)  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Education Service (Chapter 1606)  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Education Service (State Approving Agencies)                                | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Education Service Survivor and Dependents Education Assistance (Chapter 35) | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Equal Access to Justice Act   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Equipment   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Facility Maintenance and Operations   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Foreign Medical Program   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Franchise Fund  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| General Post Fund   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Grants (Adaptive Sports Programs)   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Grants (Construction of State Extended Care Facilities)                     | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |

| Program or activity name                       | Req. 1           | Req. 2           | Req. 3 | Req. 4 | Req. 5               | Req.6 |
|--|------------------|------------------|--------|--------|----------------------|-------|
| Grants (Homeless Per Diem)                     | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Grants (Suicide Prevention Grant Program)      | a: Yes<br>b: Yes | a: NA<br>b: Yes  | —      | —      | a: —<br>b: —<br>c: — | —     |
| Grants (Support Services for Veteran Families) | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Healthcare for Homeless Veterans               | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Indian Health Services/Tribal Health Program   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Land and Structures                            | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Loan Guaranty (Loan Administration)            | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Loan Guaranty (Loan Production)                | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Loan Guaranty (Property Management)            | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Medical and Prosthetic Research                | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Montgomery GI Bill (Chapter 30)                | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| National Cemetery Administration Burial        | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| National Service Life Insurance                | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |

| Program or activity name  | Req. 1           | Req. 2           | Req. 3 | Req. 4 | Req. 5               | Req.6 |
|---|------------------|------------------|--------|--------|----------------------|-------|
| Non-Medical Contracts and Agreements  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Off-Station Provider Services   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Office of Acquisition, Logistics, and Construction (Major/Minor Construction) | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Office of Information and Technology  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Office of Inspector General-<br>Department of Veterans Affairs                | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Other Contracts, Services, Agreements,<br>and Miscellaneous                   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Pharmacy (Consolidated Mail Outpatient<br>Pharmacies)                         | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Pharmacy (Medical Facilities)   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Professional Services Contracts   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Prosthetics   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Reimbursement (GOE/IT/VHA)  | a: Yes<br>b: Yes | a: NA<br>b: Yes  | —      | —      | a: —<br>b: —<br>c: — | —     |
| Service-Disabled Veterans Insurance   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Servicemembers' Group Life Insurance  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |

| Program or activity name                                    | Req. 1           | Req. 2           | Req. 3 | Req. 4 | Req. 5               | Req.6 |
|---|------------------|------------------|--------|--------|----------------------|-------|
| Shared Services   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Specially Adapted Housing                                   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Spina Bifida Health Care                                    | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| State Home Per Diem   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Station 101 Accounting                                      | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Supply Fund   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Transportation of Things                                    | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| VA-wide Payroll   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| VA-wide Travel  | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veteran Rapid Retraining Assistance Program (VRRAP)         | a: Yes<br>b: Yes | a: NA<br>b: Yes  | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veteran Readiness and Employment                            | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veterans Benefits Administration Burial                     | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veterans Benefits Administration General Operating Expenses | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |

| Program or activity name   | Req. 1           | Req. 2           | Req. 3 | Req. 4 | Req. 5               | Req.6 |
|--|------------------|------------------|--------|--------|----------------------|-------|
| Veterans Benefits Administration Spina Bifida (Chapter 18)           | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veterans Health Administration Information Technology Services       | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veterans Health Administration Insurance Claims and Interest Expense | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veterans Insurance and Indemnities                                   | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |
| Veterans Special Life Insurance                                      | a: Yes<br>b: Yes | a: Yes<br>b: Yes | —      | —      | a: —<br>b: —<br>c: — | —     |

Source: *OIG analysis of VA Fiscal Year 2024 Agency Financial Report and accompanying materials.*

Note: "Req." stands for "requirement."

## Appendix C: Scope and Methodology

### Scope

The review team conducted its work from November 2024 through April 2025. The team focused on improper payment information reported in VA's Fiscal Year (FY) 2024 Agency Financial Report and accompanying materials, as required.

### Methodology

To assess VA's compliance, the review team assessed VA's FY 2024 Agency Financial Report and accompanying materials, including VA's improper payment reduction targets.<sup>39</sup> The team also reviewed relevant federal laws, regulations, and VA policies and followed up with individuals from VA's Office of Management, the Veterans Health Administration, and the Veterans Benefits Administration to obtain updates on VA's improper payment reporting. VA completed 24 risk assessments for FY 2024 either as part of its three-year cycle or due to significant changes in legislation or funding; the review team examined a judgmental sample of five programs to determine whether risks were properly assessed based on known deficiencies. The five program risk assessments reviewed were Veterans Health Administration Insurance Claims and Interest Expense, Office of Information Technology, Grants (Homeless Per Diem), National Service Life Insurance, and Compensation.

The VA Office of Inspector General (OIG) used data from the seven programs susceptible to significant risk of improper payments to select a sample of 13 transactions per program that had been tested by VA auditors for accuracy of proper or improper payment determinations. OIG statisticians reviewed the statistical validity of sampling methodologies for the programs and activities reported in the accompanying materials and performed independent calculations to verify sample estimates and margins of error for the seven programs and activities: Beneficiary Travel; Communications, Utilities, and Other Rent; Medical Care Contracts and Agreements; Pension; Purchased Long-Term Services and Supports; Supplies and Materials; and VA Community Care.

In addition, OIG statisticians developed independent statistical estimates based on VA's test results for improper payments. The review team evaluated whether VA accurately reported improper payments by analyzing the VA auditors' assessment. However, the team did not determine whether payments were proper or improper, nor did it reevaluate VA's sample transactions to determine whether VA correctly identified all improper payments in its samples to estimate improper payments. The team tested all seven programs and activities by selecting and reviewing 13 payments for each program or activity that VA had tested during FY 2024. The

---

<sup>39</sup> "U.S. Department of Veterans Affairs Fiscal Year 2024 Agency Financial Report" (website), VA Office of Finance, November 15, 2024, <https://department.va.gov/wp-content/uploads/2024/11/2024-va-afr-full-report.pdf>.

team also examined VA's corrective action plans as reported in the accompanying materials to its Agency Financial Report and validated whether each corrective action plan contained the necessary elements required by the Office of Management and Budget (OMB).

## Internal Controls

The review team assessed the internal controls and principles related to the review objective:<sup>40</sup>

- Component: Control Environment
  - Principle 2: Exercise Oversight Responsibility
- Component: Control Activities
  - Principle 11: Design Activities for the Information System
- Component: Information and Communication
  - Principle 13: Use Quality Information
- Component: Monitoring
  - Principle 17: Evaluate Issues and Remediate Deficiencies

The team's assessment of these internal controls and principles did not find any significant deficiencies.<sup>41</sup>

## Data Reliability

To evaluate VA's compliance with requirements, the review team primarily used information VA published in its FY 2024 Agency Financial Report and accompanying materials. To assess the reliability of VA's published information, the team reviewed the statistical methodologies that VA applied to payment data for all programs and activities and identified data sources from VA's sampling plans. According to those plans, the Veterans Health Administration obtained data for its programs and activities from VA's Financial Management System. The data for Veterans Benefits Administration programs came from the Veterans Service Network Database.

---

<sup>40</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

<sup>41</sup> Since the review was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that may have existed at the time of this review.

The review team did not

- perform its own independent risk assessments of VA's programs and activities, or
- evaluate all of VA's sample transactions to determine whether VA correctly identified improper payments (except as previously discussed in the overall methodology section).

The review team designed its procedures to determine whether VA complied with OMB's six requirements (including subrequirements) and whether VA met requirements pertaining to high-priority programs—not to attest to the accuracy of VA's reporting. The OIG believes its procedures to assess data reliability were sufficient to support the review's objective.

### **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 D: VA Management Comments, Acting Assistant Secretary for Management and Chief Financial Officer

### Department of Veterans Affairs Memorandum

Date: April 30, 2025

From: Acting Assistant Secretary for Management and Chief Financial Officer (004)

Subj: Draft Report, Review of Department of Veterans Affairs' Compliance with the Payment Integrity Information Act for Fiscal Year 2024

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

1. Thank you for the opportunity to review and respond to the Office of Inspector General (OIG) draft report, Review of Department of Veterans Affairs' (VA) Compliance with the Payment Integrity Information Act (PIIA) for Fiscal Year (FY) 2024. We appreciate the work completed by your staff to evaluate VA's efforts to comply with PIIA requirements and corrective actions to reduce improper payments.
2. The Office Management (OM) would like to note that in FY 2024, VA reported a reduction of about \$1 billion in improper and unknown payments, a reduction of 31.55% from FY 2023 results. VA's implementation of mitigation strategies and corrective actions reduced improper and unknown payments despite increases in outlays of \$4.43 billion, or 12.30%. Since FY 2018, VA has reduced improper and unknown payments by \$12.57 billion, or 85.29% by prioritizing corrective actions on the largest proportion of errors and noncompliance with laws and regulations.
3. OM concurs with the OIG's finding and recommendations made to the Undersecretary for Benefits and Undersecretary for Health to reduce improper payments to below 10 percent for their respective stated programs.
4. Management comments and action plans to address the recommendations are attached.

*The OIG removed point of contact information prior to publication.*

(Original signed by)

Edward J. Murray

Attachments

Attachment

**Veterans Benefits Administration (VBA)**

**Action Plan**

**OIG Draft Report: Review of VA's Compliance with Payment Integrity Information Act (PIIA) for Fiscal Year 2024**

**(OIG Project No. 2024-03777-AE-0137)**

**Recommendation 1. The Under Secretary for Benefits reduce improper and unknown payments to below 10 percent for Pension Program.**

**VBA Comments:** Concur

The reduction of improper and unknown payments is a top financial management priority for VA. VA continues to implement specific corrective actions to remediate root causes of errors and strategically strengthen payment integrity while ensuring Veteran access to healthcare and benefits.

As part of this review, OIG evaluated VBA's corrective action plan for the Pension program and determined its corrective actions reasonable to address the root causes and reduce improper payments with no recommendations for improvement (Requirement 4). VBA continues to conduct quarterly SSA claim matches to ensure accurate pension rate decisions. Since the corrective action plan and milestones for implementation have already been evaluated by OIG and determined reasonable, VBA did not resubmit the plan as part of the response to this draft report and recommendation.

Status: In progress

Target Completion Date: May 2028

Attachment

**Veterans Health Administration (VHA)**

**Action Plan**

**OIG Draft Report: Review of VA's Compliance with Payment Integrity Information Act (PIIA) for  
Fiscal Year 2024**

**(OIG Project No. 2024-03777-AE-0137)**

**Recommendation 2. The Under Secretary for Health reduce improper and unknown payments to below 10 percent for Purchased Long Term Services and Supports (PLTSS) Program.**

**VHA Comments:** Concur

The reduction of improper and unknown payments is a top financial management priority. VA continues to implement specific corrective actions to remediate root causes of errors and strategically strengthen payment integrity while ensuring Veteran access to healthcare and benefits.

As part of this review, OIG evaluated VHA's corrective action plan for the PLTSS program and determined its corrective actions reasonable to address the root causes and reduce improper payments with no recommendations for improvement (Requirement 4). VHA continues implementation of a standardized rate schedule for community nursing home payments, transitioning more payments from a legacy system requiring manual validation to an automated claims adjudication system, resolving contracting errors involving missing signatures and working to reconcile procurement vendors to invoice vendors. Since the corrective action plan and milestones for implementation have already been evaluated by OIG and determined reasonable, VHA did not resubmit the plan as part of the response to this draft report and recommendation.

Status: In progress

Target Completion Date: May 2028

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

## OIG Contact and Staff Acknowledgments

---

|                |   |
|----------------|---|
| <b>Contact</b> | For more information about this report, please contact the Office of Inspector General at (202) 461-4720. |
|----------------|---|

---

|                    |  |
|--------------------|--|
| <b>Review Team</b> | Lance Kramer, Director<br>Kelly Crawford<br>Ray English<br>Kaneshia McGee<br>Prince Pitterman<br>Anita Rizuto<br>Despina Saeger<br>Leslie Yuri |
|--------------------|--|

---

|                           |   |
|---------------------------|---|
| <b>Other Contributors</b> | Dan Blodgett<br>Victoria Hinkle<br>Jodi Treszoks<br>Rachelle Wang-Cendejas<br>Bill Warhop |
|---------------------------|---|

## Report Distribution

### VA Distribution

Office of the Secretary  
Veterans Benefits Administration  
Veterans Health Administration  
National Cemetery Administration  
Assistant Secretaries  
Office of General Counsel  
Office of Acquisition, Logistics, and Construction  
Board of Veterans' Appeals

### Non-VA Distribution

House Committee on Veterans' Affairs  
House Appropriations Subcommittee on Military Construction, Veterans Affairs,  
and Related Agencies  
House Committee on Oversight and Government Reform  
Senate Committee on Veterans' Affairs  
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs,  
and Related Agencies  
Senate Committee on Homeland Security and Governmental Affairs  
National Veterans Service Organizations  
Government Accountability Office  
Office of Management and Budget

OIG reports are available at [www.vaogig.gov](http://www.vaogig.gov).