



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Los Angeles, California

Office of Inspector General Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG) effort to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Conduct fraud and integrity awareness training for facility staff.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, beneficiaries, Members of Congress, or others.

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Executive Summary

Introduction

During the period December 2–13, 2002, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office Los Angeles, California (the regional office). The purpose of the review was to evaluate selected regional office operations focusing on benefits claims processing and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to 227 employees.

The regional office provides Compensation and Pension (C&P), Vocational Rehabilitation and Employment (VR&E), and burial benefits to eligible veterans, dependents, and survivors residing in eight Southern California counties.

Results of Review

The activities reviewed were generally operating satisfactorily and management controls were generally effective. To improve operations, the regional office needed to:

- Improve the processing of notices of hospital adjustments and C&P system messages, and the use of the automated claims control system.
- Strengthen Government purchase card program controls.
- Strengthen Automated Information Systems (AIS) security.
- Timely review and analyze fiduciary accountings.

Regional Office Director Comments

The Regional Office Director agreed with the findings and provided acceptable implementation plans for all of the issues except for the suggestion that periodic operational tests of disaster recovery and continuity of operation plans be conducted for AIS. The Director will develop an implementation plan for this issue after guidance and instructions are received from the Veterans Benefits Administration (VBA) and the regional office's Network Support Center. (See Appendix B, pages 10 – 15, for the full text of the Director's comments.) We will follow up on the implementation of the recommended improvement action.

(original signed by:)
RICHARD J. GRIFFIN
Inspector General

Introduction

Regional Office Profile

Organization and Programs. The regional office provides C&P, VR&E, and burial benefits to eligible veterans, dependents, and survivors residing in eight Southern California counties.¹ The regional office operates outbased offices at the Loma Linda and Long Beach VA Healthcare Systems. The estimated veteran population in the regional office's eight counties is one million.

During Fiscal Year (FY) 2002, the regional office authorized payment of about \$600 million in C&P benefits to 115,000 beneficiaries. As of October 1, 2002, the regional office had about 2,000 participants in the VR&E program. In addition, as of October 1, 2002, the regional office was providing fiduciary oversight for 2,703 incompetent veterans and other beneficiaries.

Although the Phoenix Regional Loan Guaranty Center administers the VA Guaranteed Loan Program for California, the regional office is responsible for providing VA Loan Guaranty Program Certificate of Eligibility services for veterans in 26 western states.

Resources. During FY 2002, the regional office's operating expenditures totaled about \$19 million. As of the close of FY 2002, the regional office was staffed with 294 full-time employees. The regional office's overall employee turnover rate for FY 2002 was 11 percent. The Veterans Service Center (VSC) turnover rate was also about 11 percent.

Objectives and Scope of CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA health care and benefit services. The objectives of CAP reviews are to:

- Conduct recurring evaluations of selected medical center and regional office operations focusing on patient care, quality management, benefits delivery, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and of the need to refer suspected fraud to the OIG.

Scope. We reviewed selected benefit claims processing and financial and administrative activities to evaluate the effectiveness of the benefits delivery system and general management controls. Benefits delivery is the process of ensuring that veterans' claims and requests for benefits or services are processed promptly and accurately. Management controls are the

¹ The regional office services Inyo, Kern, Los Angeles, Orange, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura counties.

policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met.

In performing the review, we interviewed managers and employees, reviewed benefits, financial and administrative records, and inspected work areas. The review covered the following activities and controls:

C&P Hospital Adjustments Processing	AIS
C&P System Message Processing	Fiduciary and Field Examinations (F&FE)
Automated Claims Control	Benefits Delivery Network (BDN) Security
Government Purchase Card Program	C&P Retroactive Payment Controls

Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strengths section of this report (page 3). Activities needing improvement are discussed in the Opportunities for Improvement section (pages 4 – 8). For these activities, we make a recommendation or suggestions. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are taken. Suggestions pertain to issues that should be monitored by VBA and regional office management until corrective actions are completed. For the activities not discussed in the Organizational Strengths or Opportunities for Improvement sections, we identified no reportable deficiencies.

During the review, we also provided five sessions of fraud and integrity awareness training. The training was attended by 227 employees.

The review covered regional office operations for FY 2002 and FY 2003 through November 2002 and was done in accordance with OIG standard operating procedures for CAP reviews.

Results of Review

Organizational Strengths

The activities reviewed were generally operating satisfactorily, and management controls were generally effective.

BDN Security Requirements Had Been Implemented. Information Resources Management (IRM) officials had established appropriate controls over assignment of BDN passwords and to access the BDN system, and had restricted the authority to authorize C&P awards to GS-11 employees or higher.

Reviews of Retroactive Payments Over \$25,000 Were Properly Performed. The Director had reviewed retroactive payments over \$25,000 as required by VBA policy and certified the e-mailed checklists for each of the 235 retroactive payments valued at \$25,000 or greater for the months of September, October, and November 2002. The Director had reviewed the payments within 15 days of receiving notification of the payments, conducted reviews when the payments did not have required three signature authorizations, and had taken or planned necessary corrective actions to ensure that three signature authorizations were obtained.

Retroactive Payments Less Than \$25,000 Were Properly Processed. VSC staff had processed retroactive payments for less than \$25,000 in accordance with VBA policy. VSC staff are required to obtain appropriate documentation to support retroactive payments and third party signatures when the payments are for more than a 2-year period. Our review of 33 retroactive payments processed for 25 veterans during the period October 2001 to September 2002 showed that payments had appropriate supporting documentation and as needed, third party signatures. VSC staff had also ensured that multiple payments to the same payee were adequately documented and justified and that duplicate checks sent in error were returned without being cashed.

Opportunities for Improvement

Compensation and Pension Claims Processing – Award Adjustment Processing and Use of the Automated Claims Control System Should Be Improved

Conditions Needing Improvement. VSC staff needed to improve the processing of hospital adjustments and C&P system messages; and their use of the automated claims control system.

Hospital Adjustments. In certain situations, the law requires the reduction of C&P payments for veterans hospitalized at Government expense for extended periods of time. At our request, the Greater Los Angeles, Long Beach, and Loma Linda VA Healthcare Systems identified 968 veterans who had been hospitalized at Government expense for 90 days or more as of October 1, 2002. Using information provided by the health care systems, C&P benefit payment data, and information in veterans' claims folders, we identified 21 veterans whose C&P payments had not been properly reduced. These veterans had been overpaid a total of about \$500,000 while hospitalized at Government expense in VA health care systems, VA-operated nursing home care units, or contracted nursing homes. Payments were not reduced in 15 cases because VSC staff did not properly review data in the Automated Medical Information Exchange System or overlooked other evidence, such as medical reports or reports of changes in patients' status. In the remaining six cases, overpayments occurred because VA health care systems staff did not advise VSC that the veterans had been hospitalized. VSC management agreed that benefits for the 21 veterans had not been properly reduced.

BDN Generated C&P System Messages. BDN generated C&P system messages are an important internal control that helps VSC to ensure the accuracy of benefit payments and enhance customer service. When VSC receives system messages, VSC staff should review the issues and take appropriate actions. Delays in the processing or failure to process system messages can result in overpayments or underpayments to beneficiaries. To evaluate system message processing, we selected a judgmental sample of eight messages generated during June 2002. Of the eight messages, four had not been properly processed. The four messages indicated possible overpayments, but VSC staff filed the messages in the veterans' claims folders without taking any action. VSC management agreed that the four system messages had not been properly processed and initiated corrective actions.

Automated Claims Control System. A VSC management tool to monitor C&P claims processing is the automated claims control system, generally known as the end product (EP) system. Correct use of the EP system enables VSC management to measure claims processing timeliness and work completed. To ensure the EP system works properly, it is important to ensure the proper dates of claim and EPs are used. The date of claim is the earliest date a claim was received by a VA facility. EPs measure work completed by giving more credit for difficult work, such as processing an original claim for service-connected compensation, than for simpler tasks, such as answering a beneficiary inquiry. To determine whether VSC staff were properly

using the EP system, we reviewed eight C&P claims. We found that two of the eight claims had both incorrect dates of claims and incorrect EPs. Incorrect dates of claims allowed VSC to understate the time it took to process the claims and incorrect EPs allowed VSC to overstate work completed. VSC management agreed that incorrect dates of claims and EPs had been used in the two claims we questioned.

Recommended Improvement Actions 1. We recommended that the Regional Office Director ensure that VSC staff: (a) adjust C&P payments as appropriate for the 21 veterans we identified who were hospitalized at Government expense for extended periods; (b) coordinate with appropriate staff at VA health care systems to ensure VSC is notified when veterans are hospitalized for 90 days or more; and (c) receive refresher training concerning required adjustments of C&P payments to hospitalized veterans, proper processing of C&P system messages, and proper use of the EP system. The Director agreed and instructed VSC management to take corrective actions for the 21 veterans hospitalized at Government expense and to prepare a report on these corrective actions for his review by July 31, 2003. Regional office staff will establish and maintain contact with VA medical center staff to ensure the regional office is notified of hospitalizations and follow workflow and accountability guidelines that have been specifically established to ensure hospital adjustments are processed. The Director also reported that VSC internal control and operating procedures have been revised to ensure the timely completion of system message reviews and the proper establishment of claim controls. Refresher training on processing system messages and EP control will be completed by July 31 and August 30, 2003, respectively. The improvement actions are acceptable, and we will follow up on the completion of planned actions. (The monetary benefit associated with this recommendation is shown in Appendix A, page 9.)

Government Purchase Card Program – Controls Should Be Strengthened

Conditions Needing Improvement. The regional office needed to improve controls over the Government purchase card program. During FY 2002, 15 regional office staff made 3,095 purchase card transactions totaling about \$1.6 million. The purchase card transactions fell into the following three categories: General Operating Expenses (GOE), VR&E, and convenience checks for hardship payments. We reviewed 40 transactions (6 for GOE, 31 for VR&E purchases, and 3 for convenience checks). We concluded that the purchases were valid. However, we identified five areas where purchase card program controls needed to be strengthened.

Review and Approval of GOE Purchases. Four of the six GOE transactions were not supported by a VA Form (VAF) 90-2237, documenting the purchase request, approval, or commitment of funds and the remaining two transactions had no signatures on the VAF 90-2237 showing that approving officials had reviewed and approved the purchases.

Split Purchases. Of the 31 VR&E purchases reviewed, 2 purchase orders had been split into 11 single transactions totaling about \$13,600 to avoid purchase card limitations. One cardholder split a purchase order into five single transactions to purchase power tools for a severely disabled

veteran. The same cardholder also split another purchase order into six single transactions to purchase woodcraft tools and supplies for a severely disabled veteran.

Supporting Documentation. Our review also disclosed that two of the split purchase orders did not have delivery receipts showing that veterans had received the items. During our review, VR&E staff contacted the veterans to confirm receipt of the items.

Certification Timeframes. We could not determine if the VR&E approving official certified the reconciliation statements within 14 days of receipt from the cardholders because the approving official signed the reconciliation statements, but did not date them.

Purchase Card File Security. As of December 2002, the FY 2001 VR&E purchase card files containing supporting documentation for the purchase card transactions of three cardholders were missing. Furthermore, the FY 2002 purchase card file for one of the three cardholders was also missing. At the time of our review, the VR&E Division's Financial Analyst was reconstructing the missing files by obtaining supporting documentation from the purchase card company and veterans. All purchase card files are now secured by the Financial Analyst.

Suggested Improvement Action. We suggested that the Regional Office Director ensure that cardholders and approving officials receive refresher training on: the use of VAF 90-2237 for GOE purchases, requirements to avoid split purchases, the need to ensure goods are received, timely certifications, and file security. The Director agreed and has required all purchase cardholders and approving officials to complete online purchase card training by June 30, 2003. The Director has also implemented a monthly purchase card review to ensure that cardholders have purchase requests and supporting documentation and approving officials properly annotate and certify monthly reconciliations within the 14-day timeframe. The purchase card files are now maintained in a locked file and monthly statements have been obtained to reconstruct the missing purchase card files. The improvement actions are acceptable, and we consider the issues resolved.

Automated Information Systems Security – Controls Should Be Strengthened

Conditions Needing Improvement. We evaluated regional office AIS security to determine if controls adequately protected information system resources from unauthorized access, disclosure, modification, destruction, or misuse. Physical security of the computer room and equipment was adequate, and AIS were supported by an uninterrupted power supply that was periodically tested. Alternative processing sites had been designated, and critical data was routinely backed up and stored at a secure off-site location. A comprehensive continuity of operations plan outlining disaster recovery and contingency procedures had been developed, and essential staff and functions had been identified and periodically reviewed. However, we identified two areas that required management attention.

Tests of AIS Continuity of Operations Plan (COOP). VA and VBA information security directives require that operational tests of disaster recovery and continuity of operations plans be

periodically conducted, but do not specify what type of tests should be performed, such as full or partial system shutdown or other requirements. The Chief, IRM, expressed concerns about the adverse impact on regional office production and operations if a major system shutdown was required to test the AIS COOP. However, IRM could address this concern by conducting tests after normal business hours or on weekends to minimize disruptions to regular operations.

Security Awareness Training. VA and VBA information security directives require that annual security awareness training be provided to all staff. The regional office conducted its security awareness training in November 2002. Of the 293 regional office employees, 276 (94 percent) attended the required training. The Information Technology Specialist, in charge of training, acknowledged that 17 employees had not received the required training at the time of our review.

Suggested Improvement Actions. We suggested that the Regional Office Director ensure that IRM staff: (a) conduct periodic operational tests of the AIS COOP; and (b) provide annual security awareness training to all employees. Although he has concerns about potential costs and work disruptions, the Director has agreed to implement periodic operational tests of the AIS COOP after specific instructions and guidance are received from VBA and the Network Support Center. In an August 9, 2002 memorandum to the OIG addressing AIS security issues, VBA stated that live tests of continuity of operation plans were required and that clarifying instruction would be provided to the regional offices. The Director also reported that all regional office employees and Veterans Service Organization employees would be provided annual Security Awareness training by September 1, 2003. Based on VBA's plans to provide additional guidance to the regional offices on these operational tests and the Director's security awareness training plan, we consider the issues resolved.

Fiduciary and Field Examinations – Reviews and Analyses of Accountings Should Be Timely

Conditions Needing Improvement. Legal Instruments Examiners (LIEs) in the F&FE section needed to timely review and analyze fiduciary accountings. The F&FE section is responsible for protecting the interests of incompetent or minor beneficiaries by appointing fiduciaries when necessary to manage the beneficiaries' funds and monitoring the fiduciaries' activities. One method of monitoring fiduciaries' activities is to require that fiduciaries submit annual accountings listing the beneficiaries' assets, income, and expenses. Timely review and analyses of accountings are necessary because once accountings are received in the F&FE section, LIEs have 15 days to object or take exception to the accountings. We reviewed accountings for 15 beneficiaries whose funds were managed by fiduciaries. We found 6 of the 15 accountings had not been reviewed and analyzed timely or lacked the information needed to determine if the review and analysis had been completed timely.

Suggested Improvement Actions. We suggested that the Regional Office Director ensure that LIEs: (a) monitor accounting due dates; (b) take appropriate follow up action when accountings are not received; (c) date stamp all accountings upon receipt; and (d) complete their analysis of accountings within required timeframes. The Director agreed and stated that at the time of the CAP review, the regional office was working to correct deficiencies in F&FE identified during

an earlier C&P Service field survey. The Director reported that the new F&FE Coach was currently monitoring accounting due dates and a management analyst would be assigned this task by the end of June 2003. The F&FE Coach and LIEs have implemented a follow-up process when accountings are not timely received. Furthermore, the F&FE Coach is personally date stamping the accountings, placing them in the automated work-in-process control system (WIPP), and reviewing the WIPP along with the Lead Field Examiner to ensure the LIEs audit the accountings on a timely basis. The improvement actions are acceptable, and we consider the issues resolved.

Monetary Benefits in Accordance With IG Act Amendments

Report Title: Combined Assessment Program Review of the VA Regional Office Los Angeles, California

Report Number: 03- 00287-130

<u>Recommendation</u>	<u>Explanation of Benefits</u>	<u>Better Use of Funds</u>
1	Benefit reductions for veterans hospitalized more than 90 days	\$500,000

Regional Office Director Comments



DEPARTMENT OF VETERANS AFFAIRS
VA REGIONAL OFFICE
11000 Wilshire Blvd.
Los Angeles, CA 90024

June 24, 2003

In Reply Refer To: 344/00

Assistant Inspector General for Auditing (52)
Los Angeles, California

SUBJ: Reply to CAP Report on Los Angeles RO Operations (Project #2003-00237-R7-0036)

Attached is the Los Angeles RO response to the Combined Assessment Program (CAP) Draft Report dated June 6, 2003. VARO Los Angeles concurs with the recommendation and suggested improvement actions in the draft report. The attachment contains the status of specific corrective actions implemented or planned.

We appreciate the visit by the OIG team to our office during December, 2002. Recommendations and comments we received from the team will be beneficial in improving operations at the Los Angeles Regional Office.

If you have any questions regarding the attachment, please feel free to contact me at (310) 235-7696.

/S/

STEWART LIFF
Director

Regional Office Director Comments

2.

LARO CAP Review Response

Compensation and Pension Claims Processing – Award Adjustment Processing and Use of the Automated Claims Control System Should Be Improved

Recommended Improvement Actions 1. We recommend that the Regional Office Director ensure that VSC staff:

(a) adjust C&P payments as appropriate for the 21 veterans we identified who were hospitalized at Government expense for extended periods;

Concur. I have instructed Veterans Service Center Management to provide my office a report of corrective actions taken for each of the 21 beneficiaries cited in the report as hospitalized at Government expense for extended periods. The report will be due to me no later than July 31, 2003.

(b) coordinate with appropriate staff at health care systems to ensure VSC is notified when veterans are hospitalized for 90 days or more;

Concur. The CAP report notes 6 of the 21 overpayment cases cited as needing hospital adjustments occurred because of failure of notification by VA health care system staff. The VARO will contact the appropriate VAMC staff to ensure systems are being properly updated on their part, for timely downloading on ours. The message will be reinforced in liaison meetings which are held quarterly between representatives from each VAMC and LARO staff. While the report cited the VAMC staff attributing to some of the overpayments, clearly the majority of deficiencies falls under the local LARO. In reviewing the cases, lack of action was indicative of unclear internal RO jurisdictional guidelines. Subsequent to the CAP visit, jurisdictional workflow, along with set guidelines for accountability, have been communicated to the involved personnel of the Triage and Post-Determination Teams.

(c) receive refresher training concerning required adjustments of C&P payments to hospitalized veterans, proper processing of C&P system messages, and proper use of the EP system.

Concur. The primary factor contributing to the OIG team's findings is training. Veterans Service Center personnel in VBA operate within a newly-defined Claims Processing Improvement (CPI) structure based on task-based teams with defined functions. While CPI addresses the vast majority of tasks involved with claims processing, the gray areas of hospital adjustments and C&P system messages were not. The focus and thus, the training, has centered

Regional Office Director Comments

3.

LARO CAP Review Response

on those cases initiated by claimants.

Subsequent to the CAP visit, the workflow associated with these BDN computer generated messages was defined locally. Refresher training for members of teams responsible for each type of write-out (AMIE, SSA match, prison match, etc.) will be completed by July 31, 2003. Veterans Service Center Management will revise their internal control procedures to ensure the timely completion of these cases through use of WIPP reviews of the special end products generated by the write-outs and will require monthly status reports from Team supervisors indicating the number of write-outs received, pending review, in-process and completed.

We also concur with the OIG team's observations on improper establishment of claim controls, including incorrect end product codes and dates of claim. Under CPI, the vast majority of end products are established in the Triage Team, narrowing the focus of review. Training is needed, as indicated in the recommendations. However, subsequent to the CAP visit, the following procedural changes were also implemented in Triage in order to address some of the OIG team's findings:

- 1) Specialization amongst staff with regard to mail being reviewed and placed under control in order to develop proficiency and increase ability to pinpoint individual deficiencies.
- 2) Assignment of a "Super Senior" (technical expert) to mentor those staff involved in the process of claims establishment.
- 3) Random Individual Quality Review (IQR) of a minimum 5 pieces of mail per person, per month, for accuracy of processing.
- 4) Extensive WIPP review of inventory, resulting in clean-up of many improper/duplicate end products and date of claims.

We also plan two additional actions that will positively impact the control system:

- Refresher training on end product control with remaining Service Center VSR staff by August 30, 2003.
- Conversion of our entire pending inventory to "MAP-D" system by August 13, 2003 per national directive, thus necessitating individual claim review for proper controls.

Regional Office Director Comments

4.

LARO CAP Review Response

Government Purchase Card Program – Controls Should Be Strengthened

Suggested Improvement Action. We suggest that the Regional Office Director ensure that cardholders and approving officials receive refresher training on: the use of VAF 90-2237 for GOE purchases, requirements to avoid split purchases, the need to ensure goods are received, timely certifications and file security. Concur. All Purchase Cardholders and Approving Officials will be required to complete the online GSA purchase card training and provide the Credit Card Coordinator with a certificate of completion by June 30, 2003. A monthly purchase card review is being conducted and these reviews have revealed that all GOE credit card purchases are supported by VAF 90-2237 or a purchase order documenting the purchase request. A Chapter 31 Purchase card review dated February 21, 2003, revealed that all Chapter 31 cardholders and approving officials have been given a copy of VBA Circular 20-99-8 and the Regional Office Purchase Card Circular 00-02-02. They have been instructed to follow the instructions which require cardholders to avoid split purchases and to annotate a date when reconciling all monthly purchase card statements. The review also revealed that the approving officials are dating and certifying the purchase card monthly reconciliation within 14 days. The purchase card files are secured in a locked file and monthly statement have been obtained for the three missing files for FY 2001 and FY 2002.

Regional Office Director Comments

5.

LARO CAP Review Response

Automated Information Systems Security – Controls Should Be Strengthened

Suggested Improvement Actions. We suggest that the Regional Office Director ensure that IRM staff:

(a) conduct periodic operational tests of the AIS COOP;

Concur. Although the "tabletop" exercise of the COOP plan had been completed on November 5, 2002, this RO has not performed the system test (full and/or partial shutdown) as spelled out in the CAP review. A full and/or partial shutdown of the station system would be both very costly and would entail work disruptions. VARO production and operations would suffer if testing were to be performed. We have requested guidance from our NSC in San Diego and from VBA Central Office. As of this writing, we have not received guidance and/or specific instructions. This RO will comply with the CAP review recommendation as soon as instructions are received.

and (b) provide annual security awareness training to all employees.

Concur. The 17 employees referenced in the December, 2002 CAP review covering fiscal year 2002 were mostly VSO's from the Veterans Service Organizations collocated at the RO. The RO will ensure annual Security awareness training is provided to all employees, including all Veterans Service Organization employees for fiscal year 2003 by September 1, 2003.

Regional Office Director Comments

6.
LARO CAP Review Response

Fiduciary and Field Examinations – Reviews and Analyses of Accountings Should Be Timely

Suggested Improvement Actions. We suggest that the Regional Office Director ensure that LIEs:

(a) monitor accounting due dates;

Concur. A Compensation and Pension (C&P) Service field survey conducted at the RO during April, 2002 had identified significant deficiencies in F&FE accounting and the RO was still working to correct the deficiencies at the time of the CAP review. The current F&FE Coach monitors the accounting due dates by using the FBS Accounts Due List and the FBS Work in Progress (WIPP) List on a regular basis. In order to strengthen this action, a highly skilled Management Analyst will be assigned to this by the end of June, 2003.

(b) take appropriate follow up action when accountings are not received;

Concur. When accountings are not received timely, the responsible LIE now issues a 30-day warning letter to the fiduciary, followed by one more warning letters if necessary. If the accounting still has not been received within 90 days, then the responsible LIE suspends VA payments and the F&FE coach authorizes the suspension award in BDN, provided this will not create a hardship for the beneficiary. At this point we also determine if it is appropriate to appoint a successor fiduciary. If the accounting has not been received within 120 days, then the case is referred to Regional Counsel to request the Court to issue an Order to Show Cause.

(c) date stamp all accountings upon receipt;

Concur. The F&FE coach assumed personal responsibility for date stamping all accountings and putting them under control in the FBS system in mid-April, 2003. At an appropriate time, this responsibility will be returned to the LIEs and the Lead Field Examiner, and the Coach will continue to maintain oversight.

(d) complete their analysis of accountings within required timeframes.

Concur. The LIEs are required to closely monitor their FBS WIPP list to ensure the pending accounts are completed timely. The F&FE Lead Field Examiner and the Coach review the WIPP list and remind the LIEs in the few instances when an accounting is available and has not been audited timely. This encourages the LIEs to monitor their WIPP lists more closely.

Final Report Distribution

VA Distribution

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Congressional Committees (Chairmen and Ranking Members):

Committee on Governmental Affairs, United States Senate

Committee on Veterans' Affairs, United States Senate

Appendix C

Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations,
United States Senate
Committee on Veterans' Affairs, U.S. House of Representatives
Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs,
U.S. House of Representatives
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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*. This report will remain on the OIG Web site for 2 years after it is issued.