

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Health Administration

*Audit of the
Supportive Services for
Veteran Families Program*

March 31, 2014
13-01959-109

ACRONYMS AND ABBREVIATIONS

AMI	Area Median Income
DD 214	Certificate of Release or Discharge from Active Duty
FSC	Financial Service Center
FY	Fiscal Year
OIG	Office of Inspector General
SSVF	Supportive Services for Veteran Families
VA	Veterans Affairs
VHA	Veterans Health Administration

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Report Highlights: Audit of VHA's Supportive Services for Veteran Families Program

Why We Did This Audit

In December 2010, VA established the Supportive Services for Veteran Families (SSVF) program to rapidly re-house homeless veteran families and prevent homelessness for those at imminent risk due to a housing crisis. For fiscal years (FYs) 2012 and 2013, the Veterans Health Administration (VHA) awarded about \$60 million and \$100 million in SSVF grants, respectively, and has increased awards to nearly \$300 million for FY 2014. Based on an FY 2013 request of the House Committee on Veterans' Affairs Subcommittee on Health, we conducted this audit to determine if the VHA's SSVF program grantees appropriately expended program funds.

What We Found

VHA's SSVF program has adequate financial controls in place that are working as intended to provide reasonable assurance that funds are appropriately expended by grantees. We determined program staff were reviewing grantee timecards, invoices for temporary financial assistance, subcontractor costs, and they conducted annual inspections. However, SSVF program officials can improve controls to ensure only eligible veterans and their family members participate in the program. We found three of five grantees used outdated area median income (AMI) limits to determine eligibility. In addition, four of five grantees did not verify veterans' discharge status with the required "Certificate of Release or Discharge from

Active Duty" (DD 214). Some grantees did not always follow up to ensure receipt of the required DD 214 when an interim eligibility document was used to avoid delaying program participation.

This occurred because some grantees were not aware when new AMI limits were published. As a result, VHA risks providing SSVF services to ineligible veterans or excluding eligible veterans from the program.

What We Recommended

We recommended the Under Secretary for Health ensure SSVF program management implements a mechanism to inform grantees when the most current AMI limits are published and ensure grantees comply with eligibility documentation requirements.

Agency Comments

The Under Secretary for Health concurred with our recommendations and provided an appropriate action plan. We consider the SSVF program actions sufficient and closed the recommendations as completed.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

- Objective** We conducted this audit to determine if the Veterans Health Administration's (VHA) Supportive Services for Veteran Families (SSVF) program grantees appropriately expended program funds.
- SSVF Program** In December 2010, VA established the SSVF program. Under the program, VA awards grants to private nonprofit organizations and consumer cooperatives that can provide a range of supportive services to eligible very low-income veteran families. Supportive services include outreach, case management, and assistance in obtaining VA benefits and coordinating other public benefits available in the grantee's area or community. The program is designed to rapidly re-house homeless veteran families and prevent homelessness for those at imminent risk due to a housing crisis. SSVF grantees can make temporary financial assistance payments on behalf of veterans to third-party providers to cover rent, utilities, security deposits, moving, transportation, child care, and emergency supplies.
- Eligibility** Program participants must be either a veteran or a member of a family in which the head of household (or the spouse of the head of household) is a veteran. A veteran's household income cannot exceed 50 percent of the area median income (AMI). The Department of Housing and Urban Development updates AMI annually based upon income data for the state or local jurisdiction in which a household resides.
- Program Funding** For fiscal year (FY) 2012, VA awarded 85 grants totaling about \$60 million and 151 grants totaling approximately \$100 million for FY 2013. VA awarded 319 grants totaling nearly \$300 million for FY 2014.
- Organizational Structure** The SSVF program office is located in Philadelphia, PA, and is aligned under the VHA National Homelessness Program. The program is staffed with 14 full-time equivalent positions, including 9 regional coordinators who are responsible for providing oversight of grantees.
- Other Information** The following appendixes provide additional information.
- Appendix A provides background information.
 - Appendix B provides details on the audit's scope and methodology.
 - Appendix C provides the audit's statistical sampling methodology.

RESULTS AND RECOMMENDATIONS

Finding **VHA's Controls To Ensure Program Eligibility Need Strengthening**

VHA's SSVF program had adequate financial controls in place that were working as intended to ensure funds were appropriately expended by grantees. We determined program staff were reviewing grantee timecards, invoices for temporary financial assistance, and subcontractor costs on a recurring basis. Program staff also conducted annual inspections, reviewed independent audits, and followed up to ensure identified deficiencies were corrected.

SSVF program officials can improve controls to ensure only eligible veterans and their family members participate in the program. We reviewed 5 of 83 grantees that were renewed in FY 2013. We found 3 of 5 grantees used outdated AMI limits to determine the eligibility of 57 of 150 veteran families. In addition, 4 of 5 grantees did not verify 17 of 150 veterans' discharge status with the required "Certificate of Release or Discharge from Active Duty" (DD 214).

This occurred because some grantees were not aware when new AMI limits were published and did not always follow up to ensure receipt of the required DD 214 when an interim eligibility document was used to avoid delaying program participation. As a result, VHA risks providing SSVF services to ineligible veterans or excluding eligible veterans from the program.

***Annual
Inspections
and
Independent
Audits
Conducted***

After reviewing 30 case files from each of the 5 sampled grantees, we determined grantee files included sufficient documentation and regional coordinators provided necessary oversight. Timecards and payroll records showed direct labor costs were appropriately supported and charged to the grant. In addition, temporary financial assistance costs were allowable and documented in accordance with guidance. Subcontractor costs were adequately supported and were in accordance with the scope of work in the subcontractors' agreement. Lastly, regional coordinators were conducting required annual inspections and following up to ensure identified deficiencies were addressed in corrective action plans.

VA's Financial Service Center (FSC) performed independent audits of selected grantees. Grantees were selected for review based on the results of FSC's assessment of risk in coordination with the SSVF program office.

The objectives of the FSC audits were to determine if:

- Expenses charged to the grant were reasonable, allowable, and allocable.
- Expense thresholds and program cap requirements complied with program policy.
- Services were being provided in accordance with laws, rules, and regulations.

During FY 2013, FSC planned to conduct 17 (20 percent) of 85 audits from the FY 2012 grantees. In FY 2013, FSC completed 13 (76 percent) of 17 planned audits of grantees' financial and performance records. FSC audits determined that three were noncompliant with SSVF program requirements and therefore were not renewed for FY 2014.

One of the three grantees found to be noncompliant was selected in our initial audit sample. According to SSVF program office staff, the grantee was not renewed for FY 2014. FSC's audit found issues of noncompliance in case management, temporary financial assistance, and subcontractor management. Because the program control was working as intended and the grantee was not renewed, it was unnecessary to conduct a site visit. We determined five sites were sufficient to accomplish our objective and our early work in the SSVF program office determined oversight was adequate.

Single audits, mandated by the Office of Management and Budget Circular A-133 and the Single Audit Act, are required for grantees receiving Federal funds of \$500,000 or more. The audits are conducted by external auditors contracted by the grantees. According to SSVF program management, for FY 2012, external auditors completed 128 single audits of SSVF program grantees' financial records and determined 127 grantees complied with the requirements of Office of Management and Budget. For the noncompliant grantee, external auditors identified a material weakness in a grant it received from another source. The material weakness was not associated with the SSVF grant.

***Outdated
Income Limits
Used***

Grantees did not consistently use the most current AMI income limits published annually by the Department of Housing and Urban Development. We found 3 of 5 grantees used outdated AMI limits to determine 57 of 150 veterans' family eligibility. This occurred because grantees were not aware when the Department of Housing and Urban Development published new AMI limits.

The SSVF program requires grantees to obtain and apply the most current AMI limits based on the household size. The veteran's family gross annual income must be at or below 50 percent of the AMI limit. We reviewed 30 veteran families' case files for each grantee.

Table 1 shows the number of cases where the grantees determined eligibility based on outdated AMI.

Table 1. Eligibility Determinations

Grantee	Location	Cases Established Using Outdated AMI
Crisis Ministries	Charleston, SC	6
People Assisting the Homeless (PATH)	Los Angeles, CA	26
Volunteers of America of Massachusetts	Boston, MA	25
Total		57

Source: OIG analysis of grantee case files

We determined that each of the 57 veteran families would be eligible for SSVF services if the correct AMI limits were applied. However, VHA does incur risks of including ineligible veteran families or excluding eligible veteran families by using incorrect AMI information. The following example illustrates a grantee using incorrect AMI information to determine program eligibility.

Example

In September 2012, a grantee used the local FY 2011 50 percent AMI limit of \$33,750 to determine the eligibility of a veteran for SSVF services. However, the local FY 2012 AMI limit of \$34,250 should have been used. Although the grantee applied an incorrect AMI to determine program eligibility, we determined that the veteran was still eligible for SSVF services because the veteran's annual income of \$456 was less than the FY 2012 50 percent AMI of \$34,250.

Eligibility Verification Needs Improvement

At 4 of 5 of the grantees we visited, 17 (11 percent) of 150 case files did not include a copy of the required DD 214. Any discharge status, other than dishonorable, is necessary to be eligible for the SSVF program. The SSVF program requires a copy of the DD 214 to verify a veteran's discharge status for final program eligibility.

However, grantees may accept other documentation to determine interim eligibility until they receive the DD 214. Sixteen case files that did not have a copy of the required DD 214 included letters from the VA Regional Office, a VA medical identification card, or copy of hospital inquiry screen to determine interim eligibility. The remaining case file did not have a DD 214 or an interim document to determine eligibility. The grantee

removed the veteran from the program before receiving services because he did not return to provide a DD 214 or the required income information.

This occurred because the grantees did not always follow up to ensure receipt of the DD 214. As a result, this increases the risk that the various types of SSVF services may be provided to ineligible veterans.

Conclusion

As the SSVF program expands, VHA needs continued diligence to ensure veterans and families who are homeless or those at risk of homelessness are adequately served. We reviewed and observed adequate controls at the SSVF program office including annual inspections by the regional coordinators and independent audits by the FSC. However, VHA should ensure eligible SSVF veterans' families receive the needed services while strengthening controls to ensure grantees appropriately administer grants.

Recommendations

1. We recommended the Under Secretary for Health ensures the Supportive Services for Veteran Families program implements a mechanism to inform grantees when updated area median income limits are published.
2. We recommended the Under Secretary for Health ensures the Supportive Services for Veteran Families program grantees follow up to obtain the required Certificate of Release or Discharge from Active Duty (DD 214) when interim documents are used to determine program eligibility.

**VHA
Management
Comments**

The Under Secretary for Health concurred with our recommendations and the SSVF program has implemented corrective actions. The SSVF program will provide email notification to all grantees when AMI limits are published by the Department of Housing and Urban Development. In addition, the SSVF program issued updated guidance on December 19, 2013, instructing grantees on the SSVF eligibility requirements and conducted a national webinar for all SSVF grantees reviewing eligibility for services. The updated guidance detailed how grantees can ensure that veterans are eligible for services.

OIG Response

The actions implemented by the SSVF program were responsive to the intent of our recommendations. We consider the SSVF program actions sufficient and close the recommendations as completed. Appendix D contains the full text of the Under Secretary's comments.

Appendix A Background

Program Overview

Section 604 of the Veteran's Mental Health and Other Care Improvements Act of 2008 (Public Law 110-387) established the SSVF program. The program's purpose is to provide supportive services grants to private nonprofit organizations and consumer cooperatives that will coordinate or provide supportive services to very low-income veteran families. In December 2010, VA issued its first Notice of Fund Availability for SSVF program grants. The initial SSVF grant year term for providing supportive services to veterans and their families was October 1, 2011, through September 30, 2012.

Performance Outcomes

The SSVF program office reported and provided us with performance outcome data. According to the data, in FY 2012, a little over 21,000 households, comprising approximately 33,000 veterans and their family members, were served by the SSVF program. Of the households served, 71 percent were veterans without family members and 29 percent were veterans with family members. The data showed 64 percent of all households served were homeless and received rapid re-housing assistance to obtain and maintain housing. The remaining 36 percent of households were at-risk of homelessness and received homelessness prevention assistance. Eighty-six percent of the households served were placed in a stable housing environment at an average cost of approximately \$2,800 per household. The average length of time a veteran's family received services in the program was 93 days.

Notice of Fund Availability

When funds are available for supportive services grants, VA is required to publish a Notice of Fund Availability in the *Federal Register*. That notice must identify:

- The location for obtaining supportive services grant applications
- The date, time, and place for submitting completed supportive services grant applications
- The estimated amount and type of supportive services grant funding available
- Any priorities for or exclusions from funding to meet the statutory mandates of section 2044, title 38, United States Code and VA goals for the SSVF program
- The length of term for the supportive services grant award
- The minimum number of total points and points per category that an applicant or grantee, as applicable, must receive in order for a supportive services grant to be funded

- Any maximum uses of supportive services grant funds for specific supportive services
- The time frames and manner for payments under the supportive services grant
- Other information necessary for the supportive services grant application process as determined by VA

Appendix B Scope and Methodology

Audit Scope We conducted our audit work from July 2013 through February 2014. To accomplish our objective, we reviewed a statistical sample of FY 2012 grantees renewed in FY 2013 and a statistical sample of veteran families who received services from October 1, 2011, through March 31, 2013.

Methodology We reviewed applicable laws, regulations, policies, and guidelines and interviewed program office management, regional coordinators, and grantee representatives to obtain an understanding of SSVF program controls. To determine if SSVF funds were appropriately expended, we performed onsite analysis of the statistical sample of veterans' families' case files that included:

- Eligibility for services
- Temporary financial assistance payments
- Grantee labor in support of outreach, case management, and coordination of other services
- Grantee's subcontractor oversight, if applicable

Fraud Assessment The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. We included audit steps to identify potentially fraudulent activities. We developed specific audit steps to determine what management controls, if any, were in place to identify any potentially fraudulent transactions. During this audit, we exercised due diligence in staying alert to any fraud indicators and did not find any instances of fraud. In June 2013, the Office of Inspector General advised SSVF program management that it needed guidance pertaining to program fraud. As a result, the SSVF program introduced a fraud awareness program during its September 2013 grantee training conference.

Data Reliability We relied on computer-processed data that the SSVF program office provided to us, including data from the Department of Housing and Urban Development's Homeless Management Information System. The data we received from SSVF included a listing of all 83 grantees renewed for FY 2013 and a list of veteran participants sampled during our scope period. We assessed the reliability of the grantee listing by comparing SSVF's grantee list with VA's Office of Congressional and Legislative Affairs listing of grantees.

We assessed the reliability of the participant list by comparing 150 participant records with the veteran participant listing provided by the program office. Additional data reliability tests included steps to identify

duplicate entries and data outside of the scope period. Based on these tests, we concluded the data were sufficiently reliable to meet the audit's objective.

**Government
Standards**

Our assessment of internal controls focused on those controls relating to our audit objective. We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C Statistical Sampling Methodology

We verified that funds provided to eligible veterans' families were properly used and documented in case files and payments were in compliance with SSVF program monetary limits for each type of assistance.

Population

We identified the population of grantees for FYs 2012 and 2013 using Excel spreadsheets provided by SSVF program staff. The universe consisted of 83 grantees that were renewed by the SSVF program office for the second year of the grant program.

Sampling Design

We developed a two-stage simple random sample. Stage one was based on a systematic probability proportional to size sample approach for the selection of six grantees that the SSVF program office renewed during FY 2013, the second SSVF program year. We did not visit one of the grantees due to non-renewal of the grant for FY 2014. This grantee was subject to an FSC audit in FY 2013, which resulted in issues of noncompliance in the program. We determined five sites were sufficient to accomplish our objective because our early work in the SSVF program office determined oversight was adequate. The following table lists the grantees visited, grant amounts, and their locations.

Table 2. Selected Grantees

Grantee	FY 2012 Grant Amount	FY 2013 Grant Amount	Location
Crisis Ministries	\$1,000,000	\$1,000,000	Charleston, SC
People Assisting the Homeless (PATH)	\$947,000	\$1,000,000	Los Angeles, CA
Primavera Foundation	\$877,416	\$877,416	Tucson, AZ
The Advocate Program Veterans Link Up	\$986,369	\$999,965	Miami, FL
Volunteers of America of Massachusetts	\$1,000,000	\$1,000,000	Boston, MA

Source: OIG analysis of FY 2012 and FY 2013 grant awards

Stage two consisted of randomly selecting a sample of 30 veteran families from each of the five grantees that provided supportive services during the period October 1, 2011, through March 31, 2013.

Appendix D Under Secretary for Health Comments

Department of Veterans Affairs

Memorandum

Date: March 20, 2014
From: Under Secretary for Health (10)
Subj: Office of Inspector General, Draft Report, Veterans Health Administration
Audit of Supportive Services for Veteran Families Program (VAIQ 7453887)
To: VA Office of Inspector General - Audits and Evaluations

1. Thank you for providing me the opportunity to respond to the Audit of the Supportive Services for Veterans Families Program.
2. I have reviewed the draft report and concur with the report's recommendations. Attached are corrective action plans.
3. If you have any questions or need additional information, please contact Karen Rasmussen, Director, Management Review Service at (202) 461-6643, or by email at VHA10ARMRS2@va.gov.



Robert A. Petzel, M.D.

Attachment

**VETERANS HEALTH ADMINISTRATION (VHA)
Action Plan**

Office of Inspector General, Draft Report, Veterans Health Administration, Audit of Supportive Services for Veteran Families Program (Project Number 2013-01959-R4-0106)

Date of Draft Report: February 20, 2014

Recommendations/ Actions	Status	Completion Date
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Recommendation 1: We recommend the Under Secretary for Health ensures the Supportive Services for Veteran Families program implement a mechanism to inform grantees when updated area median income limits are published.

VHA Comments:

Concur

Supportive Services for Veteran Families (SSVF) will provide email notification to all grantees when area median income (AMI) limits are published by Department of Housing and Urban Development (HUD). In addition, SSVF will continue to provide guidance on how to find the current AMI in the SSVF Program Guide and through training provided by SSVF Regional Coordinators. On February 21, 2014 the SSVF program office issued HUD's AMI in an email sent to all grantees. The email stated the following.

"The FY 2014 Area Median Income (AMI) limits were published by HUD at the end of 2013. Grantees should confirm that the AMI limits that they are using are the most current limits. To do this, grantees can go to the HUD User Data Site at http://www.huduser.org/portal/datasets/il/il14/index_il2014.html. They can then click on the gray box for FY2014 Income Limit Documentation. They can select a state and a county and then click on the next screen button. This will take them to the limits at 30%, 50%, and 80% per number of people in the household. Grantees are reminded that in order to be eligible for SSVF, a Veteran family must have a gross annual income that is at or below 50% AMI (which is considered very low-income)."

Status: Complete

Completion date: February 21, 2014

Recommendation 2: We recommend the Under Secretary for Health ensures the Supportive Services for Veteran Families program grantees follow up to obtain

the required Certificate of Release or Discharge from Active Duty (DD 214) when interim documents are used to determine program eligibility.

VHA Comments:

Concur

SSVF issued updated guidance to the field on December 19, 2013, instructing grantees on the SSVF eligibility requirements. Additionally, on December 19, 2013, SSVF conducted a national webinar for all SSVF grantees reviewing eligibility for services. This guidance detailed how grantees can ensure that Veterans are eligible for services. The following guidance has been excerpted from the SSVF Program Guide.

“Veterans eligible for SSVF must also meet the requirements defined for VHA benefits, found at <http://www.va.gov/healthbenefits/resources/epublications.asp>.

To prove a participant's Veteran status, grantees should obtain a copy of the Veteran's Department of Defense (DD) Form 214 Certificate of Release or Discharge from Active Duty (see Section I.D. of Program Guide for definition of DD Form 214) and keep a copy of that form in the Veteran family's file. VA recommends one or more of the following may be used as verification of Veteran status in lieu of the DD214: a VA Medical Card, HINQ (see below), or proof from VBA of a VA service connected disability.

The Department of Veteran Affairs utilizes several methods of Veteran eligibility verification.

- a. The Health Eligibility Center (HEC) supports VA's health care delivery system by providing centralized eligibility verification and enrollment processing services.
- b. Hospital Inquiry System (HINQS) is used by VA Medical Centers to query VBA's compensation and pension BDN to secure information on C&P entitlements and eligibility.
- c. Veteran Information Solution (VIS) is a web-based application that provides a consolidated view of comprehensive eligibility and benefits utilization data from across VBA.

To request verification through an existing VIS or HINQS user, grantees can call a designated staff at the local VA medical center with VIS access. Some facilities work out a call process with the VHA registration staff. Grantees unfamiliar with either of these processes may contact their SSVF Regional Coordinator for assistance.”

In addition, grantees have been instructed that documents needed to confirm eligibility can also be obtained online through the following resources.

- E-benefits enrollment, <https://www.ebenefits.va.gov/ebenefits->
- Online application for VHA services, <https://www.1010ez.med.va.gov/sec/vha/1010ez>
- DD214 online, <http://www.archives.gov/veterans/military-service-records/>

VA will ensure compliance with this requirement through annual monitoring visits conducted by VA Regional Coordinators and contract staff as well as periodic audits conducted by the VA's Financial Services Center.

Status: Complete

Completion date: December 19, 2013

Appendix E Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Cherie Palmer, Director Larry Chinn Joseph DeAntonis Kevin Gibbons Lee Giesbrecht Theresa Golson David Lakoskey John Pawlik Nelvy Viguera Butler Herman Woo Ora Young
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Appendix F Report Distribution

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This report is available on our Web site at www.va.gov/oig.