

PROCEDURES FOR COMPUTER MATCHING PROGRAMS

- 1. REASON FOR ISSUE:** This Handbook expounds upon the policies and procedures surrounding computer matching programs found in VA Directives VA-6300, Records and Information Management, and in VA-6502, Enterprise-Wide Privacy Program. This handbook also incorporates required changes to VA computer matching programs brought about by The Improper Payment Elimination Recovery and Improvement Act of 2012 (IPERIA).
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This Handbook:
 - a. Details the process for conducting computer matching programs as authorized by the Privacy Act of 1974 and as amended by the Computer Matching and Privacy Act of 1988 and the Computer Matching and Privacy Protection Amendments of 1990.
 - b. Identifies the responsibilities of the parties in drafting a computer matching agreement (CMA), the role of VA's Data Integrity Board (DIB) and includes procedures for submitting a biennial computer matching activities report to the Office of Management and Budget (OMB).
 - c. Explains procedures for conducting a cost-benefit analysis when initiating a computer matching program.
 - d. Incorporates the provisions of the IPERIA surrounding the detection and prevention of improper payments.
- 3. RESPONSIBLE OFFICE:** The Privacy Service (005R1A), Office of Privacy and Records Management (005R1), is responsible for the material contained in this Handbook.
- 4. RELATED DIRECTIVE AND HANDBOOKS:** VA Directive 6300, Records and Information Management; VA Handbooks 6300.1, Records Management Procedures; 6300.4, Procedures for Processing Requests for Records Subject to the Privacy Act; and 6300.5, Procedures for Establishing and Managing Privacy Act Systems of Records.
- 5. RESCISSION:** VA Handbook 6300.7, Procedures for Computer Matching Programs, dated January 12, 1998, VA Handbook 6300.7/1, Procedures for Computer Matching Programs, dated October 5, 2000, VA Handbook 6300.7, Procedures for Computer Matching Programs, dated August, 2007, VA Handbook 6300.7, and Procedures for Computer Matching Programs, dated August 8, 2011.

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PROCEDURES FOR COMPUTER MATCHING PROGRAMS

1. PURPOSE. This Handbook identifies the computer matching programs employed by VA and expounds on its statutory and procedural requirements pursuant to the Privacy Act, OMB guidance, and other VA policies.

a. **Pursuant to the Computer Matching and Privacy Protection Act (CMPPA),** computer matching programs deployed by the VA are intended to establish procedural safeguards affecting the use of Privacy Act records in performing certain types of computerized matching programs.

b. **VA requirements under the CMPPA:**

- (1) Publish matching agreements;
- (2) Report programs to OMB and Congress; and
- (3) Establish the DIB to approve matching activity.

2. ABOUT COMPUTER MATCHING PROGRAMS.

Any benefit program(s) providing cash or in-kind assistance to individuals is covered under a computer matching program.

a. **Matching Purpose.** The match must have as its purpose one or more of the following:

- (1) Establishing or verifying initial or continuing eligibility for Federal benefit programs;
- (2) Verifying compliance with the statutory or regulatory requirements of such programs; or
- (3) Recovering payments or delinquent debts under such Federal benefit programs.

b. **Computerized Comparison of Data.** The record comparison must involve records from:

- (1) Two or more automated systems of records maintained by Federal agencies that are subject to the Privacy Act; or
- (2) A Federal agency's automated system of records and automated records maintained by a non-Federal agency or agent thereof.

c. **Categories of Subjects Covered.** The following categories of individuals are subject to computer matching programs:

- (1) Applicants (individuals initially applying for benefits) for Federal benefit programs;
- (2) Program beneficiaries or recipients (individual program participants who are currently receiving or formerly received benefits); and

(3) Participants in the computer matching programs or providers of services to support such programs.

3. OVERSIGHT FOR COMPUTER MATCHING PROGRAMS – VA DATA INTEGRITY BOARD (DIB).

The DIB oversees and coordinates the VA computer matching program. The DIB reviews and approves ongoing computer matching programs, proposed matches, pilot matches, exclusions, extensions, and renewals.

a. Composition and Operation

(1) Voting membership includes the VA Chief Information Officer (CIO), the Under Secretary for Benefits, the Under Secretary for Health, the Assistant Secretary for Management, the Inspector General, and the Office of Management (OM). The VA CIO is the Chairperson of the DIB. The Director, Privacy Service (Privacy Service Designee), serves as the Executive Secretary of the DIB and provides staff support. Office of General Counsel provides legal advice and assistance to the DIB, but is a non-voting participant. The OM provides the methodology for preparation of the Cost/Benefit Analysis.

(a) The Director, VA Privacy Service has signature authority to certify all DIB activities delegated from the CIO.

(b) In the absence thereof, the Director, Office of Privacy and Records Management, will inherit the responsibility in addition to that of the Executive Secretary of the DIB.

(2) The DIB meets to review and approve CMAs, pilot matches, requests for exclusion, and performs other duties. The Office of Inspector General can determine their level of participation with the DIB for any pilot match in question.

(3) Meetings are scheduled when the head of the organization proposing a computer matching program submits a written request to the Executive Secretary identifying the computer matching program to be reviewed. The written request must include the draft CMA and concurrences from the following:

- (a) Administration/Staff Office Head;
- (b) OGC; and
- (c) OM (in the case of new or renewed CMAs).

(4) The approval of CMAs is by vote of the DIB. Each principal DIB member may delegate his or her voting authority to approve a CMA.

(5) Quorum is considered three out of the five voting members to be present and three out of the five members to approve. Principal DIB members may designate (in writing) primary and alternate participants to the DIB.

b. **Responsibilities.** For each computer matching program in which VA will participate, the DIB reviews CMAs or Memorandum of Understanding (MOU), for approval. The DIB maintains a copy of the CMA(s) or MOU(s) for each computer matching program in which VA will be a participant. DIB action is based upon assessment of the adequacy of a CMA to ensure compliance with Privacy Act subsection (o), and all relevant statutes, regulations and guidelines. The reasons for approving or disapproving a computer matching program must be documented in the DIB meeting minutes.

(1) **Review of Proposals.** The DIB will ensure (based on information supplied by the VA organization participating in the computer matching program) that CMAs and programs are in conformance with provisions of the Privacy Act as well as other relevant statutes, regulations, or guidelines, and will assess the benefits and costs of such programs. CMAs should remain in force only as long as necessary to accomplish the specific purpose of the computer matching program. CMAs automatically expire after 18 months unless:

- (a) the agreement or the DIB specifies a shorter period; or
- (b) if within three months prior to the actual expiration date, the DIB approves an extension not to exceed one year.

(2) **Extensions.** The organization participating in the computer matching program must provide the DIB with certification from each party to the CMA that the program has been conducted in compliance with the CMA and that it will be conducted without change during the extension. Additional information should include the reasons that the computer matching program should be extended, including any updated cost/benefit information. OGC concurrence must be obtained prior to submission to the DIB. The DIB must make its decision to extend a computer matching program within three months prior to the expiration date.

(3) **Renewals.** Renewals are treated as initial CMAs and require the same documentation. Each benefit/cost analysis must contain updated information based on the actual experience of the computer matching program. All documentation must be submitted to the DIB at least two full months prior to expiration of the computer matching program.

(4) **Compression of Processing Steps.** Should a proposal be made that a computer matching program compress the due process steps of verification, notice and waiting (paragraphs 4f(1) and 4f(2) of this Handbook) into a single step, the organization seeking such compression must provide supporting documentation to justify compression when submitting the CMA for DIB review. The DIB will determine whether compression of these steps is appropriate. Justifying documentation must include data as to the degree of reliability of the matched data elements. These DIB decisions will be reported to OMB as part of the biennial reporting process.

(5) **Annual Review.** All computer matching programs in which the Department has participated as either a source or a recipient will be reviewed annually by the DIB. The DIB will determine if computer matching programs have been properly conducted and assess the utility of the programs in terms of their benefits and costs.

c. **Cost/Benefit Analysis.** A Cost/Benefit Analysis will be required for all CMA's.

(1) The DIB will review cost/benefit analyses to ensure that costs saving measures are implemented.

(2) **Cost/Benefit Annual Review.** A cost-benefit analysis is a requirement of the annual review. The Office of Cash, Cost and Debt Management (CCDM) within the OM will develop the Cost/Benefit Review and Methodology. The methodology will be published in VA Financial Policy Volume XIII – Cost Accounting and updated by CCDM, as appropriate. The analysis is required even if the analysis was waived by the DIB in its initial review. The Privacy Act does not require a favorable cost/benefit ratio for a computer matching program to be continued if:

(a) A statute specifically requires the computer matching program to be performed; or

(b) The consequences of abandoning the computer matching program or the public purpose to be served in continuing or establishing the computer matching program, are so significant as to merit extending or renewing the computer matching program.

(c) **Renegotiation.** A cost/benefit analysis is a requirement for renegotiation of a CMA.

d. **Denials.** Although CMPPA states that any party to the CMA may appeal DIB disapproval of that CMA to the Director and OMB. The OMB guidance states that they will only entertain appeals from senior agency officials who are parties to a proposed CMA that has been disapproved by the agency's own DIB. Nothing in the appeal process is intended to permit one agency to force another to participate unwillingly in a computer matching program. In cases in which the Inspector General is a party to a proposed CMA, the senior official of the VA organization involved in the proposed computer matching program shall appeal to the Secretary of Veterans Affairs prior to appeal to OMB.

e. **Information Maintenance.** The DIB Executive Secretary provides administrative support, serves as the DIB Chairperson's primary point-of-contact for the oversight and coordination of VA's computer matching program, and maintains the DIB's administrative files (official files for the CMAs will be maintained by the Administration/Program Office participating in the CMA). Proposed CMAs and pilot matches, as well as requests for exclusion, extension, or waiver from cost/benefit analysis, and annual reviews should be submitted to the DIB through the Office of Privacy and Records Management, Privacy Service (005R1A).

f. **Dissemination Responsibilities.** In accordance with the Privacy Act, no record which is contained in a system of records may be disclosed to a recipient agency or non-Federal

agency for use in a computer matching program except pursuant to a written agreement such as an Interagency Agreement (IAA) or an MOU which must specify all requirements of the match.

g. **OGC Concurrence.** The concurrence of OGC, prior to submission to the DIB, is required in all proposed CMAs and requests for exclusion, exemption, extension or renewal.

h. **Office of Management Concurrence.** The Office of Management (004) must concur on the Cost/Benefit analysis prior to submission to the DIB for approval in all proposed CMAs and requests for extension or renewal.

i. **Matching Agreements.** An MOU or CMA required for a computer matching program must contain the following:

(1) **Purpose and Legal Authority.** The Federal authorizing statute, regulation or other legal authority for undertaking the proposed computer matching program will be cited. The CMPPA does not provide such authority. Where the computer matching program is undertaken for the benefit of a non-Federal entity, the VA organization participating in the computer matching program should consult with OGC to ensure that the non-Federal organization has the legal authority to participate in the proposed computer matching program.

(2) **Justification and Expected Results.** An explanation of why computer matching is being proposed, as opposed to some other administrative activity, and the expected results of the computer matching program, including a specific estimate of any savings, will be described. A description of follow-up and ultimate actions, if any, such as criminal prosecution or benefit termination or reduction, should be included.

(3) **Records Description.** A detailed description of the systems of records or non-Federal records being used in the computer matching program includes:

(a) Number of records;

(b) Each data element that will be included in the computer matching program;

(c) Legal authority supporting a Privacy Act exception that permits disclosing the records will be identified; and

(d) Projected starting and completion dates for the program will also be provided.

(4) **Notice Procedures.** The direct, constructive, and periodic notice procedures for individuals whose records are to be used in the computer matching program will be described.

(5) **Verification Procedures.** Methods to be used to independently verify the information obtained through the computer matching program will be described.

(6) **Disposition of Matched Items.** A statement that identifiable information generated through the computer matching program will be destroyed as soon as it has served the computer matching program's purpose. Any legal retention requirements VA establishes in conjunction with the National Archives and Records Administration (NARA) will be included.

(7) **Security Procedures.** Administrative, physical, and technical safeguards used to protect the information will be commensurate with the data sensitivity level as required by Federal law and applicable Federal information security policy. Those controls will be fully described in the CMA or MOU.

(8) **Records Usage, Duplication, and Redisclosure Restrictions.** Any restrictions imposed by either the source agency or by statute or regulation on collateral uses of the records used in the computer matching program will be described, including the length of time an agency may keep records provided for a computer matching program, and when the records will be returned or destroyed. Results of a computer matching program may be disclosed for follow-up and verification or for a civil or criminal law enforcement investigation and prosecution, authorized by law and supported by the computer matching program results. Results may be used to make determinations permitted by the Privacy Act only if such use is included as part of the overall computer matching program as described in the CMA, *Federal Register* Notice, and reporting requirements.

(9) **Cost/Benefit Analysis.** The CMA requires that a cost/benefit analysis be a part of an agency decision to conduct or participate in a computer matching program. It must be included in matching agreements as justification of the proposed computer matching program and include a "specific estimate of any savings." The analysis is also used by the DIB in review process. The cost/benefit analysis is described in Section 6.

4. RECURRING REPORTING REQUIREMENTS.

Requirements of the DIB:

a. In accordance with the Privacy Act, an annual report describing the matching activities of VA will be submitted by the DIB to the Secretary of Veterans Affairs and to the Office of Management and Budget. The report will incorporate the following:

- (1) Detailed accounting of the computer matching programs in which the VA has participated as a source agency or recipient agency;
- (2) An itemized list of the matching agreements proposed that were disapproved by the DIB;
- (3) Any changes in membership or structure of the DIB in the preceding year;

(4) The reason(s) for any waiver of the requirement requiring completion and submission of a cost-benefit analysis prior to the approval of a computer matching program;

(5) Any violations of matching agreements that have been alleged or identified, and any corrective action taken;

(6) Any other information required by the Director of OMB to be included in such report; and

b. The DIB Executive Secretary is responsible for preparing the reports for the DIB. VA organizations will be requested by separate memorandum to submit a report of computer matching activities for incorporation into Departmental reports.

5. NOTICE AND ACCESS REQUIREMENTS FOR COMPUTER MATCHING PROGRAMS.

The Privacy Act requires and VA policies stipulate:

a. **Prior Notice to Records Subjects.** Records subjects are to receive direct, constructive, and periodic notices that their records may be matched. The custodian of the subject records provides this notice. Notification will be provided by individuals identified in the CMA.

(1) **Direct Notice.** Recipients, beneficiaries of, or providers of services with respect to cash or in-kind payment under a VA benefit program are provided with direct notice on the application form that any information provided by them may be subject to verification through computer matching programs.

(2) **Constructive Notice.** Constructive notices are published in the *Federal Register* as part of system notices, routine use disclosures, and computer matching program announcements. Constructive notices are not to become an administratively convenient substitute for direct notice; however, in some cases, constructive notice may be warranted. For example, disclosure of records to a State or local government in support of a non-Federal computer matching program does not require actual notice to each record subject.

(3) **Periodic Notice.** Recipients receiving continuous payments are provided with periodic notices about matching activities.

b. **Federal Register Notices.** Notice must be published in the *Federal Register* at least 30 days prior to conducting a computer matching program. The notice will contain the following: the names of participating agencies; the purpose of the computer matching program; the authority for conducting the computer matching program; systems of records from which records will be matched; dates of the computer matching program; and the address for receipt of public comments or inquiries.

(1) Copies of proposed computer matching program notices must accompany reports of proposed matches submitted pursuant to subsection (r) of the Privacy Act: each agency that proposes to establish or make a significant change in a system of records or a computer

matching program shall provide adequate advance notice of any such proposal to the Committee on Government Operations of the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Office of Management and Budget in order to permit an evaluation of the probable or potential effect of such proposal on the privacy or other rights of individuals.

(2) The transmittal letters for the reports and other related documents will be prepared by the organization participating in the computer matching program for the signature of the Assistant Secretary for Information and Technology (see VA Handbook 6300.5, Procedures for Establishing and Managing Privacy Act Systems of Records).

c. The Privacy Act's due process requirements at subsection (p) of the Privacy Act apply to any subsequent changes to the information collected.

(1) **Records Accuracy Assessments.** Information should be provided on assessments that have been made on the accuracy of the records to be used in the computer matching program.

(2) **Comptroller General Access.** The notice will include a statement that the Comptroller General of the United States may have access to all records of the recipient agency or non-Federal agency that the Comptroller General deems necessary in order to monitor or verify compliance with the agreement.

(3) **Notice Responsibilities.** The CMA will specify which agencies are source agencies and which are recipient agencies, and which agencies are responsible for meeting the requirements of subsections (e)(12), (o)(2), and (r) of the Privacy Act, in accordance with OMB Circular No. A-130, Appendix I.

d. **Submission to Congressional Committees and OMB.** When a computer matching program is approved by the DIBs of all Federal agencies participating, the responsible VA organization shall transmit a copy of the approved agreement and the *Federal Register* Notice to the Privacy Service (0051A) along with cover letters to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and OMB at least 10 days prior to publication in the *Federal Register*:

(1) If VA is the recipient agency or the CMA stipulates that VA is responsible for the reporting and publishing requirements of the Privacy Act; or

(2) If the computer matching program is with a non-Federal agency.

e. **Availability of Copies.** The participating VA organization shall make the agreement publicly available and shall provide to the Office of Privacy and Records Management, Privacy Service (005R1A), information copies of all transmittal documents sent to Congress concerning approved agreements as set forth in this paragraph.

f. **Due Process for Matching Subjects.** Subjects will be afforded the following due process requirements when a computer matching program uncovers adverse information about them:

(1) **Verification.** VA will perform a reasonable verification process of participants in the computer matching program.

(a) VA will not take any adverse action based on information produced by a computer matching program until:

1. A reasonable verification process yields confirmation data that includes, where applicable, the amounts of the individual's assets or income, whether the individual actually had access to the assets or income, and the period during which the individual had access to the assets or income, and that provides a basis for action, or

2. The DIB determines that the information is limited to identification and the amount of benefits paid by the source agency under a Federal benefits program and that there is a high degree of confidence in the accuracy of the information.

(b) For Veterans applying for VA programs and whose initial eligibility is being verified through a computer matching program, VA will not make a final determination based only on verification but will wait until the required due process has been provided; however, benefits need not be paid until after such final determination is made.

(c) For matching subjects receiving benefits, VA will not suspend or reduce payments until the required due process has been provided.

(2) **Notice and Opportunity to Contest Findings.** VA will notify matching subjects of adverse information uncovered and give them an opportunity to contest such findings prior to making a final determination.

(a) If a Federal benefit program providing the records matched has established, by statute or regulation, its own substantially similar due process requirements, these requirements suffice for Privacy Act purposes.

(b) In a case of programs for which no time period is established, individuals will have 30 days from the date of the notice to respond to a notice of adverse action. However, where greater time is provided by another statute, individuals will have the longer period of time to respond. **NOTE:** *Under 38 U.S.C. 3684A(a), recipients of benefits under 38 USC Chapters 30 and 32, and 10 USC Chapter 1606 of have only 10 workdays to contest adverse actions.*

(c) VA may take action if the notice period expires without response from the subject. Immediate action to deny or terminate benefits may be taken if the individual contacts VA within the notice period and indicates acceptance of the validity of the adverse information.

(d) If VA determines that there may be a potentially significant effect on public health or safety, the Department may take appropriate action notwithstanding these due process provisions.

6. COMPOSITION REQUIREMENT OF COMPUTER MATCHING PROGRAM(S)– THE COST/BENEFIT ANALYSIS

Pursuant to the Privacy Act, Agencies are required to perform a cost/benefit analysis in conjunction with the execution of any and all computer matching programs. The Office of Management (004) provides the methodology for preparation of the cost/benefit analysis, and must concur on all CMAs prior to submission to the DIB.

a. **Cost Analysis.** The “cost analysis” is comprised of an estimated calculation of personnel costs comprising of salaries and fringe benefits related to the CMA process. This calculation also includes staff time dedicated to performing the match. Pursuant to OMB Guidance, Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, and *GAO-PEMD-87-2 (Washington, D.C.: Nov. 10, 1986) Assessing its Costs and Benefits*, the following are recommended approaches that will be used to execute the Cost Analysis:

(1) Accounting for staff time throughout the CMA process:

(a) VA Staff – The use of specific identification codes in the time and attendance system to allow for accounting of time spent by each employee involved

(b) Non-VA Staff – keep an accounting for hours spent for non-VA staff involved

(c) Combined approach for CMA’s that include both VA Staff and Non-VA Staff

(2) Calculating staff time and fringe benefits related to the CMA process:

(a) **Conducting a pre-match analysis.** A pre-match analysis is a calculation of the hourly salary rate for each person multiplied by the estimated number of hours each one will spend in matching activities. This sum is multiplied by the fringe benefit rate, and the resulting figure is combined with the sum. When individuals are not employed by federal agencies, the established fringe benefit rates associated with their salaries should be used;

(b) **Extrapolation from previous matches.** An extrapolation of data from previous matches is an estimated approach that uses salary and fringe benefit costs that have already been accounted for and documented in a previous computer matching program; or

(c) **A combination thereof.**

(3) **Calculation of cost associated with computer facilities.** A calculation of cost associated with computer facilities is an estimation of overhead expenditures for the use and maintenance of computer facilities related to processing CMA’s. The recommended methods

for the approximation of overhead costs are determined by the approaches of a pre-match analysis or an extrapolation of data from similar previous computer matching programs.

b. **Benefit Analysis.** The “Benefit Analysis” is an evaluation that details the avoidance of future improper and/or overpayments to benefit recipients. This analysis will make recommendations on the correction of errors and the methodology of recovering improper payments and debts owed to the VA.

7. SANCTIONS.

If a record subject can demonstrate that he/she has been harmed by an agency’s violation of matching provisions, the civil remedies of the Privacy Act may be available to that record subject. If the VA DIB determines that a recipient agency is not meeting any requirements of the matching, the DIB may request that the participating VA organization inform the recipient that VA will no longer release records to the recipient agency until the recipient agency is in compliance with the applicable requirements

8. TYPES OF COMPUTER MATCHING PROGRAMS.

a. **Federal Personnel Matches.** These are computer matching programs comparing records from automated VA personnel or payroll systems of records, or such records with automated records of State and local governments.

b. **Excluded Matches.** An excluded computer matching program will be omitted if it falls under one of the Privacy Act’s exclusionary clauses. Legal questions concerning whether a computer matching program falls under one of the exclusions should be referred to OGC, Professional Staff Group (PSG) IV, prior to submission to the DIB. The following will be considered exclusions:

(1) Statistical computer matching program with the purpose of producing aggregate data stripped of personal identifiers.

(2) Statistical computer matching programs with the purpose of supporting research for any statistical projects, the specific data of which may not be used to make decisions concerning the rights, benefits, or privileges of specific individuals.

(3) Pilot matches or small-scale matches used to gather cost/benefit data influencing a decision whether to engage in a full-fledged computer matching program.

(a) A pilot match is prohibited unless it is expressly approved by the DIB.

(b) Data developed during a pilot match should not be used to make decisions affecting the rights, benefits, or privileges of specific individuals.

(4) Law enforcement investigative matches by an agency or organization whose principal

statutory function involves the enforcement of criminal laws, the purpose of which is to gather evidence against a named person or persons in an existing investigation. The match must be part of a civil or criminal law enforcement investigation already underway.

(5) Tax administration matches for the purpose of intercepting a tax refund due to an individual under the authority granted by section 1137 of the Social Security Act.

(a) Routine administrative matches using predominantly Federal personnel records, provided the purpose is not to take any adverse action against Federal personnel, as defined in the Privacy Act.

(b) Internal matches using only records from a VA system of records and whose purpose does not involve any adverse action, including financial or disciplinary, against Federal personnel.

(c) Background investigations and foreign counterintelligence matches.

c. **Federal Benefit Matches.** Federal benefit matches are computerized analyses to establish or verify the eligibility of or continue compliance with statutory and regulatory requirements by:

(1) Applicants for, recipients or beneficiaries of, participants in, or providers of services with respect to cash or in-kind assistance under a VA benefit program, or

(2) In-kind assistance or payments under Federal benefit programs, or

(3) Recovery payments or delinquent debts under Federal benefit programs.

d. **Federal Personnel or Payroll Systems.** A VA personnel or payroll system of records that is matched with one or more personnel or payroll systems of records is subject to the provisions set forth in this Handbook

e. **IPERIA Do Not Pay Matches.** The “Do Not Pay Matches” (DNP Matches) is a computer matching program derived from the DNP Initiative, as defined by OMB Memorandum, M-13-20: *Protecting Privacy while Reducing Improper Payments with the Do Not Pay Initiative*. This program involves five enumerated databases codified in the IPERIA that make up the Treasury’s Working System. These databases include: the Social Security Administration’s Death Master File, the General Services Administration’s System for Award Management, Treasury’s Debt Check Database, the Department of Housing and Urban Development’s Credit Alert System or Credit Alert Interactive Voice Response System, and the Department of Health and Human Services Office of the Inspector General’s List of Excluded Individuals/Entities.

9. THE IMPLEMENTATION OF THE IPERIA – DO NOT PAY MATCHES.

Not all CMAs and data-matching activities are subject to IPERIA. Data-matching activities conducted by the VA and its Office of the Inspector General (OIG) that assist in the detection

and prevention of improper payments are subject to the requirements codified in the IPERIA. The provisions of the IPERIA require agencies to review the newly established Do Not Pay Initiative, a Department of the Treasury working system, which enables the VA, when determined to be the payment-issuing agency, to reduce improper payments. Other provisions include the 60 day time limit on the DIB review, approvals extended up to 3 years, and a waiver requirement for a specific estimate of savings in a computer matching agreement.

a. Definitions.

(1) **Do Not Pay Initiative.** The “Do Not Pay Initiative” (DNP Initiative) was codified in section 5 of the IPERIA. The objective of this initiative is to facilitate federal agencies with the review of payment and award eligibility with the goal of preventing improper payments.

(2) **Improper Payment.** An “Improper Payment”, in accordance with the Improper Payments Information Act of 2002, is defined as a payment that should not have been made or that was made in an incorrect amount. This is comprised of overpayments and underpayments; payments to an ineligible recipient; payments for an ineligible service; any duplicate payment; payments for services not rendered; and any payment that does not account for any applicable discounts or credits.

(3) **Original Source Agency.** Under IPERIA, when VA is the “Original Source Agency”, VA is responsible for the disclosure of records from a system of records to the Treasury Department computer matching programs.

(4) **Treasury’s Working System.** The “Treasury Working System” is the system that enables the execution of the Do Not Pay Initiative functions administered by the Treasury Department. The Treasury’s Working System is also the system of records for the Do Not Pay Computer matching program.

b. Policy.

(1) VA’s responsibilities as the Original Sole Source Agency:

(a) Entering into a MOU with the Treasury Department that stipulates how Treasury may use the records in question and provides rules for protecting and correcting the information and for the retention and destruction of records;

(b) Confirming that Treasury has the appropriate level of security controls before sharing any records with Treasury; and

(c) Coordinating with Treasury to develop a process that will allow individuals to request corrections to data.

(2) VA's responsibilities as the Payment-Issuing Agency:

(a) Performing a pre-payment review of eligibility for payments and awards by utilizing the Do Not Pay Initiative online portal to query and verify related records;

(b) Entering into CMAs with Treasury Department;

(c) Coordinating with Treasury to develop a process that will allow individuals to request corrections to data;

(d) Adhering to the reporting and publication requirements in the matching provision of the Privacy Act;

(e) VA will make determinations about the disbursement of the payments or awards; and

(f) Complying with all applicable requirements in the Privacy Act and other applicable laws, regulations, and policies as well as the terms of the CMA.

10. DEFINITIONS- (EXCLUDING TERMS RELATED TO IPERIA).

a. **Federal Benefit Program.** Any program funded or administered by the Federal government or by any agent or State on behalf of the Federal government which provides cash or in-kind assistance in the form of payments, grants, loans, or loan guarantees to U.S. citizens or aliens lawfully admitted for permanent residence.

b. **Non-Federal Agency.** A non-federal agency is a State or local governmental agency that receives from VA records contained in a system of records that are to be used in a computer matching program. When VA is a source agency for a match with a non-Federal agency:

(1) The VA organization proposing the match will be responsible for publishing the notice in the *Federal Register* and reporting the match to OMB and Congress.

(2) The non-Federal agency will provide the data needed for VA to carry out its reporting responsibilities, including cost/benefit analysis.

c. **Computer matching program.** A "computer matching program" is any computerized comparison of two or more automated systems of records. A computer matching program covers the actual computerized comparison and any investigative follow-up and the ultimate action. Only computer matching programs involving Federal benefits programs and matches using records from Federal personnel or payroll systems of records are subject to the procedures in this Handbook. Legal questions regarding whether a proposed computer data exchange meets the standards for a computer matching program should be referred to the OGC PSG IV (024).

d. **Payment-issuing Agency.** A "Payment-issuing Agency" is the Federal agency that has the authority to issue a payment or an award and engages in a computer matching program for the purposes of determining or verifying eligibility for payment from a Federal benefit program.

The payment-issuing Agency will perform the cost benefit analysis prior to the commencement of the data matching activity and comply with the reporting requirements stipulated in the Privacy Act.

e. **Recipient Agency.** When VA receives automated records from Privacy Act systems of records of one or more other Federal agencies or State or local governments that will be used in a computer matching program, VA is considered a recipient agency. Recipient agencies are generally assumed to be the beneficiaries of a computer matching program and are, therefore, ordinarily responsible for the reporting and publishing requirements of the Privacy Act.

(1) When VA is the recipient agency and the beneficiary of a match with another Federal agency, the organization proposing the match will:

(a) Perform a cost-benefit analysis prior to executing the data matching subject to IPERIA

(b) Share the analysis with the source agency;

(c) Negotiate and draft the CMA; and

(d) Publish the required notice in the *Federal Register* and report the computer matching program to OMB and specified Congressional Committees

(2) When VA is the recipient agency but not the beneficiary of a match with another Federal agency, the organization proposing the match will:

(a) Negotiate with the beneficiary agency for reimbursement of the costs incurred in publishing a notice in the *Federal Register*;

(b) Negotiate with the payment issuing agency the responsibility for performing the cost/benefit analysis; and

(c) Share the results of the cost/benefit analysis with the DIB

f. **Source Agency.** The source agency is a Federal agency that discloses automated records from a system of records to another Federal agency or to a State or local governmental agency to be used in a computer matching program; or a State or local governmental agency that discloses records to a Federal agency to be used in a computer matching program.

(1) When VA is the source agency of a match with another Federal agency, the VA will:

(a) Perform a cost/benefit analysis and share that analysis with the recipient agency;

(b) Negotiate and draft the CMA; and

(c) Negotiate reimbursement to the recipient agency for the costs incurred in publishing notice of the match in the *Federal Register*.

(2) When VA is the source agency but not the beneficiary of the match, the organization proposing the match will:

(a) Participate in negotiating the CMA; and

(b) Review agency's cost/benefit analysis that is the beneficiary of the match and supplement the analysis with VA data, as appropriate, for DIB review