



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office St. Louis, Missouri

Office of Inspector General

Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts 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, Members of Congress, or others.

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Executive Summary

Introduction

During the period May 12–16, 2003, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office St. Louis, Missouri (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. We also provided fraud and integrity awareness training attended by 307 Regional Office 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 Missouri. The Regional Office also operates a Veterans Benefits Administration (VBA) Regional Processing Office (RPO) administering VA educational assistance programs in 15 states.

Results of Review

RPO determinations of veterans' eligibility for educational assistance programs were appropriate, C&P payments over \$25,000 were properly reviewed, physical security of the computer room and equipment was adequate, Information Resources Management (IRM) personnel followed up on inactive accounts and terminated user privileges of persons who no longer needed access to the systems, recently hired employees received computer security awareness training and experienced employees received annual refresher training, and field examinations for veterans unable to manage their own financial affairs were conducted in a timely manner. To improve operations, the Regional Office needed to:

- Reduce C&P payments to veterans hospitalized for extended periods of time at Government expense as required.
- Strengthen automated information systems (AIS) security.
- Improve the accuracy of data in the VR&E Case Status System, prepare more detailed plans for veterans participating in independent living programs, and ensure that only eligible veterans are enrolled in rehabilitation programs.
- Promptly refer fiduciary cases with past due accountings to appropriate officials.
- Complete the required number of compliance surveys of educational institutions and training facilities.
- Strengthen administrative controls over the Government Purchase Card Program.

Regional Office Director Comments

The Regional Office Director agreed with the CAP review findings and provided acceptable improvement plans. (See Appendix B, pages 12-16, for the full text of the Director's comments.) We will follow up on the implementation of recommended improvement actions until they are complete.

*(original signed by
Deputy Inspector General
Michael G. Sullivan)*
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 Missouri. The Regional Office operates outbased offices in the VA medical centers at Kansas City and Columbia, Missouri. Outbased pre-discharge benefits offices provide support to the military communities at Fort Leonard Wood, Missouri; Scott Air Force Base in Belleville, Illinois; and Whiteman Air Force Base in Warrensburg, Missouri. The estimated veteran population in Missouri is 569,000.

In Fiscal Year (FY) 2002, the Regional Office processed C&P claims for about 64,000 beneficiaries and authorized payment of \$432.7 million in C&P benefits. As of February 2003, the Regional Office had 998 participants in the VR&E program, which provides evaluations, counseling, education and training programs, and other services to service-disabled veterans with employment impairments. As of April 2003, the Regional Office was providing fiduciary oversight for 2,380 incompetent veterans and other beneficiaries.

The Regional Office operates one of four RPOs administering VA educational assistance programs. The RPO has program responsibilities for 15 states: Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming. The RPO has seven Education Services Units (ESUs) that perform compliance surveys of educational institutions and training facilities participating in VA educational assistance programs. One ESU is located at the Regional Office, and six ESUs are located in outbased offices.

In FY 2002, the RPO processed 242,000 education claims and authorized educational assistance payments totaling \$278 million.

Resources. The Regional Office's general operating expenditures in FY 2002 totaled \$22.2 million, with anticipated expenditures of about \$23 million for FY 2003. As of April 30, 2003, the Regional Office had 381 full-time employees.

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 the need to refer suspected fraud to the OIG.

Scope. We reviewed selected benefits claims processing, financial, and administrative activities to evaluate the effectiveness of benefits delivery 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 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 beneficiary files and financial and administrative records; and inspected work areas. The review covered the following activities:

AIS Security	Duplicate Payments
Benefits Delivery Network Controls	Educational Assistance Programs
C&P Hospitalization Adjustments	Fiduciary and Field Examinations
Controls Over Large One-Time C&P Payments	Government Purchase Card Program
Director's Performance Standards	Vocational Rehabilitation and Employment

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 4–10). For these activities, we make recommendations or suggestions. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. 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 did not identify reportable deficiencies.

During the CAP review, we also provided four sessions of fraud and integrity awareness training. The training was attended by 307 Regional Office employees.

The review covered Regional Office operations for the period from October 2001 through April 2003 and was done in accordance with OIG standard operating procedures for CAP reviews.

Results of Review

Organizational Strengths

Recipients of Educational Assistance Met Basic Eligibility Requirements. The RPO administers four VA educational assistance programs. Eligibility for educational assistance is generally based upon the period served on active duty, character of discharge, and, in some cases, monetary contributions while on active duty.

We reviewed the records of 50 beneficiaries whose educational assistance claims were processed by the RPO during the 6-month period from July 1 through December 31, 2002. Our random sample included records of participants in VA's three largest educational assistance programs. We verified that all 50 records included appropriate evidence of the beneficiaries' eligibility for the educational assistance programs in which they were participating.

The Director's Reviews of Large One-Time C&P Payments Were Properly Completed. VBA policy requires that the Regional Office Director or Assistant Director review all one-time C&P payments of \$25,000 or more. The purpose of this review is to ensure that the payments are appropriate and that the related internal controls are operating effectively. Three Veterans Service Center (VSC) employees, one of whom must be a supervisor or team coach, should approve each payment and sign the award document authorizing the payment. If the Director or Assistant Director finds that the payment was released without meeting the three-signature requirement, the VSC Manager should personally review the payment to explain why the requirement was not met.

We verified that the Director or Assistant Director had reviewed the 153 C&P payments of \$25,000 or more issued by the Regional Office during the 3-month period from October 29, 2002, through January 31, 2003. We found that the reviews were completed in a timely manner and corrective actions were taken as appropriate.

Field Examinations Were Timely. When a state court or VA rating board determines that a beneficiary is incapable of managing his or her own financial affairs, Fiduciary and Field Examination (F&FE) personnel are generally asked to conduct a field examination to determine the most appropriate method of payment for the beneficiary. If payments are made to a fiduciary, follow-up field examinations are periodically scheduled to reassess the beneficiary's status. VBA policy requires F&FE personnel to complete an initial field examination within 45 days of receipt of the request and to complete follow-up field examinations within 120 days of the scheduled dates.

To assess the timeliness of field examinations, we reviewed the principal guardianship folders of 15 judgmentally selected beneficiaries whose VA funds were managed by fiduciaries. We found that the most recent field examination for each of the 15 beneficiaries was completed within the required time period.

Opportunities for Improvement

Compensation and Pension Claims Processing – Payments to Hospitalized Veterans Should Be Reduced As Required

Condition Needing Improvement. VSC personnel did not properly reduce the C&P payments to veterans hospitalized for extended periods of time at Government expense. In certain situations, the law requires reduction of C&P payments to hospitalized veterans. For example, payments to veterans who are entitled to an aid and attendance allowance in addition to their regular disability pension or compensation benefits generally must be reduced to the lower housebound rate if the veterans are hospitalized at Government expense for a period exceeding 1 full calendar month.

At our request, the VA medical centers in Columbia, Kansas City, Poplar Bluff, and St. Louis, Missouri, and Leavenworth, Kansas, identified 214 veterans who had been continuously hospitalized at Government expense for 90 days or more as of April 11, 2003. We compared the information provided by the medical centers with the C&P System records for the 214 veterans and found that C&P payments to 4 of the veterans needed to be reduced. These veterans had been overpaid a total of \$103,415 while hospitalized at Government expense. Benefit payments had not been reduced in three cases because VSC personnel overlooked relevant information in the claims folders regarding the veterans' hospitalization. In the fourth case, the medical center at Kansas City failed to notify the VSC of the veteran's hospitalization.

Recommended Improvement Action 1. We recommended that the Regional Office Director ensure that VSC personnel: (a) reduce C&P payments as appropriate for the veterans we identified who were hospitalized at Government expense for extended periods; (b) receive refresher training concerning required adjustments of C&P payments to hospitalized veterans; and (c) consult with VA medical center staff to improve compliance with requirements for notification when veterans are hospitalized for extended periods. The Regional Office Director agreed and reported that the payments for each of the cases we identified will be reduced after the due process period expires. Refresher training related to required adjustments of C&P payments was conducted in June 2003. Also, two employees are now specializing in processing potential hospital adjustments, which should result in more timely and accurate processing. VSC management personnel will discuss hospitalization notification requirements with VA medical center staff during regularly scheduled liaison visits. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Automated Information Systems Security – The Planning Process Should Be Strengthened

Conditions Needing Improvement. We evaluated automated information systems (AIS) security to determine if controls were adequate to protect information systems and data from unauthorized access, disclosure, modification, destruction, or misuse. Physical security of the computer room and equipment was adequate. Information Resources Management (IRM)

personnel followed up on inactive accounts and terminated user privileges of persons who no longer needed access to the systems. Recently hired employees received computer security awareness training, and experienced employees received annual refresher training. However, we identified four issues that required management attention.

Risk Assessments. VBA policy requires Regional Office officials to conduct an AIS risk assessment to ensure that risks, vulnerabilities, and threats are adequately addressed by appropriate countermeasures. Documentation of the risk assessment should include a complete inventory of computer assets. Regional Office officials conducted and documented a risk assessment in accordance with VBA policy. However, they did not include an inventory of the Regional Office's computer assets.

Contingency Plans. VBA policy requires that each facility prepare and maintain an AIS disaster recovery and continuity of operations plan. The plan must be tested annually and updated as needed. Regional Office officials had recently prepared the required disaster recovery and continuity of operations plan, but the plan had not been tested or communicated to all key personnel.

Backup Tapes. VBA policy requires that backup tapes of automated system files be stored offsite and tested on a regular basis to ensure data integrity. However, the Regional Office's backup tapes were stored in an unlocked safe in the computer room and they were not tested periodically. At the time of our visit, Regional Office officials were in the process of negotiating a Memorandum of Understanding with another Federal facility for the storage of backup tapes at that facility.

Security Programs. VA Directive 6210 requires that AIS security programs include essential elements for safeguarding sensitive data. Regional Office officials prepared a security plan that covered many of the required elements. However, the plan did not address removal of sensitive data from discarded computers, use of an encryption tool when sending sensitive data to users outside the facility's domain, basic data backup requirements, or termination of system access.

Recommended Improvement Action 2. We recommended that the Regional Office Director: (a) include a complete inventory of computer assets in documentation of the AIS risk assessment; (b) test the disaster recovery and continuity of operations plan annually and disseminate the plan to key personnel; (c) store backup tapes offsite and test the backup tapes periodically; and (d) revise the security plan to include all essential elements for safeguarding sensitive data. The Regional Office Director agreed and reported that an Access database on the network server, which contains an inventory of computer assets, is now linked to the electronic copy of the risk assessment. Testing and communication of the disaster recovery and continuity of operations plan will be completed by September 30, 2003. The Memorandum of Understanding for the storage of backup tapes has been signed, and the process of storing backup tapes offsite has been implemented. The Regional Office's security plan has been recently updated to address the deficiencies found. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Vocational Rehabilitation and Employment Program – Accuracy of Program Data, Contents of Independent Living Plans, and Decisions to Enroll Veterans in Rehabilitation Programs Should Be Improved

Conditions Needing Improvement. VR&E personnel should promptly identify and input status changes into the Chapter 31 Case Status System, prepare more detailed plans for veterans participating in independent living programs, and ensure that only eligible veterans are enrolled in rehabilitation programs.

Accuracy of Program Data. Data in the Chapter 31 Case Status System should accurately reflect the current status of program participants. VBA designed the Chapter 31 Case Status System to help VR&E personnel manage their workload. VBA also uses data in the system to measure performance. VR&E personnel assign each program participant to a specific case status at each stage of the rehabilitation process. Generally, veterans pursuing higher education or other training should move sequentially from applicant status through evaluation and planning status, rehabilitation to the point of employability status, employment services status, and rehabilitated status. Veterans who temporarily suspend participation in the program are placed in interrupted status, and those that leave the program without being classified as rehabilitated are placed in discontinued status.

To assess the accuracy of data in the Chapter 31 Case Status System, we reviewed the Counseling, Evaluation, and Rehabilitation (CER) folders of 20 veterans. We judgmentally selected these veterans from the Chapter 31 Veterans in Open Case Status report dated April 1, 2003, which was generated using data from the Chapter 31 Case Status System. Of the 20 veterans, the report showed 5 were in applicant status, 5 in evaluation and planning status, 5 in rehabilitation to the point of employability status, and 5 in interrupted status. However, documentation in the veterans' CER folders showed data in the Chapter 31 Case Status System were not accurate.

- Data for two of the five veterans in applicant status were inaccurate. Documentation in the CER folders showed VR&E personnel should have placed the two veterans in evaluation and planning status in August and September 2002, respectively.
- Data for all five veterans in evaluation and planning status were inaccurate. Documentation in the CER folders showed four of the five veterans had been placed in discontinued status, but the Chapter 31 Case Status System had not been updated to reflect these changes. VR&E personnel had lost control of the fifth case and had not had contact with the veteran since March 2000. In our opinion, the veteran should have been placed in discontinued status.
- Two of the veterans in rehabilitation to the point of employability status were improperly classified. The two veterans discontinued participation in the program in June and July 2002, respectively, but VR&E personnel did not promptly update the Chapter 31 Case Status System to reflect these changes.

- All five veterans in interrupted status should have been placed in discontinued status. VBA policy states that a veteran who must temporarily suspend participation in the program should be placed in interrupted status if VR&E personnel can establish a definite date for program resumption or if the evidence indicates the veteran will be able to resume the program at a date that can be estimated. At the time of our review, the five veterans had been in interrupted status from 526 to 923 days, and there was no documentation in their CER folders indicating when they intended to resume participation in the program.

Data in the Chapter 31 Case Status System were not accurate because VR&E personnel did not promptly identify and input status changes. Also, VR&E personnel stated that data sent from the outbased office at Ft. Leonard Wood, Missouri, were sometimes lost because of an inadequate communications link.

Inaccurate data in the Chapter 31 Case Status System hinder efforts to monitor veterans' progress in the VR&E Program. In addition, delays in placing veterans who are not actively pursuing their programs in discontinued status inflate the VR&E workload and may skew performance measurements.

Plans for Independent Living Programs. VR&E personnel should prepare more detailed plans for veterans participating in independent living programs. Generally, a veteran may participate in an independent living program when the achievement of a vocational goal is not currently feasible for the veteran and the veteran needs assistance to become more independent in daily living. An independent living program may include evaluation of independent living potential, training in independent living skills, identification of appropriate housing accommodations, or various other services intended to help the veteran live without the assistance of others or with a reduced level of assistance from others. At a minimum, plans for independent living programs should include measurable goals and descriptions of the specific services to be provided.

We judgmentally selected five veterans participating in independent living programs as of April 1, 2003, and reviewed the veterans' independent living plans. None of the five plans included measurable goals or provided sufficient details of the services the veterans needed. For example, one veteran's independent living plan stated the goal was to "...maximize independence in daily living and increase quality of life." The plan stated that the veteran's program would include "all services necessary to improve ability to manage daily life activities despite the effects of the disability." Another veteran's plan stated the program goal was to "...meet independent living needs," and listed only "case management" as services to be provided. The vagueness of these plans will make it more difficult to determine when the veterans' programs are completed or whether the veterans benefited from the services provided.

Enrollment in Rehabilitation Programs. VR&E personnel should ensure that only eligible veterans are enrolled in rehabilitation programs. We reviewed the CER folders of five program participants who were placed in rehabilitated status during FY 2003 and concluded that one of the five participants was not eligible for benefits.

In June 1999, the Regional Office received an application for VR&E benefits from a serviceman who was on active duty pending discharge. VR&E personnel obtained a memorandum disability rating showing the serviceman would be eligible for benefits after discharge and placed him in a

training program. The serviceman was not discharged as expected, completed his training program in July 2002, and was placed in rehabilitated status in October 2002. VR&E personnel justified the decision to place the serviceman in rehabilitated status based upon his completion of the planned training program, his continuing active military service, and a promotion he received in October 2001. However, Federal regulations state that a program of rehabilitative services may be provided during the 12-year period following a veteran's discharge from his or her last period of active duty. As this serviceman was never discharged from active duty, he was not eligible for the benefits he received.

Recommended Improvement Action 3. We recommended that the Regional Office Director ensure that VR&E personnel: (a) promptly identify and input status changes into the Chapter 31 Case Status System; (b) evaluate the adequacy of the communications link with the outbased office at Ft. Leonard Wood, Missouri, and upgrade the link if appropriate; (c) develop independent living plans with measurable goals and descriptions of the specific services to be provided; and (d) place only eligible veterans in rehabilitation programs.

The Regional Office Director agreed and reported that VR&E staff instituted new procedures to identify and input status changes into the Chapter 31 Case Status System. The July VR&E reports were distributed to the case managers with instructions to verify that each case is in the correct status by August 31, 2003. In addition, all cases in interrupted status have been reviewed, and those veterans who were not actively pursuing their training programs were promptly discontinued. Regional Office officials obtained an Ethernet extender to alleviate the communications problem experienced by the outbased office, and a special telephone line will be installed to allow for the use of this equipment. All future plans for independent living programs will be discussed with the VR&E Officer, and they will be deemed appropriate when measurable goals and a description of the specific services to be provided are included in the plans. The circumstances of the individual who participated in a rehabilitation program even though he was not discharged from active military service were discussed with VR&E Service officials at VA Central Office, who advised Regional Office personnel to allow him to complete the training program. VR&E personnel will ensure that all veterans enrolled in rehabilitation programs in the future are authorized to participate. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Fiduciary and Field Examination Activities – Legal Instruments Examiners Should Promptly Notify Appropriate Officials of Past Due Accountings

Condition Needing Improvement. Legal Instruments Examiners (LIEs) in the F&FE section needed to notify appropriate officials more promptly when fiduciaries were late submitting required 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 the fiduciaries to submit annual accountings listing the beneficiaries' assets, income, and expenses. When a required accounting is not submitted within

90 days of the due date, VA policy requires the LIE to refer the case to a field examiner, the OIG, or the VA Regional Counsel.

We reviewed the records of 15 beneficiaries whose funds were managed by fiduciaries. Fiduciaries for 5 of the 15 beneficiaries in our judgment sample were more than 90 days late submitting required accountings. The accountings for three beneficiaries were 162, 187, and 206 days past due at the time of our visit. The accountings for the other two beneficiaries were received 124 and 246 days past due. The LIEs had not referred any of these cases to a field examiner, the OIG, or the Regional Counsel.

Suggested Improvement Action. We suggested that the Regional Office Director ensure that LIEs promptly refer cases with past due accountings to field examiners, the OIG, or the VA Regional Counsel, as appropriate. The Regional Office Director agreed and reported that LIEs are being encouraged to solicit the assistance of field examiners when appropriate to receive required accountings more timely. The Regional Counsel has provided guidelines to help the LIEs recognize cases that should be referred to the OIG. Regional Counsel personnel will conduct a training session with LIEs in the near future to discuss how they can best acquire necessary accounting information, and the F&FE section will hold a training session on August 12, 2003, for LIEs and field examiners. In addition, a Coach or Assistant Coach will meet with the LIEs each week to review the status of all past due accountings. The improvement plans are acceptable, and we consider the issues resolved.

Educational Assistance Programs – RPO Personnel Should Complete the Required Number of Compliance Surveys

Condition Needing Improvement. RPO personnel needed to complete the required number of compliance surveys. VBA policy requires RPO personnel to complete periodic compliance surveys of educational institutions and other training facilities where students are receiving VA educational assistance. Compliance surveys are performed to verify the propriety of educational assistance payments, help school officials and beneficiaries understand their responsibilities to VA, identify deviations from requirements by school officials or beneficiaries, and ensure that discrepancies are corrected.

Seven ESUs administer the RPO's compliance survey program for 15 states. VBA policy requires that each ESU perform compliance surveys of at least 33 percent of the universities, colleges, and trade or technical schools in its jurisdiction each year. All of the ESUs report to the Chief Education Liaison Officer (CELO), who is responsible for monitoring the scheduling and completion of compliance surveys.

At the time of our review, the CELO did not have documentation showing the total number of compliance surveys required, scheduled, or completed. For FY 2002, the CELO had workload data from only four ESUs, which performed compliance surveys in five states, and two of the four ESUs did not complete the required number of surveys. The ESU for Iowa was required to complete 35 compliance surveys but completed only 24. The ESU for Wisconsin, which was required to complete 48 compliance surveys, completed 46.

Suggested Improvement Action. We suggested that the Regional Office Director ensure that: (a) each ESU completes the required number of compliance surveys; and (b) the CELO monitors the scheduling and completion of compliance surveys. The Regional Office Director agreed and reported that the CELO has designed a new spreadsheet for inputting compliance survey data, which should help to alleviate any future conflicts in accounting for surveys. The CELO will monitor the scheduling of all future surveys and coordinate with all of the ESUs to ensure that scheduled surveys are completed. The improvement plans are acceptable, and we consider the issues resolved.

Government Purchase Card Program – Purchases Should Be Properly Certified

Condition Needing Improvement. Purchases made using Government purchase cards needed to be properly certified. VA policy requires designated approving officials to certify that all transactions made by cardholders are legal and proper and that all items have been received.

We reviewed billing statements and supporting documents for 20 judgmentally selected purchases made with Government purchase cards during the second quarter of FY 2003. All of the purchases reviewed appeared to be appropriate and had adequate supporting documentation. However, for 11 of the 20 purchase transactions reviewed, the designated approving officials had not certified the billing statements and alternate approving officials had not been appointed to certify related purchases when the designated approving officials were absent.

Suggested Improvement Action. We suggested that the Regional Office Director (a) provide refresher training as needed to approving officials for purchase card transactions and (b) designate alternate approving officials. The Regional Office Director agreed and reported that guidance will be provided when approving officials and their alternates are appointed, and refresher training will be provided as necessary. The improvement plans 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
St. Louis, Missouri

Report Number: 03-01674-155

<u>Recommendation</u>	<u>Explanation of Benefit</u>	<u>Better Use of Funds</u>
1	Payments to certain veterans who were hospitalized at Government expense for extended periods should be reduced.	\$103,415

Regional Office Director Comments



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
400 South 18th Street
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In Reply Refer To: 331/00

July 18, 2003

Director, Audit Operations Division (52)
VA Office of Inspector General
Dallas, TX

SUBJ: Combined Assessment Program (CAP) Review of the VA Regional Office, St. Louis, MO
Project 2003-01674-R6-0089

1. Enclosed is the St. Louis Regional Office's (RO) response to the CAP Draft Report dated July 1, 2003. The St. Louis RO concurs with all of the recommendations/suggested improvement actions in the draft report. This enclosure will clarify the position taken on each recommended action and contain the specific corrective actions implemented or planned by the RO.
2. We appreciate the visit by the team of OIG inspectors in May 2003. The recommendations and comments we received from this team will be very beneficial in improving our operations.
3. If you have any questions regarding our reply, please feel free to contact me at (314) 552-9822.

/s/
GARY WILLIAMS
Director

Enclosure

St. Louis VA Regional Office CAP Review Response

Opportunities for Improvement

Recommended Improvement Action 1. We recommend the Regional Office Director ensure that VSC personnel: (a) reduce C&P payments as appropriate for the veterans we identified who were hospitalized at Government expense for extended periods; (b) receive refresher training concerning required adjustments of C&P payments to hospitalized veterans; and (c) consult with VA medical center staff to improve compliance with requirements for notification when veterans are hospitalized for extended periods.

Response to Recommended Improvement Action Item 1:

a. The information below provides a status report on the reduction of C&P payments of the veterans identified who were hospitalized at Government expense for extended periods.

- **Veteran #1**

Due process sent 7/15/03. After the 65 day due process period, the award will be reduced effective 10/1/02.

- **Veteran #2**

Due process sent 6/23/03. After the 65 day due process period expires, benefits will be reduced on 8/22/03.

- **Veteran #3**

Due process sent 7/15/03. After the 65 day due process period, the award will be reduced 8/1/01 until 12/17/01, the date the \$1,500 regulation was repealed.

- **Veteran #4**

Due process sent 7/15/03. After the due process period, award will be reduced effective 10/1/00.

b. Refresher training was conducted in June 2003 on required adjustments of C&P payments to hospitalized veterans. Additionally, two employees are specializing in processing potential hospital reductions. They will run the hospital reports via CAPRI, review the reports for potential reductions, and process the reductions. Specializing these cases with two individuals will ensure more timely and accurate processing.

c. Service Center Management will discuss hospitalization notification requirements with VA Medical Center staff during regularly scheduled liaison visits. We continue to have ongoing discussions with the VA Medical Centers in our jurisdictional area. By September 30, 2003 we will have made contact with every VA Medical Center under our purview.

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Recommended Improvement Action 2. We recommend the Regional Office Director: (a) include a complete inventory of computer assets in documentation of the AIS risk assessment; (b) test the disaster recovery and continuity of operations plan annually and disseminate the plan to key personnel; (c) store backup tapes offsite and test the backup tapes periodically; and (d) revise the security plan to include all essential elements for safeguarding sensitive data.

Response to Recommended Improvement Action Item 2:

- a. Risk Assessments – The inventory of assets is contained in an Access database on the network server. A link to the database is now included in the electronic copy of the risk assessment.
- b. Contingency Plans – Testing and communication of the disaster recovery and continuity of operations plan will be completed by September 30, 2003.
- c. Backup Tapes – The MOU with the Records Management Center is now complete and the pickup and storage process of the backup tapes has been implemented.
- d. Security Programs - The station security plan has been updated as follows: Termination of System Access Users is documented in Section 3.1.3; Data backup requirements are documented in Section 3.2.2.; Media sanitization is documented in Section 4.6; and the PGP encryption tool has not yet been approved by the Office of Cyber Security.

Recommended Improvement Action 3. We recommend the Regional Office Director ensure that VR&E personnel: (a) promptly identify and input status changes into the Chapter 31 Case Status System; (b) evaluate the adequacy of the communications link with the outbased office at Ft. Leonard Wood, Missouri, and upgrade the link if appropriate; (c) develop independent living plans with measurable goals and descriptions of the specific services to be provided; and (d) place only eligible veterans in rehabilitation programs.

Response to Recommended Improvement Action Item 3

- a. Accuracy of Program Data - The St. Louis VR&E staff promptly instituted new procedures to identify and input status changes into the Chapter 31 Case Status System, including both C-WINRS and BDN. The case managers send documentation daily to the St. Louis Regional Office verifying that appropriate changes have been input on the files worked that day. The July Coin Tar reports have been distributed to the case managers with instructions to verify that each case is in the correct status by August 31, 2003. Additionally, all interrupted cases have been reviewed and those veterans who were not actively pursuing their programs were appropriately discontinued.

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b. Outbased Communications Link - The adequacy of the communications link with the outbased office at Ft. Leonard Wood, MO has been evaluated. It was determined that an Ethernet Extender would alleviate the communications problems that the outbased office has experienced for the past three years. This equipment has been received, however; we are awaiting installation of a special phone line before we proceed. We expect that Ft. Leonard Wood personnel will take care of this in the next couple of weeks. This project should be completed by August 31, 2003.

c. Plans for Independent Living Programs - All current Independent Living plans have been reviewed. All future Independent Living plans must be discussed with and approved by the VR&E Officer prior to development. The plans will be deemed appropriate when measurable goals and descriptions of the specific services to be provided are incorporated into the rehabilitation plan.

d. Enrollment in Rehabilitation Programs - Only eligible veterans are to be placed in rehabilitation programs. The veteran cited in the report as not being authorized to participate in rehabilitation programs was brought into the program under a memorandum disability rating as he was supposed to be discharged from active military service at the time. When we learned that the veteran would not be discharged as expected, we contacted VR&E Service officials at VA Central Office for guidance. They advised us to allow the veteran to complete his program. The veteran was not paid a subsistence allowance during his training program. We consider this to be a unique case not normally encountered by Regional Office VR&E staff. Although this case was questionable because of the unusual circumstances involved, we will ensure that all veterans enrolled in rehabilitation programs in the future are authorized per the appropriate regulations.

Suggested Improvement Action. We suggest the Regional Office Director ensure that LIEs promptly refer cases with past due accountings to Field Examiners, the OIG, or the VA Regional Counsel, as appropriate.

Response to Suggested Improvement Action Item 1

- Referral to Field Examiners: We have had good success in acquiring accounting information through field exams. Often when fiduciaries cannot be reached by phone or mail, Field Examiners visit the fiduciary and submit the needed accounting information to the LIE. Therefore, LIEs are being encouraged to solicit the assistance of Field Examiners when appropriate to ensure accountings are handled more timely.
- Office of Inspector General: Few cases have been referred to the OIG. However, with the assistance of Regional Counsel and the guidelines they have provided, the LIEs will be better able to recognize cases that should be referred to the OIG.

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- Referrals to Regional Counsel: Communication with Regional Counsel has recently improved. We worked with them on several cases in the past few months. They requested we provide more details on each case regarding how they can assist us, and gave us guidelines on when to refer cases directly to the Inspector General. Additionally, they will conduct a training session in the near future with our LIEs to discuss how we can best work together to acquire necessary accounting information.

The Fiduciary and Field Examination unit will hold a training session on August 12, 2003, with all field examiners and LIEs. Past due accountings and prompt referral of these cases will be one of the training topics. This date has also been tentatively set for the training from Regional Counsel.

LIEs have been instructed to improve annotations in PGF files and ensure all actions are documented. They were often making phone calls to beneficiaries or to Regional Counsel without documenting their actions until the accounting was complete. In June we began conducting random quality reviews on LIE and field exam cases. These reviews will include proper annotation and referrals. In addition, the Coach or Assistant Coach of the Public Contact team will meet weekly with the LIEs to review the status of all past due accountings and ensure proper action is being taken and referrals are made when necessary. With better documentation and additional training, we will increase the referrals of past due accountings as required.

Suggested Improvement Action. We suggest the Regional Office Director ensure that (a) each ESU completes the required number of compliance surveys and (b) the CELO monitors the scheduling and completion of compliance surveys.

Response to Suggested Improvement Action Item 2

The CELO has designed a new spreadsheet for inputting compliance survey information. This new report will help to alleviate any future conflicts in accounting for surveys and will help to standardize the report. The CELO will monitor the scheduling of all future surveys and work with all the ESUs to assure that scheduled surveys are completed.

Suggested Improvement Action. We suggest the Regional Office Director (a) provide refresher training as needed to approving officials for purchase card transactions and (b) designate alternate approving officials.

Response to Suggested Improvement Action Item 3

Certification forms are in place for designated approving officials and their alternates for the Government Purchase Card Program. Guidance is provided when approving officials and alternates are appointed and refresher training is provided as necessary.

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Appendix C

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 fiscal years after it is issued.