



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Washington, DC

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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Executive Summary

Introduction

During the week of April 18–22, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office Washington, DC. The regional office is part of the Veterans Benefits Administration (VBA) Southern 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 24 regional office employees.

Results of Review

This CAP review covered 11 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 School-Aged Children
- C&P Locked Files
- C&P Payments to Incarcerated Veterans
- Large Retroactive One-Time Payment Controls
- Vocational Rehabilitation and Employment (VR&E) Contract Administration

We identified four areas that needed additional management attention. To improve operations, the following recommendations were made:

- Reduce benefit payments to veterans hospitalized at Government expense for extended periods and initiate appropriate collection actions.
- Improve Government purchase card program oversight and controls.
- Strengthen Fiduciary and Field Examinations (F&FE) controls.
- Conduct Systematic Analyses of Operations (SAOs) as scheduled for all critical areas.

This report was prepared under the direction of Mr. William H. Withrow, Director, and Mr. Robert C. Zabel, CAP Review Coordinator, Kansas City Audit Operations Division.

Southern Area Director and Regional Office Director Comments

The Southern Area Director and the Regional Office Director agreed with the CAP review findings and recommendations and provided acceptable improvement plans. (See Appendixes A and B, pages 10-15, for the full text of the Directors' comments.) We will follow up on the implementation of recommended improvement actions until they are completed.

(original signed by:)

JON A. WOODITCH
Acting Inspector General

Introduction

Regional Office Profile

Organization and Programs. The regional office provides compensation, initial pension eligibility determinations, burial and survivor benefits, and VR&E services to eligible veterans, dependents, and survivors residing in the District of Columbia, Maryland, Virginia, and overseas. The veteran population in the regional office's jurisdiction is approximately 36,800. Approximately 35,300 veterans and survivors are receiving C&P benefits, and over 1,000 veterans are receiving VR&E services. The regional office provides fiduciary oversight for nearly 800 incompetent veterans and other beneficiaries. Annual benefit expenditures are about \$305 million.

The Regional Loan Center, located at VA Regional Office Winston-Salem, provides loan guaranty services to veterans residing in the regional office's jurisdiction. The Regional Processing Office, located at VA Regional Office Buffalo, administers education benefits to those veterans residing in the regional office's jurisdiction.

Resources. In fiscal year (FY) 2004, the regional office's general operating expenses were nearly \$9.4 million, and staffing at the end of FY 2004 was 86 full-time equivalent employees. Budgeted general operating expenses for FY 2005 were \$8 million, and staffing as of March 31, 2005, was 81 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 claims processing, 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, and 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 for benefits and requests for 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 interviewed managers and employees and reviewed

beneficiary files and financial and administrative records. The review covered selected aspects of the following 11 operational activities:

Automated Information Systems Security	Fiduciary and Field Examinations
Benefits Delivery Network Security	Government Purchase Card Program
C&P Benefits for School-Aged Children	Large Retroactive One-Time Payment Controls
C&P Hospitalization Adjustments	Systematic Analyses of Operations
C&P Locked Files	VR&E Contract Administration
C&P Payments to Incarcerated Veterans	

The review covered facility operations for FYs 2003, 2004, and 2005 through March 2005 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 CAP review, we also presented 4 fraud and integrity awareness briefings attended by 24 regional office employees. The briefings covered procedures for reporting suspected criminal activities to the OIG and included case-specific examples illustrating procurement and benefits 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. C&P payments to certain veterans hospitalized for extended periods of time at Government expense were not reduced as required by Federal law. 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 center personnel in Baltimore, MD; Richmond, VA; and Washington, DC identified 307 veterans who had been continuously hospitalized at Government expense for 90 days or more as of February 1, 2005. We concentrated on veterans hospitalized at Government expense for 90 days or more because required reductions should have been made by then. We compared the information provided by the medical facilities with C&P system records for the 307 veterans and identified 52 veterans (17 percent) whose C&P payments had not been reduced as required. These veterans were overpaid \$665,269 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 seven veterans were overpaid \$68,321. For three of the seven veterans, VA Medical Center Washington personnel did not record the veterans' hospitalizations accurately. Therefore, VSC personnel were not able to determine that adjustments were necessary for these veterans.
- Pension Maintenance Center (PMC) personnel did not reduce pension payments to 15 veterans.¹ As a result, these veterans were overpaid \$92,511. VSC personnel are responsible for obtaining and forwarding hospitalization reports for veterans receiving pension payments to applicable PMC personnel, who reduce pension payments as appropriate. PMC personnel at VA Regional Office Philadelphia are responsible for making adjustments to the pension benefits of veterans whose files are managed by 21 regional offices, including VA Regional Office Washington.

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

- VA Regional Offices Baltimore, Nashville, Philadelphia, and Roanoke overpaid 30 veterans \$504,437 because their VSC personnel did not take appropriate actions when they received notices of the veterans' hospitalizations.

VSC staff at VA Regional Office Washington, the PMC, and the four other VA regional offices agreed that the C&P payments should have been reduced and informed us that actions had been taken to reduce the payments.

Recommendation 1. We recommended the Regional Office Director take action to: (a) reduce benefits for the veterans identified by our review and initiate collection actions where necessary, (b) provide refresher training for VSC personnel at least annually concerning prompt reductions of C&P payments to hospitalized veterans, and (c) contact the VA Medical Center Washington Director and request refresher training for medical center personnel at least annually concerning appropriate recording of veterans' hospitalizations.

The Southern Area and Regional Office Directors agreed with the findings and recommendations. They stated that the reductions have been completed as required, refresher training for VSC personnel was completed, and a meeting has been scheduled with VA Medical Center Washington staff to discuss appropriate reporting of hospitalizations. The improvement actions taken are acceptable, and we will follow up on the planned actions until they are completed.

Recommendation 2. We recommended that the Regional Office Director coordinate with the PMC Director at VA Regional Office Philadelphia to (a) adjust benefits for the 15 veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

The Southern Area and Regional Office Directors agreed with the findings and recommendations. They stated that they notified the PMC Director in Philadelphia concerning the 15 cases, they are now faxing all pension reports to the PMC on a monthly basis, and they are obtaining and placing transmission reports in the files to document that the PMC's designated contact point received the reports. They also discussed training for PMC staff with the PMC Director and sent him a copy of our report. The improvement actions taken are acceptable, and we will follow up on the planned actions until they are completed.

Recommendation 3. We recommended that the Regional Office Director coordinate with the Regional Office Directors at Baltimore, Nashville, Philadelphia, and Roanoke to (a) adjust benefits for the 30 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 Southern Area and Regional Office Directors agreed with the findings and recommendations. They stated that they had notified the regional offices concerning the 30 cases we identified for potential reductions, and they will notify appropriate regional offices for all future cases that potentially require reductions. They also discussed training for VSC personnel at the other regional offices and sent them copies of our report. The improvement actions taken are acceptable, and we will follow up on the planned actions until they are completed.

Government Purchase Card Program – Program Oversight and Controls Needed Improvement

Condition Needing Improvement. Regional office management needed to improve program oversight and controls over the administration of the Government purchase card program. During the 16-month period October 2003–January 2005, 11 cardholders made 1,000 purchases totaling \$817,147. We identified needed improvements in the following areas:

Billing and Purchase Documentation. The Purchase Card Coordinator (PCC) did not maintain adequate documentation to support purchase card transactions. VA policy requires retention of supporting documentation for purchases. We requested supporting documentation for 67 judgmentally selected purchase card transactions totaling \$85,600 that were made from December 2003 through October 2004. The PCC, who was assigned in November 2004, could not provide billing statements or documentation to support 37 (55 percent) of the 67 transactions totaling \$36,820. She stated that the previous PCC did not properly maintain purchase card documentation. Twenty of these 37 transactions totaling \$24,085 were for computer items that are highly susceptible to theft. Without adequate documentation, we could not determine whether these purchases were made for valid VA purposes.

Monthly Quality Reviews. VA policy requires that the PCC ensure that monthly quality reviews are conducted to monitor the timeliness of purchase card certifications and approvals. When we requested the documentation for the monthly quality reviews, the PCC acknowledged that, prior to November 2004, these reviews frequently were not completed. However, we confirmed that the current PCC has completed all required monthly quality reviews since November 2004..

Reconciliations and Certifications. VA policy requires cardholders to reconcile payment charges within 30 days of the purchase date. Approving officials are required to certify all reconciled payment charges within 14 days of receipt from the cardholders. For the 30 transactions that had billing statements, 14 (47 percent) were missing required signatures or dates. These signatures are necessary to ensure the reconciliations and certifications are proper, and the dates allow the PCC to evaluate the timeliness of purchase card reconciliations and certifications.

Cardholder Warrant and Training Documentation. The 11 cardholders and the approving official had not certified that they were aware of their single and monthly purchase limits and understood their rights and responsibilities. One cardholder with a single purchase limit of \$10,000 did not have the required contracting warrant for single purchase limits exceeding the \$2,500 purchase threshold. Additionally, VA policy requires the PCC to ensure that cardholders and approving officials receive initial training on the use of purchase cards, that they receive refresher training every 2 years, and that this training is documented. We found that 3 of the 11 cardholders received training in 2003, and 2 other cardholders and the approving official received training in 2004. However, the remaining six cardholders had not received any training.

VR&E Purchases. The PCC did not ensure that VR&E purchases were at the most advantageous prices. The Federal Acquisition Regulation requires purchasing officials to ensure prices paid are most advantageous to the Government. During the period October 2003 through January 2005, VR&E personnel made 184 computer equipment purchases totaling \$385,600 from the same vendor. This vendor was used for these purchases primarily because the vendor provided on site services. However, the need for on site support was not documented on the justifications, and we believe these services could also be procured from alternate sources when necessary. We submitted requests for proposals to two vendors on a national VA contract and determined that comparable computer equipment could have been purchased from the national contract for approximately \$299,248, saving \$86,352 (22 percent). The VR&E Assistant Chief agreed that alternate sources should be considered for future computer equipment purchases.

Recommendation 4. We recommended that the Regional Office Director require that: (a) billing and purchase documentation is maintained, (b) monthly quality reviews are completed timely, (c) cardholders and the approving official sign and date monthly purchase card statements, (d) cardholders requiring warrants are properly trained and obtain adequate warrant levels, (e) initial and refresher purchase card training is documented for all cardholders and approving officials, and (f) VR&E personnel purchase computer equipment from sources that are most advantageous to the Government.

The Southern Area and Regional Office Directors agreed with the findings and recommendations. They established and filled a Lead Accountant position to ensure oversight of the accounting, operations, and finance responsibilities. Currently, the Lead Accountant maintains all billing and purchase documentation, ensures monthly reviews are completed timely, and conducts monthly audits to ensure all statements have been reconciled and certified. Management identified one cardholder who required a warrant and reduced his spending limit, pending the warrant and training. Management ensured the required refresher training was conducted for all cardholders, and agreed to ensure

VR&E personnel purchase computer equipment from the most advantageous sources. The improvement actions taken are acceptable, and we will follow up on the planned actions until they are completed.

Fiduciary and Field Examinations – Management Controls Needed To Be Strengthened

Condition Needing Improvement. Fiduciary accountings and bonding of fiduciaries needed improvement. The F&FE program is responsible for protecting the interests of minors and incompetent veterans through effective estate supervision. Overall, F&FE activities were adequate, but regional office management needed to follow up on delinquent fiduciary accountings and consider bonds for all fiduciaries of beneficiaries with estates totaling more than \$20,000.

Delinquent Fiduciary Accountings. VBA policy requires fiduciaries to submit periodic accountings listing beneficiaries' assets, income, and expenses. This policy further identifies specific actions that should be accomplished by F&FE staff to ensure delinquent accountings are completed. These actions include follow-up letters, telephone calls, personal contacts, or a request for a field examination to provide the fiduciary with information on VA requirements. If a fiduciary does not submit the accounting within 90 days after the end of the accounting period, the case should be referred to a field examiner, the OIG, or the VA Regional Counsel. The "Fiduciary-Beneficiary System Accountings Due Report" for February 2005 listed 101 accountings due. The report identified 33 of the 101 accountings as delinquent for 90 days or more, including 12 accountings that were due in calendar year 2003. We reviewed the Principal Guardianship Folders (PGFs) for the 12 cases and determined that follow-up actions were not completed as required.

Bonding Requirements. F&FE staff needed to ensure that fiduciaries were adequately bonded to protect the interests of beneficiaries. VA policy requires that surety bonds be considered for fiduciaries of all beneficiaries with estates totaling more than \$20,000. If F&FE staff decide that a bond is not needed, the basis for the decision must be documented in the PGF.

We reviewed a judgment sample of five PGFs for beneficiaries with estates over \$20,000 and found that the fiduciaries of two beneficiaries were not sufficiently bonded or considered for bonding.

- In one case, F&FE staff identified the need for an increase in the bond amount from \$90,000 to \$150,000. They sent a letter to the fiduciary requesting the appropriate increase. The "Estate Summary" form in the PGF was updated, indicating that the bond amount had been increased to \$115,000. However, the PGF did not contain a copy of the bond or an explanation of why the bond was not increased to \$150,000. The F&FE manager agreed this had not been monitored appropriately.

- In the other case, a veteran's estate exceeded \$1 million. His previous fiduciary (the veteran's father) was bonded for \$500,000. When a successor fiduciary was selected, the field examiner did not document that he considered bonding.

F&FE staff reported they have had difficulty finding local companies that will provide individual surety bonds. They will request guidance from VA Central Office on other options that may be available.

Recommendation 5. We recommended that the Regional Office Director: (a) require F&FE staff to follow up on delinquent fiduciary accountings and, when required, refer the delinquent accountings to field examiners, the OIG, or the VA Regional Counsel; (b) provide F&FE staff refresher training on bonding requirements; and (c) direct F&FE staff to obtain bonds or document reasons for not obtaining bonds in the two cases identified in our review.

The Southern Area and Regional Office Directors agreed with the findings and recommendations. They took action to follow up on the delinquent accounts we noted, scheduled training on bonding for the F&FE staff, and documented why they were unable to obtain bonds for the two cases we identified. The improvement actions taken are acceptable, and we will follow up on the planned actions until they are completed.

Systematic Analyses of Operations – Analyses Should Be Conducted for All Critical Program Areas

Condition Needing Improvement. Regional office management did not conduct SAOs of some critical program areas. SAOs are management assessments used to improve quality, timeliness, and efficiency of operations. VBA policy requires that SAOs be conducted annually, biannually, or biennially to assess 11 critical areas in C&P and 12 critical areas in Support Services.

C&P. As of April 5, 2005, the regional office had not conducted SAOs for 6 of the 11 critical areas in C&P that were required annually. In two critical areas, fiduciary program management and division management, there was no documentation that SAOs were ever conducted. The remaining four critical areas were last reviewed in 2001 (one area) and 2003 (three areas).

Support Services. As of April 5, 2005, the regional office had not conducted SAOs for 9 of the 12 critical areas in Support Services. In two critical areas, space management and directives and forms management and reproduction, there was no documentation that SAOs were ever conducted. The remaining seven critical areas were last reviewed in 2002 (two areas) and 2003 (five areas), and all seven SAOs were delinquent.

Regional office staff were aware that the SAOs had not been conducted. The office had a large turnover in staff a year earlier and was not able to conduct all of the scheduled SAOs. The staff has now scheduled the SAOs for 2005.

Recommendation 6. We recommended that the Regional Office Director require that the SAOs be conducted as scheduled for all critical areas in accordance with VBA policy.

The Southern Area and Regional Office Directors agreed with the finding and recommendation. They established procedures for FY 2005 to ensure that all SAOs are completed as scheduled. A management analyst will follow up to ensure timely completion of the SAOs. The improvement action taken is acceptable, and we will follow up on the planned action until it is completed.

Southern Area Director's Comments

**Department of
Veterans Affairs**

Memorandum

Date: August 3, 2005
From: Southern Area Director
Subject: **Combined Assessment Program Review of the VA
Regional Office Washington, DC**
To: Director, Kansas City Audit Operations Division

We have reviewed the Combined Assessment Program (CAP) Review report as well as the Washington response to the six recommendations listed in the report. This office concurs with both the findings of the CAP Review as well as Washington's responses to each of the recommendations.

Enclosed you will find our specific comments regarding Washington's response to each of the findings.

Our thanks go to your audit team who provided a thorough review of operations in Washington and specific recommendations to better meet the needs of both veterans and stakeholders in the District of Columbia.

(original signed by:)

MIKE DUSENBERY

Regional Office Director's Comments

**Department of
Veterans Affairs**

Memorandum

Date: August 1, 2005
From: Regional Office Director
Subject: **Combined Assessment Program Review of the VA
Regional Office Washington, DC**
To: Director, Kansas City Audit Operations Division

I concur with all the recommendations. The appropriate actions have been or will be completed as indicated. I appreciate the efforts of the OIG for this site visit.

(original signed by:)

JUDY REYES-MAGGIO

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

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

OIG Recommendations

Recommendation 1. We recommended the Regional Office Director take action to: (a) reduce benefits for the veterans identified by our review and initiate collection actions where necessary, (b) provide refresher training for VSC personnel at least annually concerning prompt reductions of C&P payments to hospitalized veterans, and (c) contact the VA Medical Center Washington Director and request refresher training for medical center personnel at least annually concerning appropriate recording of veterans' hospitalizations.

Concur **Target Completion Date:** July 18, 2005

(a) All reductions have been completed on cases requiring reductions.

(b) Refresher training was given to the Veterans Service Representatives (VSRs) on July 18, 2005, emphasizing the importance of reviewing medical information in claims folders with Compensation and Pension Records Interchange (CAPRI) data to identify situations that may require hospital adjustments.

(c) The Veterans Service Center Manager has scheduled a meeting on September 16, 2005, with VA medical center Washington staff to discuss the appropriate reporting of hospitalizations.

Recommendation 2. We recommended that the Regional Office Director coordinate with the PMC Director at VA Regional Office Philadelphia to (a) adjust benefits for the 15 veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

Concur **Target Completion Date:** April 14, 2005

(a) Since the 15 cases are not in the jurisdiction of VA Regional Office Washington, we cannot adjust the benefits. However, the PMC Director in Philadelphia has been notified. In addition, since November 1, 2004, all pension reports have been faxed to the PMC on a monthly basis. This procedure was reinforced again with the assigned VSRs on April 14, 2005. In addition, the VSRs were asked to obtain a transmission report to place in the file to ensure that the PMC's designated contact point received the report.

(b) We have spoken to and E-mailed a copy of your report to the PMC Director concerning refresher training for their employees.

Recommendation 3. We recommended that the Regional Office Director coordinate with the Regional Office Directors at Baltimore, Nashville, Philadelphia, and Roanoke to (a) adjust benefits for the 30 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.

Concur **Target Completion Date:** March 23, 2005

(a) On March 23, 2005, we notified the above mentioned regional offices (via E-mail) with a list of cases that may require reductions. We will notify the appropriate station of any possible reductions for all future cases that require a reduction.

(b) We have spoken to and E-mailed a copy of your report to the Regional Offices concerning refresher training for VSC personnel.

Recommendation 4. We recommended that the Regional Office Director require that: (a) billing and purchase documentation is maintained, (b) monthly quality reviews are completed timely, (c) cardholders and the approving official sign and date monthly purchase card statements, (d) cardholders requiring warrants are properly trained and obtain adequate warrant levels, (e) initial and refresher purchase card training is properly documented for all cardholders and approving officials, and (f) VR&E personnel purchase computer equipment from sources that are most advantageous to the Government.

Concur **Target Completion Date:** September 2005

(a) In April 2004, we identified that we had a problem in this area. For this reason, we established a Lead Accountant position in order to ensure oversight over the accounting, operations, and finance responsibilities. Currently, all billing and purchase documentation is being maintained by the Lead Accountant who does a very good job of enforcing the rules and regulations.

(b) The Lead Accountant enforces the monthly reviews to ensure that they are conducted in a timely manner. She follows up until they are completed.

(c) Procedures have been put in place to ensure that all purchase cardholders reconcile payment charges within 30 days of the initial purchase. Monthly audits are conducted by the Lead Accountant to ensure that purchase cardholders have reconciled and certified all payments.

(d) We had one cardholder that required a warrant. Until he receives training, his spending limit has been reduced to \$2,500 pending the warrant.

(e) As of August 1, 2005, all purchase cardholders have received the required refresher training on the use of purchase cards.

(f) VR&E personnel will purchase computer equipment from sources that are most advantageous to the Government, if the sources/vendors are approved by VBA policy.

Recommendation 5. We recommended that the Regional Office Director: (a) require F&FE staff to follow up on delinquent fiduciary accountings and, when required, refer the delinquent accountings to field examiners, the OIG, or the VA Regional Counsel; (b) provide F&FE staff refresher training on bonding requirements; and (c) direct F&FE staff to obtain bonds or document reasons for not obtaining bonds in the two cases identified in our review.

Concur **Target Completion Date:** August 10, 2005

(a) Action was taken to follow up on the delinquent accounts noted by the OIG. We are awaiting responses from regional counsel and the court to finalize these cases.

(b) Training on bonding for the F&FE staff is scheduled for August 10, 2005.

(c) F&FE staff have documented in the file why they were unable to get bonds for the two cases identified in the OIG review.

Recommendation 6. We recommended that the Regional Office Director require that the SAOs be conducted as scheduled for all critical areas in accordance with VBA policy.

Concur **Target Completion Date:** January 2005

During the past year, this office was realigned, and there was a significant buyout. Therefore, SAOs were not completed during FY 2004. Procedures are in place for FY 2005 to ensure that all SAOs are completed as scheduled. The management analyst follows up with division management to ensure that SAOs are completed timely.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1-3	Reduce payments to certain veterans who are hospitalized at Government expense for extended periods.	\$665,269
4	Consider alternate sources when purchasing computer equipment for VR&E beneficiaries.	86,352
	Total	\$751,621

OIG Contact and Staff Acknowledgments

OIG Contact	William H. Withrow, Director, Kansas City Audit Operations Division (816) 426-7100
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Acknowledgments	Dennis A. Capps
	Patricia A. Hudon
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Appendix E

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.