

**MS. LAURIE PARK
DEPUTY ASSISTANT SECRETARY FOR FINANCE AND
ACTING DEPUTY CHIEF FINANCIAL OFFICER
DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES**

September 21, 2016

Introduction

Good afternoon, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee. Thank you for the opportunity to discuss the actions the Department of Veterans Affairs (VA) is taking to reduce improper payments and to achieve sustained compliance with improper payment laws and implementation guidance under the Improper Payments Elimination and Recovery Act (IPERA).

As the VA Deputy Assistant Secretary for Finance, I am responsible to the Interim Chief Financial Officer (CFO) for Department-wide financial management activities. I am keenly aware that VA's financial management needs to improve and I assure you that at the direction of Secretary McDonald, Deputy Secretary Gibson, and my boss, Ed Murray, the Interim Chief Financial Officer, we are taking aggressive action to address our financial management challenges, including compliance with IPERA. Reducing improper payments is a very visible and high-priority element of our overall effort to strengthen VA financial management, and we are committed to achieving compliance with IPERA and remediating improper payments as part of our stewardship of taxpayer dollars.

Background

The Department is currently responsible for ensuring accurate testing, projections and annual reporting of improper payments in 14 programs. These 14 programs provide a wide-range of goods and services, including care in the community for our Nation's Veterans; medical supplies to VA hospitals and clinics; benefits

including compensation for disabilities, education, and vocational rehabilitation for Veterans; rebuilding after Hurricane Sandy; and payments to Federal employees. I am responsible for issuing Department-wide guidance for implementing IPERA and for providing oversight on related Departmental activities. In an effort to ensure commitment and accountability, a Senior Accountable Official for each of the 14 programs is responsible for assessing risk in their program, identifying improper payments, and executing corrective actions for remediation.

In its May 2016 report, the VA Office of Inspector General (OIG) reported that VA did not comply with two of six IPERA requirements because it did not meet reduction targets and maintain a gross improper payment rate of less than 10 percent for all programs. Eight programs did not meet reduction targets established in fiscal year (FY) 2014, and two of these programs also exceeded the 10-percent threshold. OIG also reported that VA's increase in improper payments was due primarily to improvements in estimating improper payments.

In FY 2015, the Department improved its testing in response to an OIG finding that acquisition regulation requirements were not appropriately considered. VA collaborated closely with the Office of Management and Budget (OMB) and OIG to ensure an accurate understanding of the effect of this concern. As a result, VA classified payments for contracted goods and services that did not comply with applicable Federal procurement laws, including the Federal Acquisition Regulation (FAR), as improper. Prior to FY 2016, VA's long-standing practice had been to rely on arrangements called individual authorizations to procure care in the community, when other arrangements were not practical or would delay care that Veterans urgently need. Individual Authorizations are contractual in nature, and are therefore subject to Federal procurement laws. VA has sought legislative authority to enter into provider agreements that would allow VA to contract with providers on an individual basis in the community, without forcing providers to meet excessive compliance burdens while still ensuring that Veterans are able to quickly access quality care in the community.

In 2015, VBA also introduced a more vigorous methodology to test compensation claims, identifying additional improper payments. Training on the improved methodology has proven to be effective in identifying improper payments and areas of process improvement. VA is correcting the issues causing improper payments through continuous process improvement and the use of standardized tools to improve claims processing outcomes. In addition, VA is taking action to adjust claims more timely through reduction of the claims backlog; the use of an automated rules-based processing system; and increased automation. Subjectivity in decisions has also been reduced due to mandatory use of tools, such as the Rating Evaluation Builder and the Special Monthly Compensation Calculator. VA has and will continue to prioritize training on improper payment error trends, implement corrective action plans, and review procedural guidelines to ensure process clarity.

Commitment to Accurate Reporting, Remediating, and Ensuring Accountability for Improper Payments

In FY 2015, VA increased senior leadership collaboration and awareness of improper payment challenges. We also established a new oversight office, the Improper Payments Remediation and Oversight Office, focused on driving identification and remediation of improper payments. We recruited staff with expertise in IPERA compliance, internal control assessment, systemic issue identification, and corrective action development. This office's singular focus on achieving IPERA compliance has elevated the priority and awareness of this important objective across the Department. Actions initiated in 2016 include:

- Ensuring consistent application of the definition of improper payments across the Department in the area of acquisitions. VA recently issued acquisition guidance mandating testing procedures and providing instructions on what constitutes a proper payment;
- Revising IPERA policy to clearly define roles and responsibilities, in addition to processes and procedures; and

- Reviewing improper payment risk assessments, testing plans, and corrective action plans for each program to ensure a consistent enterprise-wide approach and compliance with policy.

Furthermore, VA is working with the Department of Treasury (Treasury) and the Social Security Administration (SSA) to identify improper payments in both the pre- and post-payment phases. We still have additional opportunities to leverage these resources to prevent future improper payments. VA is working with Treasury to improve the number of payments identified via their Do Not Pay tools. We also actively participate in Government-wide efforts to improve financial management, such as the OMB CFO Council. Likewise, we are continuing our collaboration with Treasury on debt collection and utilizing other Treasury offerings that improve our financial management performance. In addition, we have initiated planning for VA's new financial management system, which will strengthen our internal controls, provide an opportunity to re-engineer financial business processes, and increase the visibility of our financial position. Our comprehensive efforts to improve financial management will assist in reducing improper payments.

Path Forward

Even with these efforts, VA recognizes it has many challenges to overcome, while at the same time providing Veterans the benefits and services they have earned and deserve. VA acknowledges its current improper payment rate and is taking actions to increase compliance and remediate improper payments, but VA needs legislative authority to enter into provider agreements to purchase care in the community for our Veterans. This legislation would greatly reduce improper payments that were technically improper but do not represent a loss to the Government. The Department remains committed to both obtaining compliance with IPERA and remediating improper payments.

Thank you for the opportunity to appear before you today and for your continued support of Veterans. I look forward to your questions.



Department of Veterans Affairs

Senior Executive Biography

Laurie Park

**Deputy Assistant Secretary for Finance
Office of Finance**

Laurie Park was appointed as the Deputy Assistant Secretary for Finance within the Office of Management at the Department of Veteran Affairs in August 2014. With an annual budget of over \$138 billion and 305,000 full-time equivalents, VA provides medical care, compensation, pension, housing, insurance, education and burial benefits to our Nation's veterans and operates the Nation's largest health care system. Ms. Park serves as the Assistant Deputy Chief Financial Officer (CFO) for the Department of Veterans Affairs and is responsible for Department-wide financial policy formulation and financial statement preparation, managing enterprise financial operations including VA's Financial Services Center in Austin, Texas, and VA's Debt Management Center in St. Paul, Minnesota, and corporate financial applications including VA core accounting, payroll, and human resources management systems. As a career senior executive, Ms. Park advises VA's Assistant Secretary for Management and CFO on all matters pertaining to the financial management of the Department and is responsible for strategic planning and operational functions of all Departmental financial management activities.



Prior to her appointment, Ms. Park served as the Associate Deputy Assistant Secretary for Finance. Prior to coming to the VA, Ms. Park served as a Senior Advisor at the Department of the Treasury, Office of Financial Innovation and Transformation. In this role, she analysed the current government-wide financial management environment, identified how Treasury and agency financial systems can work together more harmoniously to improve financial reporting, worked with agencies to discover and share best practices across the government, and identified and developed innovative technology solutions which could be commonly leveraged.

Ms. Park previously served as the Director of Financial Management at the Department of Transportation (DOT). In this role she was responsible for strategic planning, development and leadership of all Departmental financial management functions as well as day-to-day oversight of financial operations and management of the 14 independent DOT agencies, which comprise DOT. At DOT she also served as the Assistant Director for Financial Policy, Operations and Reporting where she was responsible for DOT's financial operations, policy and financial statement reporting and audits. She also worked at the International Broadcast Bureau as the System Accounting Officer.

Ms. Park began her career at the Treasury's Financial Management Service (FMS) where she served as a systems accountant. In her tenure at FMS, she worked on several system implementations and business process improvement efforts at numerous federal agencies.

CAREER CHRONOLOGY:

- 2014 – Present Deputy Assistant Secretary for Finance, Office of Management,
Department of Veterans Affairs
- 2013 – 2014 Associate Deputy Assistant Secretary for Finance, Office of Management,
Department of Veterans Affairs
- 2010 – 2013 Senior Advisor, Office of Financial Innovation and Transformation,
Department of Treasury
- 2001 – 2010 Director Financial Management, Department of Transportation
- 1999 – 2001 Systems Accounting Officer, International Broadcast Bureau
- 1992 – 1999 Systems Accountant, Department of Treasury, Financial Management Service

EDUCATION:

BS in Accounting and Business Administration, Franklin Pierce College, Rindge, NH

AWARDS AND HONORS:

Distinguished awards from the Secretary of Treasury
Distinguished awards from the Secretary of Transportation