



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Albuquerque, New Mexico

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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Contents

	Page
Executive Summary	i
Introduction	1
Regional Office Profile	1
Objectives and Scope of the CAP Review.....	1
Results of Review	3
Organizational Strengths	3
Opportunities for Improvement	4
Vocational Rehabilitation and Employment Program	4
Automated Information Systems Security	6
Compensation and Pension Claims Processing	7
Fiduciary and Field Examination Activities	7
Employee Claims Folders	8
Multiple Rating End Products	10
Government Purchase Card Program	11
Appendixes	
A. Area Director Comments	13
B. Regional Office Director Comments	14
C. Monetary Benefits in Accordance with IG Act Amendments	19
D. OIG Contact and Staff Acknowledgments	20
E. Report Distribution	21

Executive Summary

Introduction

During the week of November 17–21, 2003, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office Albuquerque, New Mexico (the Regional Office), which is under the Veterans Benefits Administration's (VBA's) Western Area 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 to 64 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 New Mexico.

Results of Review

System-generated messages were promptly and accurately processed, and C&P payments over \$25,000 were properly reviewed. To improve operations, the Regional Office needed to:

- Improve the timeliness of VR&E services to veterans classified in applicant status and evaluation and planning status, promptly place veterans who were not actively pursuing their approved training programs in discontinued or other program status as appropriate, and document the need for services included in independent living programs.
- Include additional information in the automated information systems (AIS) contingency plan and test the plan annually.
- Reduce C&P payments to veterans hospitalized for extended periods of time at Government expense.
- Complete field examinations in a timely manner and promptly refer fiduciary cases with past due accountings to appropriate officials.
- Promptly identify and send employees' C&P claims folders to the designated office of jurisdiction for adjudication of claims.
- Ensure that only appropriate rating end products are cleared.
- Segregate administrative responsibilities for the Government Purchase Card Program.

Area and Regional Office Directors' Comments

The Area and Regional Office Directors agreed with the CAP review findings and provided acceptable improvement plans. (See pages 13–18 for the full text of the Directors' comments.) We consider the recommendations resolved but may follow up on the implementation of planned improvement actions.

This report was prepared under the direction of Michael Guier, Director, Dallas Audit Operations Division, and Nicolas Torres, CAP Review Coordinator, Dallas Audit Operations Division.

(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 New Mexico. The Regional Office operates an outbased office in the VA outpatient clinic at Las Cruces, New Mexico, that provides services related to the VR&E program. The estimated veteran population served by the Regional Office is 191,000.

In Fiscal Year (FY) 2003, the Regional Office processed about 27,000 C&P claims and authorized payment of about \$324 million in C&P benefits. During FY 2003, the Regional Office had 935 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 September 30, 2003, the Regional Office provided fiduciary oversight for 717 incompetent veterans and other beneficiaries.

Resources. The Regional Office's general operating expenditures in FY 2003 were \$6.6 million. As of October 1, 2003, the Regional Office had 89 full-time employees.

Objectives and Scope of the 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 requirement to refer suspected criminal activity 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:

Automated Information Systems Security	Government Purchase Card Program
Benefits Delivery Network Controls	Multiple Rating End Products
C&P Hospitalization Adjustments	Security of Employee Claims Folders
Controls Over Large One-Time C&P Payments	System-Generated Messages
Duplicate Payments	Vocational Rehabilitation and Employment
Fiduciary and Field Examinations	

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 4–12). 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 fraud and integrity awareness training. Three training sessions were attended by 64 Regional Office employees.

The review covered Regional Office operations for the period from October 2002 through October 2003 and was done in accordance with OIG standard operating procedures for CAP reviews.

Results of Review

Organizational Strengths

System-Generated Messages Were Promptly Processed. The Benefits Delivery Network (BDN) generates messages to advise field stations of the need to review beneficiaries' records. These system-generated messages are provided on two forms. VA Form 20-6560 (Notice of Benefit Payment Transaction) is used to notify regional offices of changes made to C&P master records. Such changes may be the result of processing future-date actions initiated by information stored within the system or certain transactions initiated by the regional office or VA data processing center, such as actions to suspend or stop payments. If an automated audit detects a potential error, a VA Form 20-8270 (C&P Master Record-Audit Writeout) is generated. The form provides the beneficiary's complete master record and a message code with an explanation of the type of error found.

We selected a judgment sample of 56 error messages generated by BDN during July and August 2003 to determine whether Veterans Service Center (VSC) personnel took appropriate actions. Our review showed that VSC personnel processed system-generated messages in a timely manner and took actions as appropriate.

The Regional Office Director's Reviews of Large One-Time C&P Payments Were Properly Completed. VBA policy requires the Regional Office Director or Assistant Director to 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 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 Regional Office 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 Regional Office Director or Assistant Director had reviewed the 50 C&P payments of \$25,000 or more issued by the Regional Office during the period from July through September 2003. We found that all of the payment transactions had evidence of third party reviews, in addition to the Regional Office Director's or Assistant Director's reviews, to ensure that the payments were appropriate.

Opportunities for Improvement

Vocational Rehabilitation and Employment Program – Services to Veterans and Decisions to Place Veterans in Discontinued Status Should Be Timely, and Plans for Independent Living Programs Should Be Related to Identified Impairments

Condition Needing Improvement. VR&E personnel needed to improve timeliness of services provided certain veterans, promptly place veterans who were not actively pursuing their approved programs in discontinued or other program status as appropriate, and ensure that plans for independent living programs were related to veterans' impairments.

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. 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 are having a difficult time functioning independently in family, community, or employment matters may qualify for vocational or rehabilitation services that are available under independent living programs to help them overcome impairments. Veterans who leave the program without being classified as rehabilitated are placed in discontinued status. In addition, veterans who have temporarily interrupted their training programs but plan to resume training by a specified period in the near future are placed in interrupted status.

To determine whether veterans received timely and appropriate VR&E services, we reviewed the Counseling, Evaluation, and Rehabilitation (CER) folders of 30 veterans. We selected a judgment sample of 25 veterans from the Chapter 31 Veterans in Open Case Status report dated October 1, 2003. Of the 25 veterans, the report showed 5 were in applicant status, 5 in evaluation and planning status, 5 in rehabilitation to the point of employability status, 5 in independent living status, and 5 in interrupted status. In addition, we selected a judgment sample of five veterans who had been recently classified in rehabilitated status. We identified three issues requiring management attention.

Timeliness of Service. VR&E personnel needed to improve the timeliness of services provided veterans in applicant status and evaluation and planning status. A veteran is classified in applicant status from the date an application for VR&E benefits is received until the veteran's eligibility is determined and the veteran attends an initial orientation session. VBA's goal is to complete this process within 60 days. However, three of the five veterans in our judgment sample who were in applicant status experienced avoidable delays. These veterans were in applicant status for periods ranging from 191 to 321 days.

Veterans in evaluation and planning status also experienced delays. While in evaluation and planning status, the veteran's needs are identified and an individualized rehabilitation plan is developed. Two of the five veterans in this status experienced significant avoidable delays. For example, a veteran who was classified in evaluation and planning status on August 27, 2002, was not seen again by VR&E personnel until July 23, 2003. Subsequently, the veteran's follow-up appointment scheduled for October 3, 2003, was cancelled by VR&E personnel and rescheduled for January 27, 2004.

Untimely services to veterans in applicant status and evaluation and planning status delay veterans' initiation of their vocational rehabilitation programs and may adversely affect veterans' ability to achieve their objectives.

Placement in Appropriate Program Status. Veterans were classified in interrupted status for extended periods of time even when it was apparent that they did not plan to resume participation in their approved training programs in the near future. 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. Our review showed that three of the five veterans in interrupted status had been in that status for periods ranging from 334 to 377 days, and there was no documentation in their CER folders showing they intended to resume their approved training programs at dates that could be estimated. We concluded these veterans should have been placed in discontinued status. 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 did not adequately document the need for services included in plans for 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 performing the routine activities of 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.

VR&E personnel did not adequately document the need for independent living services for three of the five veterans in independent living programs. For example, a 31-year-old veteran with a disability rating of 30 percent each for a hiatal hernia and kidney stones was placed in a continuing education course on outdoor gardening. The veteran's CER folder did not contain documentation indicating the veteran required the assistance of others in daily living or explaining how outdoor gardening courses would help him overcome his identified impairments.

Recommended Improvement Action 1. We recommended the Area Director ensure that the Regional Office Director requires VR&E personnel to: (a) provide timely services to veterans in applicant status and evaluation and planning status; (b) promptly place veterans who are not pursuing their approved training programs in discontinued or other program status as appropriate; and (c) document the need for services included in plans for independent living programs and explain how these services relate to the veterans' identified impairments.

The Area and Regional Office Directors agreed with the finding and recommendations, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that refresher training was provided to VR&E personnel emphasizing the importance of documenting the veterans' needs and writing proper justifications for all actions. Training was also conducted on the use of VR&E databases to help control and reduce old cases. The improvement plans are acceptable, but we may follow up on the completion of the planned actions.

Automated Information Systems Security – The Contingency Plan Should Include Information Needed for All Critical Operations and Should Be Tested

Condition Needing Improvement. We evaluated AIS security to determine if controls adequately protected AIS resources from unauthorized access, disclosure, modification, destruction, or misuse. Information Resources Management (IRM) personnel promptly terminated the user privileges of persons who no longer needed access to AIS and implemented procedures to ensure AIS users had the appropriate computer privileges. Required physical security and BDN password controls were in place. Alternative processing sites had been designated, and critical data were backed up and stored at a secure offsite location. An AIS contingency plan had been developed, but the plan needed to be expanded to include additional information essential for critical automation operations.

The AIS contingency plan did not include the telephone numbers for key vendor personnel or a current inventory of available computer equipment. The plan also did not list the key computer functions, in order of priority, essential to sustain the most critical operations during emergency conditions. Also, the plan had not been tested annually, even on a limited basis, to determine whether contingency operations could be sustained without major interruptions.

Recommended Improvement Action 2. We recommended the Area Director ensure that the Regional Office Director (a) revises the AIS contingency plan to include telephone numbers for key vendor personnel, a current inventory of available computer equipment, and a list of essential computer functions in priority order and (b) tests the contingency plan at least annually.

The Area and Regional Office Directors agreed with the finding and recommendations, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that the AIS contingency plan is being revised to include the telephone numbers for key vendor personnel, a current inventory of available computer equipment, and a list of essential computer functions in priority order based on guidance from VBA's Network Support Center. In addition, table-top tests of the revised contingency plan will be conducted annually. The improvement plans are acceptable, but we may follow up on the completion of the planned actions.

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 two 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 compensation or pension 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 facilities in Albuquerque, New Mexico, and Amarillo, Big Spring, and El Paso, Texas, identified 158 veterans who had been continuously hospitalized at Government expense for 90 days or more as of October 8, 2003. We compared the information provided by the medical facilities with the C&P System records for the 158 veterans and found that C&P payments to 2 veterans needed to be reduced. These veterans were overpaid a total of \$12,139 while hospitalized at Government expense. Benefit payments had not been reduced because VSC personnel overlooked relevant information in the claims folders regarding the veterans' hospitalizations.

Suggested Improvement Action 1. We suggested the Area Director ensure that the Regional Office Director requires VSC personnel to (a) reduce C&P payments as appropriate for the two veterans we identified who were hospitalized at Government expense for extended periods and (b) receive refresher training concerning required adjustments of C&P payments to hospitalized veterans.

The Area and Regional Office Directors agreed with the finding and suggestions, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that required action has been taken on the two cases identified in the report. The workflow process has been revised to ensure that all potential hospital adjustments are promptly identified and appropriate actions taken. In addition, refresher training on the processing of hospital adjustments was conducted in December 2003 and March 2004. The improvement plans are acceptable, and we consider the issue resolved.

Fiduciary and Field Examination Activities – Field Examinations Should Be Timely, and Appropriate Officials Should Be Promptly Notified When Accountings Are Past Due

Condition Needing Improvement. Fiduciary and Field Examination (F&FE) personnel needed to complete field examinations in a timely manner and promptly notify appropriate officials when fiduciaries were late submitting required accountings.

Field Examinations. F&FE personnel are 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. VBA policy states that an Initial Appointment field examination, which is conducted to identify an appropriate fiduciary to manage a beneficiary's funds, should be completed within 45 days after F&FE personnel receive notice that a fiduciary is needed. We reviewed the records of 15 beneficiaries whose funds were managed by fiduciaries to determine whether the most recent field examination for each beneficiary was timely. The most recent field examinations for 3 of the 15 beneficiaries in our judgment sample, all of which were Initial Appointment field examinations, were not completed within the required 45 days. Completion times for these three field examinations ranged from 66 to 89 days.

Past Due Accountings. When a required accounting is not submitted within 90 days of the due date, VBA policy requires the Legal Instruments Examiner (LIE) to refer the case to a field examiner, the OIG, or the VA Regional Counsel. Fiduciaries for three beneficiaries in our judgment sample were more than 90 days late submitting required accountings. The delays ranged from 169 to 285 days. The LIEs did not refer any of the three cases to a field examiner, the OIG, or the VA Regional Counsel.

Delays in completing field examinations and referring past due accountings to appropriate officials increase the risk that the funds of incompetent or minor beneficiaries will be misused.

Suggested Improvement Action 2. We suggested the Area Director ensure that the Regional Office Director (a) requires F&FE personnel to complete field examinations within the established timeframes and (b) instructs LIEs to promptly refer cases with past due accountings to a field examiner, the OIG, or the VA Regional Counsel as appropriate.

The Area and Regional Office Directors agreed with the finding and suggestions, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that conducting timely field examinations was difficult with only one full-time field examiner assigned. The Regional Office has selected a second field examiner and detailed another employee to the F&FE unit while the new field examiner is being trained. Other regional offices have been asked to provide assistance in conducting field examinations in the proximity of their areas of jurisdiction. In addition, training was provided to F&FE personnel in January 2004, clarifying the actions needed to ensure receipt of past due accountings. The improvement plans are acceptable, and we consider the issue resolved.

Employee Claims Folders – Employees' C&P Claims Folders Should Be Promptly Identified and Sent to the Appropriate Office of Jurisdiction

Condition Needing Improvement. All C&P claims of Regional Office employees should be adjudicated by other regional offices.

VBA policy requires that C&P claims submitted by Regional Office employees, including participants in work-study programs, be adjudicated by a different regional office. When the

Regional Office hires new employees who have C&P claims folders, or when employees file initial C&P claims, Regional Office personnel should pull the employees' C&P claims folders from the files, stop processing any pending claims filed by the employees, and transfer the C&P claims folders to the designated office of jurisdiction for claims adjudication. The office of jurisdiction should retain the employees' C&P claims folders and adjudicate all claims submitted by the employees until 3 years following their termination from employment.¹ The VA Regional Office in Waco, Texas, is the office of jurisdiction for C&P claims filed by employees of the Albuquerque Regional Office.

We obtained a listing of Albuquerque Regional Office employees whose C&P claims folders were retained at the Waco Regional Office and a copy of the most recent award actions resulting in an increase of benefits for each. Using this information and the results of a cross-match between the C&P System Master File and the Personnel Accounting Integrated Data file, we identified four Albuquerque Regional Office employees whose C&P claims were improperly adjudicated in the Albuquerque Regional Office.

- One permanent employee and two participants in work-study programs were employed by the Albuquerque Regional Office when their claims were adjudicated in that office. All three submitted their claims before they began working at the Regional Office. These employees started working at the Regional Office from 19 to 81 days before actions on their claims were completed, but their claims folders were not transferred to the Waco Regional Office until after their claims were adjudicated.
- One participant in a work-study program filed a C&P claim while he was employed by the Albuquerque Regional Office, but his C&P claims folder was not transferred to the Waco Regional Office until after his claim was adjudicated. He terminated his employment only 60 days before action on his claim was completed.

We found no evidence that any of the four employees received benefits they were not entitled to, but Regional Office officials should ensure that employees' claims folders are promptly identified and transferred to the Waco Regional Office to avoid any bias or appearance of bias in the adjudication of the employees' claims.

Suggested Improvement Action 3. We suggested the Area Director ensure that the Regional Office Director instructs VSC personnel to promptly identify employees' C&P claims folders, stop processing any pending claims filed by the employees, and transfer the C&P claims folders to the designated office of jurisdiction for claims adjudication.

The Area and Regional Office Directors agreed with the finding and suggestions, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that local procedures have been revised to ensure that all employees' C&P

¹ When the claims discussed in this report were adjudicated, this policy applied to participants in work-study programs as well as permanent employees. On September 3, 2003, VBA exempted participants in work-study programs from the requirement to retain their C&P claims folders at the designated offices of jurisdiction following their termination from employment. Their C&P claims folders may now be returned to the regional office where they were employed as soon as their employment is terminated.

claims folders are identified immediately once VA employment has been verified and these folders are transferred promptly to the office of jurisdiction for claims adjudication. The improvement plan is acceptable, and we consider the issue resolved.

Multiple Rating End Products – The VSC Manager Should Ensure that Only Appropriate End Products Are Cleared

Condition Needing Improvement. VSC personnel inappropriately cleared multiple rating end products for certain claim numbers.

VBA uses end products to categorize pending and completed work and to measure productivity. When the Regional Office receives a claim that is likely to require a rating decision, VSC personnel should establish a pending end product using one of eight rating end product codes. When work on the claim is completed, VSC personnel should clear the pending end product (record the end product as finalized) to receive work credit.

With the assistance of the OIG's Data Analysis Section, we obtained a listing of 6,973 rating end products cleared by VSC personnel from December 27, 2002, to October 3, 2003, and the corresponding veterans' claim numbers. The listing included 53 veterans' claim numbers with 3 or more rating end products each. To determine whether the end products were appropriately cleared, we reviewed 46 of the 53 veterans' claims folders.² VSC personnel cleared a total of 139 rating end products for the 46 veterans' claim numbers during the period covered by our review. We found that VSC personnel should not have cleared 36 of the 139 (26 percent) rating end products. For example:

- VSC personnel inappropriately established 21 pending end products when they sent veterans copies of VA Form 21-8940 to solicit claims for additional disability compensation based on unemployability. When the veterans did not complete and return the forms within the established time periods, VSC personnel cleared the end products even though the veterans did not submit the claims.
- In seven cases, VSC personnel inappropriately cleared rating end products before resolving all issues included in the claims. When the remaining issues were subsequently resolved, VSC personnel cleared additional rating end products as if they had processed separate claims.

VSC managers initiated actions before our review to improve compliance with VBA policy concerning end products. After VBA Central Office officials questioned end products cleared by VSC personnel when veterans did not respond to solicitations of claims for additional compensation based on unemployability, VSC managers issued instructions on April 28, 2003, to discontinue this practice. Only 2 of the 21 errors of this type occurred after the instructions were issued. The new VSC Manager, who was assigned to the position in September 2003, initiated refresher training concerning end products and started reviewing weekly and quarterly listings of questionable end products, which included cases with multiple rating end products. To ensure

² Seven claims folders had been transferred to other regional offices and were not recalled for this review.

that the Regional Office gets proper credit for the work performed in the future, the VSC Manager should provide recurring training concerning end products and continue to monitor the appropriateness of rating end products cleared by VSC personnel.

Suggested Improvement Action 4. We suggested the Area Director ensure that the Regional Office Director (a) provides VSC personnel with recurring training concerning rating end products and (b) instructs the VSC Manager to continue monitoring the appropriateness of rating end products cleared by VSC personnel.

The Area and Regional Office Directors agreed with the finding and suggestions, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that VSC personnel have reinstated weekly reviews of the questionable rating end products provided on the C&P Web site, and the VSC Manager will receive monthly reports on related problems found and corrective actions taken. Additional training concerning rating end products was conducted in January 2004 and continuous training will be provided based upon findings of the weekly reviews. The improvement plan is acceptable, and we consider the issue resolved.

Government Purchase Card Program – Responsibilities for Program Administration Should Be Segregated

Condition Needing Improvement. Administrative controls over purchases made using Government purchase cards were generally adequate. We reviewed billing statements and supporting documents for a judgment sample of 20 purchases made with Government purchase cards during the fourth quarter of FY 2003. All of the purchases reviewed appeared to be appropriate and had adequate supporting documentation. However, one issue required management attention.

VA policy requires that appropriate separation of duties be established for the Government Purchase Card Program. Accordingly, the policy prohibits the Government Purchase Card Program coordinator from also being designated as an approving official or a dispute officer for purchases made using the Government purchase card. We found that the Government Purchase Card Program coordinator at the Regional Office was also assigned responsibilities as an approving official for six cardholders and as a dispute officer.

Suggested Improvement Action 5. We suggested the Area Director ensure that the Regional Office Director relieves the Government Purchase Card Program coordinator of responsibilities as an approving official and a dispute officer.

The Area and Regional Office Directors agreed with the finding and partially agreed with the suggested actions, and the Area Director agreed with the Regional Office Director's corrective action plan. The Regional Office Director reported that implementation of this suggestion was hampered by the limited staff available in the Support Services Division as the division chief was the only employee capable of performing the approval and oversight functions for the Government Purchase Card Program. On January 28, 2004, the Regional Office submitted a

request to the VBA Chief Financial Officer seeking a waiver from guidance requiring the separation of program coordinator and approving official duties. The Regional Office is training another employee to take over the functions of the dispute officer by April 1, 2004. Although we continue to believe the duties of the program coordinator and approving official should be segregated, the improvement plan is acceptable contingent on approval by the VBA Chief Financial Officer of the waiver request.

Area Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: March 19, 2004

From: Director, Western Area Office (20F4)

Subject: Albuquerque CAP Review

To: Assistant Inspector General for Auditing (52)

I appreciate your feedback in the Albuquerque CAP Review report. The Albuquerque Regional Office (RO) is in a unique situation due to the fact that the Director, Service Center Manager and Vocational Rehabilitation and Employment Officer are all new to the station. With the management staff now in place, I believe the recommendations will be addressed and completed in a timely manner.

Attached is the response from the Albuquerque Regional Office to the CAP review conducted November 17-21, 2003. I have reviewed this response and think the RO has addressed the concerns raised by the CAP review team. The Western Area Office will continue to monitor the station's performance and provide assistance when possible.

If you have any questions, please contact me at (602) 627-2746.

/s/

Diana M. Rubens,
Director

Regional Office Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: March 19, 2004

From: Director, VA Regional Office Albuquerque, New Mexico (340/00)

Subject: Reply to CAP Report on Albuquerque Regional Office Operations

To: Assistant Inspector General for Auditing (52)

Attached are comments that reflect updated information on issues discussed during our CAP Review out-brief on November 19, 2003. They have been revised to include information on the status of actions taken, or that will be taken, to implement recommended and suggested actions.

Please feel free to contact me with any questions or request for additional information that you need.

/s/

Thomas R. Wagner,
Director

Regional Office Director's Comments to Office of Inspector General's Report

The following Regional Office Director's comments are submitted in response to recommendations and suggestions in the Office of Inspector General's report:

OIG Recommendations

Recommended Improvement Action 1. We recommend the Area Director ensure that the Regional Office Director requires VR&E personnel to: (a) provide timely services to veterans in applicant status and evaluation and planning status; (b) promptly place veterans who are not pursuing their approved training programs in discontinued or other program status as appropriate; and (c) document the need for services included in plans for independent living programs and explain how these services relate to the veterans' identified impairments.

Concur **Target Completion Date:** January 31, 2004

The findings point to the importance of proper documentation of NEED when developing and writing work plans. Refresher training was conducted that stressed the importance of providing appropriate documentation when redeveloping cases, writing proper justification for all actions and thoroughly developing all needs in writing. Proper training on the utilization of CWINRS, COINTAR and WIPP databases has also been conducted and will be utilized monthly to control and reduce old cases. With improved training and the recent increase in staff, we feel confident that we can alleviate many of the disparities that were identified by the CAP review.

Recommended Improvement Action 2. We recommend the Area Director ensure that the Regional Office Director (a) revises the AIS contingency plan to include telephone numbers for key vendor personnel, a current inventory of available computer equipment, and a list of essential computer functions in priority order and (b) tests the contingency plan at least annually.

Concur **Target Completion Date:** May 1, 2004

The AIS contingency plan is being revised to include: a) contact numbers for key vendor personnel, b) a current inventory of available computer equipment, with a list of essential computer functions in priority order based on guidance from VBA's Network Support Center, and c) plans to conduct a table-top test of the contingency plan annually.

OIG Suggestions

Suggested Improvement Action 1. We suggest the Area Director ensure that the Regional Office Director requires VSC personnel to (a) reduce C&P payments as appropriate for the two veterans we identified who were hospitalized at Government expense for extended periods and (b) receive refresher training concerning required adjustments of C&P payments to hospitalized veterans.

Concur **Target Completion Date:** March 11, 2004

Corrective action has been taken on the cases identified in the report. In addition, the workflow process which identifies potential hospital adjustments has been reviewed and revised to insure that all cases are identified and appropriate and timely action taken. Refresher training on the processing of hospital adjustments was conducted on December 2003, and March 11, 2004.

Suggested Improvement Action 2. We suggest the Area Director ensure that the Regional Office Director (a) requires F&FE personnel to complete field examinations within the established timeframes and (b) instructs LIEs to promptly refer cases with past due accountings to field examiners, the OIG, or the VA Regional Counsel as appropriate.

Concur **Target Completion Date:** January 31, 2004

Due to turnover in experienced staff, our F&FE Unit is currently operating with one full-time Field Examiner and continues to strive to complete examinations in a timely manner. While a second Field Examiner is being trained, an additional employee has been detailed part-time to assist in completing the examinations in a timely manner. We expect the new Field Examiner to complete the training and begin working full-time by the end of the year. Also, neighboring Regional Offices are assisting us by completing examinations close to their borders.

During January 2004, additional training was provided by the C&P Program Staff which clarified the necessary actions and oversight needed to ensure the receipt of past due accountings. In addition, to improve the timeliness of accountings, a bi-weekly report will be submitted to the Service Center Manager detailing any accountings which are over 90 days old.

Suggested Improvement Action 3. We suggest the Area Director ensure that the Regional Office Director instructs VSC personnel to promptly identify employees' C&P claims folders, stop processing any pending claims filed by the employees, and transfer the C&P claims folders to the designated office of jurisdiction for claims adjudication.

Concur **Target Completion Date:** January 31, 2004

RO procedures have been revised to insure that all employees' C&P claims files will be flagged immediately once VA employment has been verified and that the file will be transferred to the designated office of jurisdiction for claims adjudication.

Suggested Improvement Action 4. We suggest the Area Director ensure that the Regional Office Director (a) provides VSC personnel with recurring training concerning rating end products and (b) instructs the VSC Manager to continue monitoring the appropriateness of rating end products cleared by VSC personnel.

Concur **Target Completion Date:** January 31, 2004

We have reinstated the weekly reviews of the questionable rating end products provided on the C&P Website. Any action which appears incorrect is given to the employee's Coach for appropriate follow-up. A monthly report will also be provided to the Service Center Manager reporting findings and action taken.

Additional training was conducted during January 2004, by the C&P Program staff regarding certain rating end products. Also, continuous training will be provided in team meetings based on monthly findings.

Suggested Improvement Action 5. We suggest the Area Director ensure that the Regional Office Director relieves the Government Purchase Card Program coordinator of responsibilities as an approving official and a dispute officer.

Concur **Target Completion Date:** April 1, 2004

While we concur with the above finding, implementation is problematic since the RO has limited number of employees in our Support Services Division. Presently, the Division Chief is the only employee trained and capable to conduct the approval and oversight functions required of the Government Purchase Card Program. Because of this, the RO has submitted a waiver request on January 28, 2004, to VBA's Chief Financial Officer asking for guidance on and approval of a waiver concerning assignment of duties. With regards to separating the approval and dispute functions, we are in the process of training another employee to take over the functions of the dispute officer by April 1, 2004.

Monetary Benefits in Accordance with IG Act Amendments

<u>Suggestion</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1	Payments to certain veterans who were hospitalized at Government expense for extended periods should be reduced.	\$12,139
	Total	\$12,139

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