**Training Reminder**

**Procedural Advisory:  Strengthening Internal Controls for Big Payment Claims**

September 14, 2016

**Background:** The Department of Veterans Affairs (VA) Education benefit programs’ large retroactive payment limits, other than Post-9/11 GI Bill (chapter 33); have not kept pace with the adjusted Cost-of-Living Adjustment (COLA). Non-chapter 33 programs include: The Montgomery GI Bill (chapter 30), The Montgomery GI Bill – Selected Reserve (chapter 1606), the Reserve Educational Assistance Program (chapter 1607) and Dependents Educational Assistance (chapter 35). Since 2002, the monthly education benefit COLA has increased an average of 5.2 percent. For example, in 2002, the chapter 30 full-time rate was $900.00, and currently the chapter 30 full-time rate is $1,789.00.

**Issue:** Based on Circular A-123, Appendix A, the VA Office of Internal Controls (OIC) conducts a site visit to a Regional Processing Office (RPO) each year.  As of 2003, any award action that issues a payment between $8,000.00 and $12,000.00 requires three signatures. This includes a Veterans Claims Examiner (VCE), Senior Veterans Claims Examiner (SVCE), and a Coach (who inserts a note in the file once the payment has been reviewed).

For payments over $12,000.00, the RPO then creates a big pay note/memorandum, which is signed by VCE, SVCE, and Coach. The big pay memorandum is then sent to the Section Chief or other RPO designee for their final review and approval and uploaded to The Image Management System (TIMS) where it will be stored in the electronic file. Finally, an email or paper hard copy is forwarded to the RPO Director’s office for record keeping. In order to strengthen the review and internal controls over these claims, RPOs must use the following procedures when reviewing cases for big payments.

**Note:** This advisory amends RPO Letter 22-03-35 **“Education $12K Payment Review”** and raises the limits on big payments requiring signed memos from $12,000.00 to $20,000.00. RPOs may follow their local guidance on amending their current memos to increase the limit from $12,000.00 to $20,000.00 and adding a 4th signature block.

**Procedures:** The threshold for big payment cases will increase for Chapter 30 and Chapter 35 from $8,000.00 to $15,000.00, requiring three signatures (VCE, SVCE, and Coach) and Payments of $20,000.00 and over will require an additional signature and creation of the big payment memorandum. Claims involving big payment amounts include the **cumulative** total of an award action, regardless of how many separate transactions are involved. This includes all award types such as OJT/Apprenticeship, chapters 30, 33, and 35. The RPO should follow the guidance below for big payment cases **BEFORE** authorization and release of payment:

**Non-chapter 33 Big Payment Thresholds:**

**Instructions for Payments of $15,000.00 or more, but less than $20,000.00**

1. The VCE will create an audit worksheet to verify that the payment amount is correct and send to the appropriate queue for review.
2. The SVCE will review the audit worksheet and the enrollment certification or a training agreement with certified hours. The SVCE will then send the case to their Coach for a final review and creation of the big payment note in the TIMS file.

A big payment note will include the following:

1. Beginning and end dates of the award
2. The cumulative payment amount
3. The note serves as verification that the audit worksheet is correct and the date of review based on an assertion by the Coach that the VCE, SVCE, and Coach reviewed the case (meeting the three signature requirement documented by the note in the file).
4. After the assertion via the note in the TIMS file, the payment may be authorized and released in the Benefits Delivery Network (BDN) by the final reviewer (Coach).

**Instructions for Payments of $20,000.00 or more**

**Note: RPOs may use their procedures to determine which individual begins the memorandum for claims where payments of $20,000.00 or more are released.** **However, all signatures on the memo must be obtained prior to payment being released.**

1. The VCE will create an audit worksheet to verify that the payment amount is correct and send to the appropriate queue for review.
2. The SVCE will review the audit worksheet and the enrollment certification or a training agreement with certified hours. The SVCE will then send the case and to their Coach for an additional review.
3. The Coach will review the big payment for the claim and create the TIMS note and then send the claim to their RPO designee, 4th level reviewer, to verify the final amounts before payment. The 4th level reviewer may be no lower than another GS-12 Coach.
   1. The 4th level review will verify that all previous steps including the audit worksheet, note in the TIMS file, and signed big pay memorandum are completed and accurate. Once final review is complete the big pay memorandum will be captured into TIMS, payment may be released in BDN or FOCAS via the 4th level reviewer.
4. After release of payment the 4th level reviewer will E-mail or send a hard copy of the Big Pay memorandum to the Director’s office.  The big payment memorandum must be sent to the Director’s office within 3 business days of the payment being authorized and archived as appropriate.

**Post-9/11 GI Bill (chapter 33) Big Payment Thresholds:**

The following procedures need to be completed when payments for the Post-9/11 GI Bill have any of the payment actions:

* Single School Payment: $35,000.00 or more
* Single Individual Payment: $20,000.00 or more.

**Instructions for Payments of more than $20,000.00**

1. The Long Term Solution (LTS) notates a big payment will be released either by design or in lump sum payments. The VCE will capture the Work Product Summary (WPS) screen into the TIMS file and send the case to the proper authorization queue.

**\*FOCAS & LTS**- a T-Sheet for FOCAS and the WPS in LTS should be used for OJT/Apprenticeship claims. The information contained within the T-Sheet and LTS include the term dates, monthly certifications and total payment amounts being released.

1. The Senior VCE will review the case, WPS (serving as an audit worksheet), and enrollment certification or a training agreement with certified hours, and send the case to their Coach for review.
2. The Coach will review and verify the payment is accurate, create the TIMS note, and send the claim to their RPO designee, a 4th level reviewer, to verify all steps have been completed prior to release of payment. The 4th level reviewer may be no lower than another GS-12 Coach.
   * The 4th level review will verify that all previous steps including the WPS, T- Sheet, or other documentation is present, verify that all steps have been followed including the note in the TIMS file and the signatures to the big pay memorandum. Once final review is complete and the big pay memorandum is captured into TIMS, payment may be released in BDN or FOCAS via the 4th level reviewer.
3. Once payment is released the 4th level reviewer will E-mail or send a hardcopy of the Big Pay memorandum to the Director’s office. The big payment memorandum must be sent to the Director’s office within 3 business days of the payment being authorized and archived as appropriate.

**Quality Reviews**

In addition to the procedures above, each RPO’s Quality Review Team (QRT) should add the following criteria to their big payment case reviews. The National Quality Assurance Team will review big payment cases during quality reviews, Improper Payments Elimination and Recovery Improvement Act (IPERIA) reviews, and any reports submitted by the field for the amounts over $15,000.00 and $20,000.00.

**Note:** Quality Review Teams (QRT) **are not** required to pull big payment cases in addition to their normal reviews.  However, QRT should follow the additional guidance as requested in this advisory.

The following questions should be added to the RPOs’ quality review scorecard if a large retroactive case is processed:

1. Is there documentation (an audit worksheet, WPS and Payment Instruction screens, a T-Sheet) with award dates that support the big payment?
2. Were all proper internal and external communications present in the file including a note in the TIMS file showing the amount of payment, verification of the audit worksheet, and proper signatures prior to payment being released?
3. Was a big payment memorandum in the file for payments requiring a fourth signature (GS-12 or higher for payments $20,000.00 or more) prior to authorizing the payment?

**System Limitations**

When completing big pay paperwork for chapter 33 and chapter 35 be mindful of the full file pass. The full file pass for recurring payments is scheduled starting on the 20th or after each month. If you are completing big pay paperwork on or after the 20th of the month, make sure the audit worksheet accounts for any potential payment due for the current month. For the exact date of the full file pass each month, refer to the [BDN Schedule of Operations](http://vbahinesweb.vba.va.gov/web/bdn_sched_of_op.htm). The RPOs should make every effort to anticipate these events and adjust the awards, documentation, and audit worksheets as necessary.

The Benefits Delivery Network (BDN) in some instances is limited in its capacity to deliver payments for an entire award. In order to achieve full payment of an award the RPO may use multiple end products, but only one original or one supplemental end product (ep), to authorize big payment awards. Subsequent end products will be a 930ep.

**In addition, the RPOs may not use the practice of breaking up big payment awards on multiple work products to justify NOT following the above procedures. A big or large retroactive payment is an award where the *cumulative* payment reaches the threshold amounts.**

**Questions and Answers**

1. If a claimant has a debt of $15,000.00 on their M01 screen and VA issues a payment of $25,000.00 to the individual, off-setting the payment by $15,000.00 and only releasing $10,000.00 directly to the student, does this payment qualify as a big payment? Is a note or memorandum needed based on the payment issued by VA’s payment systems or what is actually received by the claimant?

Answer: The requirements for the big pay note or memorandum are required when the system generates big payment awards, not what nets out to the claimant.

1. What constitutes a cumulative payment? For example, if a school submits the following enrollments and the payments are created on one work product, is this considered a big payment, despite it being reported for multiple terms, and the above procedures need to be followed?

* Spring Tuition and Fees, payment is-$21,084.00
* Fall Tuition and Fees, payment is-$21,970.00
* Books and Supplies Spring: $500.00
* Books and Supplies Fall: $500.00
* Housing Payment: $10,000.00

Answer: Yes. Big payment thresholds have been met on this work product for a payment in excess of $35,000.00 to a school.  The requirements for the big pay note and memorandum are required.

1. If a public not-for profit school exceeds the big pay threshold and the amount requires multiple payments within BDN to release, does a big pay note and memo have to be created for each separate payment that VA releases in BDN?

Answer: No. However, there should be an addition to the note or memo for the benefit of the Director’s office or auditors to notify that multiple awards were generated for one file due to system limitations.

**Questions:** If you have any questions, please direct them to the Quality Assurance Team via email at [VAVBAWAS/CO/222B](mailto:VAVBAWAS/CO/222B).

V/R

Operations Team

Education Service