



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

NATIONAL CEMETERY ADMINISTRATION

Veterans Cemetery Grants
Program Did Not Always
Award Grants to Cemeteries
Correctly and Hold States to
Standards

AUDIT

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Executive Summary

National Cemetery Administration (NCA) policy encourages state, tribal, and US territory governments to operate veterans cemeteries in areas where the most veterans would benefit.¹ To accomplish this goal, NCA offers grants to these cemeteries through the Veterans Cemetery Grants Program. The program helps provide final resting places for eligible veterans and family members where VA's national cemeteries cannot meet burial needs. Grants may be used to establish, expand, or improve veterans cemeteries to honor individuals who have served their nation.

The VA Office of Inspector General (OIG) conducted this audit to determine whether

- NCA's governance of the Veterans Cemetery Grants Program ensures cemetery grants are ranked by priority order as required by the Code of Federal Regulations (C.F.R.), and
- NCA's oversight of state, tribal, and US territorial cemetery grant recipients made certain that grant funds were used for their intended purpose and that cemeteries were maintained and operated in accordance with NCA standards.²

The audit team also assessed whether corrective actions were taken to resolve critical issues of noncompliance at the Hilo and Makawao cemeteries in Hawaii.

What the Audit Found

The audit team found the Veterans Cemetery Grants Program staff did not rank and award some cemetery grants in accordance with the regulations. After grants were awarded, the program generally ensured that cemeteries used grants for their intended purpose. However, NCA did not ensure cemeteries with grants met all NCA national shrine standards for installation of permanent markers, maintenance, and safety. The audit team observed noncompliance issues at eight state cemeteries, including critical issues at the Hilo and Makawao cemeteries in Hawaii. As a result, NCA lacks assurance that veterans and family members buried in state veterans cemeteries have been appropriately honored with timely and accurate grave markings, burial locations, and maintenance.

¹ 38 C.F.R. § 39.2. "State" means each of the states, territories, and possessions of the United States; the District of Columbia; and the Commonwealth of Puerto Rico.

² 38 C.F.R. § 39.3.

NCA Governance Did Not Ensure the Veterans Cemetery Grants Program Always Ranked and Awarded Grants in Accordance with Regulations

Veterans Cemetery Grants Program staff are responsible for evaluating prospective grants based on federal priority requirements in the C.F.R. and overseeing grant-funded projects to ensure funds are used for their intended purpose. The C.F.R. requires the program to assign potential projects to priority groups, rank projects within those groups for funding, and then award cemetery grants in group order, from priority 1 (highest) to priority 4 (lowest). Additional ranking is required within priority group 4.

Each priority group addresses different project types:

- **Priority 1:** expansion to allow burials to continue at cemeteries that would otherwise be full within four years
- **Priority 2:** new cemeteries
- **Priority 3:** expansion to allow burials to continue at cemeteries that would otherwise be full in more than four years
- **Priority 4:** improvements, including operations and maintenance, to help cemeteries achieve national shrine standards

Within these groups, the C.F.R. requires VA to prioritize projects in locations where the greatest number of veterans would benefit.

The audit team found that Veterans Cemetery Grants Program staff did not rank some cemetery grant proposals and award some cemetery grants according to C.F.R. requirements in fiscal years (FYs) 2020, 2019, and 2016. The team reviewed all 205 grant applications from FY 2016 through FY 2020 and determined that 22 grants were either not awarded according to rankings or not ranked during those years.

The OIG determined the causes that contributed to these errors included program staff not following the C.F.R. and a lack of written policies and procedures for ranking and awarding grants, such as a lack of policies for documenting the justifications for ranking prospective grantees. Without these policies and procedures, staff risk awarding grants to cemeteries that are less suited to receive them under C.F.R. requirements.

Grants Were Used for Their Intended Purpose, but NCA Needs to Ensure Cemeteries Receiving Grants Are Operated and Maintained to Standards

NCA staff generally provided sufficient oversight of state cemeteries to ensure that grant funds were used for their intended purpose. However, the OIG found that state cemeteries are not always maintained in accordance with NCA's national shrine standards.

The OIG team identified problems in three areas:

- **Permanent gravesite markers need to be installed within stated timelines.**³ At six of the nine cemeteries visited, the team observed 152 permanent gravesite markers that were not installed within the required 60 days.⁴ Some contractors provided headstones or niche covers that were damaged and needed to be reordered or did not provide them on time.⁵ NCA changed the headstone and niche contractor, a shift that a state cemetery director said negatively affected quality and timeliness.
- **Oversight of permanent gravesite marker inscription accuracy needs improvement.** The OIG team found that the majority of gravesite markers in its audit sample were accurately inscribed. However, the team observed that seven of the 637 gravesite markers sampled were inscribed with inaccurate date of birth, rank, or names. The OIG team attributed inscription errors to cemetery staff ordering or receiving gravesite markers with incorrect information because they did not resolve conflicting information from multiple sources.
- **Some gravesite markers were misaligned or in poor condition.** At seven of nine cemeteries, 168 of the 637 headstones or flat markers in the audit sample were not installed or maintained in accordance with NCA standards. In addition, the OIG team noted significant misalignments and staining of markers not in the sample, as well as metal items such as coins or tokens that were not removed when required.

The OIG identified an oversight weakness contributing to the problems of contractor quality and timeliness deficiencies. In addition, deficiencies occurred because NCA did not ensure staff from all cemeteries were provided remote training options to uphold NCA standards, did not require cemeteries to do annual reporting, and could not alter a funding cap on priority 4 projects.

³ "Gravesite markers" refers to headstones, flat markers, and niches.

⁴ The total of 152 gravesite markers consists of two gravesite markers in the team's sample and 150 outside the sample.

⁵ Niche covers are made of granite or marble and are normally used to mark placement of cremated remains in columbaria. A columbarium is an above-grade structure designed for the interment of cremated remains in a niche in a columbarium unit or structure.

Veterans Cemetery Grants Program management has not provided remote training opportunities to state cemetery managers and staff on how to maintain a cemetery to NCA standards. Although NCA offers free training in St. Louis, Missouri, most cemetery managers and staff interviewed by the team had never attended due to the limited state funding for travel. As of March 2021, travel costs for training are available as part of the grant program.⁶ NCA has not developed online training or instructional videos to address the inability of many managers and staff to attend live training.

NCA staff conduct reviews approximately every three-and-a-half years at cemeteries that received grants to determine whether they complied with standards, but NCA has not implemented additional controls such as requiring cemeteries to submit annual self-assessments. NCA encourages state and tribal cemeteries to complete annual self-assessments, but they are optional.

Finally, limited funds are available for priority 4 grants due to competition from higher-priority projects and the existence of an annual \$5 million cap on operations and maintenance projects. This cap was increased to \$10 million in March 2021.⁷ From FYs 2016 through 2020, 22 state cemeteries applied for 35 priority 4 grants totaling approximately \$35.7 million for projects that had matching funds and legislation. This included 20 operations and maintenance projects. However, only 14 of the 35 priority 4 projects totaling approximately \$14.7 million were funded, including eight operations and maintenance projects totaling approximately \$12.6 million.

NCA Did Not Ensure that Operations and Maintenance of Hawaiian Cemeteries Met Standards

The OIG's sample of nine cemeteries included Hilo and Makawao in Hawaii, where the team identified critical deficiencies including a lack of permanent or properly installed grave markers, inaccurate and missing maps of graves, no process for tagging caskets and urns, and inconsistent safety standards.

Although NCA staff identified deficiencies at these two sites in 2015 and 2016, NCA's Improvement and Compliance Service officials did not sufficiently follow up with cemetery managers to ensure completed action plans were submitted. In addition, Veterans Cemetery Grants Program staff did not impose additional conditions or take actions listed in the C.F.R., such as increasing monitoring or temporarily withholding payment of grant funds pending

⁶ NCA Notice 2021-02, *Public Law 116-315 The Veterans Health Care and Benefits Improvement Act Of 2020*, March 24, 2021. Section 2208 allows Veterans Cemetery Grants Program funds to be used for travel and training of employees of Veterans Cemetery Grants Program state and tribal veterans cemeteries.

⁷ NCA Notice 2021-02. Section 2206 increased the annual statutory limit on operations and maintenance grants that VA may award to Veterans Cemetery Grant Program state, county, and tribal veterans cemeteries.

correction of deficiencies. Instead, program staff awarded a priority 4 improvement grant to Hilo in August 2017 and an operations and maintenance grant to Makawao in September 2017.

What the OIG Recommended

The OIG made 11 recommendations to the under secretary for memorial affairs. Foremost among them was to develop controls to ensure prioritizing and awarding state cemetery grants in accordance with the C.F.R. To that end, the OIG recommended NCA develop and implement written policies and procedures for ranking potential projects for grant awards. The OIG also recommended NCA continue to seek an increase in cemetery grant funding in excess of \$45 million.

The OIG recommended NCA evaluate current national headstone and niche cover contracts for appropriate penalties and clauses for timeliness and quality issues and enforce and amend those contracts as necessary. For cemetery compliance, NCA should implement additional controls such as requiring cemeteries to submit performance assessments annually and providing remote training options for cemetery managers and staff.

Finally, to correct long-standing problems, the OIG recommended NCA work with the State of Hawaii Office of Veterans' Services to assess all eight Hawaii state veterans cemeteries. The assessment should include organizational oversight and operations, staffing needs, gravesite marker accuracy, and grounds conditions.

Management Comments

The acting under secretary for memorial affairs concurred with seven of the 11 recommendations and concurred in principle with the other four recommendations.

NCA's concurrences and responses indicate its officials will create standard operating procedures to ensure grants are awarded in accordance with the priorities found in the C.F.R. The officials are in the process of making virtual training videos and have developed remote training and offered regional training.

NCA will (1) provide an assessment to the State of Hawaii Office of Veterans' Services for Hawaii's current action plans and work with that office to conduct an assessment of all Hawaii state veterans cemeteries, (2) contact cemeteries with outstanding corrective action plans monthly to obtain status updates on deficiencies, and (3) use current accountability measures in the C.F.R. as appropriate. NCA is also considering enhanced accountability measures as part of a reassessment of the regulations for this program.

NCA's concurrences in principle and responses indicated its officials will explore options for assessing inscription accuracy on older gravesites. NCA has implemented levels of importance to standards and measures used for compliance reviews. In addition, it will encourage voluntary self-assessments, discuss them with cemetery leadership, and revise the required annual state

cemetery data form to report voluntary completion of self-assessments. Lastly, NCA will continue to seek federal funds to adequately address Veterans Cemetery Grant Program requirements and continue to ensure budget requests are well justified.

OIG Response

Acceptable action plans were provided for all recommendations. NCA provided acceptable alternative procedures and planned assessments for those recommendations with concurrences in principle. The OIG will monitor NCA's progress and follow up on implementation of the recommendations until all proposed actions are completed.



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Abbreviations

BOSS	Burial Operations Support System
C.F.R.	Code of Federal Regulations
FY	fiscal year
NCA	National Cemetery Administration
OIG	Office of Inspector General



Introduction

The National Cemetery Administration's (NCA) goal is to ensure that veterans and eligible family members have the opportunity for burial in national, state, tribal, and US territory veterans cemeteries. NCA provided just over 92 percent of veterans and their families burial access within 75 miles of their residence in fiscal year (FY) 2019, slightly short of the strategic goal of 95 percent.⁸

To reach this goal, NCA encourages state, tribal, and US territory governments to operate veterans cemeteries and offers them grants through the Veterans Cemetery Grants Program. The program helps provide final resting places for eligible veterans and family members where VA's national cemeteries cannot meet burial needs.

The VA Office of Inspector General (OIG) conducted this audit to determine whether NCA's governance of the Veterans Cemetery Grants Program ensured cemetery grants were ranked in priority order as required by the Code of Federal Regulations (C.F.R.).⁹ In addition, the OIG assessed whether (1) NCA's oversight of state, tribal, and US territorial cemeteries that received grants ensured that grant funds were used for their intended purpose and (2) cemeteries were maintained and operated in accordance with NCA's *National Shrine Commitment Operational Standards and Measures* (national shrine standards).¹⁰

Veterans Cemetery Grants Program

Program grants cover up to 100 percent of the cost of development associated with establishing, expanding, and improving state, tribal, and US territory veterans cemeteries, as well as the cost of initial operating equipment.¹¹ Cemeteries that receive grants are to be maintained according to NCA's national shrine standards.

The program is responsible for overseeing projects to ensure funds are used for their intended purpose. It is required to rank and award grants according to priority groups, from priority 1 (highest) to 4 (lowest), and to use additional ranking factors within priority group 4:

- Priority group 1 includes projects to expand cemeteries that would otherwise lack gravesites within four years of the date of the grant preapplication.¹² Within priority

⁸ NCA, *Benefits and Burial Programs and Departmental Administration, Congressional Submission, FY 2021*, February 2020.

⁹ 38 C.F.R. § 39.3.

¹⁰ NCA, *National Shrine Commitment Operational Standards and Measures*, ver. 5.1, July 2014.

¹¹ 38 C.F.R. § 39.1 and 39.2. "State" means each of the states, territories, and possessions of the United States; the District of Columbia; and the Commonwealth of Puerto Rico.

¹² Preapplication is the first step for obtaining a grant. The preapplication is submitted and then ranked by the Veterans Cemetery Grants Program before a funding decision is made.

group 1, at VA's discretion, higher priority may be given to a project that must be funded that fiscal year to avoid disruption in burial services.

- Priority group 2 includes projects for establishing new veterans cemeteries.
- Priority group 3 includes expansion projects at existing veterans cemeteries that do not expect to run out of burial space within four years of the date of the grant preapplication.
- Priority group 4 includes improvement projects for cemetery landscaping or infrastructure, such as building expansion and upgrades to roads and irrigation systems, that are not directly related to the development of new gravesites. Operations and maintenance projects that address NCA's national shrine standards of appearance are included in this group.¹³

The highest precedence within priority groups 1, 2, and 3 is for projects in geographical locations where the greatest number of veterans will benefit from the project, as determined by VA. This prioritization system, based on veteran population data, helps VA maintain and improve burial access for veterans and their eligible family members.

Compliance Reviews

The C.F.R. requires cemeteries that receive grants to maintain grounds and buildings in reasonable repair to meet NCA national shrine standards of appearance and to be open to the public at reasonable hours.¹⁴

The national shrine standards require that

- veterans and family members be buried accurately in final resting places,
- gravesites have permanent markers within 60 days of interment,¹⁵
- cemeteries maintain a current gravesite layout plan,
- caskets and urns be tagged for identification purposes to ensure accurate burials,
- cemetery grounds be well-maintained and aesthetically pleasing, and

¹³ 38 C.F.R. § 39.3. Within priority group 4, projects are ranked in priority order based on VA's determination of the relative importance of proposed improvements and the degree to which proposed operation and maintenance projects achieve NCA national shrine standards of appearance.

¹⁴ 38 C.F.R. § 39.121.

¹⁵ NCA, *National Shrine Commitment Operational Standards and Measures*, ver. 5.1, July 2014. Standard 3, "Installing a Headstone, Marker, or Niche Cover," and Standard 3.1, "Headstones, markers and niche covers are set in a timely manner after receipt." Measure 3.1a. "Gravesite markers" refers to headstones, flat markers, and niches. Niche covers are made of granite or marble and are normally used to mark placement of cremated remains in columbaria.

- cemetery grounds be safe for visitors and staff.

To determine whether program grant recipients meet these standards, NCA's Improvement and Compliance Service conducts compliance reviews. These occur approximately every three-and-a-half years, according to an Improvement and Compliance Service official. These reviews monitor progress toward achieving NCA national shrine standards and measures in key operational areas of interments, ground maintenance, headstone/marker operations, equipment maintenance, and facility maintenance and safety. Reviewers conduct physical observations and assess internal practices, policies, and procedures. They also review a sample of 100 gravesites to determine whether actual locations match the gravesite layout plans and check an additional 10 gravesites to ensure the inscriptions match the burial records.

The Improvement and Compliance Service provides the results of its reviews to the Veterans Cemetery Grants Program. If a state, tribal organization, or territory does not comply with requirements, VA may temporarily withhold cash payments on any grant project until requirements are met.¹⁶ In addition, VA can withhold further federal grant awards after imposing additional conditions, such as increased project monitoring during ongoing grant projects.

The Veterans Cemetery Grants Program was aligned under the under secretary for memorial affairs. In April 2020, it was placed under the Office of the Deputy Under Secretary for Field Programs and Cemetery Operations, as shown in the organization chart in figure 1.

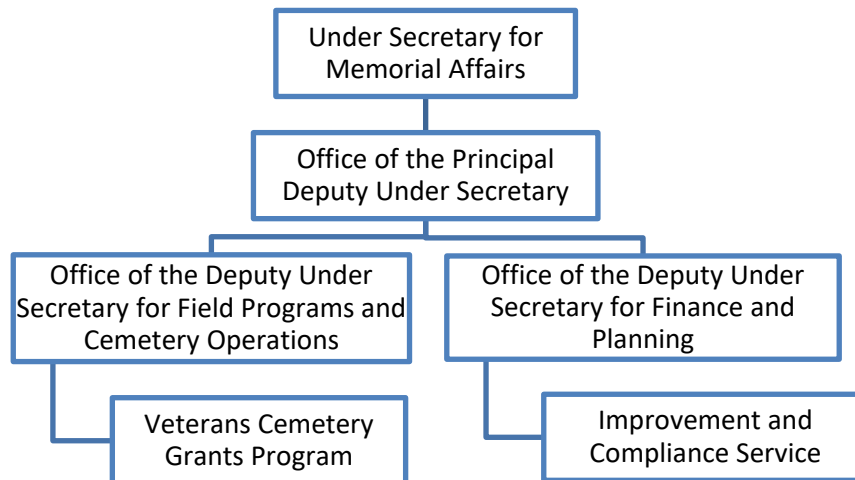


Figure 1. Organizational chart that shows the oversight structure for the Veterans Cemetery Grants Program.

Source: National Cemetery Administrations Organizational Chart, accessed November 17, 2020, https://vaww.nca.va.gov/images/NCA_Org_Chart_2020-07.jpg. (This is an internal VA website not publicly accessible.)

¹⁶ 38 C.F.R. § 39.121; 2 C.F.R. § 200.338.

Results and Recommendations

Finding 1: NCA Governance Did Not Ensure Veterans Cemetery Grants Program Always Ranked and Awarded Grants According to Regulations

Veterans Cemetery Grants Program staff did not rank some cemetery grant proposals and did not award some cemetery grants according to C.F.R. requirements. Prioritizing grants in accordance with the C.F.R. helps ensure cemeteries meet short- and long-term burial needs and address needed improvements and maintenance to achieve national shrine standards. The degree to which proposed operations and maintenance projects help cemeteries achieve standards is a ranking factor in determining priority 4 awards.

The OIG team reviewed all 205 grant applications from FY 2016 through FY 2020 and determined that 22 grant applications were either not awarded according to rankings or not ranked. These errors occurred in three of the five grant years reviewed. The team did not identify any unusual trends, such as some states receiving significantly more grants than others, or any issues in FY 2017 and FY 2018.

The OIG determined the program's lack of written policies and procedures did not ensure the C.F.R. was consistently followed for ranking and awarding grants, and the lack of written policies and procedures also meant there were no written justifications for ranking prospective grantees. If the program does not implement written policies and procedures to ensure compliance with C.F.R. requirements, prospective grantees will still be at risk of not receiving awards to which they were entitled, and less deserving grantees may receive awards.

What the OIG Did

The OIG team assessed whether and how all 205 proposed grant projects were ranked for FYs 2016 through 2020 to determine if they were awarded in accordance with C.F.R. requirements. The team reviewed Veterans Cemetery Grants Program practices for ranking and awarding grants during those fiscal years, reviewed justifications for priority group designations, and determined if awards were made in accordance with ranking requirements. The team's efforts included a targeted assessment of burial depletion data supporting expansion projects. Expansion projects have a higher risk of incorrect ranking because they are based on exhaustion of existing gravesites expected to occur within or over four years for priority 1 and 3 projects, respectively. If the expectations are not correct, the priority rankings may not be correct. The OIG team also evaluated ranking within priority group 4 to ensure there were adequate justifications for awarding improvement projects and operations and maintenance projects. Lastly, the team was alert to any unusual trends, such as states receiving significantly more grants than others without justification.

FY 2020—Program Staff Incorrectly Ranked and Awarded Grants for a Lower-Priority Proposed Operations and Maintenance Project Before an Expansion Project

Of the 17 grants Veterans Cemetery Grants Program staff awarded in FY 2020, valued in total at over \$47 million, a lower-priority grant was incorrectly awarded. Specifically, a \$580,000 grant for a priority 4 operations and maintenance project at the Quincy, Illinois, cemetery was awarded instead of a \$350,000 grant for a priority 1 expansion project at that same cemetery. The program director stated that “it was in the best interest to have the operations and maintenance grant (priority 4 grant) complete due to the dire straits of the cemetery prior to doing the expansion.” However, the regulations do not allow for this discretion when ranking and awarding these grants.¹⁷ After the OIG team informed the director of the error, program staff used remaining grant funds and awarded the \$350,000 grant in October 2019. The director explained that any remaining grant funds included carryover funds from other projects deferred for various reasons, such as bid delays, and from project closures.

FY 2019—Five Additional Grants Should Have Been Awarded Based on Available Funding

Veterans Cemetery Grants Program staff awarded 16 grants in FY 2019. Those 16 grants awarded included one grant that only should have been awarded if a higher-priority grant had been awarded before it. In addition, four other grants should have been awarded because the program still had \$4.4 million in available funding.

Specifically, the program director incorrectly awarded a \$300,000 grant for a priority 4 operations and maintenance project in Madison, Indiana, instead of awarding a priority 3 expansion grant in Keithville, Louisiana. Available funding would have been sufficient to award the Madison project and four other priority 4 projects if staff had awarded the Keithville project first. The projects that should have been awarded in FY 2019 with the Madison project are summarized in table 1.

¹⁷ 38 C.F.R. § 39.3(a). None of the language in the C.F.R. provides discretion to the program director to deviate from the prioritization requirements. Rather, the regulation explicitly details the prioritization system, with priority group 1 having the highest priority and priority group 4 having the lowest priority.

Table 1. Grants Not Awarded, FY 2019

Cemetery	Project amount (dollars)	Priority group	Project type
Keithville, LA	2,199,000	3	Expansion
Knoxville, TN*	439,000	4	Operations and maintenance
Corpus Christi, TX	715,000	4	Improvement
Corpus Christi, TX	299,000	4	Improvement
Corpus Christi, TX	575,000	4	Operations and maintenance
Total	4,227,000		

Source: VA OIG analysis of Veterans Cemetery Grants Program priority lists and operation plans.

* The Veterans Cemetery Grants Program ranked this project higher based on the degree to which it would help the cemetery achieve national shrine standards.

Priority 3 Projects

A priority 3 grant project from Keithville, Louisiana, was not awarded for \$2.2 million even though \$4.4 million in funding was available. The Veterans Cemetery Grants Program director stated:

My interpretation of the CFR (39.3(c)), is that I have the discretion to determine a PG-3 [priority 3 project] is not “Ready for Funding” if non-funding of the PG-3 will not create a risk of depletion. I can move the PG-3 to the next year and re-evaluate – bypassing the project. Instead of expanding a cemetery prematurely (not ready for funding), constrained resources can possibly be used to help maintain another Veteran cemetery as a national shrine – by funding a PG-4 [priority 4 project].¹⁸

However, the C.F.R. does not provide that discretion. According to the C.F.R. requirements, priority group 3 expansion projects should be funded regardless of depletion timeframes, and priority 4 projects may not be funded before a priority 3 project that is ready for funding.¹⁹

The program director also said he has the ability to defer priority 3 projects to the following fiscal year and reevaluate them as part of ranking and awarding during the next fiscal year. However, grants for projects that are ready to be funded should be awarded if funding is

¹⁸ 38 C.F.R. § 39.3(c). Grantees must certify that they are ready for funding, which requires them to have the authority to support the project and the resources necessary to initially fund the architectural and engineering portion of the project.

¹⁹ 38 C.F.R. § 39.3(c).

available.²⁰ The program director classified the Keithville project as priority 3 on the FY 2019 priority list, and the project had state legislative commitments and state matching funds, demonstrating the state's readiness to start the project.

The OIG team attributed the causes for these incorrect awards to a lack of policies and procedures for ranking and awarding prospective grants, as well as inconsistent practices.

Priority 4 Projects

The OIG team determined that four additional projects should have been awarded—a priority 4 operations and maintenance project of \$439,000 in Knoxville, Tennessee, and three additional priority 4 operations and maintenance projects for Texas totaling just under \$1.6 million. The Knoxville project was ranked just after the Madison priority 4 project, which was awarded, and additional funds were available to award the Knoxville and Texas grants but were not used. The acting Veterans Cemetery Grants Program director, serving in this capacity from March to July 2020, explained staff did not award the Knoxville project because the cemetery was closed to new interments, making the project a lower priority in his opinion. However, a cemetery's status as open or closed to new interments is not a consideration for ranking projects within priority group 4 based on the C.F.R.

The Veterans Cemetery Grants Program director explained he made the decision to fund the Madison priority 4 project to make a positive impact on the cemetery's appearance and he did not fund the three priority 4 projects in Texas because they were ranked lower than the Madison project. In addition, the acting program director explained that the priority 4 Texas projects were not selected because that state was not ready to proceed with them, even though NCA had available funds. The team contacted the deputy director of Texas State Veterans Cemeteries on April 15, 2020, and he said the state was ready to proceed. He said he would have been prepared to accept any of the grants on the list if offered funding.

FY 2016—Staff Did Not Fully Rank Grants for Improvement and for Operations and Maintenance Projects

In addition to assigning projects to priority groups, the C.F.R. requires additional ranking within priority group 4. Priority 4 projects are to be ranked “in priority order based upon VA’s determination of the relative importance of proposed improvements and the degree to which proposed operations and maintenance projects achieve NCA National Shrine Standards of appearance.”²¹

²⁰ 38 C.F.R. § 39.3(c).

²¹ 38 C.F.R. § 39.3(c).

Veterans Cemetery Grants Program staff received 39 applications for FY 2016 grants and awarded 15 grants valued at a little over \$50 million. Although the program assigned the applications to priority groups, it did not do additional ranking within priority group 4. This additional ranking was required for 15 projects for improvement and for operations and maintenance, totaling about \$19.8 million. Table 2 shows the priority 4 projects for FY 2016 in the order that the Veterans Cemetery Grants Program listed them.

Table 2. Priority 4 Projects Not Ranked, FY 2016

Cemetery	Project amount (dollars)	Project type
Hilo, HI*	294,000	Improvement
Lanai, HI	203,000	Improvement
Kauai, HI*	2,284,000	Improvement
Hoolehua, HI	300,000	Improvement
Kailua-Kona, HI	795,000	Improvement
Knoxville, TN*	529,000	Improvement
Killeen, TX	616,000	Improvement
Mission, TX	236,000	Improvement
Boulder City, NV	5,000,000	Operations and maintenance
Union Grove, WI	3,216,000	Operations and maintenance
Knoxville, TN*	2,085,000	Operations and maintenance
Maui, HI	1,839,000	Operations and maintenance
Kauai, HI*	827,000	Operations and maintenance
Hilo, HI*	563,000	Operations and maintenance
Corpus Christi, TX	1,002,000	Operations and maintenance
Total	19,789,000	

Source: VA OIG analysis of Veterans Cemetery Grants Program priority lists and operation plans.

** Cemeteries can apply for multiple grant projects in a fiscal year.*

One priority 4 operations and management project of \$5 million at Boulder City, Nevada, was awarded ahead of 14 others in the same priority group in FY 2016 without documentation to justify doing so. Documentation would explain why the project was considered more essential than others in its priority group and how it would help the cemetery achieve NCA national shrine standards to a higher degree than other operations and maintenance projects. According to the

Government Accountability Office, “Documentation is required for the effective design, implementation, and operating effectiveness of an entity’s internal control system.”²²

Program officials stated that the Boulder City, Nevada, cemetery had significant maintenance needs based on its last compliance review and that it is considered a “flagship” cemetery. However, another cemetery with an operations and maintenance project had a lower compliance review score. Cemeteries receive a score based on a review of their compliance with NCA national shrine standards and measures. In general, lower scores indicate that cemeteries have greater operations and maintenance needs.

Finding 1 Conclusion

NCA needs to accurately and consistently rank each grant to ensure awards are fair and equitable. To do this, Veterans Cemetery Grants Program staff need to adhere to C.F.R. requirements. These requirements help prioritize cemetery grants to serve the largest number of veterans and to help cemeteries meet national shrine standards.

However, Veterans Cemetery Grants Program officials have not developed and implemented policies and procedures to rank and award prospective grants. Key procedures are needed, such as criteria for ranking priority 4 grants and steps for determining when existing gravesites will be exhausted for priority 1 and 3 grants. This will reduce the risk that priority 4 projects are unranked. In addition, program officials and NCA should look more critically at the C.F.R. requirements to understand and implement them more clearly. Program staff justifying their rankings in writing and documenting their decisions will improve oversight.

Recommendations 1–2

The OIG made two recommendations to the under secretary for memorial affairs:

1. Develop controls to ensure state grants are prioritized and awarded in accordance with the Code of Federal Regulations.
2. Develop and implement written policies and procedures for grant prioritization.

Management Comments

The acting under secretary for memorial affairs concurred with the recommendations. To address recommendation 1, NCA will develop and publish standard operating procedures to ensure grants are awarded in accordance with the priorities found in the C.F.R. For recommendation 2, NCA will publish written procedures incorporating specific controls and responsibilities. Appendix C contains the full text of VA’s management comments.

²² Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

OIG Response

Acceptable action plans were provided for all recommendations. The OIG will monitor implementation of the planned actions and will close the recommendations when the OIG receives sufficient evidence demonstrating progress in addressing the intent of the recommendations and the issues identified.

Finding 2: Grants Were Used for Their Intended Purpose, but NCA Did Not Ensure Cemeteries Receiving Grants Were Operated and Maintained to Standards

NCA generally provided sufficient oversight of state cemeteries to ensure that grant funds were used for their intended purpose. However, the OIG found NCA did not see to it that all state cemeteries were maintained in accordance with national shrine standards. As a result, the nation's veterans and family members buried in state veterans cemeteries may not all be appropriately honored by having timely and accurate grave markings and well-maintained areas.

The OIG team identified gravesite marker issues at seven of nine state cemeteries visited, such as gravesites without permanent markers set up within the 60-day requirement or with the wrong inscriptions. At these seven cemeteries the team also observed problems related to the grounds, such as misaligned headstones and damaged turf. These issues occurred because NCA staff did not

- oversee gravesites thoroughly to ensure marker inscriptions were accurate,
- assign levels of importance to the operational standards and measures used during compliance reviews,
- ensure state cemeteries' managers and staff were provided remote training options to recognize and implement NCA standards, and
- require more frequent reviews to increase visibility over cemetery conditions, instead relying heavily on an approximate three-and-a-half-year compliance review cycle.

In addition, limited funds are available for priority 4 grants due to the competition from higher-priority projects and a \$5 million cap on operations and maintenance grants. This cap was increased to \$10 million in March 2021.²³

This finding is supported by the following determinations discussed in the sections that follow:

- Grants were used for their intended purpose.
- NCA did not ensure grant recipients met maintenance and other standards:
 - State cemetery staff were not provided remote training options on NCA standards.
 - Annual self-reporting of cemetery conditions is optional.
 - Limited funding hampers the grant award program.

²³ NCA Notice 2021-02, *Public Law 116-315 The Veterans Health Care and Benefits Improvement Act Of 2020*, March 24, 2021. Section 2206 increased the annual statutory limit on operation and maintenance grants that VA may award to Veterans Cemetery Grant Program state, county, and tribal veterans cemeteries.

What the OIG Did

The OIG team selected a judgmental sample of nine state cemeteries from the universe of 27 operating state, tribal, and US territorial cemeteries that had received a grant during FY 2017 or FY 2018. Cemeteries were selected based on (1) amount of grant funds received; (2) number of interred veterans; (3) overdue corrective action plans from an NCA compliance review; (4) geographic distribution, with at least one cemetery from each memorial service network district; and (5) one priority 2 grant for establishing a new veterans cemetery.²⁴

At the nine cemeteries, the OIG team physically examined projects to ensure grant funds were used for their intended purpose, assessed general cemetery conditions, reviewed key grant documentation, and confirmed VA was appropriately billed by obtaining a sample of federal vouchers and supporting contractor invoices.

The OIG team also observed a random sample of 637 gravesites to ensure the gravesite markers were placed over the correct gravesites, permanent markers were placed within 60 days, and markers were accurately inscribed. The sample consisted of 600 gravesites at eight state cemeteries, plus 37 gravesites at the state cemetery in Gallup, New Mexico. Because the Gallup cemetery was new, there were only 37 occupied gravesites when the team conducted its on-site inspection of gravesites on February 5, 2020.

Grants Were Used for Their Intended Purpose

The OIG team determined that grant funds were used for their intended purpose. The team reached its determination by conducting on-site inspections at the nine state cemeteries and reviewing project information, such as grant awards, plans, and progress reports. The projects examined included five expansions, one new cemetery, one improvement, one operations and maintenance effort, and one consisting of both an expansion and improvement. In addition, the team reviewed related financial invoices submitted by contractors to the state cemeteries and vouchers submitted by the cemeteries to VA.

The OIG team confirmed the cemetery expansions, improvements, and operations and maintenance projects were conducted. For example, the team verified the construction of the planned number of columbarium niches at the Little Rock, Arkansas, cemetery and the realignment of headstones at the Makawao, Hawaii, cemetery.²⁵ Another example is the

²⁴ National, state, and tribal veterans cemeteries are divided into five districts in the United States: Pacific, Continental, Midwest, North Atlantic, and Southeast.

²⁵ National Cemetery Administration, “Cemetery Components – Columbarium and In-Ground Cremain Burials,” accessed October 8, 2020, https://www.cem.va.gov/cem/grants/columbarium_cremain_burials.asp. A columbarium is an above-grade structure designed for the interment of cremated remains in a niche in a columbarium unit or structure. The columbarium unit is usually two-sided for efficiency, with numbered rows and columns identifying each niche.

grant-funded construction and equipment that the team observed at the new cemetery in Gallup, New Mexico.

NCA Did Not Ensure Cemetery Grant Recipients Met Maintenance Standards

The OIG team determined that NCA did not always ensure that grant recipients met its national shrine standards, including standards for timely installation of permanent gravesite markers, accurate inscriptions on gravesite markers, and proper maintenance of cemetery grounds.

Installing Permanent Markers within Timelines

The national shrine standards require that 95 percent of gravesites have permanent markers within 60 days of interment. However, the OIG team determined that six cemeteries visited did not meet this target, two cemeteries did not maintain marker timeliness reports, and one provided incomplete records. Marker timeliness reports that cemeteries maintained internally or produced through NCA's Burial Operations Support System (BOSS) showed these cemeteries did not meet the target.²⁶ Data on marker timeliness (the percentage of gravesites with permanent markers installed within 60 days) for five cemeteries for interments from July 1, 2018, through June 30, 2019, ranged from 51 to 93 percent.²⁷ In addition, the team identified 150 gravesites or niches that were not part of the sample that did not have permanent markers within 60 days of interment. For example, at one state cemetery, the team observed over 40 temporary laminated tags on gravesites that should have had permanent niche covers at the columbarium. The oldest tag had been in place just over four months past the 60 days of interment. Appendix A provides more information on marker timeliness issues (table A.3).

Delayed installations were caused by problems with contractors that supply headstones and niche covers. Some contractors provided headstones or niche covers that were damaged and needed to be reordered or did not provide them on time. At the Radcliff, Kentucky, cemetery, the groundskeeper explained that eight of nine headstones received in one shipment were broken in half, and five of seven columbarium niche covers received on the day of the team's site visit did not have the proper shading agent applied to make inscriptions legible.²⁸ Also, at the cemetery in North Little Rock, Arkansas, staff stated there is an ongoing problem with headstones being delivered late, and Middletown, Connecticut, cemetery staff said niche covers had been back-ordered for months. At one cemetery, the cemetery director explained that the quality and

²⁶ BOSS is a tracking system that NCA uses to maintain burial information and to produce reports on topics such as marker timeliness and placement.

²⁷ The Gallup, New Mexico, cemetery only had six months of data for the period from July 10, 2019, through December 30, 2019.

²⁸ The dark shadowing agent applied to the incised inscription on granite and marble headstones or markers to make them more legible is called lithochrome.

timeliness issues seemed to be related to the change to the national headstone and niche contract. The deputy under secretary for field programs acknowledged the issues and said NCA is working to address them. The team concluded that NCA needed to evaluate any penalties and clauses in those contracts to ensure contractors provided timely and quality gravesite markers.

Ensuring Accuracy of Inscriptions on Gravesite Markers

NCA's national shrine standards require inscription data to be accurate and complete.²⁹ Inaccurate gravesite markers must be reordered by the cemetery through NCA's BOSS system.

The OIG team found that the majority of sampled gravesite markers were accurately inscribed. However, at three of the nine cemeteries—Middletown, Connecticut; Gallup, New Mexico; and Makawao, Hawaii—the team observed that seven of the 637 gravesite markers sampled were inscribed with inaccurate date of birth, rank, or names.

Causes of inscription errors included cemetery staff ordering and/or receiving gravesite markers with incorrect information. Staff did not always verify the information with supporting records, such as applications submitted by the deceased's family members and BOSS or state cemetery records, nor did they resolve conflicting information from multiple sources.

For example, at one cemetery, VA provided an incorrect date of birth (March 19, 1918) while the death certificate showed the correct date of birth (May 19, 1918). The cemetery mistakenly ordered the headstone with the incorrect March date and accepted the headstone in error. The cemetery ordered a new marble headstone on January 9, 2020, after the OIG team identified the error. The marble headstone cost VA approximately \$372.

In addition to the errors found by the OIG team, a local historian in King, Wisconsin, identified inscription errors based on historical records and burial records. Examples included misspelled names and incorrect ranks. Cemetery officials in King further determined that burial data for the gravesites were missing from BOSS or the cemetery's database. In response, cemetery staff are checking the accuracy of all gravesite inscriptions over the next three to five years, according to the State of Wisconsin Department of Veterans Affairs cemetery director. The OIG team did not find similar errors in its sample, although the team did not review historical burial records.

To determine whether cemeteries complied with the accuracy standard, NCA reviewers use cemetery or BOSS reports, if the cemetery maintains them, and on-site examinations. On-site examinations are of 10 gravesites to confirm that the inscriptions match the burial records. NCA's compliance reviews also use BOSS reports to evaluate the extent of inscription errors for marker orders. NCA considers those controls sufficient to ensure inscription accuracy. However,

²⁹ NCA, *National Shrine Commitment Operational Standards and Measures*, ver. 5.1, "Headstone, Marker and Niche Cover Operations," Standard 1; "Headstone/Marker/Niche Cover/Application/Order," Standard 1.2, July 2014.

checking inscription accuracy for the 100 gravesite markers already included in compliance reviews would significantly enhance controls to ensure inscription accuracy. Based on the team's review of 75 gravesites at each cemetery, the OIG concluded that this step is simple and takes little time.

Maintaining Cemetery Grounds to Meet Standards

National shrine standards require cemetery grounds to be maintained in appropriate condition. For example, headstones, flat markers, and niche covers must be properly installed, clean, free of debris and objectionable accumulations, of proper height and alignment, and undamaged. Markers are also required to have visible and legible inscriptions based on their age and historic significance. NCA's compliance reviews measure whether cemeteries are meeting those standards through physical observations and review of internal practices, policies, and procedures.

The OIG team found that seven of nine veterans cemeteries did not meet national shrine standards for cemetery conditions, including 168 of the 637 gravesite markers sampled that were not properly installed or maintained. The team also observed significant misalignments and staining of markers not in the sample.

For example, in Killeen, Texas, the team observed that numerous headstones in a section with burials as recent as 2018 and 2019 were already misaligned and sinking when observed in February 2020. According to the deputy director of Texas State Veterans Cemeteries, this section of the cemetery had 825 gravesites and approximately 88 percent were occupied as of May 2020. This section's headstones were sinking, shifting, and misaligned because the cemetery did not install a support system for the unstable ground conditions. The cemetery manager explained the support system was not installed because of its cost. Texas State Veterans Cemeteries leaders are exploring solutions to fix this issue and may apply for grant funds to do so. Figure 2 shows newly installed headstones at Killeen, some as recent as 2019, that were not installed using NCA's required installation procedures.



Figure 2. Newly installed misaligned and sunken headstones in Killeen, Texas.

Source: OIG team, February 2020. Veteran information removed for privacy reasons.

The team also observed metal items such as coins or tokens that were not removed timely and appeared to have been there for many weeks. NCA operations and maintenance policy states that nonfloral items left on a grave or columbarium must be removed by cemetery personnel and held for a month before disposal to allow families to retrieve items.³⁰ These objects can become projectiles that damage stones when the grass is mowed.

Finally, the OIG team observed general ground turf issues such as grass damage and unnatural rocks or debris at three of nine cemeteries. For example, the North Little Rock cemetery had general turf damage and loose small stones from construction debris surrounding headstones in one section.

The OIG recognizes the challenges some cemeteries face, such as old gravesite markers, seasonal climate changes, and construction. However, state cemeteries should continue to strive to minimize undesirable conditions within their control. Critical issues such as long-delayed permanent markers could be resolved in a timely manner if NCA assigned levels of importance for its operational standards and measures for state, tribal, and territorial cemeteries used during compliance reviews. Improvement and Compliance Service officials explained they updated the compliance review standards for national cemeteries in March 2020 and are working on updating the compliance review standards for states and incorporating critical, high, and medium standards from the national cemetery standards. Those officials informed the OIG team that the standards will be similar to those used for national cemetery compliance reviews. According to the deputy director of improvement and compliance service, the compliance review program operational standards and measures were implemented in January 2021. Appendix A has more details on these issues (table A.2).

³⁰ NCA Manual M40-2, chap. 3, para. 07, “Floral Regulations,” May 1, 1984.

NCA Did Not Take Steps to Help Cemeteries Meet Standards

The deficiencies noted occurred because NCA did not ensure cemetery staff were provided with remote training options to uphold NCA standards, did not require cemeteries to do annual reporting, and could not alter a funding cap on priority 4 operations and maintenance projects.

Not All Cemetery Staff Received Training on NCA Standards

NCA's Veterans Cemetery Grants Program did not provide remote training opportunities to state cemetery managers and staff on how to maintain a cemetery to NCA standards.³¹ In October 2019, the director of improvement and compliance service informed the OIG team that state cemetery directors are aware of the national shrine standards but are not provided those standards until the entrance briefing for compliance review site visits. According to the deputy director of improvement and compliance service, NCA sent the revised compliance review program operational standards and measures to state cemeteries in December 2020.

NCA provides free annual training on its standards in St. Louis, Missouri, but state cemeteries had to pay for their employees' travel expenses. Most cemetery managers and staff interviewed during the team's visits explained they had never attended the NCA training due to the limited state funding for travel. NCA only provided annual training on its standards in person and had not developed alternatives such as online training or instructional videos. VA initiated an amendment to the law to allow state and tribal organizations to include travel expenses for state cemetery personnel to attend NCA's annual training as part of a Veterans Cemetery Grants Program grant request. As of March 2021, travel costs for training are available as part of the grant program.³²

Annual Self-Reporting of Cemetery Conditions Is Optional

NCA encourages state and tribal cemeteries to complete annual self-assessments, but they are optional.³³ The self-assessments focus on strengths and opportunities for improving cemetery maintenance in accordance with NCA's operational standards and measures. However, none of the state cemeteries visited provided any recent annual self-assessments.

Having state and tribal cemeteries submit annual condition and operations performance assessments certified by state cemetery officials would increase NCA's knowledge of cemeteries' performance and help NCA evaluate the degree to which future operations and maintenance grants would help cemeteries achieve national shrine standards. For example, these

³¹ 38 C.F.R. § 39.1; NCA Directive 3000, *Operational Standards for VA National Cemeteries*, January 2013.

³² NCA Notice 2021-02. Section 2208 allows Veterans Cemetery Grants Program funds to be used for travel and training of employees of Veterans Cemetery Grants Program state and tribal veterans cemeteries.

³³ Veterans Cemetery Grants Program Compliance Review Program, *Self-Assessment Guide, State and Tribal Cemeteries*, ver. 6.1.1, August 2018.

performance assessments would identify significant issues such as the misalignments in Killeen, Texas, because cemeteries would be required to report any significant condition changes such as deteriorating headstones. In addition, submitting photographs of cemetery sections could allow staff to identify improper cemetery conditions such as turf damage after construction projects that should be addressed in a reasonable amount of time. No matter what elements NCA chooses to have state and tribal cemeteries report, annual condition and operations performance assessments will aid in its oversight of cemetery grants and operations.

Limited Funding Hampers Grant Award Program

NCA has limited funds available for priority 4 grants due to competition from higher-priority projects and a cap on operations and maintenance projects, such as realigning headstones.

- **Higher-priority projects submitted by grantees.** Grants in all priority categories compete for the \$45 million awarded each fiscal year since 2016. For example, in FY 2020, applicants requested \$116 million, including \$41 million for priority 1 grants alone.³⁴
- **High demand for priority 4 grants.** From FYs 2016 through 2020, 22 state cemeteries applied for 35 priority 4 grants totaling approximately \$35.7 million for projects that had matching funds and legislation. This included 20 operations and maintenance projects. However, only 14 of the 35 priority 4 projects totaling approximately \$14.7 million were funded, including eight operations and maintenance projects totaling approximately \$12.6 million. Furthermore, operations and maintenance projects compete with improvement projects in priority group 4 for funding.
- **Cap on funding for operations and maintenance projects.** Federal law now restricts funding for operations and maintenance projects to no more than \$10 million in awards in any fiscal year.³⁵ This cap was \$5 million during the scope of the OIG audit. This is a fixed cap no matter how many operations and maintenance projects are funded. In other words, the full amount may be awarded to only one cemetery, leaving nothing for other operations and maintenance projects. For example, during FY 2016, Boulder City, Nevada, submitted and received an operations and maintenance grant of \$5 million, and six other cemeteries with similar needs were not funded. In contrast, VA could have awarded five contracts for \$1 million, or any other mix of awards as long as the total did not exceed \$5 million.

NCA requested an additional \$15 million through VA's budgetary process to help award more grants in FY 2020 and FY 2021 but did not receive budgetary approval. VA initiated an

³⁴ The applicants were 40 state and tribal cemeteries.

³⁵ NCA Notice 2021-02.

amendment to change the law to increase the statutory limit per fiscal year for operations and maintenance projects from \$5 million to \$10 million.³⁶ The NCA notice on March 2021 increased the cap to \$10 million.³⁷

Increased funding would support projects not only to improve cemetery appearance, but also to expand and create new cemeteries. These grants help NCA meet its strategic goal of providing 95 percent of veterans a burial option within 75 miles of their residence. As of FY 2019, NCA served 92.4 percent. In a FY 2019–2023 program review briefing, NCA estimated that approximately 680,800 veterans were not being served with a burial option because it was short of the 95 percent strategic goal.

Finding 2 Conclusion

To honor the nation’s veterans and their family members, NCA needs to improve its oversight to fully ensure that cemeteries that receive Veterans Cemetery Grants Program grants are operated and maintained in accordance with national shrine standards. NCA lacks sufficient periodic controls beyond the compliance reviews it completes approximately three-and-a-half years. Requiring annual self-reports from cemeteries would help identify emerging issues, such as newly installed headstones that are misaligned. NCA should also assign levels of importance to operational standards and measures used for compliance reviews, require annual certified condition and operations performance assessments, and provide remote training options for cemetery staff. In addition, NCA needs to continue justifying to Congress why more funding is needed to support grant projects that help cemeteries achieve national shrine standards.

Recommendations 3–7

The OIG made five recommendations to the under secretary for memorial affairs:

3. Evaluate all current national headstone and niche cover contracts for appropriate penalties and clauses for timeliness and quality issues and enforce and amend those contracts as necessary.
4. Direct the Improvement and Compliance Service to assign levels of importance to standards and measures used for compliance reviews and test the inscription accuracy of all gravesites sampled.
5. Require all state and tribal cemeteries to submit certified condition and operations performance assessments annually.

³⁶ NCA stated that this would allow the program to assist states and tribal organizations in the key areas of cleanliness of headstones, marker height and alignment, and leveling of gravesites and turf conditions, and support the high appearance standards set for our nation’s veterans cemeteries.

³⁷ NCA Notice 2021-02. Section 2206 increased the annual statutory limit on operations and maintenance grants that VA may award to Veterans Cemetery Grant Program state, county, and tribal veterans cemeteries.

6. Ensure representatives from all state and tribal cemeteries are provided opportunities to participate in National Cemetery Administration standards training via remote training options and monitor all training to ensure adequate participation.
7. Continue to seek an increase in cemetery grant funding in excess of \$45 million.

Management Comments

The acting under secretary for memorial affairs concurred with recommendation 6 and concurred in principle with recommendations 3, 4, 5, and 7. To address recommendation 6, NCA is in the process of making virtual training videos and has developed remote training and offered regional training.

Regarding recommendation 3, NCA concurred in principle and agrees that it needs to review existing contract terms and expectations to ensure they are reasonable and achievable. However, it believes that penalties or disincentives would be counterproductive because of the small vendor market and would likely result in higher prices. NCA indicated it is currently leveraging the appropriate penalties available under the Federal Acquisition Regulation, such as terminating contracts. It stated it has reviewed all national headstone and niche cover contracts and ensured that they contain quality and timeliness clauses. NCA also found that timeliness standards in the contracts may be unreasonable and unachievable. It plans to form an integrated project team to review the standards, make recommendations, and implement approved changes.

For recommendation 4, NCA concurred with the first part of the recommendation to assign levels of importance to standards and measures used for compliance reviews. According to NCA, it has completed classification of standards and measures as either critical, high, or medium priority for the compliance review program. Those standards were implemented in January 2021. NCA concurred in principle that the reasonable pursuit of assuring the accuracy of all inscriptions in veterans cemeteries is worthwhile. It reviews the gravesite inscription accuracy for up to 30 recent interments during compliance review program site visits and indicated that any discrepancies can then be attributable to current vendors and cemetery staff. NCA stated that it will explore options for assessing inscription accuracy on older gravesites.

Regarding recommendation 5, NCA concurred in principle and agreed that self-assessments are a tool to improve cemetery performance but indicated that making them a mandatory requirement would require a modification to the C.F.R. It explained it would encourage voluntary self-assessments and discuss them with cemetery leadership. NCA also plans to revise the required annual state cemetery data form submitted by state, tribal, and territorial veterans cemeteries to report voluntary completion of self-assessments. It indicated this will allow NCA to track and discuss the self-assessment with cemetery leadership annually.

For recommendation 7, NCA concurred in principle and stated it will continue to seek federal funds to adequately address Veterans Cemetery Grants Program requirements and continue to

ensure budget requests are well justified. It also indicated that funding levels are impacted by other VA priorities, as well as White House and congressional priorities. Appendix C contains the full text of VA's management comments.

OIG Response

Acceptable action plans were provided for all recommendations. NCA provided acceptable alternative procedures and planned assessments for those recommendations with concurrences in principle.

For recommendation 3, the OIG considers that penalty clauses to protect against significant quality and timeliness issues are a reasonable contracting practice to minimize the occurrence of those issues. The OIG also acknowledges the small vendor market, but NCA should still consider penalty clauses as part of the integrated project team's assessment.

For recommendation 4, the OIG encourages NCA to increase the inscription accuracy testing of gravesites. The audit team found seven of the 637 gravesite markers sampled were inscribed with inaccurate date of birth, rank, or names.

For recommendation 5, OIG acknowledges that cemeteries are more likely to provide annual self-assessments if they are encouraged to do so, and if the annual state cemetery data form is revised to report if a self-assessment has been conducted. OIG also encourages annual discussions with cemetery leaders and additional discussions of state grants and operations when necessary.

For recommendation 7, the OIG acknowledges the impact of competing funding priorities but encourages NCA to strive to increase funding in excess of \$45 million to increase the number of veterans with a burial option within 75 miles of their residence and to ensure cemeteries are operated, maintained, and improved in accordance with NCA standards.

The OIG will monitor NCA's progress and follow up on implementation of the recommendations until all proposed actions are completed.

Finding 3: NCA Did Not Ensure that Operations and Maintenance of Hawaiian Cemeteries Met Standards

NCA needs to ensure the Hilo and Makawao cemeteries in Hawaii are operated and maintained in accordance with the national shrine standards. These cemeteries have critical issues that need to be addressed, such as significant delays in the installation of permanent markers and discrepancies between gravesite layout maps and gravesites. Such discrepancies do not provide assurance that all burials were correctly conducted.

NCA last performed compliance reviews at Makawao in 2015 and Hilo in 2016, and both reviews identified deficiencies. Between 2015 and 2020, the cemeteries did not complete the required action plans to address the deficiencies, and NCA did not impose any conditions to compel these cemeteries to do so, such as withholding future grants.³⁸ Furthermore, Hawaii's Office of Veterans' Services did not ensure the deficiencies were resolved.

This finding addresses three areas of concern:

- Failings observed at cemeteries ranged widely, including a lack of permanent gravesite markers, improper installation of gravesite markers, inaccurate gravesite layout and missing maps, lack of a casket and urn tagging process, and inconsistent application of safety standards.
- The Veterans Cemetery Grants Program awarded grants even though Hawaiian cemeteries did not submit action plans.
- Oversight of Hawaiian cemeteries needs significant improvement.

What the OIG Did

The OIG team conducted in-person observations of the grant projects at the Hilo and Makawao cemeteries to ensure grant funds were used for their intended purpose, assessed general cemetery conditions, and reviewed key grant documentation. The OIG team looked at a random sample of 150 gravesites at the Hilo and Makawao cemeteries (75 gravesites at each) to ensure each gravesite marker was placed over the correct gravesite, permanent markers were placed within 60 days, and markers were accurately inscribed. In addition, the team confirmed VA was appropriately billed by obtaining a sample of federal vouchers and supporting contractor invoices.

³⁸ The additional grants included a priority 4 improvement grant to Hilo in August 2017 and an operations and maintenance grant to Makawao in September 2017.

Issues Observed at Cemeteries Ranged Widely

The team identified the following issues in its observation of cemetery conditions:

- lack of permanent gravesite markers
- improper installation of gravesite markers
- inaccurate gravesite layout maps
- lack of a tagging process for caskets and urns
- inconsistent application of safety standards

NCA either did not identify these issues in compliance reviews or identified them but did not ensure that deficiencies were corrected, as described below.

Lack of Permanent Gravesite Markers at Hilo and Makawao

NCA shrine standards require cemeteries to install permanent markers at gravesites within 60 days of interment. However, the team observed 47 gravesites or niches at Hilo and Makawao that had temporary markers beyond 60 days.

At Hilo, the OIG team identified timeliness issues at an additional 42 gravesites that were not part of the sample, such as the gravesite of a veteran's spouse that had been unmarked (temporary marker only) for 19 years (figure 3). The team observed seven gravesites that had been unmarked for between two and 19 years. Included in the observed seven gravesites were two veteran gravesites with temporary markers for approximately 12 and 13 years, and one gravesite for a veteran's spouse with a temporary marker for about five years.



Figure 3. Gravesite unmarked for 19 years in Hilo, Hawaii.

Source: Photo taken by OIG team in February 2020.

At Makawao, the OIG team identified five gravesites with temporary markers far beyond the 60-day requirement. The three temporary markers had been in place for about 54, five, and three

years after interment. The remaining two gravesites, which had wooden crosses rather than VA-issued headstones, had interments in 1963 and 1990.

NCA noted some of these issues in its compliance reviews but did not conduct effective follow-up and could only provide documentation that it followed up starting in October 2019. Its compliance review teams noted in 2015 and 2016 that the cemeteries did not produce reports on the timeliness of gravesite markers. However, there was no indication that the NCA team at Hilo took additional steps, such as visual observations of gravesite markers, based on the OIG team's review of the compliance review results. At Makawao, NCA's 2015 compliance review reported that two markers were pending permanent placement for over a year.

One cause for these issues is that the cemeteries do not prepare marker timeliness reports or use NCA's BOSS, which maintains burial information. NCA encourages but does not require state or tribal cemeteries to use BOSS. The director of Hawaii's Office of Veterans' Services told the audit team that the State of Hawaii has not applied to use BOSS because it would need to be acquired through a grant and three counties would need to maintain computer equipment and obtain VA personal identification cards.³⁹ Another cause is that Hilo cemetery managers relied on family members or the funeral home to request headstones and niche covers and did not follow up to ensure those markers were received and placed.

In most cases, NCA and the state cemetery could not determine why a permanent marker had not been installed. For example, the state cemetery manager, Hawaii County of Maui district supervisor II department of public works highways division—Makawao, and the director of Hawaii's Office of Veterans' Services could not explain why a gravesite lacked a permanent marker for just over five years as of February 2020. For the gravesite without a permanent marker for 54 years, the OIG team followed up with the director of Hawaii's Office of Veterans' Services, who speculated that a missing date of birth could have been the reason a permanent marker was not installed. Hawaii officials stated they will research state records. If they cannot find the birthday or next of kin, they will reorder the headstone with the known information. In addition, NCA confirmed to the team that both gravesites with wooden crosses were eligible for a government-furnished headstone, and that NCA would work with the cemetery to obtain the headstone application to initiate the headstone orders.

The OIG team provided the outstanding marker issues at Hilo and Makawao to the deputy under secretary for field programs. After researching marker issues, NCA indicated that it would order those gravesite markers after receiving the required information from the state cemeteries.

³⁹ "PIV Information," Office of Operations, Security, and Preparedness, accessed August 19, 2020, https://www.osp.va.gov/PIV_Information.asp. The personal identity verification card is an identification card issued by a federal agency that contains a computer chip that allows it to receive, store, recall, and send information securely. The main function of the card is to encrypt or code data to strengthen the security of both employees' and veterans' information and physical access to secured areas.

Improper Installation of Gravesite Markers

At Hilo, the team observed that the 75 flat markers in its sample were not properly installed and were merely placed on the ground over the gravesite. Flat markers could be easily moved and placed over the wrong gravesite. According to the superintendent of parks maintenance of the Hilo County Department of Parks and Recreation, the county does not have the staffing to permanently set the markers in the ground, as required by NCA's installation procedures, because it does not receive money from the state to run the cemetery.⁴⁰

At Makawao, in February 2020, the team observed that many flat markers in a new section with 69 gravesite markers were not properly installed and needed to be reset and realigned with support bases. One of those gravesites was in the team's sample of 75 gravesites. The Maui veterans cemetery supervisor explained he was experimenting with a new concrete-setting practice for flat markers and did not think compacting (tamping) the ground was necessary, although it was noted as an issue during the 2015 compliance review and is required by NCA standards. Figure 4 shows newly installed, misaligned brass flat markers at Makawao that were not installed according to NCA's required installation procedures.



Figure 4. Newly installed flat markers that were misaligned in Makawao, Hawaii.

Source: OIG team, February 2020.

Veteran information removed for privacy reasons.

Inaccurate and Missing Gravesite Layout Maps

NCA shrine standards require interment sections to match gravesite layout maps, which show the location of specific gravesites.⁴¹ These maps help cemeteries ensure accurate burials, plan future projects such as expansions, and provide a roadmap for visitors. Discrepancies between the map

⁴⁰ The cemetery contained 4,193 gravesites as of January 2020.

⁴¹ NCA, *National Shrine Commitment Operational Standards and Measures*, ver. 5.1, "Interment Operations," Standard 2 and "Layout of Burial Sections," Standard 2.1, July 2014.

and the actual gravesite location pose a risk of an improper burial or improperly marked gravesite, such as a different veteran's headstone on the gravesite. NCA's compliance reviews determine if a sample of 100 gravesite locations matches gravesite layout maps to ensure compliance with standards.

At the Hilo cemetery, NCA's 2016 compliance review identified the lack of a gravesite layout plan and four discrepancies in its sample of 100 gravesites using the cemetery's internal records. Those discrepancies and other operational issues were never addressed by Hilo in an action plan as required by NCA's compliance reviews. The OIG team did not find any gravesite discrepancies during its physical observation of 75 randomly sampled gravesites in February 2020. The Hilo cemetery still lacked a gravesite layout plan and had no maps for visitors.

At the Makawao cemetery, the OIG team identified four gravesites that were not part of the sample that did not match layout maps during the team's gravesite sample review. Four gravesite burial plot marker numbers were not in numerical sequence, including three gravesite burial plots where the location did not match the cemetery's gravesite layout map. For example, a headstone marker numbered 1184 was located in between markers numbered 1210 and 1212 instead of the logical sequence of 1211, as shown on the section map. NCA found similar inconsistencies at Makawao during its 2015 compliance review. NCA reported that it observed several inconsistencies between the cemetery-provided burial layout maps, the burial registry, and the actual gravesite locations. However, the compliance review team concluded it was able to reasonably validate marker locations with the gravesite layout plan using a listing of all interred veterans and their marker numbers.

As a result of the discrepancies, the accuracy of burials cannot be fully assured, and subsequent interments may also be inaccurate. For example, a veteran could be buried with another veteran's spouse, which could cause significant emotional harm to their families and friends. In addition, without an accurate map, family and friends may not be able to find a gravesite, especially when cemetery staff are unavailable to help. Because the State of Hawaii does not use BOSS, families and friends also do not have the option of using NCA's online database to find burial locations with a computer or cellular phone.

NCA stated it will reach out to state officials to suggest how they can research these gravesites to ensure burials are accurate by using the cemetery's internal burial records.

Lack of a Tagging Process for Caskets and Urns

NCA's national shrine standards require caskets and urns to be properly tagged and placed in the correct gravesite. Without proper tagging, there is an increased risk of burying the deceased in the wrong grave, especially if there are multiple open graves at the time of burial.

NCA's compliance reviews identified the lack of a tagging process that fully ensures burials are accurate at Makawao and Hilo in 2016 and 2015, respectively. The OIG team found the same deficiencies during its 2020 site visit.

Inconsistent Application of Safety Standards

NCA's national shrine standards require open graves to be protected by appropriate devices while unattended, such as a rope fence surrounding the grave. NCA's compliance reviews also include standards for the protection of open graves.

According to NCA's compliance reviews of Makawao and Hilo, the two Hawaiian cemeteries merely cover any open graves with a piece of plywood. These open graves were not sufficiently secured from the public and other cemetery employees. The State of Hawaii significantly increases its liability risk by not taking appropriate actions to secure open graves, which could affect the completion of any in-process or future grant and decrease funds for needed maintenance.

NCA's Improvement and Compliance Service did not sufficiently follow up with State of Hawaii and county managers to ensure open graves were adequately secured. In addition, the service did not ensure compliance review teams applied consistent safety standards and measures, as evidenced by the compliance review team at Hilo allowing open graves covered by plywood. NCA's Improvement and Compliance Service could not explain why the team at Hilo did not report the use of plywood as a deficiency.

Insufficient Follow-Up to Correct Outstanding Critical Gravesite Issues

NCA identified some of these critical issues during its compliance reviews in 2015 and 2016. The cemeteries were deemed "provisionally compliant," which meant that there were deficiencies with the grant terms and conditions, and the cemetery would need to submit an action plan to address deficient areas and demonstrate progress toward remediation.

However, cemetery managers responsible for action plans at the Hilo and Makawao cemeteries did not submit them, and NCA did not sufficiently follow up. Improvement and Compliance Service officials stated they followed up with the State of Hawaii in 2016 to obtain the action plans. They could only provide documentation, however, that they followed up from October 2019 through February 2020.

The OIG team inquired about the four other Hawaiian veterans cemeteries that also had compliance reviews completed. Improvement and Compliance Service officials informed the team that none of those cemeteries submitted action plans to address deficiencies identified by NCA's compliance reviews in 2015 and 2016.

Until the deficiencies are corrected, interred veterans and spouses are not receiving the proper honor and dignity they are due, and their families and friends may face additional distress caused by lack of due diligence, especially those who have waited for a permanent marker for many years.

Program Awarded Grants Even After Hawaiian Cemeteries Did Not Submit Action Plans

Both Hilo and Makawao received priority 4 grants, even though problems cited in their compliance reviews had not been resolved. Although receiving those grants was not prohibited, the C.F.R. does allow NCA to withhold grant awards if certain conditions—such as submission of action plans—are imposed and not met.⁴² NCA did not impose any conditions to compel these cemeteries to submit action plans and resolve the problems.

Veterans Cemetery Grants Program staff subsequently awarded Hilo a priority 4 improvement grant in August 2017 and Makawao a priority 4 operations and maintenance grant in September 2017. Hilo's improvement grant project did not address its compliance review deficiencies, but Makawao's operations and maintenance project was intended to address the sinking and misaligned headstone deficiencies from the compliance review.

The C.F.R. states if the grantee fails to meet the terms and conditions of the grant award, VA may impose additional conditions. Specific conditions can include temporarily withholding cash payments pending correction of a deficiency.⁴³ Federal reimbursement claims submitted by the state could therefore be withheld by NCA. In addition, VA could withhold further federal awards if it determined that noncompliance could not be fixed by imposing additional conditions, such as increased monitoring to ensure the cemeteries took corrective actions. Veterans Cemetery Grants Program staff were generally aware they could withhold payments but were not aware they could withhold future federal awards. However, program staff have never imposed additional conditions or withheld federal reimbursement claims. The acting program director explained there have only been short-term holds on payments when construction progress reports were not submitted.

NCA could have considered imposing additional conditions to compel these cemeteries to submit the action plans, such as increased monitoring to ensure the cemeteries took corrective actions. Had the critical issues remained unresolved even after additional conditions were imposed, NCA could have taken stronger actions, such as temporarily withholding federal grant reimbursement claims and not awarding pending or future grant awards until corrective action plans were approved and monitored.

⁴² 38 C.F.R. § 39.121; 2 C.F.R. § 200.338; 2 C.F.R. § 200.207; and 2 C.F.R. § 200.210.

⁴³ 38 C.F.R. § 39.121; 2 C.F.R. § 200.338; 2 C.F.R. § 200.207; and 2 C.F.R. § 200.210.

Oversight of Hawaiian Cemeteries Needs Significant Improvement

The OIG team identified several areas in which the operations and oversight of Hawaiian cemeteries need improvement to meet governing standards and to make certain that any identified deficiencies are corrected.

Limited Training on National Shrine Standards

As discussed earlier, NCA did not always ensure grant recipients were trained to meet applicable standards. This was the case in Hawaii. NCA's Veterans Cemetery Grants Program staff did not provide remote training opportunities to state cemetery managers and staff on how to maintain a cemetery to NCA standards. According to the cemetery managers and staff at the Hilo and Makawao cemeteries, they had never attended the free NCA training on how to maintain a cemetery to NCA standards due to limited state funding for covering the travel costs to NCA's St. Louis training facilities. As of March 2021, travel costs for training are available as part of the grant program.

Further, cemetery managers at Hilo and Makawao did not ensure NCA's national shrine standards were fully applied and had minimal knowledge of those standards. According to the director of the State of Hawaii Office of Veterans' Services, these cemeteries are operated by disparate organizations. The Department of Parks and Recreation of Hawaii County operates the Hilo cemetery, and Maui's county highways division operates the Makawao cemetery. Hilo and Makawao cemetery managers have stated that they have limited funding and staff.

At Hilo, county managers explained that they manage many other parks in Hilo besides the cemetery and "barely" have the staff to keep up with burials and maintenance of the cemetery. Since they do not receive any money from the state to maintain the cemetery, they said they do not find it important to maintain it in accordance with NCA standards. Further, they do not have gravesite layout maps or any written standard operating procedures, and they do not produce any marker timeliness or inscription accuracy reports.

At Makawao, the cemetery supervisor explained that overtime is not paid and burials must be complete by the 3:30 p.m. end time. In addition, his only grounds staff member could not lift more than 25 pounds due to a medical issue, further complicating operations such as the setting of flat markers in concrete.

Lack of Follow-Up on Required Action Plans for NCA Compliance Reviews

The director of Hawaii's Office of Veterans' Services is responsible for the performance, development, and control of veterans services programs, policies, and activities in Hawaii. The director is responsible for overseeing the maintenance of all state veterans cemeteries on all the

Hawaiian Islands and ensuring those cemeteries are maintained in accordance with NCA standards based on accepting grant funds.

However, the director did not sufficiently follow up with state veterans cemeteries to obtain the overdue action plans. He said that it was the counties' responsibility to submit the action plans and that he did ask them to submit the action plans. He explained that working with three counties and the turnover of county managers and officials such as mayors created challenges. In addition, he approximated that only a third of his time is dedicated to oversight of Hawaii's eight cemeteries. He said that one of his goals is to have the state manage and operate all eight Hawaiian cemeteries.

Finding 3 Conclusion

Given the issues identified at Hilo and Makawao, NCA should assess conditions at all eight state veterans cemeteries in Hawaii and take appropriate actions to ensure permanent markers are placed, burials are accurate, and conditions are improved. Greater attention to oversight would help ensure the cemeteries are operated and maintained in accordance with national shrine standards. NCA should consider imposing additional conditions if critical issues remain unresolved, such as increased monitoring.

Recommendations 8–11

The OIG made four recommendations to the under secretary for memorial affairs:

8. Ensure that the Improvement and Compliance Service follows up with Hawaiian cemeteries after action plans are submitted to ensure deficiencies are corrected.
9. Implement controls to ensure cemeteries that receive provisionally compliant or noncompliant scores during reviews are followed up with on a fixed and regular basis until sufficient corrective action plans are submitted.
10. Use accountability measures in the Code of Federal Regulations when appropriate if grantees do not take adequate steps to correct significant long-standing deficiencies.
11. Work with the State of Hawaii Office of Veterans' Services to conduct an extensive assessment of all eight Hawaii state veterans cemeteries, including organizational oversight and operations, staffing needs (including training), gravesite marker accuracy, and grounds conditions.

Management Comments

The acting under secretary for memorial affairs concurred with the recommendations.

To address recommendation 8, NCA will provide the director of the Office of Veterans' Services for the State of Hawaii with an assessment of the Hawaii's current action plans. For

recommendation 9, NCA indicated it makes monthly contact with all cemeteries with active corrective action plans or pending action plans to request status updates. Also, it uses compliance review findings and corrective action plan status reports to manage recurring communications with cemetery leadership to confirm they are addressing documented deficiencies.

To address recommendation 10, NCA will use current accountability measures in the C.F.R. as appropriate and is considering enhanced accountability measures as part of a reassessment of the regulations for this program. For recommendation 11, NCA is planning to conduct compliance review program assessments at all Hawaii state veterans' cemeteries. Appendix C contains the full text of VA's management comments.

OIG Response

Acceptable action plans were provided for all recommendations. The OIG will monitor NCA's progress and follow up on implementation of the recommendations until all proposed actions are completed.

Appendix A: Background

The reader may find helpful the following background on aspects of the audit.

Table A.1 summarizes the grant projects for which the Veterans Cemetery Grants Program received applications and notes whether the projects were not ranked or not correctly awarded according to rankings.

Table A.1. Unranked, Incorrectly Awarded, and Awarded Projects (\$ in Millions)

Grants	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Applications	39	39	45	42	40	205
Application amounts (\$)	\$111.30	\$126.20	\$137.90	\$111.10	\$115.60	\$602.10
Awards	15	18	17	16	17	83
Award amounts (\$)*	\$50.20	\$48.80	\$51.70	\$46.80	\$47.40	\$245.00
Budget	\$45	\$45	\$45	\$45	\$45	\$225
Not ranked	15	0	0	0	0	15
Not ranked amounts (\$)	\$19.80	0	0	0	0	\$19.80
Not correctly awarded	0	0	0	5	2	7
Not correctly awarded amounts (\$)	0	0	0	\$4.20	\$0.90	\$5.10

Source: VA OIG analysis of Veterans Cemetery Grants Program priority lists and operation plans.

* Award amounts consist of budgets plus carryover funds from previously deferred projects.

Table A.2 summarizes deficiencies found at eight of the nine state cemeteries.

Table A.2. Deficiencies Found at State Cemeteries

Cemetery	Priority group(s)	Grant amount (dollars)	Grant funds misused	Gravesite marker deficiencies	Cemetery condition and operational deficiencies	Critical gravesite deficiencies
Gallup, NM	2	6,687,647	No	Yes	No	No
Hilo, HI	4	870,278	No	Yes	Yes	Yes
Killeen, TX	1	2,650,880	No	No	Yes	No
King, WI	1	3,772,083	No	Yes	Yes	No
Makawao, HI	4	1,347,323	No	Yes	Yes	Yes
Middletown, CT*	1 and 4	8,628,989	No	Yes	Yes	No
North Little Rock, AR	1	5,709,990	No	Yes	Yes	No
Radcliff, KY	1	4,422,250	No	No	Yes	No
Suffolk, VA	1	10,211,615	No	No	No	No

Source: VA and state memorandums of agreement executed in FY 2017 and FY 2018, and OIG team results and observations conducted from December 2019 through February 2020.

* The OIG team reviewed the priority group 1 grant of \$5,453,109 and the priority group 4 grant of \$3,175,880.

Table A.3 shows the number of temporary markers in place for more than 60 days from the OIG sample, from physical inspection of the cemeteries identifying additional gravesites, and from FY 2019 according to BOSS or local state data.

Table A.3. Gravesites with Temporary Markers for Over 60 Days

Cemetery	Gravesites in the OIG sample	Additional gravesites identified	Reported percentage of gravesites marked within 60 days, according to BOSS and local data
Gallup, NM	0	0	86%*
Hilo, HI	0	42	N/A
Killeen, TX	0	0	91%†
King, WI	0	8	66%‡
Makawao, HI	0	18	N/A

Cemetery	Gravesites in the OIG sample	Additional gravesites identified	Reported percentage of gravesites marked within 60 days, according to BOSS and local data
Middletown, CT	0	41	N/A
North Little Rock, AR	1	41	51% [‡]
Radcliff, KY	1	0	57% [‡]
Suffolk, VA	0	0	93% [‡]
Total	2	150	

Source: VA OIG observations of cemetery grounds and gravesite review, and data from local cemeteries and BOSS.

* The Gallup, New Mexico, cemetery opened in 2019, so July 2019 to December 2019 data were used. For the other cemeteries in this table, the team used data for July 1, 2018, to June 30, 2019.

These cemeteries lacked complete data, did not prepare marker timeliness reports, or did not utilize BOSS.

[‡] BOSS marker timeliness report.

Table A.4 shows the number of gravesites improperly installed, misaligned, sunken, damaged, and stained, and whether the team observed coins and tokens or general turf damage.

Table A.4. Deficient Cemetery Conditions

Cemetery	Improperly installed markers	Misaligned or sunken markers	Chipped markers	Stained markers	Markers with at least one issue*	Coins and tokens present	General turf damage
Gallup, NM	0	0	0	0	0	Yes	No
Hilo, HI	75	75	1	73	75	Yes	No
Killeen, TX	4	4	0	0	4	Yes	No
King, WI	0	8	0	30	38	No	No
Makawao, HI	2	3	0	0	3	Yes	Yes
Middletown, CT	0	4	1	0	5	No	No
North Little Rock, AR	0	0	5	1	6	Yes	Yes
Radcliff, KY	0	37	2	6	37	No	Yes
Suffolk, VA	0	0	0	0	0	No	No

Veterans Cemetery Grants Program Did Not Always
Award Grants to Cemeteries Correctly and Hold States to Standards

Cemetery	Improperly installed markers	Misaligned or sunken markers	Chipped markers	Stained markers	Markers with at least one issue*	Coins and tokens present	General turf damage
Total	81	131	9	110	168	5	3

Source: OIG team's cemetery observations in a sample of 637 gravesites.

* This represents any marker with at least one of the deficiencies presented in this table, such as misaligned markers.

Coins or tokens that were not removed timely could become projectiles that damage stones when the grass is mowed.

Appendix B: Scope and Methodology

Scope

The OIG team conducted its work from October 2019 through March 2021. The audit universe consisted of 27 operating state, tribal, and US territorial cemeteries that received a grant during FY 2017 or FY 2018. The team chose seven of the nine state cemeteries to observe based on (1) significant grant funds received, ranging from about \$870,000 to \$10.2 million; (2) cemeteries with the most interred veterans, ranging from 4,049 to 12,884; (3) overdue corrective action plans from a provisionally compliant or noncompliant NCA compliance review; and (4) geographic distribution, with at least one cemetery from each memorial service network. The eighth cemetery in Gallup, New Mexico, was chosen because it received significant grant funds, was located in the Pacific Memorial Service Network, and was a new cemetery established in May 2019. The team chose the ninth cemetery in King, Wisconsin, because a local historian identified inscription errors and because there was missing burial data in BOSS or the cemetery's database.

Methodology

To accomplish the objectives, the OIG team

- reviewed applicable laws, regulations, policies, procedures, and guidelines;
- interviewed NCA and state officials on topics such as the grantee selection process and its periodic oversight, including the compliance review program;
- examined grant priority rankings and awards for FY 2016 through FY 2020 to determine whether there were any notable trends, such as states consistently receiving grants;
- assessed the reasonableness of NCA's criteria for ranking grants by priority for FY 2016 through FY 2020 and determined if grants were awarded in accordance with those criteria;
- selected a judgmental sample of nine state cemeteries and reviewed key documentation including grant applications, memorandums of agreement, grant awards, architectural drawings, budget information, contractor invoices, and federal vouchers;
- physically observed the grant projects and validated the work performed, such as by verifying the construction of a columbarium and the number of graves expanded;
- selected a random sample of 75 gravesites at eight cemeteries and 37 gravesites at Gallup, New Mexico; ensured the gravesite markers were placed over the correct gravesites; and assessed the condition of gravesite markers;

- reviewed the most recent compliance review report to identify significant deficiencies and the current status;
- assessed general cemetery conditions such as grass and public walkways; and
- physically observed equipment purchased for the establishment of the cemetery in Gallup, New Mexico (the new cemetery in the OIG team's sample).⁴⁴

Internal Controls

The OIG team determined that internal controls were significant to the audit objective. The team assessed the internal controls of NCA relevant to the audit objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, the team reviewed the principles of internal controls related to the audit objective. The team identified the following two components and their associated principles as significant to the audit objective, identified internal control weaknesses, and proposed recommendations to address the findings.

- **Component 3: Control Environment.** The oversight body and management should demonstrate a commitment to integrity and ethical values, and the oversight body should oversee the entity's internal control system. Management should also (1) establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives; (2) demonstrate a commitment to recruit, develop, and retain competent individuals; and (3) evaluate performance and hold individuals accountable for their internal control responsibilities.
- **Component 5: Monitoring Activities.** Management should establish and operate activities to monitor the internal control system, evaluate the results, and remediate internal control deficiencies timely.

Fraud Assessment

The OIG team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The team solicited the OIG's Office of Investigations for fraud indicators and exercised due diligence in staying alert to

- consistent unjustified awards to the same state cemeteries or states,
- unjustified and illogical prioritization rankings not in accordance with the C.F.R.,
- misused grant funds, and

⁴⁴ Priority group 2 grants may include the cost of equipment for cemetery operation.

- double billings by prime contractors or subcontractors.

The OIG did not identify any instances of fraud or potential fraud during this audit.

Data Reliability

The OIG team used computer-processed data from BOSS and state cemeteries when applicable. To test for reliability, the team determined whether any data were missing from key data fields, such as the veteran's last name. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the team compared data from BOSS to state cemetery data such as burial registers that included the gravesite number, last name, first name, date of birth, and branch of service. Testing of the data disclosed that they were sufficiently reliable for the audit objective.

Government Standards

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on audit objectives. The OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Appendix C: Management Comments

Department of Veterans Affairs Memorandum

Date: April 30, 2021

From: Acting Under Secretary for Memorial Affairs (40)

Subj: NCA Response to OIG Draft Report - Veterans Cemetery Grants Program Did Not Always Award Grants to Cemeteries Correctly and Hold States to Standards (Project No. 2020-00176-R4-0001)

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to respond to the draft VA Office of Inspector General (OIG) Report, "Veterans Cemetery Grants Program Did Not Always Award Grants to Cemeteries Correctly and Hold States to Standards." Of the 11 recommendations in the report, we concur with 7 and concur in principle with 4. Our responses to each recommendation are attached.

2. For over 40 years, Veterans cemeteries funded through the National Cemetery Administration's (NCA) Veterans Cemetery Grant Program (VCGP) have supported NCA's mission of honoring Veterans and eligible family members with final resting places in sacred grounds. At present, there are 118 grant-funded cemeteries open for interments. In FY 2020, 37,373 eligible individuals were interred in a grant-funded cemetery – more than the total interments in any of NCA's five districts.

3. NCA's continued partnership with the States, Territories, and Tribal organizations is critical to achieving our strategic goal of providing 95% of the Veteran population with convenient access to a burial option. We agree it is imperative that grant-funded cemeteries are operated and maintained to standards befitting Veterans' service and sacrifice.

4. As you acknowledge, NCA has already undertaken some actions in this regard. For example, in April 2020, we assigned executive responsibility for VCGP to NCA's Deputy Under Secretary for Field Programs and Cemetery Operations. This action integrated VCGP oversight and improvement efforts more fully with our other point-of-service operations. In addition, we have ensured that grants were used for their intended purposes.

5. We appreciate the constructive dialogue we had with OIG in the development of this report and many thoughtful recommendations that will improve the VCGP – particularly with respect to communicating expectations to our partners and ensuring appropriate accountability.

<i>The OIG removed point of contact information prior to publication.</i>

(Original signed by)

Ronald E. Walters

Attachment

Attachment

NATIONAL CEMETERY ADMINISTRATION (NCA)

Action Plan

OIG Draft Report: Veterans Cemetery Grants Program Did Not Always Award Grants to Cemeteries Correctly and Hold States to Standards

Date of Draft Report: March 24, 2021

Recommendations/ Actions	Status	Completion Date
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Recommendation 1: Develop controls to ensure state grants are prioritized and awarded in accordance with the Code of Federal Regulations.

Recommendation 2: Develop and implement written policies and procedures for grant prioritization.

NCA Comments 1-2: Concur with both recommendations

NCA will develop and publish standard operating procedures (SOP) that will ensure the continued effective use of grants. NCA will also ensure grants are awarded in accordance with the priorities found in the Code of Federal Regulations (CFR), and will publish written procedures incorporating specific controls and responsibilities no later than September 30, 2021. NCA will use the SOP to create the Fiscal Year 2022 (FY 22) Grant Priority list.

Status	Target Completion Date
In process	September 30, 2021

Recommendation 3: Evaluate all current national headstone and niche cover contracts for appropriate penalties and clauses for timeliness and quality issues and enforce and amend those contracts as necessary.

NCA Comments: Concur in Principle

While NCA does not agree with contract penalties as contemplated by OIG, NCA does agree that it needs to review existing contract terms and expectations to ensure they are reasonable and achievable. After discussion with VA's Office of General Counsel, NCA is currently leveraging the appropriate penalties allowed under the Federal Acquisition Regulation, such as terminating contracts, capturing poor performance in the Contractor Performance Assessment Reporting System (or "CPARS") ratings, and moving work by modifying other contract vehicles. NCA believes that the use of financial disincentives (or penalties) would be counter-productive because the vendor market is very small and would likely result in higher product prices. To implement financial disincentives, NCA would also have to implement incentives as a counterbalance.

However, incentivizing early delivery of headstones by a couple of days would have limited customer benefit and be administratively burdensome to manage for this limited gain.

NCA has reviewed all national headstone and niche cover contracts and ensured that they contain quality and timeliness clauses. However, after analyzing the data and discussing the matter with several vendors, the timeliness standards in our contracts may not be reasonable and generally achievable within the market. NCA will form an Integrated Project Team to review the standards, make recommendations for change, and implement approved changes on or before the next contract option period or solicitation by the end of FY22 (September 30, 2022).

Status

In process

Target Completion Date

September 30, 2022

Recommendation 4: Direct the Improvement and Compliance Service to assign levels of importance to standards and measures used for compliance reviews and test the inscription accuracy of all gravesites sampled.

NCA Comments: Concur in Principle

NCA concurs with the first part of the recommendation to assign levels of importance to standards and measure used for compliance reviews. NCA completed classification of standards and measures as either critical, high, or medium priority for the Compliance Review Program (CRP) in October 2020. Subsequently, NCA distributed and presented the prioritized measures to grant-funded Veterans' cemeteries in December 2020. NCA implemented the prioritized standards and measures in the CRP beginning in January 2021.

NCA currently has inscription accuracy standards associated with recent interments, which we assess during CRP site visits by checking up to 30 headstones, markers, or niche covers. Separating recent from older gravesites and markers when checking for inscription accuracy is important because it enables NCA to determine if discrepancies are attributable to current vendors and cemetery staff. NCA concurs in principle that the reasonable pursuit of assuring the accuracy of all inscriptions in Veterans' cemeteries is a worthwhile endeavor. To that end, ICS will explore options and provide NCA leadership with a recommendation for assessing and ensuring inscription accuracy of headstones and markers on older gravesites by September 30, 2021.

Status

In process

Target Completion Date

September 30, 2021

Recommendation 5: Require all State and Tribal cemeteries to submit certified condition and operations performance assessments annually.

NCA Comments: Concur in Principle

NCA agrees with emphasizing Self-Assessments as a tool to improve performance. Requiring States, Territories, and Tribes to submit an annual Self-Assessment would require a change to the CFR, and NCA has determined that it would be more effective to track completion of voluntary Self-Assessments. NCA will encourage Self Assessments and discussion of them between cemetery directors and their higher-level leadership (e.g., the State Director of Veterans Affairs or the tribal government leader with functional responsibility for Veterans' affairs). These State, Territory, and Tribal leaders are responsible for supervision and control over the administration, personnel, maintenance, and operations of their cemeteries. By promoting internal discussions within those governments, NCA can ensure their ongoing awareness of standards for compliance at the appropriate level. NCA will continue to execute its oversight responsibility through standardized onsite triennial reviews, such as the CRP.

Annually, NCA requires a VA Form 40-0241 (State Cemetery Data) from each State, Territory, and Tribal Veterans' cemetery. Pursuant to 38 CFR 39.122, the form's purpose is to "document current burial activity at the cemetery, use of gravesites, remaining gravesites, and additional operational information intended to answer questions about the status of the grant program." In order to effectively track completion of Self-Assessments, NCA will revise the form so that State, Territory, and Tribal cemetery leadership will report voluntary completion of Self-assessments, enabling NCA to track and discuss the status and value of each Self- Assessment with State and Tribal leadership annually. NCA will revise the form and publish it in time to be used for the 2022 annual reporting cycle.

Status	Target Completion Date
Planned	September 30, 2022

Recommendation 6: Ensure representatives from all state and tribal cemeteries are provided opportunities to participate in National Cemetery Administration standards training via remote training options and monitor all training to ensure adequate participation.

NCA Comments: Concur

NCA has always provided opportunities for attendance at its training facilities to all State, Territory, and Tribal Veterans' cemeteries and will continue doing so. They are also included on the distribution of announcements for individual training sessions and are notified when the annual course catalog is completed each year. When NCA learned that one of the obstacles to attending training was funding, it proposed legislation to permit VA to use VCGP grant funds to reimburse costs for attendance. Congress enacted this legislation in December 2020 as section 2208 of Public Law 116-315.⁴⁵ While NCA develops and implements processes to execute this new authority, it will continue sharing course options at its training facilities.

Prior to the onset of the novel Coronavirus (COVID-19) pandemic, there was no limit on the number of classes that grant-funded cemetery personnel could attend. As a result of COVID-19, NCA has developed remote training, as appropriate, to include Advanced Supervisor Training, Administrative Investigation Boards Training and Burial Operations Support System (BOSS) Training. NCA is in the process of making supplemental training videos accessible to external entities for its Caretaker and Cemetery Representative training courses, with a target completion date of end of the first quarter in FY22 (December 31, 2022). Because not all courses can be made available and effective in the virtual environment, NCA is conducting regional training, and has made VA grant-funded cemeteries located in those areas aware of the training being offered. NCA maintains attendance data for all courses, in person and virtual, as part of the administration's training record

Status	Target Completion Date
In process	December 31, 2022

⁴⁵ Public Law 116-315 (The Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020). Available online at <https://www.congress.gov/116/bills/hr7105/BILLS-116hr7105enr.pdf>.

Recommendation 7: Continue to seek an increase in cemetery grant funding in excess of \$45 million.

NCA Comments: Concur in Principle

NCA will continue to seek funding levels to adequately address requirements for the VCGP through the Federal budgetary process. NCA will continue to ensure that VCGP budget requests are well-justified. Requested and enacted funding levels will be determined in light of VA, White House, and Congressional priorities.

Status
In process

Target Completion Date
Annually as part of Budget Formulation cycle

Recommendation 8: Ensure that the Improvement and Compliance Service follows up with Hawaiian cemeteries after action plans are submitted to ensure deficiencies are corrected.

NCA Comments: Concur

NCA will provide the Director of the Office of Veterans' Services for the State of Hawaii with an assessment of the State's current action plans no later than June 1, 2021.

Status
In process

Target Completion Date
June 1, 2021

Recommendation 9: Implement controls to ensure cemeteries that receive provisionally compliant or noncompliant scores during reviews are followed up with on a fixed and regular basis until sufficient corrective action plans are submitted.

NCA Comments: Concur

NCA makes monthly contact with all cemeteries with active corrective action plans or pending action plans to request status updates. ICS submits a monthly status update of all active and pending corrective action plans to VCGP and NCA senior leaders. VCGP uses CRP findings and corrective action plan status reports provided by ICS to manage recurring communications with grant-funded cemeteries and State/tribal leadership to confirm they are addressing documented deficiencies. Please note, however, that as of January 2021, NCA no longer uses the term "provisionally compliant."

Status
Completed

Target Completion Date
NA

Recommendation 10: Use accountability measures in the Code of Federal Regulations when appropriate if grantees do not take adequate steps to correct significant long-standing deficiencies.

NCA Comments: Concur

NCA will use current accountability measures in the Code of Federal Regulations (CFR) as appropriate. However, the current measures are limited in scope and do not provide flexibility in terms of progressive corrective action. NCA is considering enhanced accountability measures as part of a reassessment of the regulations for this program. The timeline to implement the regulatory changes has not been finalized at this time. NCA will provide OIG with more specific milestones as they are developed.

Status
In process

Target Completion Date
TBD

Recommendation 11: Work with the State of Hawaii Office of Veterans' Services to conduct an extensive assessment of all eight Hawaii State Veterans Cemeteries, including organizational oversight and operations, staffing needs (including training), gravesite marker accuracy, and grounds conditions.

NCA Comments: Concur.

NCA is planning to conduct CRP assessments at all Hawaii State Veterans' Cemeteries in FY22, and specific review dates will be determined by July 31, 2021.

Status
Planned

Target Completion Date
FY22

*For accessibility, the original format of this appendix has been modified
to comply with Section 508 of the Rehabilitation Act of 1973, as amended.*

OIG Contact and Staff Acknowledgments

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