



# Department of Veterans Affairs Office of Inspector General

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## Accuracy of VA Data Used to Compute the Rehabilitation Rate for Fiscal Year 2000

*Additional training of Vocational Rehabilitation and Employment Program personnel and strengthened oversight of decisions to classify program participants as rehabilitated or discontinued should improve the accuracy of the rehabilitation rate.*

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## **Executive Summary**

### **Introduction**

The Office of Inspector General (OIG) conducted an audit to determine whether Veterans Benefits Administration (VBA) officials accurately reported the rehabilitation rate for Fiscal Year (FY) 2000. This was one in a series of audits assessing the accuracy of data used to measure Department of Veterans Affairs (VA) performance in accordance with the Government Performance and Results Act (GPRA) of 1993.

VBA's Vocational Rehabilitation and Employment (VR&E) Program provides services and assistance necessary to enable veterans with service-connected disabilities to become employable and to obtain and maintain suitable employment. The VR&E Program also helps certain veterans with service-connected disabilities achieve functional independence in daily activities. VBA performance against these outcomes is measured by the rehabilitation rate, which is defined as the number of veterans who were rehabilitated (See Appendix A, page 6, for a more detailed definition) and left the VR&E Program during a period of time compared to the total number that left the program during the same period. The number of veterans leaving the VR&E Program includes veterans who are classified as rehabilitated and those who discontinue their participation in a program of training, employment assistance, or independent living services without being classified as rehabilitated.

VA's Annual Accountability Report for FY 2000 showed the rehabilitation rate for the year was 65 percent, which was higher than VBA's goal of 60 percent.

### **Audit Results**

Audit results show that data used to compute the rehabilitation rate reported for FY 2000 were not accurate. We reviewed the Counseling, Evaluation, and Rehabilitation (CER) folders of 94 randomly selected veterans who were included in the computation of the rehabilitation rate for FY 2000 and found that 7 of the 94 veterans left the VR&E Program during prior or subsequent years. These veterans should not have been included in the computation of the rehabilitation rate for FY 2000. Of the remaining veterans in the sample, 57 were classified as rehabilitated and 30 were classified as discontinued. Based upon evidence in the veterans' CER folders, we determined that VA regional office (VARO) personnel incorrectly classified 15 of 57 veterans as rehabilitated. We found no errors among the 30 decisions to classify veterans as discontinued.

VBA Headquarters officials could not readily ascertain the cause(s) of the discrepancies we identified. They speculated that pressure to achieve the performance measure target for the rehabilitation rate may have influenced some of the inappropriate decisions to declare veterans rehabilitated.

We could not estimate the actual rehabilitation rate achieved by the VR&E Program for FY 2000 because VARO personnel did not classify veterans as rehabilitated or discontinued in a timely manner. As a result, an unknown number of veterans were improperly excluded from the total number of veterans who left the program during the year. Because of the significant discrepancies identified, we cannot attest to the accuracy of the rehabilitation rate included in VA's Annual Accountability Report for FY 2000.

## Recommendations

To improve the accuracy of data used to compute the rehabilitation rate, VBA needs to provide additional training for VARO personnel who make decisions to classify veterans as rehabilitated or discontinued and enhance accountability of VARO supervisors for those decisions. In addition, we believe VBA Headquarters officials should strengthen oversight of VARO personnel to ensure the decisions to classify veterans as rehabilitated or discontinued are timely and accurate. We recommended the Under Secretary for Benefits:

- Incorporate the results of our audit in training for VR&E Program personnel in VAROs nationwide.
- Require that VR&E Program managers in VAROs periodically review the CER folders of all veterans who have not actively pursued their programs for prescribed extended periods, and who have not been classified as rehabilitated or discontinued, to ensure that all appropriate veterans are included in the calculation of the rehabilitation rate.
- Require VR&E Program managers in VAROs to review and approve decisions to classify veterans as rehabilitated or discontinued.
- Strengthen oversight by requiring VBA Headquarters officials to monitor the timeliness and accuracy of decisions to classify veterans as rehabilitated or discontinued.

## Under Secretary for Benefits Comments

The Under Secretary concurred with the recommendations and provided acceptable implementation plans. We will follow up on the planned actions until they are completed.

  
MICHAEL SLACHTA, JR.  
Assistant Inspector General for Auditing

## **Results and Recommendations**

### **VBA Needs to Improve the Accuracy of Data Used to Compute the Rehabilitation Rate**

#### **Introduction**

The VR&E Program provides services and assistance necessary to enable veterans with service-connected disabilities to become employable and to obtain and maintain suitable employment. The VR&E Program also helps certain veterans with service-connected disabilities achieve functional independence in daily activities. VBA performance against these outcomes is measured by the rehabilitation rate.

The rehabilitation rate is defined as the number of veterans who were rehabilitated and left the VR&E Program during a period of time compared to the total number that left the program during the same period. VR&E Program personnel in VAROs may classify a veteran as rehabilitated when the veteran has pursued an individualized program of training, employment assistance, or independent living services and certain other conditions are met. These conditions vary depending upon the type of program the veteran pursued and the veteran's success in achieving the goals of the planned program. For example, VARO personnel may classify a veteran as rehabilitated if the veteran successfully completed a planned program of training and was employed for at least 60 continuous days in the occupational objective for which the training was provided or a closely related occupation. The number of veterans leaving the VR&E Program includes veterans who are classified as rehabilitated and those who discontinue programs of training, employment assistance, or independent living services without being classified as rehabilitated.

Decisions to classify veterans as rehabilitated or discontinued are made by counseling psychologists in the VAROs. VBA policy did not require routine supervisory reviews of the psychologists' decisions.

VA's Annual Accountability Report for FY 2000 showed the VR&E Program achieved a rehabilitation rate of 65 percent. Data in VBA's Chapter 31 Case Status System showed that 16,432 veterans left the VR&E Program during FY 2000, with 10,603 (65 percent) classified as rehabilitated and 5,829 (35 percent) classified as discontinued.

#### **Data Used to Compute the Rehabilitation Rate Were Not Accurate**

We reviewed the CER folders of 94 randomly selected veterans who were included in the computation of the rehabilitation rate for FY 2000. VARO personnel classified 60 of the 94 (64 percent) veterans as rehabilitated and 34 (36 percent) as discontinued during FY 2000. However, we determined that 7 of the 94 (7 percent) veterans left the VR&E

Program during prior or subsequent years. These veterans should not have been included in the computation of the rehabilitation rate for FY 2000 because:

- Four veterans should have been classified as discontinued in FY 1999 or earlier.
- Two veterans should have been classified as rehabilitated in FY 1999.
- One veteran should have been classified as rehabilitated in FY 2001.

Of the remaining veterans in the sample, 57 were classified as rehabilitated and 30 were classified as discontinued. Based upon evidence in the veterans' CER folders, we concluded that VARO personnel incorrectly classified 15 of 57 veterans as rehabilitated. We found no errors among the 30 decisions to classify veterans as discontinued.

### **Data Used to Compute the Rehabilitation Rate Were Not Complete**

To determine whether the data used to compute the rehabilitation rate for FY 2000 were complete, we reviewed the CER folders of 88 randomly selected veterans. According to data in the Chapter 31 Case Status System, these veterans were actively pursuing programs of training, employment assistance, or independent living services, or had temporarily interrupted pursuit of their programs during the 18-month period ending on September 30, 2000. We concluded that 3 of the 88 (3 percent) veterans were inappropriately excluded from the computation of the rehabilitation rate for FY 2000. VARO personnel should have classified one of the veterans as rehabilitated and the other two as discontinued during FY 2000.

### **Pressure to Appear Successful Resulted in an Unreliable Rehabilitation Rate**

VBA Headquarters officials reviewed the discrepancies we identified and agreed with our conclusions. They could not readily ascertain the basis for the discrepancies we identified. They speculated that pressure to achieve the performance measure target for the rehabilitation rate may have influenced some of the inappropriate decisions to declare veterans rehabilitated.

We could not estimate the actual rehabilitation rate achieved by the VR&E Program for FY 2000 because VARO personnel did not classify veterans as rehabilitated or discontinued in a timely manner. As a result, an unknown number of veterans were improperly excluded from the total number of veterans who left the program during the year. Because of the significant number of discrepancies identified, we cannot attest to the accuracy of the 65 percent rehabilitation rate included in VA's Annual Accountability Report for FY 2000. Our scope was limited to determining whether the rehabilitation rate for FY 2000 was computed in accordance with VBA's definition of the measure and supported by available documentation. We did not assess the usefulness of the

rehabilitation rate as a performance measure or the appropriateness of VBA's definition of the measure.

## **Corrective Actions Are Needed to Improve the Accuracy of the Rehabilitation Rate**

Based upon the number of discrepancies identified during the audit, we concluded that corrective actions were needed to improve the accuracy of data used to compute the rehabilitation rate. To emphasize the importance of timely and accurate decisions to classify veterans as rehabilitated or discontinued, VBA should incorporate the results of the audit in refresher training for VR&E Program personnel in the VAROs. VR&E Program managers in the VAROs should periodically review the records of all veterans who have not actively pursued their programs for extended periods of time and who have not been classified as rehabilitated or discontinued. This would help ensure that veterans are classified as rehabilitated or discontinued in a timely manner. Requiring VR&E Program managers in the VAROs to approve all decisions to classify veterans as rehabilitated or discontinued would enhance their accountability. In addition, we believe VBA Headquarters officials should strengthen program oversight by monitoring the timeliness and accuracy of decisions to classify veterans as rehabilitated or discontinued.

## **Conclusion**

Data used to compute the rehabilitation rate were not accurate or complete. As a result, we cannot attest to the accuracy of the rehabilitation rate included in VA's Annual Accountability Report for FY 2000.

## **For More Information**

A more detailed description of the rehabilitation rate is provided in Appendix A, page 6.

The audit objective, methodology, and scope are discussed in Appendix B, page 8.

Specific examples of the discrepancies identified during the audit are provided in Appendix C, page 10.

More detailed explanations of our sampling plan and results are provided in Appendix D, page 13.

## **Recommendations**

We recommended the Under Secretary for Benefits:

- a. Incorporate the results of our audit in training for VR&E Program personnel in VAROs nationwide.



- b. Require that VR&E Program managers in VAROs periodically review the CER folders of all veterans who have not actively pursued their programs for prescribed extended periods, and who have not been classified as rehabilitated or discontinued, to ensure that all appropriate veterans are included in the calculation of the rehabilitation rate.
- c. Require VR&E Program managers in VAROs to review and approve decisions to classify veterans as rehabilitated or discontinued.
- d. Strengthen oversight by requiring VBA Headquarters officials to monitor the timeliness and accuracy of decisions to classify veterans as rehabilitated or discontinued.

### **Under Secretary for Benefits Comments**

The Under Secretary concurred with the recommendations and stated that the following actions have been, or will be, taken:

- Training incorporating the results of our audit will be scheduled during the second quarter of FY 2003. A policy bulletin clarifying the issues will be sent to the VAROs prior to the training.
- VR&E Program managers in VAROs will be required to review the CER folders of all veterans who have been placed in interrupted status for more than 9 months.
- VBA Headquarters officials are developing a new performance management indicator to monitor each VARO's caseload. This indicator will be used to ensure cases move through the rehabilitation process in a timely manner.
- The Under Secretary sent a letter to all VARO directors discussing the directors' responsibilities for managing the VR&E Program in their offices.
- VBA Headquarters officials issued a policy letter requiring managers to review and approve decisions to classify veterans as rehabilitated or discontinued.
- VBA established aggressive targets for VR&E Program outcome accuracy, increased the number of records reviewed for quality assurance purposes, and added the VR&E outcome accuracy measure to the performance standards for VARO directors and VR&E officers.

The Under Secretary concurred with our audit findings with three qualifications:

- He agreed that 7 of the 94 cases that were classified as rehabilitated or discontinued in FY 2000 should have been managed in a more timely manner, but he disagreed with our statement that the 7 veterans should not have been included in the computation of the rehabilitation rate for FY 2000. He stated it would create a data

integrity problem if a VARO were allowed to retroactively discontinue a case in a prior fiscal year based on the last date the veteran was actively pursuing his or her rehabilitation plan.

- He expressed concern that a statement giving the percentage of veterans who were incorrectly classified as rehabilitated might mislead readers.
- He provided alternative wording for a statement describing the cause of inappropriate decisions to classify veterans as rehabilitated.

## **Office of Inspector General Comments**

The implementation plans are acceptable. We will follow up on the planned actions until they are completed.

We reviewed the records of 94 veterans who were included in the computation of the rehabilitation rate for FY 2000 and determined that 7 of the veterans actually left the VR&E Program during prior or subsequent years. If VARO personnel had made correct and timely decisions to classify the seven veterans as rehabilitated or discontinued, the veterans would not have been included in the computation of the rehabilitation rate for FY 2000. We did not state that VARO personnel should be allowed to retroactively place a veteran in discontinued status in a prior fiscal year.

We revised the report to address the two other qualifications discussed in the Under Secretary's response.

## Background

The GPRA of 1993 requires Federal agencies to set goals, measure performance against those goals, and report on their accomplishments. The law is part of a statutory framework for improving management of the Federal Government.

In accordance with the law, VA has set goals for each of its major business lines and identified related performance measures. As a major component of VBA, the VR&E Program provides services and assistance necessary to enable veterans with service-connected disabilities to become employable and to obtain and maintain suitable employment. The VR&E Program also helps certain veterans with service-connected disabilities achieve functional independence in daily activities. The degree of success in achieving these outcomes is measured by the rehabilitation rate.

The rehabilitation rate is defined as the number of veterans who were rehabilitated and left the VR&E Program during a period of time compared to the total number that left the program during the same period. VR&E Program personnel in VAROs may declare a veteran rehabilitated when the veteran has pursued an individualized program of training, employment assistance, or independent living services and certain other conditions are met. These conditions, which are outlined in Title 38, Code of Federal Regulations, Section 21.283, vary depending upon the type of program the veteran pursued and the veteran's success in achieving the goals of the planned program.

- A veteran who successfully completed a planned program of training may be classified as rehabilitated if any one of the following three conditions applies:
  1. The veteran is employed in the occupational objective for which the training was provided, or a closely related occupation, for at least 60 continuous days.
  2. Intensive efforts to find employment in the occupational objective for which the training was provided were unsuccessful; the veteran is employed in an unrelated occupation for at least 60 continuous days; the employment is consistent with the veteran's aptitudes, interests, and abilities; the employment uses some of the knowledge and skills obtained under the rehabilitation plan; and the veteran concurs in the change.
  3. The veteran pursues additional training that is not approvable under the VR&E Program, and completion of the additional training will enhance the veteran's ability to obtain suitable employment.
- A veteran who pursued a planned program of training but did not complete the program, or a veteran who pursued a program of employment assistance only, may be classified as rehabilitated if all four of the following conditions are met:

**Appendix A**

1. The veteran obtains and retains employment substantially using the services and assistance provided under his or her rehabilitation plan.
  2. The employment is consistent with the veteran's aptitudes, interests, and abilities.
  3. Maximum services feasible have been provided to help the veteran retain the employment.
  4. The veteran maintains the employment for at least 60 continuous days.
- A veteran who pursued a program of independent living services may be classified as rehabilitated if all goals of the program were achieved or, if the goals were not achieved, if all three of the following conditions are met:
    1. The veteran has attained a substantial increase in the level of independence with the assistance provided.
    2. The veteran has maintained the increased level of independence for at least 60 days.
    3. Further assistance is unlikely to significantly increase the veteran's level of independence.

The number of veterans leaving the VR&E Program includes veterans who are classified as rehabilitated and those who discontinue their participation in a program of training, employment assistance, or independent living services without being classified as rehabilitated.

Decisions to classify veterans as rehabilitated or discontinued are made by counseling psychologists in the VAROs. At the time of our audit, VBA policy did not require routine supervisory reviews and approval of the psychologists' decisions.

VBA computes the rehabilitation rate using data entered into the Chapter 31 Case Status System. For FY 2000, VBA reported a rehabilitation rate of 65 percent, which was higher than VBA's goal of 60 percent. Data in the Chapter 31 Case Status System showed that 16,432 veterans left the VR&E Program during FY 2000, with 10,603 (65 percent) classified as rehabilitated and 5,829 (35 percent) classified as discontinued.

## **Objective, Methodology, And Scope**

### **Objective**

The purpose of the audit was to determine whether VBA officials accurately reported the rehabilitation rate for FY 2000. This was one in a series of audits to assess the accuracy of data used to measure VA's performance in accordance with the GPRA of 1993. Prior audits in the series are listed in Appendix F, page 20.

### **Methodology**

To determine the accuracy of the rehabilitation rate, we:

- Reviewed the processing of data in the Chapter 31 Case Status System and related controls at the Hines Benefits Delivery Center.
- Assessed controls over data entered into the Chapter 31 Case Status System at VAROs in Albuquerque, Winston-Salem, and St. Louis.
- Reviewed the CER folders of a random sample of 94 veterans who were classified as rehabilitated or discontinued in FY 2000 to determine whether the veterans were classified in accordance with VBA criteria.
- Reviewed the CER folders of a random sample of 88 veterans who, according to data in the Chapter 31 Case Status System, were actively pursuing programs of training, employment assistance, or independent living services, or had temporarily interrupted pursuit of their programs during the 18-month period ending on September 30, 2000. The purpose of this review was to determine whether the veterans should have been classified as rehabilitated or discontinued in FY 2000.

### **Scope**

Our scope was limited to determining whether the rehabilitation rate for FY 2000 was computed in accordance with VBA's definition of the measure and supported by available documentation. We did not assess the usefulness of the rehabilitation rate as a performance measure or the appropriateness of VBA's definition of the measure.

For each of the 94 veterans included in our sample who were classified as rehabilitated or discontinued in FY 2000, we reviewed all documentation in the appropriate CER folder pertaining to the specific program of training, employment assistance, or independent living services that was terminated in FY 2000. The time period covered by our review

**Appendix B**

began when the veteran applied for VR&E benefits and ended when the veteran was classified as rehabilitated or discontinued.

For each of the 88 veterans in our second sample, we reviewed documentation pertaining to any program of training, employment assistance, or independent living services that began before September 30, 2000, and, according to data in the Chapter 31 Case Status System, was not terminated by September 30, 2000. The time period covered by our review began when the veteran applied for VR&E benefits and ended on September 30, 2000.

The audit was conducted between April 2001 and June 2002 in accordance with generally accepted Government auditing standards.

## **Examples of Discrepancies**

### **Veterans Were Inappropriately Included in the Computation of the Rehabilitation Rate for FY 2000**

We reviewed the CER folders of 94 veterans who were included in the computation of the rehabilitation rate for FY 2000. The 94 veterans were randomly selected from the 16,432 veterans who were classified as rehabilitated or discontinued in FY 2000 after pursuing programs of training, employment assistance, or independent living services. We determined that 7 of the 94 (7 percent) veterans left the VR&E Program during prior or subsequent years and should not have been included in the computation of the rehabilitation rate for FY 2000. For example:

A veteran began a program of general education courses in the summer of 1996. He completed two courses and withdrew from a third. The veteran did not enroll for the fall term because of an illness in the family, but he stated he would resume courses in the spring of 1997. He did not enroll as planned and was last in contact with VR&E Program personnel on March 31, 1997. On January 14, 2000, VARO personnel classified the veteran as discontinued. Based on the available evidence, we concluded the veteran should have been classified as discontinued before FY 2000.

### **Regional Office Personnel Incorrectly Classified Veterans As Rehabilitated**

Of the 87 remaining veterans in the sample, 57 were classified as rehabilitated. Based upon evidence in the veterans' CER folders, we determined that VARO personnel incorrectly classified 15 of the 57 veterans as rehabilitated. For example:

- After leaving military service in 1993 because of a heart condition, a veteran applied for VR&E benefits. Prior to his military service, the veteran spent 3 years as an apprentice electrician and earned a Bachelor of Arts degree with a major in history.

On April 20, 1993, the veteran signed an Individualized Written Rehabilitation Plan stating his intent to earn a college degree in dietetics and obtain employment as a dietitian. After one semester, the veteran changed his major, and he subsequently changed the objective of his training program to obtain a graduate degree and teacher certification in special education. The veteran continued taking college courses through the spring term of 1997.

On September 2, 1997, the veteran began work as a telephone installer. Although he continued to express interest in completing his training program, the veteran did not return to school. On January 28, 2000, VARO personnel classified the veteran as rehabilitated based on his continuing employment as a telephone installer.

**Appendix C**

Since the veteran did not substantially complete his VR&E training program and the telephone installation job was not closely related to his training, we concluded he should not have been classified as rehabilitated.

- On February 17, 2000, a veteran completed an application for VR&E benefits seeking assistance in finding a job. The veteran had recently received a Bachelor of Science degree in electrical engineering using GI Bill benefits.

Before his first meeting with VR&E Program personnel, the veteran had a job interview with an engineering firm. On the day his Individualized Employment Assistance Plan was prepared, the veteran received a job offer from the same engineering firm. He accepted the job offer and began work on April 1, 2000. On August 10, 2000, VARO personnel classified the veteran as rehabilitated because the veteran obtained the job with the engineering firm.

We concluded that VARO personnel inappropriately classified the veteran as rehabilitated because we found no evidence that the veteran substantially used the services and assistance provided under the VR&E Program to obtain or retain employment.

- A veteran applied for VR&E benefits seeking “help with college.” The veteran had a severe learning disability, service-connected knee conditions rated 40 percent disabling, and a history of sporadic employment. He had been unemployed since 1992.

Although the veteran had taken numerous college courses at his own expense between 1987 and the time of his application for VR&E benefits, including five computer courses, VARO personnel determined that a program of higher education leading to employment was not feasible. Instead, they approved an Individualized Independent Living Plan for the veteran on May 18, 2000. The stated goal was to “...provide the veteran a computer to increase self-esteem, maintain productivity in the home, to assist veteran with his independent studies at college, and to increase capability to interact with others via the Internet.” A computer was purchased and set up in the veteran’s home, and on August 4, 2000, VARO personnel classified the veteran as rehabilitated based upon the purchase and installation of the computer.

Nothing in the veteran’s CER folder indicated he was not capable of independent living when he applied for VR&E benefits or that providing him a computer enhanced his independence. Based upon the available evidence, we concluded that the veteran should not have been classified as rehabilitated.



## **Veterans Were Inappropriately Excluded from the Computation of the Rehabilitation Rate for FY 2000**

To determine whether data used to compute the rehabilitation rate for FY 2000 were complete, we reviewed the records of 88 randomly selected veterans. According to data in the Chapter 31 Case Status System, these veterans were actively pursuing programs of training, employment assistance, or independent living services, or had temporarily interrupted pursuit of their programs during the 18-month period ending on September 30, 2000. We concluded that 3 of the 88 (3 percent) veterans were inappropriately excluded from the computation of the rehabilitation rate for FY 2000. For example:

One veteran's Individualized Written Rehabilitation Plan indicated he was pursuing a Bachelor of Science degree in international marketing with an anticipated completion date of May 1998. The veteran attended college classes until August 1998 but did not complete his program. During the summer of 1998, VARO personnel helped the veteran obtain a street vendor's license. The veteran's CER folder contained no documentation of further communication between VARO personnel and the veteran until December 14, 1999, when VARO personnel sent the first of six motivational letters. The veteran did not respond to the letters and four attempts to reach him by telephone were unsuccessful. VARO personnel eventually classified the veteran as discontinued on September 7, 2001.

Based upon the veteran's failure to return to school and the absence of responses to VARO personnel's letters and telephone calls, we concluded the veteran should have been classified as discontinued during FY 2000.

## Sampling Plan and Results

### Audit Universe

We selected samples from two separate data files provided by VBA Headquarters officials. The data in both files were extracted from the Chapter 31 Case Status System.

- One data file included records of 16,432 veterans who were classified as rehabilitated or discontinued in FY 2000 after pursuing programs of training, employment assistance, or independent living services. Of these, 10,603 veterans (65 percent) were classified as rehabilitated and 5,829 (35 percent) were classified as discontinued. These were the same records used by VBA to compute the rehabilitation rate for FY 2000.
- The other data file included records of 24,672 veterans. Data in the file indicated these veterans were actively pursuing programs of training, employment assistance, or independent living services, or had temporarily interrupted pursuit of their programs, during the period from April 1, 1999, through September 30, 2000. Based upon our assessment of internal controls, we concluded there was a significant risk that VARO personnel were not classifying veterans as discontinued in a timely manner. We chose to review records for the period from April 1, 1999, through September 30, 2000, because there is a delay between the time when a veteran stops actively pursuing the objectives of his VR&E plan and the time when VARO personnel classify the veteran as discontinued. We believed this universe offered the best opportunity to identify veterans who were improperly excluded from the computation of the rehabilitation rate for FY 2000. If we selected records from earlier or later time periods, we believed we would be more likely to identify veterans who should have been classified as discontinued before or after FY 2000.

### Sample Sizes

We reviewed the CER folders of 94 veterans who were classified as rehabilitated or discontinued in FY 2000 after pursuing programs of training, employment assistance, or independent living services.

We reviewed the CER folders of 88 other veterans. Data from the Chapter 31 Case Status System showed these veterans were actively pursuing programs of training, employment assistance, or independent living services, or had temporarily interrupted pursuit of their programs, during the period from April 1, 1999, through September 30, 2000.

## **Sample Design**

We selected our two samples using random sampling techniques. Since we did not know what error rates to expect, we obtained listings of 500 records in randomly generated order from each of the data files described on the previous page. We requested the CER folders for the first 100 veterans on each listing from the appropriate VAROs and reviewed all of the records we received by March 29, 2002.

Six records in the first sample and 12 records in the second sample were not available for review when we requested them. We have no reason to believe the review of those records would have materially affected our results.

We intended to use the error rates in our survey samples to determine the number of records to review during the audit. However, based on the number of discrepancies identified during our review, we concluded there was no need to expand the survey samples. VBA Headquarters officials agreed with that conclusion.

## **Attributes**

We reviewed the CER folders of 94 veterans who were classified as rehabilitated or discontinued in FY 2000 to determine whether the veterans were properly included in the computation of the rehabilitation rate for that year.

We reviewed the CER folders of 88 veterans in our second sample to determine whether the veterans were properly excluded from the computation of the rehabilitation rate for FY 2000.

When reviewing the records in both samples, we determined whether the veterans met VBA's definition of rehabilitated or discontinued. If so, we determined whether VARO personnel should have classified the veterans in those categories during FY 2000 or during another year.

## **Sample Results**

See the Results and Recommendations section of the report (page 1) for the results of our review of the CER folders of 94 veterans who were classified as rehabilitated or discontinued in FY 2000.

See the Results and Recommendations section of the report (page 2) for the results of our review of the CER folders of the 88 veterans in our second sample.

## Under Secretary for Benefits Comments

### Department of Veterans Affairs

#### Memorandum

Date: December 13, 2002

From: Under Secretary for Benefits (20)

Subj: Draft Report, Accuracy of VA Data Used to Compute the  
Rehabilitation Rate for Fiscal Year 2000, Project 2001-01613-R6-  
0111

To: Assistant Inspector General for Auditing (52)

1. In response to your stated concerns regarding the implementation plan for Recommendation B, we offer the attached amended plan. These additional management actions address your concerns that the plan would not provide reasonable assurance that veterans are classified as rehabilitated or discontinued in a timely manner.
2. Questions may be referred to Katy Mozingo at 273-6265.

/s/

Daniel L. Cooper

Attachment

Attachment

Concurrence with Comments

**SUBJECT:** Draft Report, Accuracy of VA Data Used to Compute the Rehabilitation Rate for Fiscal Year 2000, Project 2001-0163-R6-0111

**Recommendations:**

1. Incorporate the results of our audit in training for VR&E program personnel in VAROs nationwide.

VBA Concurrs

**Implementation Plan:** A satellite broadcast of VR&E training incorporating the audit results will be scheduled during the second quarter of FY 2003. A policy bulletin to clarify the issues found will be sent out to VAROs prior to the broadcast.

2. Require that VR&E program managers in VAROs periodically review the CER folders of all veterans who have not actively pursued their programs for prescribed extended periods, and who have not been classified as rehabilitated or discontinued, to ensure that all appropriate veterans are included in the calculation of the rehabilitation rate.

VBA Concurrs

**Implementation Plan:** VR&E program managers in VAROs will be required to review the CER folders of all veterans who have been placed in interrupted status for more than nine months. This requirement will be incorporated into the VR&E Systematic Analysis of Operations Program.

Additionally, station statistics on the number and percent on veterans in interrupted case status have been added to the Monthly Operating Report (MOR). The VR&E Service is also developing a "Case Management Index."

The Case Management Index is a new performance management indicator that will be used to monitor each station's caseload to ensure that cases move through the process in a timely manner. The following 5 measures will be weighted and rolled up into the overall Case Management Index score, which will range from 0 to 10.

Appendix E

- percent of cases in interrupted status
- percent of cases in interrupted status over six months
- average number of days that cases are in interrupted status
- percent of cases in Rehabilitation to Employability (RTE) that are not receiving subsistence allowance
- percent of cases in RTE without subsistence allowance for more than 9 months

The index scoring will reflect the fact that there are legitimate reasons for some cases to be inactive for a period of time, but that the overall number and percentage should not exceed certain thresholds. The objective of the index is to prevent stations from “warehousing” cases, which can lead to an artificially high rehabilitation rate. The index will be used along with other key performance measures to evaluate station performance, decide if a station needs a “wellness plan,” and select stations that will be surveyed. The percentage of cases in interrupted status was, in fact, one of the data elements used to determine which stations will be surveyed in FY 2003.

On November 18, 2002, the Under Secretary for Benefits sent a letter to all VA Regional Office Directors. In this letter the Under Secretary discussed the Directors’ responsibilities for managing the VR&E program in their office. The letter specifically states that the Under Secretary expects Directors, “to know what percentage of your cases are in an interrupted status; how many of those have been interrupted for more than six months; the average amount of time cases are in interrupted status; and the longest time that a case has been in that status and why.”

3. Require VR&E program managers in VAROs to review and approve decisions to classify veterans as rehabilitated or discontinued.

VBA Concurs

**Implementation Plan:** VR&E policy letter requiring managers to review and approve decisions on discontinued and rehabilitated cases was sent to the field on October 9, 2002.

4. Strengthen oversight by requiring VBA Headquarters officials to monitor timeliness and accuracy of decisions to classify veterans as rehabilitated or discontinued.

VBA Concurs

## Appendix E

**Comments:** The VR&E Quality Assurance Redesign Initiative identified an outcome accuracy of 74%. In order to draw organizational focus to this issue, the VR&E Service established a separate measure of outcome accuracy in the Balanced Scorecard. In April 2002, aggressive targets for program outcome accuracy were established with a target measure of 84% for FY 2002 and 90% in FY 2003.

In addition, VBA initiated the following actions to create appropriate incentives for improvement:

- All outcome cases, rehabilitated and discontinued, require a second signature by the VR&E Officer or Assistant VR&E Officer. (October 9, 2002 implementation letter cited above.)
- The number of cases reviewed under the new QA process and field survey program will be increased. The VR&E Service will review 64 cases for each station and field stations will be required to review 10% of their cases.
- The VR&E Outcome Accuracy Measure has been added to the VARO Directors' and the VR&E Officers' performance standards.

## Findings

VBA concurs with the findings with the following qualifications:

1. On page 9 of the report, it states that "We determined that 7 of the 94 (7 percent) veterans left the VR&E Program during prior or subsequent years and should not have been included in the computation of the rehabilitation rate for FY 2000." While we agree that these cases should have been case managed in a more timely manner, we do not agree that they should not have been included in the computation of the rehabilitation rate for FY 2000. The rehabilitation rate is based on the date that a decision is made that a veteran has achieved suitable employment (for at least 60 days) or that he or she is discontinued from the program after being given due process notification. If a station were allowed to retroactively discontinue a case in a prior fiscal year based on the last date the veteran was actively pursuing his/her rehabilitation plan, it would create a data integrity problem. It would allow stations to artificially inflate the current year's rehabilitation rate by charging the discontinuance to a prior year that is no longer being monitored for performance. The time spent in interrupted status is an issue that is reviewed as part of the Quality Assurance Program. In addition the VR&E Service and the Regional Offices will be monitoring this case status more closely as part of the SAO and Survey Programs and monthly operating reports (MORs).

**Appendix E**

2. We would also like to clarify that VBA's outcome accuracy measure includes the accuracy of discontinuances as well as the rehabilitated cases. Since your review found no errors in the discontinued cases, the outcome accuracy for the 87 cases you reviewed was 83%. As currently written, a third party may be misled to believe that the outcome error rate was 26% (page 9) rather than 17%. Nevertheless, we recognize that we need to improve the accuracy rate, which is why we instituted the second signature requirement for outcome decisions.
3. On page 2 of the report, it states "VBA Headquarters officials believed the discrepancies we identified occurred because VARO supervisors pressured staff members to declare as many veterans rehabilitated as possible to make their offices appear successful." We believe that the following statement more accurately reflects the opinion of the VR&E Headquarters officials:

"VBA Headquarters officials in the VR&E Service could not readily ascertain the basis for the discrepancies as identified. They speculated that pressure to achieve the performance measure target for the rehabilitation rate may have influenced some of the inappropriate decisions to declare a veteran rehabilitated."



## **Prior Audits of Data Used to Measure VA Performance**

- Audit of Data Integrity for Veterans Claims Processing Performance Measures Used for Reports Required by the Government Performance and Results Act (Report No. 8R5-B01-147 dated September 22, 1998)
- Accuracy of Data Used to Measure Claims Processing Timeliness (Report No. 9R5-B01-005 dated October 15, 1998)
- Accuracy of Data Used to Measure Percent of Veterans with a VA Burial Option (Report No. 9R5-B04-103 dated May 12, 1999)
- Accuracy of Data Used to Count the Number of Unique Patients (Report No. 9R5-A19-161 dated September 20, 1999)
- Accuracy of Data Used to Compute the Foreclosure Avoidance Through Servicing Ratio (Report No. 99-00177-14 dated November 16, 2000)

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**Appendix G**

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Ranking Member, Subcommittee on National Security, Veterans' Affairs and  
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Staff Director, Committee on Veterans' Affairs, U.S. House of Representatives  
Staff Director, Subcommittee on Oversight and Investigations, Committee  
on Veterans' Affairs, U.S. House of Representatives

**This report will be available in the near future on the VA Office of Audit web site at <http://www.va.gov/oig/52/reports/mainlist.htm> *List of Available Reports*. The report will remain on the OIG web site for 2 fiscal years after it is issued.**