



Department of Veterans Affairs Office of Inspector General

Audit of the Veterans Benefits Administration Compensation and Pension Site Visit Program

To Report Suspected Wrongdoing in VA Programs and Operations
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Executive Summary

Results in Brief

The VA Office of Inspector General (OIG) conducted this audit to determine whether the Veterans Benefits Administration's (VBA) Compensation and Pension (C&P) Site Visit program effectively monitors and evaluates Veteran Service Center (VSC) operations. We assessed the effectiveness of Site Visit planning, identifying and reporting operational issues and best practices, and the disposition of action requiring attention.

The C&P Site Visit program lacks the adequate infrastructure and management strategy to meet its mission and goals. Improvements are needed in staffing and staff independence, program performance measurement, ensuring that all VAROs are visited within the agency's stated goal of 3 years, and reporting and follow-up. Unless enhancements and comprehensive changes are made to the C&P Site Visit program's design and execution, C&P Service is likely to miss opportunities to improve performance across its regional office field structure.

Background

The mission of the C&P Site Visit program is to ensure centralized oversight and provide technical assistance to VSC operations within VBA's 57 VA Regional Offices (VAROs). Site Visit teams monitor compliance with C&P policies and procedures and identify best practices to assist VSCs in achieving high performance. The Site Visit program is organizationally aligned under the Director of C&P Service, who reports to the Associate Deputy Under Secretary for Policy and Program Management.

In accordance with the Millennium Act requirements, VBA administers a multi-faceted quality assurance program in an effort to ensure C&P benefits are provided in a timely, accurate, and consistent manner. This comprehensive program includes four tiers: (1) Systematic Technical Accuracy Review (STAR), (2) VSC compliance oversight visits (Site Visits) conducted by central office site survey teams, (3) special ad-hoc reviews, and (4) rating consistency reviews. Site visits are conducted separately and independently for each of the business lines within VBA—C&P, Education, Vocational Rehabilitation and Employment, Loan Guaranty, and Insurance. However, this audit assessed VBA's C&P Site Visit program.

Site visits provide C&P Service with an important mechanism to monitor VSC operations within each VARO by evaluating compliance with C&P policies and procedures and identifying best practices. Site visits also provide the opportunity for C&P Service to conduct on-site inspections of VSC operations, discuss issues with regional office employees, and provide on-site training. From FY 2001 through FY 2008, the C&P Site Visit program conducted 132 evaluations, 69 of which occurred from FY 2005 through

FY 2008. Since FY 2005, the C&P Site Visit program has reported 687 actions requiring attention in an effort to improve VSC operations.

Findings

The C&P Service Site Visit program lacks a comprehensive management plan and program infrastructure that provides for workforce and succession planning, and program performance measures. In addition, the program needs to ensure the agency's 3-year review cycle is met, and review protocols are updated as needed. C&P Service also needs to ensure the Site Visit program identifies and disseminates best practices to provide opportunities for continuous improvements for its VSC operations.

- **Workforce and Succession Planning.** The Veterans Millennium Health Care and Benefits Act requires quality assurance programs to be staffed with sufficient full-time employees (FTE) to perform quality assurance functions. In addition, VBA's *Workforce and Succession Plan for FY 2005–FY 2008* requires the administration to sustain talent in mission-critical positions, to assure continuity of operations, and avoid losses of productivity caused by turnover. Although the Site Visit team experienced significant turnover during FY 2006 and FY 2008 and has never been fully staffed to the allotted eight FTE, C&P Service has not developed a staffing plan for the Site Visit program. Program officials stated that they have been unable to maintain adequate staffing of the Site Visit program because of difficulties in recruiting qualified candidates from field offices who are willing to relocate to the Washington, D.C. area. As a result, the high turnover rate of experienced team leaders may lead to a loss of institutional knowledge of Site Visit program operations and a lack of continuity in the planning and performance of site visits. In addition, we found that C&P Service cannot ensure that on-site evaluations are performed in compliance with generally applicable governmental standards for independence or that sufficient independence exists between the Site Visit program's employees and VSCs reviewed.
- **On-site Reviews.** C&P Service plans site visits at VAROs to provide oversight on a 3-year cycle. However, our analysis of completed site visits from FY 2001 to FY 2008 indicates that C&P Service failed to review all 57 VSCs in any 3-year period, and 7 (12 percent) of 57 VSCs were only visited once during that entire 8-year period. Because the 3-year cycle of review coverage has not been met, potentially low-performing VSCs who could most benefit from a Site Visit program evaluation may not be visited frequently enough. In addition, C&P Service does not have formal policies and procedures to ensure site survey protocols are modified to reflect emerging C&P issues and systemic deficiencies identified during site visits. As a result, C&P Service may not have assurance that on-site work at VSCs is focused on reviewing current, high-risk areas of VSC operations.

- **Reporting and Follow-up.** C&P Service established goals and objectives that include identifying best practices and trends, unique challenges, and out-of-line situations to support their mission. However, we determined C&P Service has not established procedures and guidelines to identify and disseminate best practices. Also, C&P Service has not developed reports that adequately develop the causes of errors identified, and a follow-up process to ensure that action items are resolved. In addition, C&P does not adequately identify and report system-wide trends to its stakeholders, thus missing out on opportunities to proactively address issues and concerns found during individual site visits nationwide.

While the C&P Site Visit program provides centralized oversight and technical assistance to VSC operations, efforts are still needed to implement an adequate infrastructure and management strategy. These improvements will help to ensure this program meet its mission and goals and provide opportunities to continually improve VSC operations.

Recommendations

1. We recommend the Under Secretary for Benefits require C&P Service to develop a staffing plan that complies with VA Directive 5002, Workforce and Succession Planning, to ensure that sufficient resources are made available to the Site Visit program to complete VSC reviews on a three-year cycle.
2. We recommend the Under Secretary for Benefits require C&P Service to comply with generally applicable government standards for independence when performing site visits.
3. We recommend the Under Secretary for Benefits require C&P Service to develop a procedure to continuously monitor and update protocols to address systemic issues identified during site visit reviews, management concerns and priorities, and changes in program operations.
4. We recommend the Under Secretary for Benefits require C&P Service to develop a process for the identification of best practices and resolution of inconsistencies in the application of policies and procedures.
5. We recommend the Under Secretary for Benefits require C&P Service to develop and implement policies, procedures, and performance measures to strengthen follow-up on corrective action plans developed by Regional Offices on issues identified during on-site evaluations.
6. We recommend the Under Secretary for Benefits require C&P Service to ensure Site Visit reports issued for VSC operations to more fully identify the root cause of issues affecting VSC performance.

Management Comments and OIG Response

The Under Secretary for Benefits concurred with our findings and recommendations. VBA agreed to formulate a workforce and succession plan for the Program Oversight Staff, develop standard operating procedures for updating site visit protocols, formalized procedures to record noted best practices, and revamp the program operations intranet site to share those practices. In addition, VBA also agreed to develop procedures to require evidence of improvement in identified challenge areas before action items will be closed, and ensure that the final reports include as much information as possible on potential root causes of issues affecting VSC performance.

The Under Secretary for Benefits concurred with our findings and recommendations. The planned corrective actions for the recommendations are responsive to our concerns. We will close the recommendations when all proposed actions have been completed by VBA. The Director of VBA's C&P Service also agreed that they will incorporate the requirements for independence and impairment statements into C&P Service's standard operating procedures for future site visits. These statements will be completed by each participant of the site visit reviews. Appendix B contains the full text of the Under Secretary's comments.

(original signed by:)

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for Auditing

Introduction

Purpose

The VA Office of Inspector General (OIG) conducted this audit to determine whether the Veterans Benefits Administration's (VBA) Compensation and Pension (C&P) Site Visit Program effectively monitors and evaluates Veteran Service Center (VSC) operations. During the audit, we assessed the effectiveness of Site Visit program planning, identifying and reporting operational issues and best practices, and the disposition of action items requiring attention.

Background

For many years, VSCs in each of the VAROs have experienced challenges processing veterans' disability compensation and pension claims, including large backlogs of pending claims, lengthy processing times, and questions about the consistency of its Regional Office decisions.¹ VBA's disability compensation and pension claims processing is handled within the 57 VAROs. Each state, except Wyoming, has at least one VARO; California has three; and New York, Pennsylvania, and Texas have two each. VBA also has VAROs in Washington, D.C.; San Juan, Puerto Rico; and Manila in the Philippines. In FY 2008, VBA paid about \$42 billion in eligibility benefits to veterans and their beneficiaries under its disability compensation and pension programs. VBA employs more than 11,400 full-time employees to administer these programs.

The mission of the C&P Site Visit program is to ensure centralized oversight and provide technical assistance to VSC operations within VBA's 57 VA Regional Offices (VAROs). Site Visit teams monitor compliance with C&P policies and procedures and identify best practices to assist VSCs in achieving high performance. VSCs are scheduled for site visits on a 3-year cycle. From FY 2001 through FY 2008, the Site Visit program conducted 132 evaluations, 69 of which occurred from FY 2005 through FY 2008. The Site Visit program is organizationally aligned under the Director of C&P Service, who reports to the Associate Deputy Under Secretary for Policy and Program Management.

In accordance with the Millennium Act requirements, VBA administers a multi-faceted quality assurance program in an effort to ensure C&P benefits are provided in a timely, accurate, and consistent manner. This comprehensive program includes four tiers: (1) Systematic Technical Accuracy Review (STAR), (2) VSC compliance oversight visits (site visits) conducted by central office site survey teams, (3) special ad-hoc reviews, and (4) rating consistency reviews. Site visits are conducted separately and independently for each of the business lines within VBA—C&P, Education, Vocational Rehabilitation and

¹ In December 2005, the Government Accountability Office (GAO) issued a report that addresses veterans benefits—*Further Changes in VBA's Field Office Structure Could Help Improve Disability Claims Processing*, GAO-06-149.

Employment, Loan Guaranty, and Insurance. However, the audit assessed VBA's C&P Site Visit program.

Prior to performing a site visit, the VBA team leader conducts pre-site analyses of each VSC operation. The pre-site visit analysis includes a review of workload management plans, claim folder reviews, and prior C&P Site Visit reports. During the on-site review, the Site Visit team conducts a review of VSC operations using the following standard protocols—Service Center Operations; Workload Management; Training; STAR Reviews; Data Integrity; Internal Controls; and Service Organizations. In addition, while performing work at VAROs, the Site Visit team provides daily briefings to VSC management. At the conclusion of a site survey the team briefs VSC management on all potential actions requiring attention (also known as action items) and commendable practices noted during the visit.

Upon completion of the site visit, the Program Operations staff issue a series of reports beginning with a post-site visit summary (also known as the "48-Hour Report"). The 48-Hour Report is a summary of the exit briefing provided to the respective VARO Director and is disseminated to senior VBA leadership including the Under Secretary for Benefits, the Associate Under Secretary for Field Operations, the Associate Under Secretary for Policy and Program Management, and the Director of C&P Service. The Program Operations staff then issues the final report to the VARO Director and senior VBA leadership. VAROs have 60 days from the final site visit report to provide an action plan to C&P Service to address action items. Upon receipt of the action plan, C&P Service provides a report confirming if the VARO's response or implementation plan is sufficient to close each action item.

Scope and Methodology

We conducted our work from July to November 2008. We reviewed 26 reports from the 69 site visits conducted from FY 2005 to FY 2008, and issued between May 2006 and July 2008. We visited four VSCs—New York, NY; Los Angeles, CA; Indianapolis, IN; and Phoenix, AZ. Each of these offices was visited by a C&P Site Visit team during FY 2008. Also, we interviewed 16 VARO Directors and 15 Veteran Service Center Managers (VSCMs) located at VAROs we did not visit but that had a completed site visit during FY 2008. (See Appendix A for a detailed description of the methodology.)

Results and Conclusions

The C&P Site Visit program is an integral part of VBA’s Quality Assurance program, providing C&P Service with an important mechanism to monitor VSC operations by evaluating compliance with C&P policies and procedures and identifying best practices. Site visits also provide the opportunity for C&P Service to conduct onsite inspections of VSC operations, discuss issues with regional office employees, and provide on-site training. Since FY 2005, the C&P Site Visit program completed 66 evaluations and recommended 687 corrective actions to improve VSC operations. Nevertheless, the C&P Site Visit program lacks an adequate infrastructure and management strategy to meet its mission and goals. Unless improvements in planning, executing, reporting, and follow-up are made to the C&P Site Visit program’s design and execution, C&P Service is likely to miss opportunities to improve performance across VBA’s regional office structure.

Findings

The C&P Site Visit program lacks a comprehensive management plan and program infrastructure that provides for workforce and succession planning, program performance measures, frequency and coverage of on-site reviews, and reporting and follow-up.

Workforce and Succession Planning. The Veterans Millennium Health Care and Benefits Act requires quality assurance programs to be staffed with sufficient FTE to perform quality assurance functions. In addition, VBA’s *Workforce and Succession Plan* for FY 2005 – FY 2008 requires the administration to sustain talent in mission-critical and leadership positions, to assure continuity of operations, and avoid losses of productivity caused by turnover. Since FY 2006, however, the C&P Site Visit program has experienced significant turnover and has never been fully staffed up to the allotted eight FTE. C&P Service has not developed a staffing plan to ensure that sufficient, experienced and independent staff is available to lead on-site visits to accomplish the Site Visit program’s mission. As a result, the C&P Site Visit program may continue to experience high turnover that affects program efficiency until staffing issues are resolved. In both FYs 2006 and 2008, the Site Visit program experienced significant turnover, and staffing levels for FYs 2007 and 2008 averaged five employees. (Table 1 that follows shows Site Visit staffing since FY 2006):

Table 1: Site Visit Staffing			
Fiscal Year	Authorized	Assigned	Turnover
2006	8	6	6
2007	8	5*	1
2008	8	6*	3

*One FTE assigned but permanently detailed to another group

In addition to staff shortages, Site Visit program staff stated they are also assigned collateral duties that consume an estimated 30 percent of their time. For example, two

employees were assigned to Veterans Network (VETSNET) report testing and two employees were assigned to the Rating Veteran Service Representative performance standards work group. Team Leads stated that collateral duties take away from the full attention needed to perform site visit field work. All three Team Leads interviewed expressed a desire to reduce or eliminate their collateral duties to enhance the quality and depth of their work.

VBA's Associate Under Secretary for Benefits and Director of C&P Service stated that they have been unable to maintain adequate staffing of the Site Visit program because of difficulties in recruiting qualified candidates from field offices who are willing to relocate to the Washington, D.C. area. To ease their recruitment challenges, VBA has reportedly considered relocating the Site Visit program and team to Nashville, TN, where the cost of living may be more attractive to potential employees. However, VBA has not made a final decision on relocating the team, and the Director of C&P Service has not developed a workload and succession plan to ensure that the Site Visit team has sufficient staff to accomplish their mission while meeting the demands of collateral duties. As a result, Site Visit team staffing shortages are continuing into FY 2009.

Lack of Compliance with Government Standards for Staff Independence. Title 38, Part V, Chapter 77 requires the Secretary to carry out a quality assurance program operated to meet generally applicable governmental standards for independence for the performance of quality reviews. However, we found that C&P Service cannot ensure that site surveys are performed in compliance with these standards, or that sufficient independence exists between the Site Visit employees and the VSCs reviewed. The Site Visit program lacks adequate policies and procedures to identify, report, and resolve personal impairments to independence as well as to document the steps taken to identify potential personal independence impairments. As a result, C&P Service has not demonstrated compliance with generally applicable governmental standards for independence for its staff who conduct site visits.

The current process involves only verbally verifying if each Site Visit team member has previously worked at an office they are assigned to review and no documentation of this verbal assessment is created. Because the concepts of objectivity and independence are very closely related, problems with independence may impair objectivity and potentially call into question the results of the review. For example, the appearance of a conflict of interest occurred when one Site Visit team member, who was a field representative from Fiduciary Service, was placed in a position to review Fiduciary work at the VSC where she had been temporarily assigned to provide technical guidance and training in the same area.

Program Performance Measures. C&P has not established performance standards to measure accomplishment of the Site Visit program's mission and stated goals. VA's MP-1, *Performance Measures and Standards*, requires performance measures to be developed for all measurable activities within the agency. Furthermore, Executive Order

13450 requires the Secretary to implement clear annual and long-term goals defined by objectively measurable outcomes and specific plans for achieving the goals for each VA Program. The Executive Order requires specific agency personnel to be authorized and assigned the duties to achieve the goals and provided with the resources necessary to accomplish those duties. The Order also requires the Secretary to use the measurement of objective performance and accurate estimates of the full costs information to make budget and appropriations recommendations regarding VA Programs. The Secretary is required to develop a way to measure VA's progress toward achieving the goals, the efficient use of resources in making that progress, and continuous accountability of the specified agency personnel for achieving the goals and efficient use of resources.

C&P Service has not established performance standards to measure accomplishment of the Site Visit program's stated mission and goals. According to the Assistant Director of Quality Assurance, she wants to build the program prior to developing criteria to measure its success. However, the Director of C&P Service agreed developing formal performance standards would be beneficial to the program. As a result of not having performance measures, C&P Service does not have a method to ensure accountability of the Site Visit program.

Site Visit Frequency. C&P Service plans to conduct site visits at VSCs on a 3-year cycle. However, our analysis of completed site visits from FY 2001 to FY 2008 indicates that C&P Service failed to review all 57 VSCs in any 3-year period, and 7 (12 percent) of 57 VSCs were only visited once during that entire 8-year period.

Fiscal Year	Site Visits
2008	20
2007	16
2006	15
2005	18
2004	19
2003	17
2002	14
2001	13
Total	132

Because the 3-year cycle of review coverage has not been met, potentially low-performing VSCs that could most benefit from a site visit may not be visited frequently enough. For example, six VSCs were not the subject of site visits between FY 2005 and FY 2008. Of these six, five (83 percent) generally did not meet VBA's National Performance Standards in areas such as C&P Rating Inventory, Average Days Pending, and Accuracy.

Site Visit Review Protocols. C&P Service does not have formal policies and procedures to ensure Site Visit protocols are modified to reflect emerging C&P issues and systemic deficiencies identified during site visits. The *2005 Quality Assurance Team Study* recommended emphasis placed on specific topics during a site visit and need to be tailored based on pre-site visit analysis and on-going monitoring of the station's workload and performance. In response, the Director of C&P Service concurred with the recommendation and stated they would regularly monitor station performance and tailor the visits to particular areas requiring improvement, and "place more emphasis on the

performance indicators and less on compliance issues.” Target completion for this recommendation was June 2006. In addition, in July 2008, the Associate Deputy Under Secretary for Policy and Program Management stated Site Visit protocols may need to be updated or revised to be kept more manageable and attuned to current concerns and trends, although this has yet to occur.

Site Visit protocols have only been changed three times since FY 2005. For example, in July of 2008 a protocol was added to the review process as a result of a Site Visit team identifying a condition at the New York VSC where employees applied incorrect dates of claim into an electronic database. These modifications to the protocols show that the Site Visit teams strive to keep their protocols current and relevant. However, they fall short of tailoring site visits to the needs of stations based on regularly monitoring station workload and performance and placing more emphasis on performance indicators.

Regularly reviewing and potentially streamlining the protocols would allow the Site Visit teams to perform more in-depth reviews on important, high-risk areas of inquiry. For example, C&P Site Visit teams review seven categories that include 19 reportable areas. Our review of these 26 Site Visit reports (conducted from FY 2005 to FY 2008 and issued between May 2006 and July 2008) disclosed 67 percent of all action items occurred in the areas of: Quality, Data Integrity, Control and Management, and Workflow. At the same time, no findings were reported in the areas of: Staffing, Claims Processing Initiative, and Veteran Service Organizations.

The Site Visit teams reported to us that they were rushed to complete work while on-site. Consequently, they may be unnecessarily dedicating resources to areas of lower risk, and their work may have resulted in lesser impact on the improvement of VSCs. As a result, C&P Service does not have assurance that Site Visit teams are reviewing the most high-risk areas for VSC operations.

Reporting and Follow-up. C&P Service established goals and objectives for the Site Visit program that included identifying best practices and trends, unique challenges, and out-of-line situations to support their mission. However, C&P Service is not achieving these goals. The Site Visit program has not actively identified best practices since FY 2006 and does not adequately identify and report system-wide trends to its stakeholders. Additionally, Site Visit reports do not fully develop the root causes of errors identified, and C&P Service has not effectively ensured that action items identified during site visits are fully resolved by the VAROs.

Identification and Dissemination of Best Practices

The Site Visit program mission states “survey teams will monitor operations and identify best practices to assist the stations in achieving high performance.” In addition, the *2005 Quality Assurance Team Study* stated that more emphasis on commendable findings or best practices noted during site visits was needed. It recommended that C&P Service

develop a method to test best practices noted during site visits and a means to formalize and share them with other regional offices on a timely basis. In response, C&P Service stated they concurred with the recommendation and would take the following steps in FY 2006:

- Work with the Office of Field Operations (OFO) on methods to test best practices discovered during site visits.
- Publish a Best Practice Training letter at least annually.
- “Revitalize” the C&P best practices web page, keeping it updated (as additional best practices are identified) and redesigned so that best practices were reported in a format that was easy to use and follow.

Although the former Director of C&P Service agreed to implement these recommendations, C&P Service had not implemented them or made the identification and dissemination of best practices a priority of the Site Visit program. C&P Service has yet to establish guidelines for identifying and disseminating best practices and could not provide evidence that C&P Service and OFO have developed and implemented methods to test best practices discovered during site visits. C&P Service has not reported any best practices since April 2006 when they posted one on the C&P Service Site Visit intranet. Also, C&P Service has yet to issue a best practices training letter to all field stations.

In March 2006, C&P Service briefed VSCs on five potential best practices discovered during site visits in FY 2004 and FY 2005. C&P Service believed these best practices would have a major impact on improving operations and would study them with OFO. For example, one involved VSCs implementing the use of separate post office boxes for replies from veterans received in response to VA development letters. Despite this information, C&P Service could produce no evidence it evaluated these potential best practices to determine whether any of the best practices identified would be beneficial to operations nationwide.

Despite the fact that identifying best practices is part of the stated mission of the program and VSC managers stated that sharing best practices would be beneficial to their operations, Site Visit team members and program officials agreed that little emphasis has been placed on defining and identifying best practices. The lead management analyst for OFO stated “OFO does not work with Site Visit consultants on methods to identify or test best practices as they fall under C&P’s jurisdiction.” The Assistant Director of Quality Assurance stated that they were still rebuilding the staff and had deemphasized best practices in the interests of accomplishing site surveys with limited staff. As a result, C&P Service may be missing opportunities to assist VSCs in achieving high performance nationwide.

Reporting System-Wide Trends

C&P Service does not adequately identify and report system-wide trends to its stakeholders, thus missing out on opportunities to proactively address issues and concerns found during individual site visits nationwide. One of C&P Service's stated goals for the Site Visit program is to identify trends, unique challenges, and out-of-line situations. In addition, VBA's *2005 Quality Assurance Team Study* section on the Site Visit program states that one objective of the C&P Site Visit program is to identify "trends that trigger a review of policies and procedures established by Central Office to determine if they should be rewritten for clarification or changed."

Nevertheless, C&P Service's trend analysis of issues and concerns identified during site visits is limited to an annual roll-up of all issues on their web-site. However, this roll-up is primarily a numerical presentation of issue areas in broad categories instead of identifying specific trends and system-wide deficiencies. The Director of C&P Service believes that stations review the annual roll-up in preparation for site visits. However, VBA's Associate Deputy Under Secretary for Policy and Program Management, VARO Directors, and station managers—senior managers who would most likely benefit from a report providing trends in Site Visit program issues and concerns—were generally unaware of the annual report, and thus, would not be able to take proactive actions to address issues and concerns found commonly in VSCs. As a result, and according to senior officials, information from Site Visit reports has resulted in some changes to C&P policies and procedures throughout its regional office structure; however, C&P Service may not be maximizing the use of information collected.

C&P Service has not developed procedures to analyze Site Visit program results and to develop and report system-wide trends to stakeholders because the Director of C&P Service stated the annual roll-up was sufficient. As a result, the lack of identifying system-wide trends may have contributed to similar deficiencies occurring in the regional offices:

- Our analysis of the 26 C&P Site Visit reports issued between May 2006 and July 2008 disclosed that 25 (96 percent) had reported 236 deficiencies requiring corrective action.
- Of the 236 deficiencies, 157 (67 percent) occurred in the following categories:
 - Twenty-two (85 percent) of 26 had 37 action items in Quality that primarily focused on quality of information furnished to beneficiaries and violation of Privacy Act and Freedom of Information Act (PA/FOIA) requirements.
 - Fourteen (54 percent) of 26 had 22 action items in Data Integrity that primarily focused on accuracy and regional offices taking double work credit and incorrectly reporting work in electronic databases.
 - Seventeen (65 percent) of 26 had 39 action items in Control and Management that primarily focused on updating Workload Management Plan (WMP), developing

fiduciary procedures, controlling Fiduciary-Beneficiary Super-user access, and identifying and investigating alleged misuse.

- Twenty (77 percent) of 26 had 59 action items in Alignment and Workflow that primarily focused on ensuring the WMP is followed as it relates to strengthening the control, review and processing of mail, and all rating and non-rating End Products.

Follow-up on VSC Corrective Actions

VA Directive 0070, *Management Accountability and Control Program*, requires managers to promptly evaluate findings and recommendations by reviewers, determine proper actions, and complete all actions to correct or resolve the reported weakness. However, C&P Service does not have effective processes or methods to ensure that VSCs adequately implement corrective action plans. As a consequence, issues and concerns may remain at VSCs after these action items have been deemed to be closed by C&P Service or may repeat at the same VSC during a subsequent site visit. Closer coordination with Area Offices and OFO and regular monitoring of VSC performance data is needed to resolve these issues.

Stations are required to provide an implementation plan for each action item listed in the Site Visit report. If the station's response is adequate, such as, C&P Service is convinced the actions taken by the station will resolve the issue, the item is considered closed. If the response is determined to be inadequate, or the station indicates they will be taking action at a future date, the action item is left open and the station is instructed to notify the Program Operations staff when the appropriate action has been taken. A follow-up site visit may be scheduled to review compliance with action items or C&P Service may wait for the next scheduled site visit based on the 3-year cycle. However, our on-site testing at three VSCs revealed 8 (44 percent) of 18 conditions still existed after Site Visit teams closed the action items:

- Los Angeles—conditions still existed for 1 (20 percent) of 5 closed action items.
 - timely control of appeal claims in electronic data base
- Indianapolis—conditions still existed for 4 (44 percent) of 9 closed action items.
 - ensure the procedures for processing Federal Program matching cases
 - local quality reviews are not conducted consistently between managers
 - consistently following the workload management plan
 - controlling appeals workload
- Phoenix—conditions still existed for 3 (75 percent) of 4 closed action items.
 - controlling appeals workload
 - controlling or timely processing Federal Program matching cases
 - controls over locked files

Nineteen (73 percent) of 26 VSC Site Visit reports issued between May 2006 and July 2008 contained action items that included repeat findings from the previous site visit. The Assistant Director of Quality Assurance stated that implementation of VSC corrective action plans were generally taken at “face value” and closed. C&P Service also relies on OFO and Area Offices to follow up on reported action items. However, our interview with the Lead Management Analyst for OFO indicated they do not provide follow-up on completed site visits unless an egregious deficiency is identified.

Reports

Site Visit reports do not adequately identify the root cause of significant issues that affect VSC performance. VBA’s *Quality Control Instructions* state the objective of quality control includes identifying causes of errors and to determine the actions required to eliminate the causes of quality defects, and schedule these actions for completion and long-term quality improvement. Our review of nine Site Visit reports (FY 2005 – FY 2008) determined that the root causes of 84 deficiencies presented in the reports were not identified. Partial cause was identified in only 10 of the action items. Of the 84 action items, 11 were repeat deficiencies from the previous site visit. Inconsistent identification of root causes could lead to VSC managers designing ineffective corrective action plans to address identified issues or concerns.

Nineteen of 26 C&P Site Visit reports issued between May 2006 and July 2008 identified 56 action items as repeat findings from the prior site visit. Our analysis concluded none of the 19 reports provided a full discussion regarding the underlying cause for the continuing deficiencies. Additionally, site visit reports did not always disclose that a VSC had repeat action items:

- Twelve (63 percent) of the 19 reports did not identify 39 (70 percent) of the 56 action items as repeat action items in the executive summary of the report.
- Four (21 percent) of the 19 reports did not identify 23 (41 percent) of the 56 action items as repeat action items in the body of the report.

C&P Service may not have allotted sufficient resources for on-site evaluations to perform analyses of sufficient depth and breadth. According to a Site Visit Team Lead, Site Visit reports are written for upper level managers at VBA and not for VSC managers. Consequently, they may omit details that implementing-level managers may need to correct issues. Nine (24 percent) of 37 Directors and VSCMs interviewed indicated current Site Visit reports do not provide the level of detail needed to enable them to make sound decisions to improve their operations. Team Leads stated they did not always have the time they needed to identify root causes to recommend appropriate corrective actions to regional offices.

Conclusion

The C&P Site Visit program is an integral part of VBA's Quality Assurance program, and provides C&P Service with an important mechanism to monitor VSC operations by evaluating compliance with C&P policies and procedures and identifying best practices. While the C&P Site Visit program provides centralized oversight and technical assistance to VSC operations, efforts are still needed to implement an adequate infrastructure and management strategy in order to ensure this program meets its mission and goals and provide opportunities continually improve VSC operations.

Recommendations

1. We recommend the Under Secretary for Benefits require C&P Service to develop a staffing plan that complies with VA Directive 5002, Workforce and Succession Planning, to ensure that sufficient resources are made available to the Site Visit program to complete VSC reviews on a three-year cycle.
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6. We recommend the Under Secretary for Benefits require C&P Service to ensure Site Visit reports issued for VSC operations to more fully identify the root cause of issues affecting VSC performance.

Management Comments and OIG Response

The Under Secretary for Benefits concurred with our findings and recommendations. VBA agreed to formulate a workforce and succession plan for the Program Oversight Staff, develop standard operating procedures for updating site visit protocols, a more formalized procedure to record noted best practices and revamp the program operations intranet site to share those practices. In addition, VBA also agreed to develop procedures to require evidence of improvement in identified challenge areas before action items will be closed, and ensure that the final reports include as much information as possible on potential root causes of issues affecting VSC performance.

The Under Secretary for Benefits concurred with our findings and recommendations. The planned corrective actions for the recommendations are responsive to our concerns. We will close the recommendations when all proposed actions have been completed by VBA. The Director of VBA's C&P Service also agreed that they will incorporate the requirements for independence and impairment statements into C&P Service's standard operating procedures for future site visits. These statements will be completed by each participant of the site visit reviews. Appendix B contains the full text of the Under Secretary's comments.

Methodology

During the audit of VBA's C&P Site Visit program, we assessed the effectiveness of program management, the process for identifying and reporting operational issues and best practices, and the disposition of reported action items. We visited four VSCs: New York, NY; Los Angeles, CA; Indianapolis, IN, and Phoenix, AZ. Each of these offices was visited by VBA's C&P Site Visit team during FY 2008. Site selections were based on the number of action items and repeat action items identified in the Site Visit reports completed by the Site Visit team during FY 2008.² We selected the New York VSC to observe an actual site visit to gain a better understanding of the Site Visit program; however, we did not perform audit work at that station. We selected the Phoenix VSC because this station had a high number of action items identified in the most recent Site Visit report and because it is co-located with VBA's Western Area Office.

We interviewed the Western Area Director, VARO Directors, Veteran Service Center Managers (VSCMs), Assistant Veteran Service Center Managers (AVSCM), and VSC staff during our visits to the four VSCs. While at each VSC, we analyzed the VSC corrective action plans related to the respective Site Visit report. We tested compliance of closed action items by reviewing electronic databases such as Modern Awards Processing (MAP-D) and Veterans Appeals Controls and Locator System (VACOLS), VSC training records, and claims file sequencing. Also, we interviewed 16 VARO Directors and 15 VSCMs located at VAROs we did not visit but had a completed site visit during FY 2008.

We interviewed senior leadership at VBA Central Office, including the Associate Deputy Under Secretary for Policy and Program Management, the Director of C&P Service, the Assistant Director of Quality Assurance, and Chief of Program Operations. In addition, we interviewed the Site Visit team leads and the Lead Management Analyst in OFO. We also reviewed pre-site visit planning documents, and Site Visit protocols. We visited the Western Area Office in Phoenix, AZ to interview the Western Area Director to discuss his role in performing Area site visits, in coordinating with C&P Service for their site visits, and in following up on C&P Site Visit reported action items to ensure VSC's timely implement effective corrective actions.

We selected 26 reports from the 69 site visits conducted from FY 2005 – FY 2008, issued between May 2006 and July 2008, to determine the cycle time between the site visits, elapsed days to issue final reports, number of action items and continuation of action items from prior reports, and reportable categories exhibiting significant numbers of action items.

² We originally selected the Houston VARO, but changed our plans due to logistical complications resulting from Hurricane Ike. We instead substituted the Indianapolis VARO.

Appendix A

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

Under Secretary for Benefits Comments

**Department of
Veterans Affairs**

MEMORANDUM

Date: APR 22 2009

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report—Audit of the Veterans Benefits Administration Compensation and Pension Site Visit Program—WebCIMS 427589

To: Assistant Inspector General for Audit (52)

1. Attached are VBA's comments on the OIG Draft Report: Audit of the Veterans Benefits Administration Compensation and Pension Site Visit Program.
2. Questions may be referred to Dee Fielding, Program Analyst, at 461-9057.


P. W. Dunne

Attachment

Attachment

VBA COMMENTS TO OIG DRAFT REPORT

**Audit of the Veterans Benefits Administration
Compensation and Pension Site Visit Program**

We recommend the Under Secretary for Benefits require C&P Service to:

Recommendation 1: Develop a staffing plan that complies with VA Directive 5002, Workforce and Succession Planning, to ensure that sufficient resources are made available to the site visit program to complete VSC reviews on a three-year cycle.

VBA Response: Concur. VBA agrees that on-going workforce and succession planning is integral to the continued success of all programs. VBA will formulate a workforce and succession plan for the Program Oversight Staff to strengthen the C&P Service's quality assurance efforts.

Target Completion Date: July 31, 2009

Recommendation 2: Comply with generally applicable government standards for independence when performing site visits.

VBA Response: Concur. In July 2007, the Government Accountability Office released the revised Government Auditing Standards in the GAO 07-731G report. This document outlines the generally accepted government auditing standards for independence in all types of auditing functions. The C&P Service will assure that the Program Oversight Staff reviews and continues to follow the generally accepted standards for independence outlined therein. The C&P Service Quality Assurance Staff is organizationally aligned under the Associate Deputy Under Secretary for Policy and Program Management, while the field offices are organizationally aligned under the Associate Deputy Under Secretary for Field Operations. Therefore, the C&P site visit teams have no line authority over regional offices and are able to provide independent, professional reviews. VBA requests closure of this recommendation.

Recommendation 3: Develop a procedure to continuously monitor and update protocols to address systemic issues identified during site visit reviews, management concerns and priorities, and changes in program operations.

VBA Response: Concur. The C&P Service maintains protocols that serve as guides for regional office site visits. Additions to these protocols are frequently made based on various factors such as agency needs, legislative policy, and procedural changes. However, no formal procedures were in place for these changes. Standard operating procedures for updating site visit protocols will be developed.

Target Completion Date: June 30, 2009

1

Recommendation 4: Develop a process for the identification of best practices and resolution of inconsistencies in the application of policies and procedures.

VBA Response: Concur. The C&P site survey staff routinely identifies areas for improvement and greater consistency, and discusses and recommends best practices to help in these areas. The C&P Service will develop a more formalized procedure to record noted best practices and will revamp the program operations intranet site to share those practices.

Target Completion Date: August 31, 2009

Recommendation 5: Develop and implement policies, procedures, and performance measures to strengthen follow-up on corrective action plans developed by regional offices on issues identified during on-site evaluations.

VBA Response: Concur. The C&P Service will develop procedures to require evidence of improvement in identified challenge areas before action items will be closed. While these procedures will not guarantee sustained improvement, they will ensure that corrective actions taken by the regional office result in initial improvement.

Target Completion Date: August 31, 2009

Recommendation 6: Ensure site visit reports issued for VSC operations more fully identify the root cause of issues affecting VSC performance.

VBA Response: Concur. C&P Service site visit staff members meet daily with Veterans Service Center (VSC) management to discuss issues as they arise while on station. In addition, they provide exit briefings with senior regional office leadership to discuss findings and answer questions. Written site visit reports are provided following each visit to recap findings and issues and to identify items that require action by the regional office. Although the degree of in-depth root cause analysis that can be done for every problem identified during station visits is limited due to the short duration of the site visit, the C&P Service will ensure that the final reports include as much information as possible on potential root causes of issues affecting VSC performance. This change will be implemented for all reports of site visits completed after May 1, 2009. VBA requests closure of this recommendation.

OIG Contact and Staff Acknowledgments

OIG Contact	Timothy Crowe (727) 395-2422
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Acknowledgments	Brent Arronte Jessica Blake Alan Brecese Robert Campbell Debra Cato Tom McPherson Victor Milano
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