



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Pittsburgh, Pennsylvania

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.
- 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.

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	
Facility Profile	1
Objectives and Scope of the CAP Review	1
Results of Review	3
Opportunities for Improvement	3
Compensation and Pension Hospitalization Adjustments	3
Compensation and Pension Claims Processing.....	4
Security of Sensitive Records	5
Fiduciary and Field Examination Unit.....	6
Government Purchase Card Program.....	7
Appendixes	
A. Eastern Area Director Comments	9
B. Regional Office Director Comments	12
C. Monetary Benefits in Accordance with IG Act Amendments	15
D. OIG Contact and Staff Acknowledgments	16
E. Report Distribution.....	17

Executive Summary

Introduction

During the week of December 13-17, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Pittsburgh, Pennsylvania. The regional office is part of the Veterans Benefits Administration (VBA) Eastern Area. 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 4 fraud and integrity awareness briefings to 91 regional office employees.

Results of Review

This CAP review focused on 12 areas. The regional office complied with selected standards in the following seven areas:

- Automated Information Systems Security
- Benefits Delivery Network Security
- Compensation and Pension (C&P) Benefits for Veterans Over Age 85
- C&P Payments to Incarcerated Veterans
- C&P System Message Processing
- Large Retroactive C&P Payment Controls
- Vocational Rehabilitation and Employment (VR&E) Program

We identified five areas that needed additional management attention. To improve operations, the following recommendations were made to both the Eastern Area Director and the VARO Pittsburgh Director:

- Promptly adjust benefit payments to veterans hospitalized at Government expense for extended periods.
- Promptly reduce benefit payments to veterans receiving additional compensation for school-aged children while the children were also receiving Dependents' Education Assistance benefits.
- Improve the security of locked files.
- Improve oversight of fiduciaries responsible for managing the accounts of three veterans with estate values totaling approximately \$2.5 million.
- Strengthen management controls over Government purchase cards.

In addition, two other recommendations were made to the Eastern Area Director:

- Ensure Pension Management Center (PMC) personnel at VARO Philadelphia take appropriate action on notifications of hospitalization.
- Ensure Regional Processing Office (RPO) personnel at VARO Buffalo notify applicable regional offices when Chapter 35 benefits are awarded so that regional offices may adjust corresponding C&P awards.

This report was prepared under the direction of Mr. Thomas L. Cargill, Director, and Mr. Nick Dahl, CAP Review Coordinator, Bedford Audit Operations Division.

Eastern Area Director and VARO Pittsburgh Director Comments

The Eastern Area and VARO Pittsburgh Directors agreed with the findings and recommendations and provided acceptable implementation plans. (See Appendix A, pages 9-11, for the full text of the Eastern Area Director's comments and Appendix B, pages 12-14, for the full text of the VARO Pittsburgh Director's comments.) We will follow up on the implementation of planned improvement actions until they are completed.

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

Introduction

Facility Profile

Organization and Programs. The regional office provides compensation, initial pension eligibility determinations, and survivor benefits, along with VR&E services to eligible veterans, dependents, and survivors residing in 27 counties in western Pennsylvania, 4 counties in the panhandle of West Virginia, Europe, Africa, Australia, and most of Asia. The veteran population in the regional office's jurisdiction is approximately 445,000, which includes about 10,000 living overseas. Approximately 53,000 veterans and survivors are in receipt of C&P benefits and over 600 veterans are receiving VR&E services. Annual benefit expenditures are about \$336 million.

The Regional Loan Center, located at VARO Cleveland, provides loan guaranty services to veterans residing in the regional office's jurisdiction. The RPO, located at VARO Buffalo, administers education benefits to veterans residing in the regional office's jurisdiction.

Resources. In Fiscal Year (FY) 2004, the regional office's general operating expenses were nearly \$9.5 million, and staffing at the end of FY 2004 was 122.5 full-time equivalent 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 benefits services. The objectives of the CAP review are to:

- Conduct recurring evaluations of selected health care facility and regional office operations focusing on patient care, quality management, benefits, 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 CAP review, we inspected work areas; interviewed managers and employees; and reviewed beneficiary files and financial and administrative records. The review covered selected aspects of the following areas:

Automated Information Systems Security	C&P Payments to Incarcerated Veterans
Benefits Delivery Network Security	C&P System Message Processing
Claims Folder Security	Fiduciary and Field Examinations
C&P Benefits for School-aged Children	Government Purchase Card Program
C&P Benefits for Veterans	Large Retroactive C&P Payment
Over Age 85	Controls
C&P Hospitalization Adjustments	Vocational Rehabilitation and
	Employment Program

The review covered facility operations for FYs 2003, 2004, and 2005 through December 2004 and was done in accordance with OIG standard operating procedures for CAP reviews.

In this report we make recommendations for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. For activities not discussed in the Opportunities for Improvement section, there were no reportable deficiencies.

During the review, we also provided fraud and integrity awareness training attended by 91 regional office employees. The training covered procedures for reporting suspected criminal activities to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Results of Review

Opportunities for Improvement

Compensation and Pension Hospitalization Adjustments – Payments To Veterans Hospitalized at Government Expense Needed To Be Reduced

Condition Needing Improvement. VBA personnel did not properly reduce C&P payments to certain veterans who were hospitalized for extended periods of time at Government expense. In certain situations, Federal 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 periods exceeding a full calendar month.

At our request, VA Medical Centers in Butler, Erie, and Altoona, Pennsylvania; Clarksburg, West Virginia; and the VA Pittsburgh Healthcare System identified 360 veterans who had been continuously hospitalized at Government expense for 90 days or more as of October 31, 2004. We compared the information provided by the medical facilities with C&P system records for the 360 veterans and identified 34 veterans (9.4 percent) whose C&P payments had not been reduced, as required. As of December 2004, these veterans were overpaid by \$184,693 while hospitalized at Government expense.

- Veterans Service Center (VSC) personnel did not take appropriate action on notices of hospitalization to reduce compensation payments to seven veterans. As a result, these veterans were overpaid \$74,002.
- Pension Maintenance Center (PMC¹) personnel did not reduce pension payments to 24 veterans. As a result, these veterans were overpaid \$89,290. VSC personnel within the regional office are responsible for downloading hospitalization reports and forwarding these reports for veterans receiving pension payments to applicable PMC personnel, who reduce pension payments as appropriate. PMC personnel at VARO Philadelphia are responsible for making adjustments to the pension benefits of veterans whose files are managed by 21 regional offices, including VARO Pittsburgh.
- We also identified three veterans whose cases were managed by other regional offices that required award reductions. These veterans were overpaid \$21,401. We referred the cases outside of VARO Pittsburgh's jurisdiction to the appropriate regional offices for adjustment actions.

¹ PMCs are responsible for processing all activity related to established pension cases. The three PMCs are located at VAROs in Philadelphia, PA; Milwaukee, WI; and St. Paul, MN.

In addition to the overpayments, we identified two veterans who had been underpaid a total of \$159,158 through December 2004. Prior to December 27, 2001, veterans who were deemed incompetent to handle funds, had no dependents, and had estate values over the allowable limit could not receive C&P payments while hospitalized at Government expense. Due to changes in the law, payments to these veterans were to resume beginning December 28, 2001. However, VARO Pittsburgh VSC personnel did not identify the two veterans who were hospitalized and needed to have their payments reinstated.

Recommended Improvement Action 1. We recommended the Area Director ensure that the Regional Office Director takes action to: (a) adjust benefits for the veterans identified by our review and initiate collection actions where necessary, and (b) provide refresher training for VSC personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

The Eastern Area and VARO Pittsburgh Directors agreed with the finding and recommendations and reported that benefit payments were reduced for the veterans identified and collection actions initiated. Refresher training was provided to VSC personnel on February 8, 2005, and will be provided at least annually. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Recommended Improvement Action 2. We recommended the Area Director ensure that: (a) PMC personnel take action to reduce the pension benefits paid to the veterans we identified and initiate collection actions where necessary, and (b) personnel at the PMC under the Area Director's jurisdiction take appropriate and timely action when receiving notifications of hospitalization from regional office personnel.

The Eastern Area Director agreed with the finding and recommendations and reported that appropriate actions were taken on benefits paid to the veterans identified. The Eastern Area Director also stated he is working with PMC management to improve processes for making prompt hospital adjustments and that he is leading a team which is analyzing hospital adjustment claims to improve processing procedures. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Compensation and Pension Claims Processing – Duplicate Benefit Payments for Children Attending School Needed To Be Reduced

Condition Needing Improvement. VSC personnel did not reduce the C&P payments to veterans when the veterans were receiving additional compensation for school-aged children and the children were also receiving Dependents' Education Assistance (Chapter 35) benefits. Dependents of veterans who receive compensation for a permanent 100 percent disability, or who died while on active duty or of a service-connected disability, are eligible to receive Chapter 35 benefits. When a Chapter 35

benefit is processed, the Education Division of one of the four RPOs² is required to coordinate with the regional office having jurisdiction over the veteran's claim file to make sure that the veteran is not receiving additional compensation for a school-aged child. VA regulations require VSC personnel to terminate a veteran's additional compensation for school-aged children when the children receive Chapter 35 benefits.

We identified 3 of 33 veterans (9 percent) who were receiving 100 percent compensation benefits and additional benefits for school-aged children, while their children were also receiving Chapter 35 benefits. As of November 2004, the three veterans were overpaid a total of \$20,981. In all three cases, the overpayments occurred because RPO personnel at VARO Buffalo did not notify VARO Pittsburgh VSC personnel about Chapter 35 benefits being paid to the dependents.

Recommended Improvement Action 3. We recommended the Area Director ensure that RPO personnel at VARO Buffalo notify the applicable regional office when Chapter 35 benefits are awarded.

The Eastern Area Director agreed with the finding and recommendation and reported that the Director of the RPO at VARO Buffalo has identified procedures, such as electronic notification, that the RPO uses to notify regional offices when Chapter 35 benefits are awarded. Also, the RPO has instituted monthly quality review measures to ensure RPO staff are properly notifying regional offices when benefits are awarded. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Recommended Improvement Action 4. We recommended the Area Director ensure that the Regional Office Director requires VSC personnel to reduce the C&P awards and initiate efforts to recover the overpayments made to the three veterans we identified.

The Eastern Area and VARO Pittsburgh Directors agreed with the finding and recommendation and reported that C&P Payments for the veterans identified were reduced and collection actions initiated. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Security of Sensitive Records – Management Controls Needed Improvement

Condition Needing Improvement. Management controls over employee claims folders needed improvement. VBA policy requires that these sensitive hardcopy records be secured in locked files with access limited to division chiefs and designated alternates, and sensitive electronic records be secured through the Common Security User Manager

² The four RPOs are located at VAROs in Atlanta, GA; Buffalo, NY; St. Louis, MO; and Muskogee, OK.

(CSUM) application. Sensitive records must be secured at the designated offices of jurisdiction. VARO Pittsburgh serves as the office of jurisdiction for VARO Detroit, Michigan, and VARO Cleveland, Ohio serves as the office of jurisdiction for VARO Pittsburgh.

We evaluated the identification and handling of sensitive records and found two deficiencies requiring management attention.

- Regional office personnel had not ensured that all employee claim folders were properly stored at the office of jurisdiction. The claims folders for 40 VARO Pittsburgh employees were located in general files, rather than locked, at VARO Cleveland. In addition, three employee folders were located at VAROs other than the office of jurisdiction.
- Regional office personnel had not locked all VARO Detroit employee claim folders at VARO Pittsburgh. The claims folders for six VARO Detroit employees were located in general files at VARO Pittsburgh, rather than locked files.

Recommended Improvement Action 5. We recommended the Area Director ensure the Regional Office Director takes action to: (a) confirm that all VARO Pittsburgh employee folders are properly stored at the office of jurisdiction, and (b) lock all VARO Detroit employee claim folders.

The Eastern Area and VARO Pittsburgh Directors agreed with the finding and recommendations and reported that the VARO Cleveland Information Security Officer (ISO) has informed the VARO Pittsburgh ISO that all VARO Pittsburgh employee claim folders have been stored in locked files. Also, VARO Pittsburgh personnel have ensured all VARO Detroit employee claim folders are stored in locked files at VARO Pittsburgh. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Fiduciary and Field Examination Unit – Closer Oversight of Fiduciaries Is Needed

Condition Needing Improvement. To improve oversight of fiduciary accounts valued at about \$2.5 million, regional office management needed to determine whether investments made by two banks serving as fiduciaries for three beneficiaries are appropriate. The Fiduciary and Field Examination (F&FE) unit is responsible for protecting the interests of incompetent or minor beneficiaries by appointing fiduciaries when necessary to manage the beneficiaries' funds and for monitoring the fiduciaries' activities.

We reviewed the records of nine beneficiaries whose funds were managed by fiduciaries. Management attention is needed in three of the nine cases, as the investment activities of two court appointed banks need to be evaluated. The banks serve as fiduciaries for three

veterans aged 62, 85, and 91 who receive annual VA payments of \$36,084, \$27,588, and \$30,876, respectively. The fiduciaries invested nearly all of the veterans' assets of approximately \$2.5 million in mutual funds.

VA policy states that fiduciaries will invest income or assets derived from VA benefits only in legal instruments which have safety, assured income, and stability of principal, and that are readily convertible for the requirements of the beneficiary. Investments in mutual funds should be concentrated in Government bond or income funds, or other risk free or minimum risk type mutual funds. The mutual funds that the estates' assets were invested in included several equity stock funds that do not appear to meet VA criteria. For example, 66 percent of the \$511,000 mutual fund portfolio of the 62-year old veteran's estate was invested in equity mutual funds, and 50 percent of the 91-year old veteran's estate was invested in equity mutual funds.

In evaluating the legality and prudence of mutual fund investments, VA policy requires that VSC management consult with the VA Regional Counsel before approving or disapproving such investments. In these three cases, VSC management had not consulted with the VA Regional Counsel regarding the legality or prudence of these mutual fund investments before approving them. We believe regional office management should consult with the VA Regional Counsel to determine if the investments made by these fiduciaries meet VA criteria. If it is determined that they do not meet VA criteria, action should be taken to ensure the banks invest the veterans' VA-derived assets in investment vehicles that meet VA criteria.

Recommended Improvement Action 6. We recommended that the Area Director ensure that the Regional Office Director consults with the VA Regional Counsel to: (a) determine whether the fiduciaries investments are appropriate in three cases, (b) take action to correct the situation if it is determined that the fiduciaries investments do not meet VA criteria, and (c) institute appropriate controls to make sure appropriate timely action is taken when inappropriate investments are identified in the future.

The Eastern Area and VARO Pittsburgh Directors agreed and reported that the three cases identified have been referred to VA Regional Counsel for review, with a requested response date of April 1, 2005. Corrective actions will be taken as necessary. The VARO has established local procedures to handle these types of cases in the future. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Government Purchase Card Program – Controls Should Be Strengthened

Condition Needing Improvement. We evaluated the Government Purchase Card Program to determine if regional office controls were effective. We identified two areas that required management attention.

Monthly Spending Limits. The monthly spending limits for VR&E cardholders need to be reduced. Four VR&E employees have monthly purchase card spending limits of \$500,000 each. These excessive monthly credit limits put the Government at unnecessary risk. Dollar limits for purchase card use should be set in relation to the actual procurement needs of VR&E.

Appointment Delegation. Purchase card program officials had not been formally designated. These officials are responsible for a number of functions, including establishing accounts, providing guidance and training to cardholders, and overseeing purchase card activity. The Regional Office Director should issue written delegations of authority formally appointing the Government Purchase Card Program officials.

Recommended Improvement Action 7. We recommended that the Area Director ensure that the Regional Office Director: (a) sets the monthly purchase card credit limits in relation to the procurement needs of VR&E, and (b) issue written delegations of authority formally appointing the Government Purchase Card Program officials.

The Eastern Area and VARO Pittsburgh Directors agreed with the finding and recommendations and reported that monthly spending limits have been reduced to \$100,000 for the four VR&E employees and the VARO Director has issued a delegation of authority formally appointing the Government Purchase Card Program officials. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Eastern Area Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: February 18, 2005

From: Eastern Area Director

Subject: **Combined Assessment Program Review of the VA
Regional Office Pittsburgh, Pennsylvania**

To: Director, Bedford Audit Operations Division (52BN)

I appreciate the audit team's thorough assessment of the Pittsburgh Regional Office (RO) and the recommendations provided in the Pittsburgh Combined Assessment Program Review during the week of December 13th, 2004. The audit team identified several areas requiring improvement. Those areas are:

1. Prompt adjustment to payments for veterans hospitalized at Government expense for extended periods.
2. Improve controls over the storage and reconciliation of sensitive employee claims folders.
3. Closer oversight over fiduciary investment activities.
4. Strengthened controls in the Government Purchase Card Program.

I concur with the Office of Inspector General's recommendations and monetary benefits estimates from the Combined Assessment Program report. I have reviewed and concur with the corrective actions provided by the Pittsburgh RO. Implementation of these recommendations will further strengthen management controls and improve station operations.

Furthermore, I concur with the following recommendations the audit team made to me:

Under Improvement Action 2, you recommended that I ensure Pension Management Center (PMC) personnel take appropriate action to reduce payments to hospitalized veterans. The Pittsburgh RO Director's response stated that all hospitalized pension cases requiring adjustments were referred to the Philadelphia PMC. Their review indicates that the corresponding controlling end product measures have been established for processing.

I continue to work with the PMC management in Philadelphia to improve the process for prompt hospital adjustments. These measures include PMC business rules for hospital adjustments and improved communication between the Philadelphia PMC and the ROs within their jurisdiction. I also reviewed the annual Systematic Analyses of Operation (SAO) on hospital adjustment reductions reports for all the stations in the Eastern Area.

Recently, I was tasked with leading a newly formed team charged with analyzing hospital adjustment claims. This team's focus is on examining the entire hospital adjustment process and providing recommendations to promote more efficient processing which would include reducing the overpayment of benefits to hospitalized pension veterans.

I consider my actions on this recommendation closed.

Under Improvement Action 3, you recommended that I ensure Regional Processing Office (RPO) personnel in Buffalo notify the applicable regional office when Chapter 35 benefits are awarded so regional offices may adjust corresponding C&P awards.

In an effort to ensure proper Chapter 35 notification to regional offices, my staff contacted the Director of the RPO in Buffalo. The Director provided information on the procedures the RPO uses to provide prompt notification to regional offices, such as electronic notification. She also shared that there are monthly quality review measures in place for the RPO staff which checks for proper notification to regional offices.

I can forward a copy of the electronic email notification describing the procedures and controls if requested. I consider my actions on this recommendation closed.

Again, I thank you for your thorough review and recommended areas for improvement which will strengthen management oversight and operations at the Pittsburgh RO.

If you have any questions, please feel free to contact me at (734) 930-5800.

(original signed by:)

James A. Whitson

Regional Office Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: February 8, 2005

From: Regional Office Director

Subject: **Combined Assessment Program Review of the VA
Regional Office Pittsburgh, Pennsylvania**

To: Thomas Cargill, Jr., VA Office of Inspector General
(52BN)

1. Attached is our response to the OIG CAP Review.
2. I appreciate the courtesy and cooperativeness displayed by all members of the IG Team throughout this review process.

(original signed by:)

DOUGLAS A. WALLIN

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

The following Director's comments are submitted in response to the recommendation and suggestions in the Office of Inspector General Report:

OIG Recommendation 1: We recommend the Area Director makes sure that the Regional Office Director takes action to: (a) adjust benefits for the veterans identified by our review and initiate collection actions where necessary, and (b) provide refresher training for VSC personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

RO Response: Concur. Benefit adjustments for those veterans identified were made during the week of the CAP Review and collection actions initiated. VSC personnel will receive annual refresher training during the month of February each year or more often as needed regarding reductions of C&P payments to hospitalized veterans. February 2005 training was held on Tuesday, February 8, 2005.

OIG Recommendation 2: We recommend the Area Director makes sure that: (a) PMC personnel take action to reduce the pension benefits paid to the veterans we identified and initiate collection actions where necessary, and (b) personnel at the PMC under the Area Director's jurisdiction take appropriate and timely action when receiving notifications of hospitalization from regional office personnel.

RO Response: All cases needing adjustments were referred to the Philadelphia PMC. Our review indicates that they have set up pending end products on all. The Philadelphia PMC sent out a message to all regional offices they served about how they handle hospital adjustment referrals. See copy attached. We have adopted our process for identifying potential hospital adjustments accordingly.

OIG Recommendation 3: We recommend the Area Director makes sure that RPO personnel at VARO Buffalo notify the applicable regional office when Chapter 35 benefits are awarded.

RO Response: During the IG visit, we spent some time discussing the lag time between a student beginning school, being awarded education benefits, notification to the RO, due process, and actual award action. The process inevitably results in some amount of overpayment which we need to limit to the fullest extent possible. As such, our VSCM has been in contact with the VSCM in Buffalo regarding this issue. See copy of e-mail attached.

OIG Recommendation 4: We recommend the Area Director makes sure that the Regional Office Director requires VSC personnel to reduce the C&P awards and initiate efforts to recover the overpayments made to the three veterans we identified.

RO Response: Concur. VSC personnel reduced the C&P awards to the three veterans identified and also initiated efforts to recover the overpayments that were made. This was accomplished while the CAP Team was on site.

OIG Recommendation 5: We recommend the Area Director makes sure the Regional Office Director takes action to: (a) confirm that all VARO Pittsburgh employee folders are properly stored at the office of jurisdiction, and (b) lock all VARO Detroit employee claim folders.

RO Response: Concur. Contact was made with the ISO at VARO Cleveland regarding VARO Pittsburgh employees folders. He has insured our ISO that all VARO Pittsburgh employee folders are in locked files. This was confirmed by our ISO. Regarding the VARO Detroit employee folders housed at the VARO Pittsburgh, this was accomplished during their visit as the six Detroit employees were added to our inventory.

OIG Recommendation 6: We recommend that the Area Director makes sure that the Regional Office Director consults with the VA Regional Counsel to: (a) determine whether the fiduciaries investments are appropriate in three cases, (b) take action to correct the situation if it is determined that the fiduciaries investments do not meet VA criteria, and (c) institute appropriate controls to make sure appropriate timely action is taken when inappropriate investments are identified in the future.

RO Response: Concur. We have referred the cases identified by the OIG as requested and established a response date of April 1st for the completion of Regional Counsel's review. Appropriate action will be taken immediately upon their review. We have had discussions with fiduciary staff and Regional Counsel to establish local procedures to handle these types of cases as they are identified. Attached are the policy memorandum and the form that will be used for all future referrals.

OIG Recommendation 7: We recommend that the Area Director makes sure that the Regional Office Director: (a) sets the monthly purchase card credit limits in relation to the procurement needs of VR&E, and (b) issue written delegations of authority formally appointing the Government Purchase Card Program officials.

RO Response: Concur. The monthly spending limits for the four VR&E employees were reduced to \$100,000 while the CAP Team was on site. This amount is more in line to the actual procurement needs of the VR&E employees. The attached regional office delegation of authority has been assigned to formally appoint the government Purchase Card Program officials.

Attachments

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</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 and overpayments recovered. (\$184,693 minus \$21,401 ³)	\$163,292
4	Payments to three veterans receiving school-aged children benefits while the children were receiving Chapter 35 benefits should be stopped and overpayments recovered.	20,981
	Total	\$184,273

³ The \$21,401 represents the overpayments under the jurisdiction of other regional offices. These cases have been referred to the applicable offices for action.

OIG Contact and Staff Acknowledgments

OIG Contact	Nicholas Dahl (781) 687-3141
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Acknowledgments	Stephen Bracci David Irwin James McCarthy Amy Mosman
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Report Distribution

VA Distribution

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This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.