



Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of audit-related or management-identified material weaknesses and the non-compliance with FFMIA and Federal financial management system requirements outlined in the 2011 Performance and Accountability Report. The title of each material weakness is consistent throughout this section and in the entire document. The material weakness and the associated remediation plan is the same as the audit-related material weakness.

During 2011, VA continued its remediation plans to correct the one material weakness identified in prior years for “Information Technology (IT) Security Controls.” As of September 30, 2011, VA continues to report

one material weakness related to “Information Technology (IT) Security Controls.”

No new material weaknesses were found in the design or operation of internal controls during 2011 as a result of VA’s annual assessment of internal control over financial reporting, operations, laws and regulations, and financial management systems requirements in accordance with FMFIA sections 2 and 4. Under FFMIA Section 803(a) for 2011, VA reported non-compliance with Federal financial management system requirements related to the material weakness for “Information Technology (IT) Security Controls”. VA also reported non-compliance with Federal accounting standards related to the Debt Collection Improvement Act.

Table 1 - Summary of Financial Statement Audit

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management Oversight					
IT Security Controls	✓				✓
<i>Total Material Weaknesses</i>	1	0	0	0	1

Table 2 - Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA – 2)						
Statement of Assurance	Unqualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA – 2)						
Statement of Assurance	Unqualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance



<i>Total Material Weaknesses</i>	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA – 4)						
Statement of Assurance	Conform except for the non-conformance findings below					
Material Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Security Controls *	✓					✓
<i>Total Material Non-Conformances</i>	1	0	0	0	0	1
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	No			No		
1. System Requirements	No					
2. Accounting Standards	Yes					
3. USSGL at Transaction Level	Yes					

*Note: Material weaknesses and their associated remediation plans are the same as audit-related material weaknesses.



Improper Payments Elimination and Recovery Act (IPERA) of 2010

Narrative Summary of Implementation Efforts for 2011/Agency Plans for 2012- 2014

Section I

This section briefly describes the risk assessments performed for the risk-susceptible programs based on OMB's IPERA guidance thresholds, highlighting changes from last year's report.

VA reviewed the requirements of the Improper Payment Elimination and Recovery Act of 2010 (IPERA) to identify those programs susceptible to significant erroneous payments. The Veterans Benefits Administration (VBA) performed risk assessments for four Veterans benefit programs. Dependency and Indemnity Compensation (DIC) is one of the programs previously identified in the former Section 57 of OMB Circular A-11 but is reported here as part of Compensation. Statistical samplings were performed on all required programs to estimate improper payments (2010 data were used to ensure that an accurate representation of a full fiscal year's results was obtained). VBA is required to report five programs. These programs include Compensation (including DIC), Pension, Education, Insurance, and Vocational Rehabilitation and Employment (VRE). The Office of Management and Budget (OMB) granted temporary relief from reporting under IPERA for Loan Guaranty (LGY) until year 2012.

The Veterans Health Administration (VHA) conducted a formal risk assessment on all 25 VHA programs and activities to establish a new baseline. Based on the risk assessment results, VHA determined 18 programs have low risk and are not susceptible to significant improper

payments. VHA determined seven programs were potentially susceptible to significant improper payments and, therefore, these programs underwent a statistically valid payment review. After completing the review, three of the seven programs had estimated improper payments that did not exceed the thresholds established by IPERA, 2.5 percent of program payments and \$10 million or \$100 million. These programs include: Non-VA Care Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA)¹, Prosthetics, and Travel and Transportation. The CHAMPVA program has an improper payment rate of 1.03 percent and \$7.9 million in estimated improper payments; the Prosthetics program has an improper payment rate of 1.17 percent and \$14.8 million in estimated improper payments; and the Travel and Transportation program has an improper payment rate of 0.87 percent and \$7.6 million in estimated improper payments.

VHA determined that four programs are deemed susceptible to significant improper payments and are required to be reported. These programs include: Non-VA Care Fee, Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials².

Section II

¹ CHAMPVA had previously been reported in VA's 2009 and 2010 Performance and Accountability Report.

² 2011 is the first year VHA identified and reported significant improper payments in the Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials programs.



This section briefly describes the statistical sampling process conducted to estimate the improper payment rate for each program identified, highlighting changes from last year's report.

1. Compensation (including DIC) and Pension.

The calculation of the estimate of the improper payment rate for both the Compensation and Pension programs is based on actual dollar amounts of debt referred to the VA Debt Management Center (DMC) and erroneous payments identified in VA's Systemic Technical Accuracy Review (STAR) quality assurance program. Half of the estimated debt identified by STAR is included in the calculation of erroneous payments. That half is the amount written off as administrative error. The other half of the debt identified by STAR results in award action to create debts reflected in the DMC data. Debts referred to the DMC can reflect erroneous payments spanning a multiple of years, as in overpayments associated with VA's Income Verification Match and Fugitive Felon Match. In 2010, DMC received \$416.4 million in compensation debt and \$381.2 million in pension debt for collection.

The STAR program is VBA's quality assurance review program for Compensation and Pension benefit claims processing. Since the STAR review process already conducts the claims processing accuracy review of a random sample of cases, the only additional review step required to capture over and underpayment rates was to calculate the dollar amount. STAR reports were amended to generate results separately for Compensation and Pension programs, in addition to the existing overall accuracy reports. The review sample results were applied to the entire population of claims processed, including a weighting factor for regional office workload share to generate overall estimated improper payments. Since STAR quality assurance reviews are inherently "after the fact," review result reports are

generated two months after the month in which the actions reviewed were completed. Over and underpayment rates are calculated for errors in the following review categories: incorrect grant or denial, assigned percentage effective date, payment rates, dependents establishment or removal, and hospitalization or incarceration. The results from the national STAR program for over and underpayments are based on technical and administrative errors. The STAR process involves a comprehensive technical accuracy review of a statistically valid random sample of completed cases. We reviewed 29,761 Compensation and Pension cases. The number of cases reviewed represents 1.37 percent of all cases subject to review. We estimated 80 percent to be Compensation cases and 20 percent to be Pension cases. Accordingly, the sample size was 0.78 percent for the Compensation program and 0.22 percent for the Pension program.

2. Education

Education Service conducts quarterly Quality Assurance (QA) reviews of a random sample of completed education benefit claims to identify the payment accuracy rate. QA review of education benefit claims is designed to provide statistically valid results at the 95 percent confidence level with a confidence interval of 2.5 percent. To develop the sample size, an estimated accuracy rate of 94 percent is used. This number is lower than the true estimate of 96 percent by design in order to ensure an adequate sample size is used. Using the standard sample size formula ($SS = Z^2 * (p * q) / C^2$) where SS is the sample size, Z is the value of the confidence level, p is the estimated accuracy percentage, q equals one minus p, and C is the confidence level. The sample size is then corrected for total population using the formula $(SS) / (1 + (SS / \text{Total Population}))$. To be statistically valid using these formulas, a sample size of 346 is required as long as the actual processing accuracy rate is 94 percent or



higher. As a cautionary measure, the sample size is increased to 400 or more per quarter to ensure the statistical validity of results are achieved in the event the actual accuracy rate is observed at 93 percent. Because the QA review is conducted quarterly, this results in an annual review of 1,600 or more randomly selected Education benefits claims.

3. Insurance

For the Insurance Service, the steps to determining the actual rate of improper payments are the following:

- Determine the number of accounts receivables established in the prior year from an Excel report created by the Finance division.
- Determine the dollar amount of all accounts receivables identified as improper payments.
- Determine the dollar amount of all disbursements made for the same year from a report from the Accounting section.
- Divide the dollar amount of all improper payments by the dollar amount of all disbursements to determine the improper payment rate for the year.

The Insurance Service also uses its Statistical Quality Control (SQC) program to help validate the improper payment rate. The Insurance SQC program is our method for assessing the ongoing quality and timeliness of our work products. A random sample of completed or pending work products is reviewed each month to ensure that the service provided to the Veteran or the Veteran's representative was accurate, appropriate, and complete, according to established guidelines. Each month a computer-generated program randomly selects 100 cash disbursements created by policy loan or cash surrender and 100 samples relating to the processing and payment of a death claim. Each case is reviewed for accuracy and timeliness. Our accuracy rate for cash disbursements for 2010 was over 99 percent.

In addition to SQC, the Insurance Service also completes monthly individual employee performance reviews. The performance levels – critical and non-critical elements – are identified in the Individual Employee Performance Requirements. These reviews are based on a random sampling of the primary end products produced by employees in the operating divisions. Those items found to have errors are returned to the employee for correction. At the end of the month, supervisors inform employees of their error rates and timeliness percentages as compared to acceptable standards.

4. Vocational Rehabilitation and Employment

VRE's QA reviews were designed to provide statistically valid results at the 99 percent confidence level with a confidence interval of 1.6 percent. To develop the sample size, an estimated accuracy rate of 50 percent is used. This number is significantly lower than the true estimate of 92 percent by design in order to ensure an adequate sample size is used. Using the standard sample size formula ($SS = Z^2 * (p * q) / C^2$) where SS is the sample size, Z is the value of the confidence level, p is the estimated accuracy percentage, q equals one minus p, and C is the confidence level. The sample size is then corrected for total population using the formula $(SS)/(1+(SS/Total Population))$. To be statistically valid using these formulas, a sample size of 2,603 is required as long as the actual processing accuracy rate is 50 percent or higher. As a cautionary measure, the sample size is increased to 6,000 or more per year to ensure the statistical validity of results are achieved in the event the actual accuracy rate is observed at 93 percent.

In 2010, 6,014 randomly selected VRE cases were reviewed and the fiscal accuracy rate was 92.6 percent. The total value of payments for the 6,014 VRE fiscal cases are determined as well as the total value of all improper payments.



VRE currently does not collect data on overpayment and underpayment amounts. It only collects data on fiscal accuracy. In 2010, the total rate of improper payments was estimated at 7.4 percent of the total payments.

5. Four VHA Programs: Non-VA Care Fee, Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials

VHA used a two-stage sampling probability approach, and consulted with its Allocation Resource Center and a statistician to ensure the validity of its sample design, sample size, and measurement methodology. In the first-stage sampling, probability-proportional-to-size (PPS) was used to draw a sample of 14 medical facilities where the size was identified as the number of invoices processed at the facility. Using this methodology, larger facilities had a greater probability of being selected than the smaller ones. In the second-stage sampling, simple random sampling was used to draw a sample of sufficient size to yield an estimate with a 90 percent confidence level with a confidence interval of 2.5 percent. Using this methodology, each payment within a medical facility had an equal probability of being selected from VA's Financial Management System. As part of the PPS sampling, each payment in the sample had an associated weight which was the inverse of the selection probability. The sampling weights were post-stratified using simple ratio adjustments so that sample totals were equal to the universe totals. The error rate and the improper payment amounts were then estimated using the sampling weights and appropriate methodology.

The VHA Financial Assistance Office reviewed sampled payments using a specialized checklist detailing specific compliance criteria to more accurately identify payment accuracy. For example, each sampled payment and supporting documentation was reviewed against policies and procedures to determine if the payment was made to an eligible recipient, was for an eligible good or service, was a duplicate payment, was for

goods or services received, accounted for credit of applicable discounts, and was made in the correct amount.

Based on OMB's direction, VHA also reviewed payments for non-compliance with policies and procedures and reported these errors as improper payments in 2011. Non-compliance errors are payments made in the correct amount, to the correct entity, for the right reason, and are neither overpayments nor underpayments. These errors occurred due to internal control violations when processing the payment. The estimated improper payment amount resulting from these errors are non-monetary and do not have a recoverable amount tied to them as corrective actions are internal.

Section III

This section describes VA's IPERA Corrective Action Plan for each identified program to reduce the estimated rate and amount of improper payments for each type of root cause of error identified.

1. Compensation (including Dependency and Indemnity Compensation) and Pension Root Causes of Error: Fugitive Felon Program, Processing Errors, Month of Death, Incarceration, and Failure to Report Information Change

Improper payments in the Compensation and Pension programs resulted from three types of error categories: federal administration and documentation, including processing errors (1.34 percent), authentication and medical necessity, including month of death, fugitive felon and incarceration (98.63 percent), verification and local administration, including failure to report change information (0.03 percent).

Fugitive Felon Program

One cause of overpayments in both the Compensation and Pension programs has been



the implementation of the Fugitive Felon program. This program, created by Public Law 107-103, Veterans Education and Benefits Expansion Act of 2001, in December 2001, prohibits Veterans or their dependents who are fugitive felons from receiving specified Veterans' benefits. The law requires VA to retroactively terminate awards to Veterans and other beneficiaries from the date the beneficiary became a "fugitive felon." As of January 2011, nearly 23,000 fugitive felon cases have been referred to field stations resulting in a total of nearly \$165 million accumulated overpayments which cover multiple warrant years. The Committees on Waivers and Compromises had waived nearly \$22 million in overpayments. Most overpayments were waived because there was no indication of fraud on the part of the beneficiary and collection would cause the beneficiary financial hardship. It takes approximately 9 to 12 months to completely process fugitive felon cases. The amount of overpayments from this program can vary each fiscal year for the following reasons:

- Benefits are terminated from the date the claimant becomes a fugitive felon, not from the date VA becomes aware of fugitive felon status (i.e., VA was notified in 2010, but the claimant's warrant was from Warrant Year 2004.)
- The length of time it takes to process fugitive felon cases varies (i.e., due process and award adjustment).
- It is difficult to estimate the impact of new agreements with additional states as this process is controlled by the Office of Inspector General (OIG).

In addition to the identification of fugitive felons, notification of incarcerations may also lead to the establishment of overpayments. These incarceration adjustments resulted in a total of \$9.7 million in estimated payments.

According to current law, these cases are given due process and then adjusted. Notification of status is a function of agreements made with States, the Bureau of Prisons, and other law enforcement agencies. As previously indicated, these overpayments typically span multiple years as OIG's negotiation of agreements with various jurisdictions expands. As OIG involves more law enforcement jurisdictions, we can anticipate that large overpayments will continue for at least the next few years. Overpayments could be reduced if benefits were terminated from the date of the notice to VA of fugitive status rather than the date of issuance of the warrant.

Corrective Action Plan

VA makes efforts to improve in all areas to eliminate overpayment errors. For example, three signatures are required for awards where the retroactive payment of any benefit exceeds \$25,000. The Veteran Service Center Manager (VSCM) or supervisory designee authorizes the payment. Awards with an effective date retroactive eight or more years, or that result in a lump-sum payment of \$250,000 or more, require a review by the Compensation and Pension (C and P) Service prior to award authorization. If C and P determines the proposed decision is improper, instructions for specific corrective action are provided.

VA continued to expand staffing levels under Public Law 111-5, the American Recovery and Reinvestment Act (ARRA) of 2009, which provided \$150 million for the hiring and training of temporary surge claims processors through 2010. VBA converted approximately 2,400 ARRA temporary employees to permanent positions and also hired an additional 600 permanent employees in 2010. All employees were on duty by 2010. Based on the increase in staffing levels, the number of inexperienced decision makers will continue to be a significant factor for the immediate future, as it takes two



to three years to become fully trained and productive. Therefore, the potential for errors in evaluating, granting, and denying benefits may be greater in the short term.

The issue of double payments for spouses who are on more than one Veteran's award was initially detected during a contractor's proof-of-concept conducted in 2001. A data mining effort conducted by the C and P Service and the Office of Performance Analysis and Integrity found that Veterans' records with inconsistent identifying data for dependents had the potential to involve improper payments. In July 2010, Fast Letter 10-27 was issued for the data match. Stations were identified based on folder location and two lists of claim numbers were generated. A total of 748 cases were identified nationwide where it appeared that two Veterans were receiving benefits for the same spouse or possibly a social security number was entered incorrectly. As a result, 330 cases revealed no errors and the remaining cases have been adjusted or are pending adjustment.

Approximately 73,600 disability compensation records and 6,000 DIC records were terminated due to death in 2010. The estimated annual overpayment for the month of death was based on an estimated 24,200 disability compensation beneficiaries' and 1,900 DIC beneficiaries' deaths occurring during the last 10 days of the month. The potential overpayment is estimated at \$26.8 million based on an average monthly benefit of \$1,006 for disability compensation and \$1,263 for DIC.

A. Compensation

Root Causes of Error: Processing Errors, Month of Death, Incarceration, and Failure to Report Change Information

For underpayments based on denial of service connection or under evaluation, the evidence does not have to show conclusively that an error was made in a prior decision. If the

evidence is in equipoise, VA is required to resolve the claim in the claimant's favor according to 38 CFR 3.102. For overpayments, the standard is clear and unmistakable error; that is, there is no basis in any reasonable judgment that the benefit granted could be sustained according to 38 CFR 3.105 (a) and (d). Changes in ratings are made prospectively, unless fraud on the part of the beneficiary is found.

Most errors related to underpayments were found on initial decisions on claims. Many of these underpayments are likely corrected upon reconsideration during the appeal process, either at the local level or by the Board of Veterans Appeals. This is a mitigating factor only. It does not eliminate the fact that even where the initial action was corrected, an incorrect decision was made and that benefits were delayed.

Corrective Action Plan

VA continues to improve training programs, which will play an even more important role over the next couple of years as we continue our hiring focus, and are expected to reduce processing errors or other types of errors. The training staff is working on an Electronic Performance Support System (EPSS) for Combat Related Special Compensation (CRSC) and Concurrent Retirement and Disability Pay (CRDP), including new calculators, which will be released in the latter part of 2011.

Per Fast Letter 11-04, there is now a National Training Curriculum (NTC) consisting of 85 mandatory training hours for all claims processors. These 85 mandatory training hours include topics pertaining to cases with potential overpayments: Processing Write-outs (including 800 Series Work Items processing), Matching programs, Drill Pay Waivers, Fugitive Felon program, and Hospital Adjustments. These new lessons ensure that Veterans Service



Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) are aware of potential overpayment cases by providing instructor-led training, practical exercises, and actual claims development.

By providing clear and sufficient training materials for the issue of potential overpayments, VBA hopes to reduce all costs associated with overpayment of benefits. In addition, VA has developed and validated a methodology to measure rating consistency and has increased the Quality Review Staff workforce devoted to measure consistency. We began collecting data through comparative statistical analysis of grant rates and evaluations across all regional offices. We will use the results of this analysis to identify unusual patterns of variance in claims decisions and to incorporate focused case reviews into routine quality oversight by the STAR staff.

B. Pension

Root Causes of Error: Processing Errors, Month of Death, Incarceration, and Failure to Report Information Change

The Pension program provides eligible Veterans and their survivors a level of income that raises their standard of living. It requires retroactive adjustment based upon actual income received by the beneficiary. Consequently, it is prone to overpayments due to untimely reporting of income changes, misreporting of income, or failure to report income changes by claimants. Over and underpayments based on the STAR program define the errors as incorrect grants or denial, income not counted correctly, effective date or payment rate, and dependents established or removed. Other causes for overpayments are: reductions or terminations based upon matching programs, inaccurate reporting of monthly social security benefits, less paid unreimbursed medical expenses than anticipated, and receipt of greater income than anticipated. STAR reviews involve the

procedural and administrative errors and do not capture overpayment and underpayments due to late reporting by claimants for dependency issues, income, incarceration, and death.

Corrective Action Plan

VA consolidated all pension maintenance workload to the Pension Management Centers (PMCs) in order to improve the quality and timeliness of pension processing, as well as to focus training in this area. The improved quality of pension processing and focused training should reduce the average size of overpayments through greater claims processing efficiencies and reduced cycle time. Pension processing quality has already increased significantly through consolidation and specialization, and we expect that trend to continue. Consolidation of original disability pension and death pension claims processing began on May 1, 2008. The consolidation was completed in September 2009.

VA has implemented the following actions to strengthen efficiencies at the three PMCs:

- The Pension Transformation Project Team, in conjunction with Booz Allen Hamilton, are working together to identify the best business practices within the three PMCs to create a more consolidated working environment. Within this initiative the focus is to identify the priority claims; therefore, reducing the amount of overpayments created based on the type of workload PMCs currently process.
- PMCs continue to utilize the national standardized training program and refresher training curriculum to ensure standardized processing of pension claims. Centralized training materials are continually being updated to provide current information to the field. Training materials, such as, Incarceration, Common Law Marriage, Matching programs, and



Deemed Valid Marriage have been updated in 2010.

- Several Training Performance and Support System (TPSS) web-based training modules related to pension processing have been updated or are in the process of being updated.
 - Module 3, Original Pension, completed in May 2010.
 - Module 4, Income Adjustments, projected completion is at end of calendar year 2011.
 - Module 5, Dependency and Indemnity Compensation, completed in October 2010.
 - Module 6, Burials, completed in September 2010.
 - Module 8, Accrued Benefits, projected completion date is at the end of calendar year 2011.
 - Module 10, Special Monthly Pension, projected completion date is at the end of calendar year 2011
- PMCs implemented an electronic application that stores and sorts C and P system messages (800 series write-outs) associated with pension maintenance activities by frequency, claim number, terminal digit, etc., to assist with timeline processing of these messages. Training materials for this subject were updated in October 2010.
- PMCs continue to enhance Virtual VA to ensure accurate documentation is contained in the electronic claims folder.
- PMCs have transitioned the majority of pension claims into the Veterans Service Network (VETSNET) application. The next conversion is scheduled for April 2012 where helpless child awards will be converted from the Benefits Delivery Network (BDN) to VETSNET.

Less judgment is involved in determining entitlement to the Pension program, with the

primary evaluation factor based upon compliance with a very detailed set of rules for establishing dependency and complex detailed rules for developing and considering income to determine entitlement and payment rates. The creation of overpayments can occur when VA does not receive timely notification of a Veteran's death, such as:

- A Veteran dies and VA subsequently releases payment(s) prior to receiving notification of the death.
- VA receives notification of the death too late in the monthly processing cycle to prevent the release of the next month's payment.

Approximately 35,700 disability pension records and 18,100 death pension records were terminated due to death in 2010. The estimated annual overpayment for the month of death was based on an estimated 12,800 disability pension beneficiaries' death and 6,000 pension beneficiaries' death occurring during the last 10 days of the month. The potential overpayment is estimated at \$13 million based on an average monthly benefit of \$850 for disability pension and \$496 for death pension.

Non-entitlement for the month of death and the remarriage of a surviving spouse also cause overpayments. The month of death overpayment occurs when a Veteran dies too late in the month to stop the release of the check for the month of death, to which he or she is not entitled. Many of the VA Regional Offices were paying the month of death check for the surviving spouse only when requested in writing, by phone, or with the submission of an Application for DIC, Death Pension and Accrued Benefits. The VSCM Conference Call in December 2008 stated that effective immediately any First Notice of Death that is processed should be screened for a surviving spouse and an award processed for the month of death for those eligible surviving spouses.



This will eliminate the possibility of surviving spouses not receiving the month of death check for which they are eligible. Although an overpayment may still be created when there is no eligible surviving spouse, the majority of these payments are recouped.

Recently, a new computer application was implemented to improve the timeliness and accuracy of Month of Death payments. The National Call Centers and National Cemetery Administration personnel use the application when VA receives the first notice of a Veteran's death. The surviving spouse is verified and the correct monetary benefit is automatically processed. Overpayments occur on rare occasions when the Veteran's dependency records are not timely updated.

Due to the particular nature of the pension program, a significant number of overpayments will be created due to reporting failures by beneficiaries. VBA has both internal and external controls that identify reporting discrepancies. Most pension recipients are required to file an Eligibility Verification Report (EVR) reporting their actual previous year and anticipated current year income. The number of EVRs mailed to pensioners is based on the number who report receipt of income other than Social Security or medical expenses other than Medicare Part B. For 2010, VBA sent approximately 27 percent of the pensioners an EVR to complete.

This program results in overpayments due to late reporting of income changes that result in larger overpayments due to two statutory provisions:

- Reductions in payment rates are effective the first of the month following receipt of a change in income. An overpayment is created retroactive to the effective date of the change.
- Failure to return an EVR results in retroactive termination of the award and

overpayment from the beginning of the calendar year.

VBA has an Income Verification Match (IVM) with the Internal Revenue Service and Social Security Administration. This computer match of pension recipients may disclose change in income that may require a retroactive adjustment to the benefit amount, creating an overpayment. Effective date rules govern adjustments to pension benefits. As a result, a change in income may require a retroactive adjustment to the benefit amount and creating an overpayment.

2. Education

Root Causes of Error: Enrollment Document Not Processed, Erroneous Date of Reduction or Termination, Erroneous Payment for Interval between Terms, and Erroneous Determination of Training Time

Improper payments in the Education program resulted from one type of error category: documentation and administration (100 percent) with the four root causes of error stated above.

Performance accountability measures, including payment accuracy, are set at the administration level for directors of the offices that process education claims, and set by the directors for their subordinates. Education Service has developed standardized nationwide performance standards, including payment accuracy for personnel who process claims. Performance award funds are available for stations that exceed requirements and achieve broader goals.

Education Service has used the QA program to assess payment errors since 1992. Quarterly QA review reports are used to identify error trends and causes for Regional Processing Offices to use in conducting refresher training. Required training based on quarterly quality



reviews was conducted in 2010. The four major causes of error (listed in order below by number of occurrences) accounted for 73 percent of the total Education benefits processing errors. Causes number two and three result mainly from inattention to detail, rather than lack of training, and are more frequent when claims inventory is high, and many claims processors are relatively inexperienced, as in 2010. Due to the complexity of applicable requirements, leading to more frequent errors, causes one and four are the subject of regular refresher training.

1. Recording incorrect attendance dates
2. Failure to process a document in the file
3. Incorrect interval payment
4. Award not certified

The complexity of Post-9/11 GI Bill claims continues to contribute to errors. In addition to the complexity of Post-9/11 GI Bill claims, increased workload associated with the Post-9/11 GI Bill has affected other Education programs. However, the implementation during the last quarter of 2010 of a new automated processing system for the Post-9/11 GI Bill will continue to improve both accuracy and speed of processing. Changes to the Post-9/11 GI Bill contained in P.L. 111-377 have necessitated the delay in other previously scheduled system updates.

Corrective Action Plan

The following list outlines VBA plans to continue to improve accuracy of processing benefits claims and reducing payment errors.

- Implement an automatic interface from VA on-line Certification of Enrollment (VA-OnCE) to the Long Term Solution (LTS). It will eliminate manual entry of school enrollment information; therefore, minimizing human error when manually re-entering information. It was completed with LTS automation system release 3 on October 31, 2010.

- Implement automatic interface between LTS and BDN payment systems. It will eliminate manual “fiscal transaction/fiscal authorization actions” human data input required for all but “exception” cases; therefore, minimizing human errors when re-entering correctly calculated amounts. It was completed with LTS automation system release 4 on January 14, 2011.
- Distribute an RPO training letter. It will serve as a reminder to the Veterans Claims Examiners to be more vigilant when authorizing payments to ensure that the data used to calculate the benefit payment are correct. The letter was sent in January 2010.
- Conduct an Education Liaison Representative (ELR) Training Conference. It will provide standardized training to ELRs to aid them in accomplishing their major job duties including training School Certifying Officials. The date is tentative.
- Enhance the LTS to allow for student monthly verification of enrollment. Verification of enrollment from students will ensure that VA is notified timely of drops or withdrawals in order to minimize overpayments of housing allowance for periods when a student is not enrolled. The date is to be determined and will be posted on December 31, 2011.

3. Insurance

Root Causes of Error: Errors due to Inputting or Processing Payments Incorrectly at the Federal Level

Improper payments in the Insurance program resulted from one type of error category: documentation and administration (100 percent).

The majority of Insurance Service improper payments are result of human errors related to the effort to speed up the service and the large volume of transactions processed. The other



vulnerabilities are timeliness of checks traced or cashed, incorrect beneficiary, incorrect amount, and deceased Veteran or beneficiary.

Corrective Action Plan

The Insurance program has a very low improper payment rate of 0.01 percent because of the high quality of the work performed by Insurance Specialists and the controls established by the Insurance Service Internal Control Staff (ICS). ICS intensifies traditional management controls (e.g., internal system edits, supervision, performance reviews, and quality control reviews). They have the responsibility to ensure the propriety of system-generated disbursements. They also monitor, review, and approve all manual insurance disbursements, and some other controlled transactions. It is the reviewer's duty to perform accurate reviews to verify the correctness and propriety of all critical insurance actions. ICS is the primary control point for all processes involving clerical disbursement actions.

ICS identified best practices by consulting with OIG, which provided them with a variety of computer matching programs assisting in identifying patterns that may indicate abuse. Internal Control managers also attended classes in the prevention and detection of fraud, waste, and abuse, and attended formal training in management and accountability. They have shared their expertise with other elements of VBA, and individuals from OIG have referred to their operation as a "best practice." The Insurance Service also provides in-house training for all incoming Insurance Specialists and provides ongoing training for operations employees regarding various aspects of the program.

4. Vocational Rehabilitation and Employment Root Causes of Error: Administrative and Documentation Errors

Improper payments in the VRE program resulted from one type of error category: documentation and administration (100 percent).

Corrective Action Plan

VRE uses the QA program to assess fiscal errors. In 2010, quality review analysis was used to identify error trends and causes for VA Regional Offices to use in conducting refresher training. Required training based on quality reviews was conducted in 2010. VRE Service has adjusted the number of QA sample selections each year, from two sample selections in 2010 to ten sample selections 2011. The increase in the number of QA sample selections provides quicker feedback to the field, allowing for better identification of trends and better training.

As part of corrective action plan, there is an implementation of QA Web Application – a unified and centralized web application designed to support the new streamlined QA workflow. It will accomplish the following:

- Facilitate sampling and tracking of cases for review.
- Facilitate the QA review.
- Automate analysis and reporting of results.
- Provide post review actions in local and national training requirements, policy adjustments, and procedure enhancements.

Beta testing was completed in December 2010, and the deployment date is scheduled in December 2011.

5. Non-VA Care Fee

Four Root Causes of Error: Incorrect Application of Payment Methodologies, Lack of Documentation, Lack of Authorization, and Data Entry Errors

Improper payments in the Non-VA Care Fee program resulted from two error categories: documentation and administrative (97 percent)



and verification (3 percent) with the four root causes of error stated above.

Incorrect Application of Payment

Methodologies: VHA identified 37 percent of improper payments resulting from incorrect application of payment methodologies. Over the past year, the National Fee Program Office (NFPO) has enhanced its automated payment methodology capabilities through the Fee Basis Claims Software (FBCS) and continues to identify enhancements to reduce future payment errors. The NFPO intranet site contains guidance for choosing the appropriate payment methodology for each type of care received. Additionally, the VHA Chief Business Office (CBO) Purchased Care Business Line (PCBL) creates and distributes monthly outlier reports to identify potential payment errors for assessment and review by the local VA Medical Center (VAMC). This information is shared with the Veterans Integrated Service Network (VISN) Business Implementation Managers and Fee managers. PCBL is developing a policy requirement to ensure a medical facility-level review of these reports along with individualized corrective action plans.

Lack of Documentation: VHA identified 22 percent of improper payments resulting from a lack of documentation. Examples included improperly submitted claims by the provider that should have been rejected and missing claims and supporting documentation that, had they been available for review, could have supported the appropriateness of payment. PCBL continues to update policy information and conduct training to foster procedures that support appropriateness of payment.

Lack of Authorization: VHA identified 16 percent of improper payments resulting from a lack of clinical authorization approving non-VA services. In collaboration with the facility, Fee staff, and various VHA audit groups, PCBL

created and released a standardized automated assessment tool that assists in managing the initial administrative decision concerning the use of non-VA care services and the accuracy of pricing and payment of claims associated with those services. This tool enables leadership to monitor non-VA care referrals, ensure clinical justification for referrals, and assess individual site application of the regulations and policies governing the Non-VA Purchased Care program. In addition, the PCBL has been piloting new processes intended to standardize and further automate the initiate authorization requirement. These process changes will be implemented across all facilities by the end of 2012, providing VHA more structured tool sets at the initial authorization stage. PCBL continues to update policy information and conduct training to promote non-VA care referral compliance.

Data Entry Errors: VHA identified 15 percent of improper payments resulting from data entry errors. NFPO provides training, risk assessments, suggested internal controls, and partners with the Office of Compliance and Business Integrity (CBI) compliance officers to coordinate audit oversight and compliance at local and regional levels. PCBL is exploring alternatives to further enhance automation of Fee claims processing systems to reduce manual input errors. PCBL publishes and communicates findings from the purchase care audit contract and various monthly outlier reports.

Other Errors: VHA identified 10 percent of improper payments resulting from scrubber not properly used, improper invoicing, internal control violations, incorrect appropriation of funds, and duplicate payments.

Many of the audit discrepancies can be attributed to the manual nature of the technology in 2010. PCBL believes that a



decentralized claims processing system, with multiple software products in place, is the root cause for many errors. The payment program has more than 2,000 claims processors distributed across 132 medical facilities. Given such a working environment, with multiple decentralized software products in place, the direct enforcement and responsibility of ensuring compliance to Fee policies and procedures is sporadic and problematic. These variability factors make accountability more challenging. To resolve these issues, PCBL has been working toward developing one claims processing solution with centralized management. Because this is a long-term solution, CBO has interim enhancements, using software products that positively impact payment accuracy.

Corrective Action Plan

PCBL took aggressive steps to reduce the rate and amount of improper payments and continues to implement and plan proactive steps in 2011. PCBL has taken steps to centralize responsibility and assess current program operations. Many of these improvements already provide field facilities greater access to information for processing claims and help the NFPO modify training materials to meet the needs identified in the field as well as address errors found in this audit.

Organizational Realignment: On June 5, 2011, the Deputy Chief Business Officer realigned all business lines into a single operating entity, merging Health Administration Center programs with PCBL programs, creating a more efficient, streamlined organization. PCBL will focus on the reduction of improper payments by leveraging a very mature program already in place in other components of the organization.

Fee Basis Claims System: The Veterans Health Information Systems and Technology

Architecture (Vista) Fee package was developed more than 20 years ago and was not designed for the sophistication and volume of claims that VA is now processing. As a result, CBO has developed a full set of business requirements for a replacement system that will address more timely claims processing, elimination of duplicate payments, and reduction of manual entry and data entry errors. Because of the time it will take to develop and implement the long-term technological changes, VA has put in place an interim automation system, FBCS, which has resulted in increased timeliness of claims processing, reduced manual input errors, and fewer instances of lack of documentation.

Site Assessment Visits: PCBL has expanded its Field Assistance program to provide enhanced site visits designed to improve local operations by assessing site status and helping develop increased internal controls. In 2010, 35 site visits occurred. The 2011 site visits include training with the newly deployed Claims Pricing Assessment Tool. The sites will use the tool for self-assessments and review of Fee claims to determine trends in improper payments. Field assistance staff has been expanded to include FBCS field assistance specialists who are “super-users” of FBCS and will provide support and training to sites that require assistance. A mechanism was established in 2011 to track field assistance findings at all sites and to measure trends and identify lessons learned among all sites for training course development.

Claims Pricing Assessment Tool: Responding to the 2010 improper payment audit, PCBL provided additional tools to enable sites and audit teams to identify improper payments. As a result, VHA has improved the accuracy of which improper payments are identified and has been able to use that data to develop program improvement initiatives. For example, in conjunction with the Austin Information and



Technology Center Central Fee program, PCBL developed a duplicate payment report, accessed through SnapWeb, which identifies possible improper duplicate payments. The SnapWeb reports enable medical facilities to identify duplicate payments made from their sites and between sites.

Training and Education: The NFPO will continue to provide training and communication to the field regarding its published policies and procedures. Due to the current organization of VHA, compliance and enforcement of policies and procedures occurs at the VISN and VAMC levels. NFPO has created a tracking mechanism that identifies and outlines the Field Assistance Site results. The tracking mechanism will be used to record the lessons learned, which will be shared with training staff to modify and improve training for future workshops. The Purchased Care Fee Academy is the primary training program provided to the VISN and VAMC Fee employees nationwide. Fee Academy is organized into a four-tiered progressive level of curriculums designed to improve performance, enhance internal controls, and be in compliance with program policies. PCBL continues to improve and implement training and communications; however, the responsibility for enforcement remains with the decentralized VISN and VAMC network. The national implementation of FBCS included a three-week training course on FBCS procedures that was provided to site Fee staff during rollout. Many sites received additional training, and FBCS trainers provided a second round of training when field assistance staff addressed process and work flow procedures. Supplemental online training is also provided. Further, the PCBL provides ongoing education with monthly super-user conference calls and claims processing tips and recommendations that are posted on the NFPO home page. PCBL continues to work closely with auditors, including CBI to improve the knowledge and

auditing capabilities of PCBL programs to have field compliance officers perform compliance and risk assessments directly related to Fee processes at medical centers.

NFPO Intranet Site: The NFPO intranet site has been expanded to include updated training materials, procedure guides, notices and FBCS alerts. This information is available to the field to alert staff to any changes and provide status of multiple projects related to Fee.

Non-VA Purchased Care Claims Audit Contract (CCAC): This contract enables PCBL to conduct post-payment reviews and analysis that identify errors in payment methodologies and procedures for Fee claims processing. The findings from the CCAC will be tracked and trended. The results will be used to enhance performance improvement programs, procedures and policy development, and training curriculum. This contract also enables PCBL to notify the VAMCs in a timely manner on payment processing errors occurring at their facilities.

Program Integrity Contract: In January 2011, PCBL awarded a contract to assist the VA in establishing an enhanced program integrity function in order to reduce fraud, waste, and abuse through implementing industry standard applications and processes. The contractor is exploring a predictive modeling analytics tool to apply to PCBL programs.

Expanded Recovery Audit: PCBL manages the national contract for an external audit of non-VA care inpatient payments. In March 2011, PCBL expanded the recovery audit to include outpatient services. The findings from all recovery audits will be tracked and trended in a data-driven causation and corrective-action tracking sheet. The results will be used to reinforce training and field communications and



develop additional audit and corrective action plans.

6. Other Contractual Services

Two Root Causes of Error: Non-compliance with Policies and Procedures and Lack of Documentation

Improper payments in the Other Contractual Services program resulted from one error category: documentation and administrative errors (100 percent) with two root causes of error stated above.

Non-compliance with Policies and Procedures:

VHA identified 99.9 percent of improper payments resulting from non-compliance with policies and procedures. These were payments that should have been made; however, VHA's internal policies and procedures were not followed when making the payment. The majority of these errors occurred because payments were not charged to the appropriate cost center or budget object code due to a lack of understanding of how to apply the definitions of cost centers and budget object codes to the payment scenario. In some cases, cost center policy definitions changed during 2010, and facilities were either not aware of the change, or did not know how to appropriately apply the change to their payments.

Specifically, 90 percent of these payment errors were Non-VA Care Fee payments that were charged to incorrect cost centers resulting in their inclusion in the Other Contractual Services program since VHA uses budget object codes and cost centers to define programs and activities. The other non-compliance error was made using a convenience check, which was prohibited by policy. This error occurred due to a lack of awareness of the policy, and except for the method of payment, the payment was otherwise correct.

Lack of Documentation: VHA identified less than 1 percent of improper payments resulting

from lack of documentation to fully support the payment.

Corrective Action Plan

VA strives to alleviate errors caused by non-compliance with policies and procedures by continually reviewing and updating accounting policy. The Office of Financial Policy (OFP) within the Department's Office of Management is responsible for providing Departmentwide financial policy and guidance. Part of the responsibility of OFP is to develop, coordinate, issue, evaluate, and review VA financial policies, systems, and procedures for compliance with all financial laws and regulations. During the last three years the OFP has updated financial policies as part of the VA Financial Policy Improvement Initiative (FPPII). During 2011, VHA OFP created a team of subject matter experts to work with VA to continue updating Departmentwide financial policy chapters in conjunction with FPPII. The VHA Accounting Policy Section is also developing a set of national VHA detailed procedures which will be included as a supplement to respective VA policy chapters.

The VHA Accounting Policy Section will also ensure dissemination of policy requirements for proper assignment of cost center and budget object codes when preparing financial transactions. Requirements will be addressed and training provided as part of the September 2011 monthly national finance conference call. Requirements related to use of convenience checks and prohibition for salary payments will also be addressed.

Additional communication venues to communicate and educate agency employees regarding agency proper fiscal policies and procedures include:

- Financial Management Advisory Committee (FMAC). The FMAC will continue to discuss and recommend policy updates or request



clarification regarding ambiguous or unclear policies and procedures.

- VHA VISN Chief Financial Officer (CFO) call. This conference call includes all VISN CFO's and allows for open discussion on policy, procedures, and improvement opportunities within fiscal operations.
- Quarterly VISN CFO Face to Face meeting. This meeting is a one to two day conference where VISN CFO's collaborate and discuss policy and procedural issues within VHA.

7. State Home Per Diem Grants

Five Root Causes of Error: Ineligible Recipient, Non-compliance with Policies and Procedures, Incorrect Amount, Ineligible Goods, and Lack of Documentation

Improper payments in the State Home Per Diem Grants program resulted from one error category: documentation and administrative errors (100 percent) with the five root causes of error stated above.

Ineligible Recipient: VHA identified 90 percent of improper payments resulting from the omission of an authorizing signature for the documentation for care on multiple claims.

Non-compliance with Policies and Procedures: VHA identified 4.6 percent of improper payments resulting from a lack of segregation of duties or the use of the wrong obligation number for services rendered.

Incorrect Amount: VHA identified 4.5 percent of improper payments resulting from the use of incorrect per diem rates or application of the incorrect payment methodology.

Ineligible goods: VHA identified less than 1 percent of improper payments resulting from improper use of State Home funds to reimburse for medications.

Lack of Documentation: VHA identified less than 1 percent of improper payments resulting from medical facilities not producing the necessary documentation to substantiate the payment.

The majority of improper payments occurred because of a lack of understanding of program requirements by staff having delegated authority to process payments, non-standardized processes and procedures, and the reliance on a manual processing system resulting in variances in payment calculations and processing.

Corrective Action Plan

The PCBL has launched a number of initiatives over the past year to enhance and standardize business processes within the State Home Per Diem Grants program that includes:

- A VA Intranet Web site for use by VA Central Office, VISN, and VAMC of jurisdiction program managers was completed in November 2010.
- National policy for the State Home Per Diem program has been re-written and updated. Currently the policy is under review and is in the final phase of the VA concurrence process. The completion date is October 2011.
- Monthly conference calls to provide guidance and direction to VISN and VAMC jurisdiction program managers were established in January 2011 and are on-going.
- A consultant contractor began conducting a review of the current and future state workload processing, data informatics, financial management, and information technology solutions in October 2010. The final report is provided to CBO in September 2011.
- PCBL will conduct national reviews and soliciting feedback from internal and external stakeholders to include the



National Association of State Veterans Homes (NASVH) Liaison Committee, the NASVH Financial Operations Advisory Committee, and VA program managers. Their collective goal is to identify and pursue common interests and identify best practices. These reviews and feedback will facilitate relevant education on commonly identified errors and correct processes to use.

- PCBL will develop audit tools with CFOs from NASVH and the VHA Financial Quality Assurance Managers. Policy and the audit tool were provided to VHA field activities at the CBO National Purchased Care Conference on September 13-15, 2011. Approximately 600 VHA program managers and auditors attended.
- Daily Audits are conducted by CBO State Home Per Diem program office staff. Overpayments and underpayment outcomes are communicated to VISN and VAMC of jurisdiction program office staff and financial managers so that recovery actions can be pursued.

8. Supplies and Materials

Five Root Causes of Error: Non-compliance with Policies and Procedures, Lack of Documentation, Ineligible Goods, Incorrect Amount, and Discounts not Taken

Improper payments in the Supplies and Materials program resulted from one error category: documentation and administrative errors (100 percent) with five root causes of error stated above.

Non-compliance with Policies and Procedures:

VHA identified 66.4 percent of improper payments resulting from non-compliance with policies and procedures. These were payments that should have been made; however, VHA internal policies and procedures were not followed when making the payment. For example, VHA identified an error on an

obligating document (VA Form 1358) where the certifying official and the funds control point official were the same person, thus violating segregation of duties. In another example, VHA found a payment where a service was provided prior to the authorization of the purchase order and there was not a delegation of authority for the cardholder. VHA also identified instances where the proper accounting code was not charged when making the payment. In another case, VHA found that the federal supply schedule was not being used to make purchases where these supplies were available for lower costs to the Government.

Lack of Documentation: VHA identified 18.2 percent of improper payments resulting from lack of documentation. These errors occurred due to facilities not providing necessary support to determine payment accuracy, such as invoices, receiving reports, or contract terms to verify pricing.

Ineligible Goods: VHA identified 14.9 percent of improper payments resulting from ineligible goods. This error was caused by lack of authorizations. Examples include an error where the cardholder was not properly warranted to make a purchase above the \$3,000 micro-purchase threshold and a payment that had no delegation for a "Pay Only" order which is required by the VA policy.

Incorrect Amount: VHA identified less than 1 percent of improper payments resulting from payment in the incorrect amount. Examples include VHA paying more than the contractual amount or improperly paying sales tax on an invoice.

Discounts not Taken: VHA identified less than 1 percent of improper payments resulting from discounts not taken. In these cases VHA did not apply the 1 percent vendor discounts for prompt payments.



Corrective Action Plan

The largest dollar error (55 percent) was due to lack of proper segregation of duties when using VA Form 1358. During 2011, VHA issued strict guidance prohibiting the same individual(s) to request, approve, obligate, and certify funds when using VA Form 1358 as an obligation tool. In July 2011, VHA installed a system of information technology patches to enhance segregation of duties. These patches will prevent the same individual(s) from requesting, approving, and recording the 1358 obligations and approving payments.

The VHA Procurement and Logistics office will develop a training package for use by the facilities. The training will be disseminated using the VA Learning University Web site and will be required for purchase card holders responsible for purchasing supplies and materials. Each VISN Director will certify to the Deputy Under Secretary for Health for Administrative Operations (DUSH/AO) that the training has been completed by all affected employees within their VISN, no later than September 30, 2012.

The required training will emphasize:

- The newly designed VHA policies and procedures intranet Web site which contains: updated financial policies, a search tool allowing users to find financial policies using a keyword or phrase, contact information for clarification of policy or procedures, and the ability to request policy changes.
- Proper use of accounting codes.
- Proper application of discounts when making a payment.
- Proper documentation required for purchase of supplies and materials.

Section IV

A. The table below identifies VA's IPERA reportable programs. The information is

provided for each program by overpayment and underpayment when the information is available. This information includes prior and current year's outlays, percent of improper payments, and dollar amounts of improper payments, as well as estimates for the next three years.



Improper Payment Reduction Outlook 2010 –2014 (Based on 2009 –2013 data)
(\$ in millions)

Program	2010 (based on 2009 actual data)			2011 (based on 2010 actual data)			2012 (based on 2011 estimated data)			2013 (based on 2012 estimated data)			2014 (based on 2013 estimated data)		
	OUTLAYS (\$) ⁽¹⁾	IP %	IP \$	OUTLAYS (\$) ⁽¹⁾	IP % ^(6,7)	IP \$ ^(6,7)	OUTLAYS (\$) ⁽¹⁾	IP %	IP \$	OUTLAYS (\$) ⁽¹⁾	IP %	IP \$	OUTLAYS (\$) ⁽¹⁾	IP %	IP \$
Compensation ⁽²⁾		0.75	427.2		0.76	478.7		0.77	407.5		0.77	440.7		0.73	450.3
	56,957	0.25	142.4	62,983	0.24	151.2	52,917 ⁽³⁾	0.23	121.7	57,239	0.23	131.7	61,689	0.21	129.5
Net Amount		1.00	569.6		1.00	629.9		1.00	529.2		1.00	572.4		0.94	579.8
Pensions		7.88	343.1		0.97	44.8		0.97	47.9		0.97	51.4		0.94	53.7
	4,354	0.29	12.6	4,614	0.03	1.4	4,937	0.03	1.5	5,300	0.03	1.6	5,710	0.02	1.1
Net Amount		8.17	355.70		1.00	46.2		1.00	49.4		1.00	53.0		0.96	54.8
Education		4.00	356.4		1.5	154.5		1.4	148.8		1.2	130.3		1.1	127.7
	8,909	4.00	356.4	10,299	0.6	61.7	10,625	0.5	53.1	10,857	0.4	43.4	11,611	0.3	34.9
Net Amount		8.00	712.80		2.1	216.2		1.9	201.9		1.6	173.7		1.4	162.6
Insurance		0.03	0.40		0.01	0.161		0.01	0.157		0.01	0.150		0.01	0.146
	1,334	0.0	0.0	1,613	0.0	0.0	1,568	0.0	0.0	1,499	0.0	0.0	1,458	0.0	0.0
Net Amount		0.03	0.40		0.01	0.161		0.01	0.157		0.01	0.150		0.01	0.146
VRE		N/A	N/A		7.0	57.4		7.0	58.9		6.0	54.4		5.0	48.0
	N/A ⁽⁴⁾	N/A	N/A	819.6	0.0	0.0	841.0	0.0	0.0	959.7	0.0	0.0	959.7	0.0	0.0
Net Amount		N/A	N/A		7.0	57.4		7.0	58.9		6.0	54.4		5.0	48.0
Non-VA Care Fee ⁽⁸⁾		9.59	330.2		10.17	427.8		8.0	440.0		4.0	264.0		2.0	150.0
	3,442	4.29	147.7	4,205	2.26	95.1	5,500	2.0	110.0	6,600	1.0	66.0	7,500	0.5	37.5
Net Amount		13.88	477.9		12.43	522.9		10.0	550.0		5.0	330.0		2.5	187.5
Other Contractual Services ⁽⁹⁾		N/A	N/A		8.78	276.3		5.0	165.2		1.4	48.6		1.0	36.4
	N/A ⁽⁵⁾	N/A	N/A	3,146	0.0	0.0	3,303	0.0	0.0	3,468	0.0	0.0	3,642	0.0	0.0
Net Amount		N/A	N/A		8.78	276.3		5.0	165.2		1.4	48.6		1.0	36.4
State Home Per Diem Grants ⁽¹⁰⁾		N/A	N/A		12.94	92.3		9.0	77.4		7.0	70.4		5.5	64.7
	N/A ⁽⁵⁾	N/A	N/A	713.2	0.75	5.3	860	3.0	25.8	1,006	3.0	30.2	1,177	1.0	11.8
Net Amount		N/A	N/A		13.69	97.6		12.0	103.2		10.0	100.6		6.50	76.50
Supplies and Materials ⁽¹¹⁾		N/A	N/A		13.60	221.1		12.0	204.8		10.0	179.2		9.0	169.4
	N/A ⁽⁵⁾	N/A	N/A	1,626	0.0	0.0	1,707	0.0	0.0	1,792	0.0	0.0	1,882	0.0	0.0
Net Amount		N/A	N/A		13.60	221.1		12.0	204.8		10.0	179.2		9.0	169.4



Notes to Improper Payment Reduction Outlook Table:

- ⁽¹⁾ For some programs, dollars reported are payments, not necessarily outlays. Overpayments (shaded cells) and underpayments are identified for programs for which separate data is available.
- ⁽²⁾ Dependency and Indemnity Compensation is included with Compensation.
- ⁽³⁾ Compensation's outlay for 2012 decreases due to technological advances.
- ⁽⁴⁾ Numbers not available since VRE was granted temporary relief from reporting from 2008-2010.
- ⁽⁵⁾ 2011 is the first year VHA identified significant improper payments in the Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials programs; therefore, no data was reported in 2010.
- ⁽⁶⁾ VHA improper payment percentages and amounts are based on sampling weights detailed in section II of this report.
- ⁽⁷⁾ Based on OMB's direction, VHA reported non-compliance errors as improper payments in 2011. These payments were made in the correct amount, to the correct entity, and for the right reason and are neither overpayments nor underpayments. The estimated improper payment amount resulting from these errors are non-monetary and do not have a recoverable amount tied to them as corrective actions are internal.
- ⁽⁸⁾ Non-VA Care Fee program has recoverable improper payments of 11.67 percent representing approximately \$490.7 million of the reported improper payment dollars.
- ⁽⁹⁾ Other Contractual Services program has no recoverable improper payments as all errors are non-monetary and corrective actions are internal.
- ⁽¹⁰⁾ State Home Per Diem Grants program has recoverable improper payments of 12.99 percent representing approximately \$92.6 million of the reported improper payment dollars.
- ⁽¹¹⁾ Supplies and Materials program has recoverable improper payments of 4.57 percent representing approximately \$74.3 million of the reported improper payment dollars.

Section V

This section describes VA's Payment recapture audit efforts.

According to IPERA, the head of each agency must conduct recovery audits with respect to each program and activity of the agency that expends \$1,000,000 or more annually, if conducting such audits would be cost-effective. Based on the Veterans Benefits Administration (VBA)/Recovery Accountability and Transparency Board (RATB) Pilot results, VA decided to use a General Services Administration (GSA) firm- fixed contract. This GSA contract will provide analysis of compensation and pension improper benefit payments to determine the level of preventable improper payments. The contract will also determine if it is feasible to pursue payment recapture audits of the improper payments

under IPERA. VA plans to award the contract by the first quarter of FY 2012.

VBA's recovery of improper payments is administered by the DMC, which provides the amounts of receivable establishments, collections, and offsets. The cumulative amount of improper payments collected and offset for Compensation and Pension programs from 2004 to 2010 was over 2.8 billion. For the same period, the cumulative amount collected and offset for Education and VRE was over 1.43 billion. (There was only one combined number reported for both Education and VRE.)

In the Insurance program, improper and erroneous payments can be divided into two broad categories, cases where recovery can be made from the contract (policy) or an annuity death benefit award, and cases where it cannot, since all proceeds from the policy have been



issued. In cases where an individual has a current policy or is receiving an annuity payment, the insurance overpayment is secured by placing a lien on the policyholder's contract. This indebtedness will not be waived and will be recovered from any disbursements such as dividends or death benefits. When an insurance indebtedness is not secured by a contract of insurance and remains unpaid, an accounts receivable is established and it is transferred to our Finance activity for collection, either through direct contact with the recipient of the funds or through the offset program with the Department of the Treasury. They also are empowered to refer large debts to our District Counsel for legal action and recovery. After three years of granted temporary relief from IPERA reporting, Insurance resumed reporting in 2010. The cumulative amount recovered from 2009 to 2010 was \$418,152.

During 2010, PCBL did not have any contracts to conduct recovery audit reviews because of a delay in the award of a new contract. By 1st quarter 2012, a new continuation contract is expected to be awarded for the Diagnosis Related Group Recovery Audit, covering care provided during fiscal years 2007 to 2011. Although the Outpatient Recovery Audit was awarded in September 2010, cases were not established prior to the end of the year.

On recovery for VHA's Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials, the VA's Financial Services Center (FSC) conducts an audit recovery process to include:

- Reviewing payment files for certified payments \$50 and greater. These payments are matched against disbursed payments for the prior 90 days to identify duplicate payments.
- Reviewing payment files quarterly for payments \$2,500 and greater. These payments are matched against disbursed payments over the last 2 years to identify duplicate payments.
- Reviewing payments under \$2,500 without a certifying officer certification and high dollar payments to individuals.

In 2010, the FSC identified 27 Other Contractual Services payments totaling \$201,236, requiring recovery, and 18 Supplies and Materials payments totaling \$41,383, requiring recovery. No recoverable improper payments were identified for the State Home Per Diem Grants program. As this is the first year VHA is reporting these programs, prior year recovery data was not captured.



Part IV - IPERA of 2010

Payment Recapture Audit Reporting

Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	Amount Subject to Review for 2010 Reporting	Actual Amount Reviewed and Reported (2010)	Amount Identified for Recovery (2010)	Amount Recovered (2010)	% of Amount Recovered out of Amount Identified (2010)	Amount Outstanding (2010)	% of Amount Outstanding out of Amount Identified (2010)	Amount Determined Not to be Collectable (2010)	% of Amount Determined Not to be Collectable out of Amount Identified (2010)	Amount Identified for Recovery (2004-2009)	Amount Recovered (2004-2010)	Cumulative Amounts Outstanding (2004-2010)	Cumulative Amounts Identified for Recovery (2004-2010)	Cumulative Amounts Recovered (2004-2010)	Cumulative Amounts Determined Not to be Collectable (2004-2010)
Compensation and Pension	Benefit	N/A	N/A	798	523	N/A	N/A	N/A	N/A	N/A	3,502	2,277	N/A	4,300	2,800	N/A
Education and VRE	Benefit	N/A	N/A	754	491	N/A	N/A	N/A	N/A	N/A	1,046	939	N/A	1,800	1,430	N/A
Insurance	Benefit	N/A	N/A	126	108	N/A	N/A	N/A	N/A	N/A	1.77	1.09	N/A	1.9	1.2	N/A
Non-VA Care Fee	Benefit	N/A	N/A	0 ⁽¹⁾	4.77	N/A	N/A	N/A	N/A	N/A	56.30	39.93	N/A	56.3	44.7	N/A
Other Contractual	Other	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾
State Home Per Diem Grants	Grant	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾
Supplies and Materials	Other	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾

Notes:

⁽¹⁾During 2009 and 2010, PCBL did not have a contract in place to conduct recovery audit reviews because of a delay in the award process.

⁽²⁾2011 is the first year VHA is reporting the Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials programs; therefore, no recovery data have been collected.



Payment Recapture Audit Targets⁽¹⁾

Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	2011 Amount Identified	2011 Amount Recovered	2011 Recovery Rate (Amount Recovered / Amount Identified)	2012 Recovery Rate Target	2013 Recovery Rate Target	2014 Recovery Rate Target
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Aging of Outstanding Overpayments⁽¹⁾

Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	2011 Amount Outstanding (0- 6 months)	2011 Amount Outstanding (6 months to 1 year)	2011 Amount Outstanding (over 1 year)
N/A	N/A	N/A	N/A	N/A

Disposition of Recaptured Funds⁽¹⁾

Program or Activity	Type of Payment (contract, grant, benefit, loan, or other)	Agency Expenses to Administer the Program	Payment Recapture Auditor Fees	Financial Management Improvement Activities	Original Purpose	Office of Inspector General	Returned to Treasury
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

⁽¹⁾OMB Circular A-136, Financial Reporting Requirements, was published on October 28, 2011. Due to the delayed issuance of A-136, VA is unable to collect the data and make it available for the FY 2011 reporting period.

Improper payments identified and recovered through sources other than payment recapture audits

1. Financial Services Center (FSC), Austin, TX
 VA continued to gain efficiencies and improve performance through the centralization of vendor payment activities at the FSC. By centralizing vendor payment activities, VA



strengthened its focus on identifying and preventing vendor payment errors. FSC persistently seeks to enhance audit recovery efforts for improper or duplicate vendor payments. FSC reviews VA vendor payments daily to systematically identify, prevent, and recover improper payments made to commercial vendors. Current payment files are matched to identify and, where possible, prevent duplicates prior to payment. Payments from prior fiscal years are matched to identify potential duplicate payments for further analysis, assessment, and, as appropriate, collection. FSC also reviews vendor payments to identify and collect improper payments resulting from payment processing such as erroneous interest penalties, service charges and sales taxes. Overall, during 2011, collections of improper payments and the recovery of unapplied vendor statement credits totaled \$9.3 million. Improved payment oversight enabled VA to also identify and cancel over \$9.5 million in potential improper payments prior to disbursement. Since the

inception of the FSC’s audit recovery effort in 2001, VA has recovered \$37.7 million in improper payments and prevented the improper payment of another \$80.6 million.

2. Supply Fund

The VA Office of Acquisition and Logistics works with the OIG Office of Contract Review (OCR) to recover funds owed VA due to (1) defective pricing – whether the prices for the items awarded were based on accurate, complete, and current disclosures by the offer or during contract negotiations; and (2) price reduction violations – whether the contractor complied with the terms and conditions of the price reductions clause. As part of OIG post-award contract reviews, staff also looks for and collects overcharges that were the result of the contractor charging more than the contract price. Other reviews conducted by OCR include health care resource proposals, claims, and other special purpose reviews. In 2011, this audit recovery program recovered over \$25 million.

Overpayments Recaptured Outside of Payment Recapture Audits

Source of Recovery	Amount Identified (2011)	Amount Recovered (2011)	Amount Identified (2004-2010)	Amount Recovered (2004-2010)	Cumulative Amount Identified (2004-2011)	Cumulative Amount Recovered (2004-2011)
FSC	6.50	9.30	28.60	21.90	35.10	31.20
Supply Fund	24.07	25.89	163.45	146.35	187.52	172.24

Section VI

This section describes the steps VA is taking to hold managers and leadership accountable for reducing and recovering improper payments.

The Under Secretary for Benefits continued emphasis on accountability and integrity at every level underscores the Under Secretary’s commitment to achieving the goals set forth in the IPERA. One of the President’s Management

Agenda objectives is to secure the best performance and highest measure of accountability within the agencies of the Federal Government. VBA continues to report progress through the President’s Management Scorecard and through Monthly Performance Reviews with the Deputy Secretary. In addition to the monthly reviews, annual information is shared in the Performance and Accountability Report detailing VBA-wide effort and



commitment to reduce the occurrence of improper payments.

1. Two Benefit Programs: Compensation (including Dependency and Indemnity Compensation) and Pension

VBA is committed to ensuring agency managers are held accountable for reducing and recovering improper payments. This is accomplished in a number of ways for the C and P Service. First, regional directors, service center managers, and all management personnel share the same performance standards with respect to the management of delivery for compensation and pension benefits. Non-supervisory field staffs have performance standards that measure them against quality and timeliness standards. Within C and P Service, management and staff are responsible for measuring quality, development of counter measures and training, and development of legislative and technological changes where possible to avoid, reduce, and recover overpayments.

2. Education

Performance accountability measures, including payment accuracy, are set at the administration level for directors of the offices that process education claims, and set by the directors for their subordinates. Education Service has developed nationwide performance standards including payment accuracy for personnel who process claims. Performance award funds are available for stations that exceed requirements and achieve broader goals.

3. Insurance

VBA is committed to ensuring that Insurance managers are held accountable for reducing and recovering improper payments, as evidenced by the Insurance program's low improper payment rate of 0.01 percent. This is accomplished in a number of ways in the Insurance program. First, there are several operational measures as part of the Insurance

Service Director's performance plan, one of which is the accuracy of insurance disbursements. Accuracy of insurance disbursements is also a part of Insurance Operations Managers' performance plan, as well as being included in the performance of the Insurance employees who are responsible for initiating payments. In addition, a critical element of all Insurance managers is the management and accountability of Internal Controls.

4. Vocational Rehabilitation and Employment

Performance accountability measures, including payment accuracy, are set at the administration level for directors of all regional offices, and set by the directors for their subordinates. VRE Service has developed standardized nationwide performance standards, including payment accuracy. Performance award funds are available for stations that exceed requirements and achieve broader goals.

5. Non-VA Care Fee

In June 2011, the Deputy CBO for Purchased Care realigned all business lines into a single operating entity, merging the legacy Health Administration Center programs with PCBL programs. The objectives were reducing improper payments and gaining efficiencies in an enterprise-wide business process. The center of gravity in reduction of improper payments is the newly aligned Directorate of Program Oversight and Informatics. This directorate will have vastly enhanced capabilities and capacity for quality improvements based on a risk and internal controls program, ethics program, internal and external audit programs, program integrity and enhanced Informatics analysis and tools.

PCBL began the planning and implementation of a comprehensive enterprise-level Risk, Issues and Opportunities (RIO) Management program in the second quarter of 2011. This program



enhances PCBL internal controls with a single repository for the identification and handling of RIOs that will positively impact PCBL's ability to achieve its strategic mission and objectives. The RIO Management program will prioritize and allocate its resources by mitigating PCBL's weaknesses and threats, such as improper payments, while optimizing its opportunities and strengths.

6. Other Contractual Services

The VHA Office of Finance will disseminate the IPERA risk assessment results and other audits or reviews where inaccurate use of cost accounting and convenience checks has been detected, and inform local management of their responsibility to comply with financial policy.

7. State Home Per Diem Grants

PCBL and State Home Per Diem Grants program managers are confident that recent initiatives set in place will help to significantly reduce improper payments over the next several years. For outcomes cited in the audit findings, VAMCs of jurisdiction have been advised of the use of appropriate regulatory and policy references. They have also been advised that in instances where under payments were made that balance due should be processed to the state home(s) affected. Also, in cases of overpayments, bills of collection are to be processed to the state home(s) affected to assure that these VA funds are returned.

8. Supplies and Materials

Annually, VHA publishes a Director Executive Career Field performance plan to communicate to senior executives the expectations of VA. The plan includes the goal of financial stewardship, which is to support the overall Departmental goal of best practices in financial and business processes. Each Network will ensure continual monitoring of facility performances on key financial and business compliance indicators and will be required to

assign individualized requirements to appropriate business units where specific actions or improvements are needed.

Section VII

A. This section describes the information systems and other infrastructure that VA is using to reduce improper payments.

1. Compensation (including Dependency and Indemnity Compensation) and Pension

The agency has information systems and infrastructure to reduce improper payments. BDN information systems utilized outdated technology and did not have the capability to prevent or reduce the size of overpayments, or to characterize the reason for overpayment. The disability rating decision is entered once, eliminating or substantially reducing errors due to data entry. The retroactive payment is calculated as the award is being prepared. This eliminates problems with manual calculations for out-of-system payments. When three signatures are required, the system has internal controls to ensure this requirement is met. The ability to store more data improves the ability to identify the cause of the overpayment. VA has consolidated pension processing to three PMCs. The PMCs have an accuracy rate of 96 percent for both pension entitlement claims and pension maintenance issues.

2. Education

Due to the legislation that mandated the full implementation of the Post-9/11 GI Bill by August 1, 2009, and the lack of a payment system to process the benefit, VA implemented a manual payment process that relied heavily on job aids and manual calculations. This resulted in an increase of improper payments due to calculation errors and duplicate payments. The manual payment process was an interim solution pending the development and release of a permanent benefit processing



and payment system, LTS. Beginning on March 31, 2010, the LTS began implementing in stages, with each stage providing more functionality and automation.

The first release, on March 31, 2010, was deployed on a limited basis and processed benefit claims that had not previously been paid Post-9/11 GI Bill benefits. The second release, on June 30, 2010, began converting all Post-9/11 GI Bill claims into the LTS system, provided automated eligibility, entitlement, and payment calculations. By the end of the summer of 2010, the old system of manual calculations and job aids was discontinued. However, the actual payments were still processed manually and did not eliminate the possibility of human error.

The third release, on November 1, 2010, provided increased functionality by automatically feeding enrollment information into the LTS from the VA-OnCE system. This release eliminated errors caused by manual input of enrollment information into the LTS. The fourth release, on December 17, 2010, automated the processing of the payments by feeding the payment information directly to the BDN and eliminated human intervention. This will reduce the possibility of an improper payment being made. Education Service developed and implemented a rules-based automated claims processing system for Chapter 30 benefits. The goal of this system is to automatically process up to 40 percent of all enrollments and changes in enrollment for Chapter 30 benefits. While the principal effect of implementation is to reduce processing times, it also reduces erroneous payments associated with Chapter 30 benefit claims. The long term goal is to develop a similar automated claims processing capability in LTS for Post-9/11 benefit claims. The development of this functionality was delayed in order to develop systems to support requirements

established as a result of changes in Post-9/11 GI Bill legislation in 2011. (See Section III, Education, for more information) Development and implementation of this functionality is scheduled for development in 2012 with implementation targeted for late 2012.

3. Insurance

Insurance participates in computer matches with the Social Security Administration to determine if a policyholder or beneficiary payee in receipt of monthly insurance benefits has died recently and is no longer entitled to such benefits. Insurance also images all beneficiary and option designations and all documents that are related to any type of disbursement. Additionally, Electronic Funds Transfer has reduced our exposure to external fraud when a check is lost or stolen from a policyholder or beneficiary payee. This has significantly reduced our exposure to overpayments.

The Insurance program has successfully implemented a dozen job aids under the initiative called "Skills, Knowledge, and Insurance Practices and Procedures Embedded in Systems." This program captures "best practices" and standardized procedures for processing various work items and makes them available on each employee's desktop. The job aids are an important tool in reducing error rates and improving timeliness.

4. Vocational Rehabilitation and Employment

VBA has sufficient information systems and infrastructure to support VBA plans to reduce improper payments. Current development of the QA Web application and future development in Corporate WINRS (CWINRS) will reduce improper payments. (WINRS is an automated vocational rehabilitation tracking system application.)

5. Non-VA Care Fee

PCBL information systems are continuously



evaluated for improvements in efforts to enhance system processes and capabilities and minimize output errors. PCBL is conducting a business case analysis in conjunction with the pending results of several contracts that might indicate the need for a modernized information system and infrastructure that could provide centralized claims processes.

FBCS Enhancements and VA Transformation are initiatives that are designed around the incremental implementation of future state health care claims processing systems in order to automate justification, authorization, coordination, payment, and documentation of Non-VA Purchased Care. The result will be improved claims processing efficiency and accuracy and the implementation of a health care claims fraud, waste, and abuse system.

6. Other Contractual Services

VHA does not foresee an automated information system solution for the accounting errors identified during the IPERA review as they do not currently lend themselves to an information technology fix.

7. State Home Per Diem Grants

PCBL is exploring future state alternatives that would enhance the timeliness and accuracy of state home per diem payment processes. Alternatives under consideration include the design of an automated claim processing system and the centralization of some aspects of the program.

8. Supplies and Materials

The agency has information systems and infrastructure in place to reduce improper payments. During July 2011, the agency completed installation of a set of information technology patches that will enhance segregation of duties when obligations are made using the VA Form 1358 as an obligation tool.

Section VIII

This section describes the statutory and regulatory barriers that limit VA's corrective actions in reducing improper payments and what actions have been taken to remove those barriers' effects.

1. Compensation (including Dependency and Indemnity Compensation) and Pension

Many of the statutory and regulatory barriers that limit our corrective actions in reducing improper payments are in the Pension program. Under current governing legislation, adjustments to payments are effective the first of the month following the month of the change in income or net worth. Additionally, benefits are paid on a prospective basis based on the beneficiary's estimate of anticipated income. Thus, an award adjustment due to changes in income is always after the fact. While this process does create overpayments, we believe it should not be changed since the program meets the requirement to provide income support for current need. Likewise, the need to provide due process to claimants where adjustment or termination of their award is needed results in continued payment at improper rates for approximately 90 days following discovery. When the award is done, however, adjustment is from the first of the month following the month in which the change in circumstance occurred. Again, we believe that the principles of due process are so important that these continued payments are a cost of administering the program. VA continues to expand its efforts to reduce overpayments for compensation and pension beneficiaries. VA is currently proposing to amend 38 CFR 3.103(b)(2), procedural due process, to state that beneficiaries have the right to request that VA take immediate adverse action rather than waiting the full 60 days after sending the advance notice. It is often to a beneficiary's advantage to shorten



the 60 days in order to minimize any overpayment that may result from an adverse action, such as incarceration or discontinued school attendance. Although VA does not create an overpayment to improved pension beneficiaries due to receipt of Medicaid-covered nursing facility care, it is to the beneficiary's advantage to reduce the benefit because it results in receipt of a greater net benefit. Allowing the beneficiary to request that VA take immediate adverse action will result in fewer improper payments.

Public Law 110-157, Dr. James Allen Veteran Vision Equity Act of 2007, Section 301, authorized VA to match and compare data in the National Directory of New Hires (NDNH) of the Department of Health and Human Services (HHS). VA will match income and employment information of individuals that may be eligible for pension benefits, parents' DIC, and individual unemployment. VBA is drafting an interagency data match agreement that we expect both agencies to sign by the end of 2012.

Combat-Related Special Compensation (CRSC) and Concurrent Retirement and Disability Pay (CRDP) are Department of Defense (DoD) programs established to restore retired pay to eligible military retirees who waive that pay in order to receive VA disability compensation. CRSC, established under the National Defense Authorization Act (NDAA) of 2003 and expanded under the NDAA of 2004 and 2008, allows for a separate monthly combat-related disability payment payable to eligible military retirees. CRDP, established under the NDAA of 2004, "phase-in" full concurrent receipt of military retired pay and VA disability compensation for eligible military retirees.

Based on eligibility for these programs, Veterans may be entitled to receive retroactive payments from VA, Defense Finance and

Accounting Service (DFAS), United States Coast Guard (USCG), and the Public Health Service (PHS). For those who qualify, CRSC may be paid retroactively as early as June 1, 2003, while CRDP may be paid from January 1, 2004. VA works closely with these agencies to implement programs and ensure that Veterans are properly paid. DFAS sends VA a monthly pay file listing the CRSC/CRDP entitlements that have an amount due from VA. These records are reviewed and retroactive CRSC/CRDP payments are made to eligible Veterans.

In October 2006, VA began making retroactive payments on records in BDN. Initially, payments were automated. However, in instances where DFAS and VA files didn't match, VA would generate Audit Error Worksheets (AEWs), which would be manually processed by VSRs. Records that began in VETSNET, or those that had been converted from BDN to VETSNET, were all paid manually using the AEW process. In July 2009, DFAS stopped including data from previous pay files on new monthly pay files. As a result, overpayments were being created in some of the automated payment cases. Accordingly, in November 2009, the automated payment process for records in BDN was terminated. In November 2010, an automated payment process for records in VETSNET was implemented called "CRSC/CRDP Batch Processing." Whereas the automated process for records in BDN made payments via fiscal transactions, the new process for records in VETSNET actually makes the payments via automated award actions. Thus, the new process updates the corporate record to reflect the payment.

The Coast Guard began submitting pay files to VA in May 2009 and the PHS began in June 2009. VA receives approximately 6,500 pay files per month from DFAS and 35 from Coast Guard. VA has not received any pay files from PHS since July 2009. Currently, only pay files



submitted by DFAS generate AEWs. As of May 14, 2011, there are 9,515 AEWs pending.

The effect of these extraordinarily complex and overlapping programs requires complex analysis and calculations. Frequently, Veterans request increased benefits, resulting in the need to recalculate CRSC or CRDP, when previous payments have been made. To add to the complexity, many Veterans qualify for both programs, but must elect to receive payment from only one. They may change their election from one program to another, depending on which is more advantageous, by contacting their Retirement Pay Center (RPC). The phase-in period for CRDP will end December 31, 2013; however, VSRs will still have to calculate the disability offset for Veterans retired due to disability (the difference between retired pay and retired pay based on disability). Currently, CRSC calculation has no end date.

DFAS advised Compensation Service leadership during an August 30, 2010 meeting that DFAS had identified over 35,000 cases where there is a CRSC/CRDP overpayment to the Veterans. Approximately 17,000 of those overpayments are VA's responsibility. The VA overpayments are a consequence of inaccurate CRSC/CRDP calculations by VA. VA has been inaccurately calculating CRSC/CRDP because VA does not have access to all necessary information on making the calculations. The information necessary to make the calculations resides with DFAS, USCG, and PHS. Therefore, on April 13, 2011, Compensation Service rescinded FL 07-01 and instructed that VA would cease making CRSC/CRDP adjustments when promulgating compensation awards. Instead adjustments to Veterans' retired pay withholding amounts due to CRSC/CRDP eligibility will be made via the AEW process.

As stated above, VA has implemented an automated CRSC/CRDP payment process for

records in VETSNET. As of May 11, 2011, there are only 3,000 records for Veterans in receipt of military retirement pay remaining in BDN. Approximately 40 percent of CRSC/CRDP adjustments are made via the automated process. Compensation Service is continually improving the automated process; therefore, it is expected the percentage of automated adjustments will increase over time. In addition, VA and DFAS are working together to develop a method to get the information necessary for VA to make the CRSC/CRDP adjustments when promulgating awards to VA. As this will involve system changes by both VA and DFAS, it is not expected that VA will resume making CRSC/CRDP adjustments when promulgating compensation awards soon.

2. Non-VA Care Fee

The Purchased Care Fee Academy is the primary training program provided to VISN and VAMC Fee employees nationwide. Efforts are under way to designate required or mandatory courses under United States Code, Title 5, "Government Organization And Employees" and VA policy; however, significant non-VA care program-processes and business system changes in development that directly impact course content prevent the completion of this course development until 2012.

3. Other Contractual Services, State Home Per Diem Grants, and Supplies and Materials

There are no known statutory or regulatory barriers for these programs that would limit VHA's corrective actions in reducing improper payments.

4. Education, Insurance, and Vocational Rehabilitation and Employment

There are no known statutory or regulatory barriers that limit VA's ability to implement corrective actions in reducing improper payments associated with these VBA programs.



Definitions

Definitions of Supporting Measures

Please note: Key Measures are defined in the Key Measures Data Table (see page II-108). The below measures are Supporting Measures.

Accuracy Rate of Decisions (Services)

This measure represents the percent of cases completed accurately for Veterans who receive Chapter 31 (disabled Veterans receiving vocational rehabilitation) services and/or educational/vocational counseling benefits under several other benefit chapters. Accuracy of service delivery is expressed as a percent of the highest possible score (100) on cases reviewed. (VRE)

Accuracy rate of Vocational Rehabilitation Program Completion Decisions

This measure is designed to monitor the accuracy of decisions made to declare a Veteran rehabilitated or discontinued from a program of services. (VRE)

Alternative Dispute Resolution (ADR) participation rate in the informal stage of the Equal Employment Opportunity (EEO) complaint process

This measure represents the percentage of EEO complaints in which both the agency and the employee agreed to use ADR in an effort to reach a mutually satisfactory outcome to the complaint. (Departmental Management)

Amount billed for health care services provided to DoD beneficiaries at VA facilities (\$ millions)

This measure represents the dollar amount that VA facilities bill to DoD facilities for providing health care services to TRICARE beneficiaries. (Medical Care)

Appeals decided per Veteran Law Judge

This measure represents the total number of decisions, remands, dismissals, and vacatur issued by the Board of Veterans' Appeals, divided by the total number of Veteran Law Judges. (BVA)

Appeals resolution time (From NOD to Final Decision) (Average Number of Days)

This measure represents the average length of time it takes the Department to process an appeal from the date a claimant files a Notice of Disagreement (NOD) until a case is finally resolved, including resolution at a regional office or by a final decision by the Board. (BVA/Compensation and Pension)

Average cost of professional counseling services for participants (using constant 2009 dollars)³

The annual cost per participant represents the average cost of providing professional counseling services to all Veterans participating in the VRE program per fiscal year. The calculation takes the total amount of professional staff (counselors) salary plus the total General Operating Expenses counseling services contracting dollars divided by the total number of Veterans participating in a Vocational Rehabilitation Program. (VRE)

Average processing time for VA regulations requiring advance notice and public comment (2-stage) (number of months)

This performance measure records the average time it takes VA program offices to publish their regulations. The time starts when the Office of Regulation Policy and Management in the Office of General Counsel issues a public Regulation Identification Number (RIN) and ends when a final rule is published in the *Federal Register*. It does not include time spent in planning or research prior to issuance of a RIN.

The Administrative Procedure Act (APA) requires Federal agencies to provide advance notice of their intended regulations by publishing proposed rules in the *Federal Register* and affording members of the public an opportunity to provide written comments on the agency's proposals. Agencies must then consider the public's comments and respond to them in a second publication, which constitutes the final rule that will become the agency's regulation. This 2-stage process also includes two 90-day reviews by OMB pursuant to Executive Order 12866,

³ This measure's description was changed to better specify the staff cohort that is being included in the cost calculation.



Regulatory Planning and Review. (Departmental Management)

Average processing time for VA regulations without advance notice and public comment (1-stage) (number of months)

This performance measure records the average time it takes VA program offices to publish their regulations. The time starts when the Office of Regulation Policy and Management in the Office of General Counsel issues a public RIN and ends when a final rule is published in the *Federal Register*. It does not include time spent in planning or research prior to issuance of a RIN. The APA exempts certain kinds of Federal regulations from the requirements to provide advance notice and an opportunity for the public to comment. These regulations can be published in the *Federal Register* as final rules and become effective without being preceded by proposed rules. This 1-stage process includes only one 90-day review by OMB and can be accomplished more quickly than the 2-stage process. Accordingly, the average processing times for these kinds of regulations are measured separately. (Departmental Management)

Burial claims processed – average days to complete

This measure represents the average length of time (in days) it takes to process burial allowance claims from the date the claim is received by VA to the date the claim is completed. Claims for reimbursement of burial expenses includes all Burial, Plot, Headstone, Marker, and Engraving Claims (End Product 160) processed. (VBA/Burial)

BVA Cycle Time (Average Number of Days)

BVA cycle time measures the time a case spends at the Board, other than the time the case file is in the possession of a Veterans Service Organization. (BVA)

Compensation and Pension National accuracy rate – fiduciary work

This measure represents the national percentage of field examinations and account audits completed and determined to be technically accurate. The accuracy rate for the nation is a compilation of the Compensation P Service's review of a sampling of field examinations and account audits completed by the 57 regional offices. Accuracy rate is determined by dividing the total number of cases with no errors

by the number of cases reviewed. (Compensation and Pension)

Compensation entitlement claims – average days to complete

The average length of time (in days) it takes to complete claims for entitlement to compensation that require a disability or death rating determination. It is measured from the date the claim is received by VA to the date the decision is completed. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed. (Compensation)

Compensation maintenance claims – average days to complete

The average length of time (in days) it takes to complete claims for compensation that do not require a rating determination. It is measured from the date the claim is received by VA to the date the decision is completed. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed. (Compensation)

Conversion rate of disabled SGLI members to VGLI

This measure represents the rate at which recently separated Servicemembers with a DoD or VA disability rating of 50 percent or greater and are covered under the Servicemembers' Group Life Insurance (SGLI) program convert to the Veterans' Group Life Insurance (VGLI) program after their separation from military service. (Insurance)

Cumulative percent decrease in greenhouse gas emissions (GHG)

Executive Order 13514 requires Federal agencies to inventory, track and report on GHG emissions, and to set GHG emissions reduction targets. VA's target, approved by OMB and the White House Council on Environmental Quality in 2010, is a 30 percent reduction in emissions between 2010 and 2020 for Scopes 1 and 2 combined. Emissions are measured in tons of carbon dioxide equivalent (tons CO₂E). (Departmental Management)

Customer satisfaction survey scores

Customer satisfaction scores (measured on a scale of 1 through 5, with 5 being the highest possible score)



are based on surveys returned to OIG by the principals impacted by investigations, audits and evaluations, health care inspections, and contract reviews. In instances where customer surveys are returned with lower than anticipated ratings, management may follow up with survey participants to identify any issues that caused low ratings and possible solutions. (OIG)

Default Resolution Efficiency Ratio

The default resolution efficiency ratio measures the efficiency of joint servicing efforts by VA and VA-guaranteed loan servicers in helping borrowers with defaulted VA-guaranteed loans. The default resolution efficiency ratio compares the amount of dollars saved in potential claim payments as a result of the joint servicing efforts to the amount of dollars spent providing the joint servicing efforts. (Loan Guaranty)

Dollar value of 1st and 3rd party collections

Medical care received within VHA has a co-payment attached in some cases. This co-payment is referred to as 1st party collections. In addition, for Veterans who have other insurance, as appropriate, those insurance companies are billed for services. Those collections are referred to as 3rd party collections. (Medical Care)

Education Call Center – Abandoned Call rate

The ratio of calls which are terminated by the caller before reaching a live agent to the total number of calls received at the destination. (Education)

Education Claims Completed Per FTE

This measure represents the number of original and supplemental education claims completed divided by the number of direct FTE in the Presidential Budget. (Education)

Employment Rehabilitation Rate

The rehabilitation through attaining employment calculation is as follows: (1) the number of disabled Veterans who successfully complete VA's vocational rehabilitation program and acquire and maintain suitable employment divided by (2) the total number leaving the program from case status 5 or 6 (rehab to employability and employment services)—both those rehabilitated plus discontinued cases with a plan developed in one of two case statuses

(Rehabilitation to Employability, or Employment Services) minus those individuals who benefited from but left the program under one of three conditions: the Veteran (a) reached "maximum rehabilitation gain" due to choosing to be employed in a job that is not suitable, (b) reached "maximum rehabilitation gain" due to being unemployed but employable and not seeking employment, or not employable for medical or psychological reasons, or (c) elected to discontinue his or her VRE plan to pursue educational goals utilizing Post 9/11 GI Bill Benefits (Chapter 33). (VRE)

Gross Days Revenue Outstanding (GDRO) for third party collections

GDRO compares cash flow and level of receivables. For VHA, it represents the number of days to collect from Third Party payors measured from the Bill Authorization Date to Payment Date. GDRO is widely used in the health care industry as it specifically defines the age of outstanding receivables and the number of accounts receivable liquidation days. (Medical Care)

Independent Living Rehabilitation Rate

The rehabilitation through attaining independent living calculation is as follows: (1) the number of disabled Veterans who successfully complete VA's vocational rehabilitation program with disabilities for whom employment is infeasible but who obtain independence in their daily living with assistance from the program divided by (2) the total number leaving the program from case status 4 (independent living)—both those rehabilitated plus discontinued cases with a plan developed in independent living. (VRE)

Lender Satisfaction with VA Loan Guaranty Program

This measure represents the percent of VA participating lenders who indicate via survey that they are "very satisfied" or "somewhat satisfied" with the VA Loan Guaranty Program. (Loan Guaranty)

Monetary benefits (dollars in millions) from audits, investigations, contract reviews, inspections, and other evaluations

Monetary benefits represent the actual and potential monetary benefits identified during the



conduct of OIG investigations, audits, inspections, contract reviews, and other evaluations. (OIG)

Montgomery GI Bill (MGIB) usage rate for Veterans who have passed their 10-year eligibility period

The MGIB usage rate is derived by dividing the number of Veterans who have received benefits and are beyond their 10-year delimiting date by the number of all Veterans who have participated in the MGIB program and whose 10-year period in which to use the benefit has expired. (Education)

National Accuracy Rate – burial claims processed

This measure represents the percentage of burial claims (EP 160) completed and determined to be technically accurate. Accuracy rate is determined by dividing the total number of cases with no errors by the number of cases reviewed. (VBA/Burial)

National accuracy rate (Compensation maintenance claims)

This measure represents claims processing accuracy for compensation claims that do not require a rating decision. Review criteria include: addressing all issues, VCAA-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed. (Compensation)

National accuracy rate - pension entitlement claims

This measure represents claims processing accuracy for pension claims that normally require a disability or death rating determination. Review criteria include: addressing all issues, VCAA-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed. (Pension)

National Call Center Successful Call Rate

The successful call rate measures the percentage of time a caller is successfully connected to a call agent meaning the call is not blocked because there is a busy signal.

Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, and administrative sanctions

This number represents the output resulting from the conduct of an OIG investigation into allegations of criminal activities related to programs and operations of VA or into allegations against senior VA officials and other high profile matters of interest to Congress and the Department. (OIG)

Number of disbursements (death claims, loans, and cash surrenders) per FTE

This measure is calculated by dividing the number of disbursements -- which includes death claims, loans, and cash surrenders -- by the total number of FTE who process those disbursements. (Insurance)

Number of Health Care Associated Complications

This measure cannot be calculated reliably. The Office of Analytics and Business Intelligence is committed to developing, testing, and validating a composite HAC rate in keeping with the goals of the Partnership for Patients.

Number of Homeless Veterans on any given night

Homelessness is very difficult to quantify given the inherent transient nature of this problem. The "number of Homeless on any given night" is an estimate of the number of actual homeless based on a survey that currently combines findings from the Department of Housing and Urban Development estimates and the CHALENG survey which is comprised of two components; a Participant Survey completed by VA staff and community providers, officials, and volunteers targeting feedback from providers of homeless services and a Consumer Survey completed by the Homeless Veteran focused on the Veteran's perceived needs and feedback on available services. (Medical Care and Departmental Management)

Number of material weaknesses

Audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of the OMB Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements," as amended. This measure reports how many material weaknesses are identified each year in VA's



consolidated financial statements. (Departmental Management)

Number of reports (audit, inspection, evaluation, contract review, and Combined Assessment Program (CAP) reports) issued that identify opportunities for improvement and provide recommendations for corrective action

This measure shows the number of reports issued by the OIG in which substantive corrective actions, in the form of audit, inspection, evaluation, contract review and CAP report recommendations are documented and which require remedial action by the Department. (OIG)

Obligations per unique patient user

This measure represents the average cost of total obligations for medical care divided by unique patients served. (Medical Care)

Overall satisfaction rate (Compensation)

This measure represents the percentage of respondents to the Compensation and Pension customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the way VA handled/is handling their compensation claim. (Compensation)

Overall satisfaction rate (Pension)

This measure represents the percentage of respondents to the Compensation and Pension customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the way VA handled/is handling their pension claim. (Pension)

Payment accuracy rate

This measure assesses how well decisions reflect payment at the proper rate for the correct period of time. (Education)

Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal

This measure will determine the proportion of beneficiaries who report their VA educational benefits helped them accomplish their educational or vocational goal. (Education)

Percentage of beneficiaries very satisfied or somewhat satisfied with the way VA handled their education claim

This measure represents the national percentage of respondents to the education customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the way VA handled their education benefits claim. (Education)

Percentage of prosecutions successfully completed

This measure represents those cases referred for prosecution for which a conviction, pretrial diversion, or a deferred prosecution was obtained. (OIG)

Percentage of recommendations implemented within 1 year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA

This measure represents the percentage of recommendations made in OIG reports that are implemented by the Department within 1 year in order to improve operations. (OIG)

Percentage of recommended recoveries achieved from post-award contract reviews

This measure represents the percentage of recommended recoveries from post-award contract reviews that are actually billed and collected by the Department. (OIG)

Percentage of responses to pre- and post-hearing questions that are submitted to Congress within the required timeframe

Before or after a VA witness testifies at a Congressional hearing, a member of Congress may have questions that need to be answered in writing known as questions for the record. OCLA monitors the timeliness of VA's responses to pre-and post-hearing questions. (Departmental Management)

Percentage of testimony submitted to Congress within the required timeframe

OCLA monitors the timeliness of VA's submission of subject matter expert testimony for Congressional committee hearings. (Departmental Management)

Percentage of title 38 reports that are submitted to Congress within the required timeframe



OCLA monitors the timeliness of VA's submission of title 38 congressionally mandated reports to Congress. Congressionally mandated reports are reports or studies that Congress directs VA to submit, either through statutory language or language contained in reports that accompany a statute. Reports may be one-time or recurring with deadlines established by Congress. (Departmental Management)

Percentage of VA employees who are Veterans

This is the percentage of employees who are entitled to statutory types of preference in the Federal service based on certain active military service. (Departmental Management)

Percent Condition Index (owned buildings)

This measure is calculated by comparing the cost of repair needs to plant replacement value as defined by the Federal Real Property Council guidance. Facilities with low repair costs compared to their overall value are considered in better operating condition and would have a higher condition index. (Departmental Management)

Percent increase in number of enrolled Veterans participating in telehealth

The performance measure represents the percent increase in the number of enrolled Veterans participating in Home Telehealth (HT) and/or Store and Forward Telehealth (SFT). These two telehealth modalities use technologies to provide clinical care in circumstances where distance separates those receiving services and those providing services with the goal of improving access and easing travel burden for Veterans and their families. (Medical Care)

Percent of annual major construction operating plan executed

This measure reflects the ability to award construction contracts in accordance with schedules. The total number of contracts executed is divided by the total number of contracts planned for a set period.

Percent of annual milestones achieved towards deployment and implementation of an automated GI bill benefits delivery system

This percentage represents the number of Post 9/11 GI Bill milestones delivered during the fiscal year divided by the number of Post 9/11 GI Bill milestones planned to be delivered during the fiscal year. (Departmental Management)

Percent of available Veteran electronic records which can be accessed through Virtual Lifetime Electronic Record (VLER) capabilities

Results will be calculated using 100 percent of available Veteran electronic records. The numerator is the number of available Veteran electronic records that can be accessed through VLER. The denominator is the total number of available virtual Veteran electronic records (Departmental Management)

Percent of claims processed through the automated claims processing system (Education)

This percentage represents the number of Post-9/11 GI Bill claims processed through the Long-Term Solution divided by the number of education claims received. (Education)

Percent of claims where a portion of the required forms were filed electronically

This measure represents the percentage of claims from Servicemembers, Veterans and their beneficiaries, and other designated individuals submitted using the Internet. (Compensation and Pension)

Percent of clinic "no shows" and "after appointment cancellations" for OEF/OIF Veterans

Missed Opportunities and No Shows are clinic appointments scheduled for a patient visit, but the patient did not complete the appointment and did not call to cancel the appointment in advance (No Show). Because the appointment was not cancelled timely there was no opportunity to schedule a different patient into that appointment opening resulting in a "missed opportunity" to provide health care and other services. (Medical Care)

Percent of concurrence actions completed on time

OCLA monitors the percent of its on-time approvals for correspondence to Congress. (Departmental Management)



Percent of current year electricity consumption generated with renewable energy sources

This measure is calculated by summing all qualifying renewable electricity consumption, dividing by the sum of all electricity consumption, and expressing the result as a percentage. (Departmental Management)

Percent of eligible OEF/OIF PTSD patients evaluated at required intervals for level of symptoms

The percentage of OEF/OIF combat Veterans being treated in VA for PTSD who have their level of PTSD symptoms evaluated and recorded at required intervals. (Medical Care)

Percent of Eligible Patient Evaluations Documented within 14 days of New MH Patient Index Encounter

This measure represents the percent of Veterans not seen in a Mental Health clinic in the prior 24 months (new) presenting with a request for mental health services or those who are referred for specialty mental health services and are then seen by an MH professional qualified to provide a full MH evaluation and specialty MH care within 15 days of their referral.* (*The immediate safety and health care needs of the Veteran are addressed at the time of the initial visit.) (Medical Care)

Percent of eligible patients screened at required intervals for alcohol misuse

The percentage of Veterans seeking care in VA who were screened annually for signs and or symptoms of alcohol misuse utilizing the AUDIT C evidence-based screening instrument. (Medical Care)

Percent of eligible patients screened at required intervals for depression

The percentage of Veterans seeking care in VA screened annually for signs and or symptoms of depression utilizing the PHQ2 or PHQ9 evidence based screening instrument. (Medical Care)

Percent of eligible patients screened at required intervals for PTSD

The percentage of Veterans seeking care in VA who were screened for PTSD utilizing the PC-PTSD evidence based screening instrument. The Veteran must be screened annually for the first 5 years after most recent date of service separation and then every 5 years after the first 5 years. (Medical Care)

Percent of employees in mission critical and key occupations who participated in a competency based training program within the last 12 months

Mission Critical/Key Occupations are those occupations that have been identified from the workforce that are critical to support the mission and the accomplishment of VA's agency goals, objectives, and initiatives.

Competency Based Training Program is a program that contains competencies pertaining to the knowledge, skills, and abilities needed to build a highly competent organization capable of meeting current and future challenges. (Departmental Management)

Percent of federally recognized Native American tribes contacted by VA for outreach purposes

The percent represents the number of Federally Recognized Native American tribes that were contacted. The total number of Federally Recognized tribes is 564. (Departmental Management)

Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours

This measure represents the percent of funeral directors who respond that the amount of time it typically takes to confirm the scheduling of an interment is less than 2 hours. (Burial)

Percent of gravesites that have grades that are level and blend with adjacent grade levels

This percentage represents the number of gravesites that are level and blend with adjacent grade levels divided by the number of gravesites assessed. (Burial)

Percent of headstone and marker applications from private cemeteries and funeral homes received electronically via fax or Internet

This percentage represents the number of applications for headstones and markers to be placed in private cemeteries that are received electronically (Internet or toll-free fax) divided by the total number of applications received. (Burial)



Percent of headstones and markers that are delivered undamaged and correctly inscribed

This percentage represents the number of headstones and markers that are undamaged and correctly inscribed when received, divided by the number of headstones and markers ordered. (Burial)

Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment

This percentage represents the number of headstones and markers in national cemeteries that are at the proper height and alignment divided by the total number assessed. (Burial)

Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations

This percentage represents the number of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations divided by the total number assessed. (Burial)

Percent of IDES participants who will be awarded benefits within 30 days of discharge

The percentage of participants in the Integrated Disability Evaluation System program awarded VA compensation benefits within 30 days after their date of discharge. (Compensation and Pension)

Percent of milestones achieved in deploying and implementing the Client Relations Management System (CRMS)

This percentage represents the number of CRMS milestones delivered during the fiscal year divided by the number of CRMS milestones planned to be delivered during the fiscal year. (Departmental Management)

Percent of milestones achieved in deploying and implementing the Virtual Lifetime Electronic Record (VLER)

This percentage represents the number of VLER milestones delivered during the fiscal year divided by the number of VLER milestones planned to be delivered during the fiscal year. (Departmental Management)

Percent of milestones achieved towards deployment and implementation of a paperless disability claims processing system

This percentage represents the number of Veteran Benefits Management System (VBMS) milestones delivered during the fiscal year divided by the number of VBMS milestones planned to be delivered during the fiscal year. (Departmental Management)

Percent of milestones completed towards development of one new objective method to diagnose mild Traumatic Brain Injury (TBI)

The diagnosis of persistent problems associated with mild TBI among veterans is very challenging because there are no grossly evident neurological findings and because the symptoms are not discrete and overlap with those from other conditions related to deployment and other physical trauma, including post traumatic stress disorder (PTSD) and depression. Lack of precision in diagnosis can lead to inappropriate interventions and thus adversely affect recovery. Objective methods that can accurately diagnose blast related-mild TBI, which is unique to service members and veterans, and differentiate mild TBI from PTSD, are especially needed. (Medical Care)

Percent of Montgomery GI Bill or Post 9/11 GI Bill participants who successfully completed an education or training program

This measure represents the percentage of service members and Veterans who received Post-9/11 GI Bill or Montgomery GI Bill education benefits and obtained a degree or certificate. (Education)

Percent of national cemetery buildings and structures that are assessed as "acceptable" according to annual Facility Condition Assessments

The percentage represents the number of facilities (buildings and structures) at national cemeteries that are assessed as acceptable divided by the total number of facilities assessed.

An NCA facility (building or structure) is "acceptable" if the overall grade from the Facility Condition Assessment, Building, and Structure Score Sheet is a "C" or better and there are no critical areas scored "D" or "F". (Burial)



Percent of NonVA claims paid in 30 days

This measure represents the percent of claims paid for medical care provided to eligible Veterans outside of the VA when VA facilities or services are not available. (Medical Care)

Percent of OEF/OIF Veterans with a primary diagnosis of PTSD who receive a minimum of 8 psychotherapy sessions within a 14-week period

This measure represents the percent of OEF/OIF Veterans seeking care in VA with a primary diagnosis of PTSD who have received at least 8 individual evidence based psychotherapy sessions over the span of a 14 week period. (Medical Care)

Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities

This measure represents the percent of patients who report in the Survey of Health Care Experiences of Patients (SHEP) that they were seen by the provider within 20 minutes or less of their scheduled appointment time. (Medical Care)

Percent of Presidential Memorial Certificate applications that are processed within 20 days of receipt

This percentage represents the number of applications for Presidential Memorial Certificates (PMC) processed within 20 days of receipt of the application divided by the total number of applications for PMCs received. (Burial)

Percent of respondents who agree or strongly agree that the quality of the headstone or marker received from VA was excellent

This measure represents the number of survey respondents who agree or strongly agree that the quality of the headstone or marker received from VA is excellent divided by the total number of survey respondents, expressed as a percentage. (Burial)

Percent of respondents who agree or strongly agree that the quality of the Presidential Memorial Certificate received from VA was excellent

This measure represents the number of survey respondents who agree or strongly agree that the quality of the PMC received from VA is excellent divided by the total number of survey respondents, expressed as a percentage. (Burial)

Percent of respondents who would recommend the national cemetery to Veteran families during their time of need

This measure represents the percent of survey respondents who agree or strongly agree that they would recommend the national cemetery to Veteran families during their time of need. (Burial)

Percent of separating Servicemembers that are provided with VA and DoD benefit information within 6 months of the expiration of their term of service (ETS) through the eBenefits portal

This is a joint VA/DoD effort that measures the percentage of Servicemembers provided benefit and service information within 6 months of the expiration of their term of service through eBenefits Portal. The VA/DoD Identity Repository system and eBenefits portal are the mechanisms used to track and provide targeted benefit and service information messages to Servicemembers. (Benefits Assistance Service)⁴

Percent of space utilization as compared to overall space (owned and direct-leased)

This measure is calculated by comparing owned and direct-leased square feet not needed to the owned and direct-leased square feet available. (Departmental Management)

Percent of Total Hearings that are Conducted via Video Conference

This measure is calculated by dividing the number of hearings conducted by video conference by the total number of hearings held. Hearings are held either by video conference, in person in the field, or in person at BVA's Washington, DC office. (BVA)

Percent of total procurement dollars awarded to service-disabled Veteran-owned small businesses

This number represents the percentage of total dollars spent with service-disabled Veteran-owned small businesses based on total small business eligible dollars reported. Data are obtained from the

⁴ This is a new VBA business line that manages the delivery of benefits information related to Compensation/Pension, Insurance, Education, Loan Guaranty, and Vocational Rehabilitation & Employment benefits.



Part IV - Definitions of Supporting Measures

Federal Procurement Data System-Next Generation (FPDS-NG), provided by the Federal Procurement Data Center at <https://www.fpds.gov>. Final data are based on the Small Business Administration (SBA) Goaling Report. "Service-disabled Veteran-owned small business concern means a small business concern"—(1) Means a small business concern (i) Not less than 51 percent of which is owned by one or more service-disabled Veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled Veterans; and (ii) The management and daily business operations of which are controlled by one or more service-disabled Veterans or, in the case of a service-disabled Veteran with permanent and severe disability, the spouse or permanent caregiver of such Veteran. In addition, some businesses may be owned and operated by an eligible surviving spouse. (2) Service-disabled Veteran means a Veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16). In addition, service-disabled Veteran-owned small businesses participating in set-asides or subcontracts authorized by VAAR 819.7001 must be listed on the VetBiz.gov Vendor Information Pages (VIP) Database. (Departmental Management)

Percent of total procurement dollars awarded to Veteran-owned small businesses

This number represents the percentage of total dollars spent with Veteran-owned small businesses based on total small business eligible dollars reported. Data are obtained from the FPDS-NG, provided by the Federal Procurement Data Center at <https://www.fpds.gov>. Final data are based on the SBA Goaling Report. "Veteran-owned small business concern means a small business concern—(1) Not less than 51 percent of which is owned by one or more Veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more Veterans; and (2) The management and daily business operations of which are controlled by one or more Veterans. In addition, Veteran-owned small businesses participating in set-asides or subcontracts authorized by VAAR 819.7001 must be listed on the VIP Database. (Departmental Management)

Percent of VA Hospitals whose unplanned readmissions rates are less than or equal to other hospitals in their community

This measure represents the percent of VA Hospitals with a readmission rate for heart failure less than or equal to their regional benchmark. (Medical Care)

Percent of VA IT systems that automatically reuse all redundant client information in other systems

This percentage represents the number of IT systems using a common identity management solution divided by the number of IT systems that are planned to use a common identity management solution. (Departmental Management)

Percent of Veterans who report "yes" to the Shared Decision-making questions in the Inpatient SHEP survey

This measure looks at Veterans who indicated whether their doctors or other health providers discussed with them the pros and cons of each choice for their treatment or health care and which choice was best for them. (Medical Care)

Percent of Veterans who successfully obtain resident status as a result of vouchers distributed through the U.S. Department of Housing and Urban Development and Veterans Affairs Supportive Housing (HUD-VASH) program

This measure represents the percent of homeless Veterans who use Housing Choice Voucher (HCV) rental assistance through HUD with case management and clinical services provided by VA. (Medical Care)

Percent of VHA clinical health care professionals who have had VA training prior to employment

This performance measure represents the response received from VA's All-Employee Survey for current VA employees who took part in a training or educational program based partly or entirely in VA before becoming a VA employee (programs include paid and unpaid **internships, residencies, fellowships, or clinical or administrative rotations**). (Medical Care)

Program Review Accuracy Rate (Housing)

This measure represents the national percentage of Loan Guaranty workload reviewed and determined



to be technically accurate. The accuracy rate for the nation is a compilation of Loan Guaranty Service's review of a statistically significant sampling of cases completed by the 9 Regional Loan Centers and the Honolulu Regional Office Loan Guaranty Division. The Program Review Accuracy Rate reflects the number of correct Loan Guaranty actions, as determined by Statistical Technical Accuracy Reviews, expressed as a percentage of total actions reviewed.

Progress toward researching, developing, and implementing innovations in clinical practice that ensure improved access to health care for Veterans, especially in rural areas

This research is aimed at improving healthcare for Veterans (1) who are not geographically close to VA medical facilities, (2) who lack capability of transport to nearby facilities, and (3) whose access might be, or appear to be, unequal due to factors such as race, ethnicity, gender, addiction, or mental health status. This includes research on the causes and prevention of homelessness, medical treatment of the homeless, analysis of current care patterns as stratified by the demographic variables above, implementation of care delivery models, and treatment of women and those with certain mental illnesses. (Medical Care)

Rate of homeownership for Veterans compared to that of the general population

This measure represents the percentage of Veterans who own their homes compared to the percentage of the general non-Veteran population who own their homes. (Loan Guaranty)

Ratio of non-mission dependent assets to total assets

This measure is calculated by comparing the number of non-mission dependent assets to total assets. (Departmental Management)

Ratio of operating costs per gross square foot

This measure is calculated by dividing operating costs by owned and direct-leased square feet. Operating and maintenance costs are actual costs based on roads and grounds maintenance, utility plant operations, rent, energy, cleaning and janitorial services, and recurring maintenance and repairs. (Departmental Management)

Return on investment (monetary benefits divided by cost of operations in dollars)

This measure represents the monetary benefits derived from inspections, reports, investigations, evaluations and other oversight performed by OIG divided by the cost of doing those activities. (OIG)

Serious Employment Handicap (SEH) Rehabilitation Rate

The serious employment handicap rehabilitation rate calculation is as follows: (1) the number of disabled Veterans with a serious employment handicap who successfully complete VA's vocational rehabilitation program and acquire and maintain suitable employment and Veterans with disabilities for whom employment is infeasible but who obtain independence in their daily living with assistance from the program divided by (2) the total number of disabled Veterans with a serious employment handicap leaving the program—both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals with a serious employment handicap who benefited from but left the program under one of three conditions: the Veteran (a) reached "maximum rehabilitation gain" due to choosing to be employed in a job that is not suitable, (b) reached "maximum rehabilitation gain" due to being unemployed but employable and not seeking employment, or not employable for medical or psychological reasons, or (c) elected to discontinue his or her VR&E plan to pursue educational goals utilizing Post 9/11 GI Bill Benefits (Chapter 33). (VRE)

Speed of Entitlement Decisions in average days

This measure represents the average number of days from the time the application is received until the Veteran is notified of the entitlement decision. (VR&E)

Success Rate of Automated Certificate of Eligibility (ACE) System

This measure represents the percent of successful Certificate of Eligibility determinations processed via the ACE system. (Loan Guaranty)



Part IV - Definitions of Supporting Measures

Total amount expended for health care services rendered to VA beneficiaries at a DoD facility (\$ millions)

This measure represents the dollar amount that VA facilities pay to DoD facilities for health care services provided to Veterans at DoD facilities. (Medical Care)

Veterans' Satisfaction Level with the VA Loan Guaranty Program

This measure represents the percentage of Veterans answering the Loan Guaranty customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the process of obtaining a VA home loan. (Loan Guaranty)

Veterans' Satisfaction with the Vocational Rehabilitation and Employment Program

This measure represents the percent of Veterans who answered "very satisfied" or "somewhat satisfied" overall with the VRE program (of those who completed or withdrew from the program). (VRE)

Workers' Compensation Lost Time Case Rate (LTCR)

The Lost Time Case Rate (LTCR) represents the number of Office of Workers' Compensation Programs (OWCP) lost time injury and illness cases per 100 employees. The rates are calculated separately by dividing the number of lost time cases by the number of employees. The resulting number is then multiplied by 100, for a rate per 100 employees. OPM provided OSHA with the data on the average number of employees for each department and independent agency for each fiscal year. The Lost Time case numbers are derived from claims submitted to OWCP involving lost production days and with "case create" dates from each fiscal year (less denied cases). (Departmental Management)



Definitions of Financial and Other Terms

Accounts payable

This term is defined as the money VA owes to vendors and other Federal entities for products and services purchased. This is treated as a liability on the balance sheet. (Financial)

Accounts receivable

This term is defined as the amount of money that is owed to VA by a customer (including other Federal entities) for products and services provided on credit. This is treated as a current asset on the balance sheet and includes such items as amounts due from third-party insurers for Veterans' health care and from individuals for compensation, pension, and readjustment benefit overpayments. (Financial)

Acquired loans

This term is defined as VA-guaranteed loans in default that VA purchases from the private sector mortgage lender and services the loan with the Veteran directly after VA determines the Veteran can service the debt service payments. This type of loan is part of the VA loan guaranty program. (Financial)

Allowance

This term is defined as the amounts included in the President's budget request or projections to cover possible additional proposals, such as statutory pay increases and contingencies for relatively uncontrollable programs and other requirements. As used by Congress in the concurrent resolutions on the budget, allowances represent a special functional classification designed to include amounts to cover possible requirements, such as civilian pay raises and contingencies. Allowances remain undistributed until they occur or become firm, then they are distributed to the appropriate functional classification(s). (Financial)

Apportionment

This term is defined as a distribution made by OMB of amounts available for obligation in an appropriation or fund account. Apportionments

divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred. (Financial)

Appropriated funds

This term is defined as general fund expenditure accounts established to record amounts appropriated by law for the general support of Federal Government activities and the subsequent expenditure of these funds. It includes spending from both annual and permanent appropriations. (Financial)

Appropriation

This term is defined as the specific amount of money authorized by Congress for approved work, programs, or individual projects. (Financial)

Appropriation Authority

This term is defined as the authority granted by Congress for the agency to spend Government funds. (Financial)

Average daily census

The number is the average number of patients enrolled in the specified programs over the course of the year. Specified programs include Home and Community-Based Care programs (e.g., Home-Based Primary Care, Purchased Skilled Home Health Care, Spinal Cord Injury Home Health Care, Adult Day Health Care (VA and Contract), Home Hospice, Outpatient Respite, Community Residential Care, and Homemaker/Home Health Aide Services). (Medical Care)

Balance sheet

This term is defined as a summary of all the assets the agency owns and the liabilities owed against those assets as of a point in time (the end of the fiscal year for VA is September 30). This statement always shows two consecutive fiscal year snapshots so the reader can compare the information. There is no "owners' equity" in a Federal agency as there is in a non-government company. However, we instead report our "net position," which is the amount of unexpended appropriation authority. (Financial)



Baseline (Performance)

The process of establishing through statistical analysis, research, or other empirical evidence, the basis for a performance target. The baselining process most often occurs when a new measure is being developed.

Budget Authority

This term is defined as the authority provided by law to enter into obligations that will result in immediate or future outlays involving Federal Government funds, except that budget authority does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority may be classified by the period of availability (1-year, multiple-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite). (Financial)

Budgetary resources

Budgetary resources are forms of authority given to an agency allowing it to incur obligations. Budgetary resources include new budget authority, unobligated balances, direct spending authority, and obligation limitations. (Financial)

CARES – Capital Asset Realignment for Enhanced Services

CARES is the VA program designed to assess Veteran health care needs in VHA Networks, identify service delivery options to meet those needs in the future, and guide the realignment and allocation of capital assets to support the delivery of health care services. (Medical Care)

Chief Financial Officers Act of 1990

This legislation was enacted to improve the financial management practices of the Federal Government and to ensure the production of reliable and timely financial information for use in the management and evaluation of Federal programs. (Financial)

Earmarked funds

This term is defined as funds where VA has program management responsibility and that are financed by

specifically identified revenues, often supplemented by other financing sources, and are required by statute to be used for designated activities or purposes. They are accounted for separately from the Government's general revenues. VA's earmarked funds consist of trusts, special, and revolving funds and remain available over time. The U.S. Treasury does not set aside assets to pay future expenditures associated with earmarked funds. (Financial)

Exchange Revenue

Exchange revenues arise when a Federal entity provides goods and services to the public or to another government entity for a price. (Financial)

Federal Credit Reform Act of 1990

This legislation was enacted to improve the accounting for costs of Federal credit programs. (Financial)

Federal Financial Management Improvement Act (FFMIA)

The FFMIA requires agencies to produce timely and reliable financial statements that demonstrate their compliance with Federal financial management systems requirements, Federal accounting standards, and the U.S. Government standard general ledger. If an agency believes its systems are not FFMIA-compliant, it must develop a remediation plan to achieve compliance within 3 years. (Financial)

Federal Information Security Management Act of 2002 (FISMA)

The purposes of this act are to:

- Provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support Federal operations and assets.
- Recognize the highly networked nature of the current Federal computing environment and provide effective Governmentwide management and oversight of the related information security risks, including coordination of information security efforts throughout the civilian, national security, and law enforcement communities.



- Provide for development and maintenance of minimum controls required to protect Federal information and information systems.
- Provide a mechanism for improved oversight of Federal agency information security programs.
- Acknowledge that commercially developed information security products offer advanced, dynamic, robust, and effective information security solutions, reflecting market solutions for the protection of critical information infrastructures important to the national defense and economic security of the nation that are designed, built, and operated by the private sector.
- Recognize that the selection of specific technical hardware and software information security solutions should be left to individual agencies from among commercially developed products. (Information Security)

Federal Information Systems Control Audit Manual (FISCAM)

This manual describes the computer-related controls that auditors should consider when assessing the integrity, confidentiality, and availability of computerized data. It is a guide applied by GAO primarily in support of financial statement audits and is available for use by other government auditors. It is not an audit standard. (Information Security)

Federal Managers' Financial Integrity Act (FMFIA) of 1982

This legislation requires Federal agencies to establish processes for the evaluation and improvement of financial and internal control systems in order to ensure that management control objectives are being met. (Financial)

Franchise Fund

VA's fund is comprised of six enterprise centers that competitively sell common administrative services and products throughout the Federal Government. The funds are deposited into the Franchise Fund. The Centers' operations are funded solely on a fee-for-service basis. Full cost recovery ensures they are self-sustaining. (Departmental Management)

Fund Balance with the Treasury

This term is defined as the aggregate amount of funds in VA's accounts with the Department of the Treasury for which it is authorized to make expenditures and pay liabilities. This account includes clearing account balances and the dollar equivalent of foreign currency account balances. (Financial)

Government Management Reform Act of 1994

This legislation was enacted to provide more effective and efficient executive branch performance in reporting financial information to Congress and committees of Congress. (Financial)

Heritage Assets

Heritage Assets are unique and are generally expected to be preserved indefinitely. Heritage assets may have historical or natural significance; be of cultural, educational, or artistic importance; or have significant architectural characteristics. (Financial)

Intragovernmental assets

These assets arise from transactions among Federal entities. These assets are claims of the reporting entity against other Federal entities. (Financial)

Intragovernmental liabilities

These liabilities are claims against the reporting entity by other Federal entities. (Financial)

Inventory

An inventory is a tangible personal property that is (1) held for sale, including raw materials and work in process, (2) in the process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. (Financial)

Management (or internal) controls

This term is defined as safeguards (organization, policies, and procedures) used by agencies to reasonably ensure that (1) programs achieve their intended results; (2) resources are used consistent with agency mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported, and used for decision making. (Financial)



Material weakness

This term is defined as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements, or other significant financial reports, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. (Financial)

Memorial Service Network

NCA's field structure is geographically organized into five Memorial Service Networks (MSN). The national cemeteries in each MSN are supervised by the MSN Director and staff. The MSN offices are located in Philadelphia, Pennsylvania; Atlanta, Georgia; Indianapolis, Indiana; Denver, Colorado; and Oakland, California. The MSN Directors and staff provide direction, operational oversight, and engineering assistance to the cemeteries located in their geographic areas. (Burial)

National Institute of Standards and Technology (NIST) and its Computer Security Division

NIST is a non-regulatory Federal agency within the U.S. Commerce Department's Technology Administration. NIST's mission is to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. The Computer Security Division is one of eight divisions within NIST's Information Technology Laboratory. The mission of the Computer Security Division is to improve information systems security. (Information Security)

Native American loans

This term is defined as direct loans that are special financing enabling Native Americans to purchase a home on Federally recognized trust land. This type of loan is part of the VA loan guaranty program. (Financial)

Net cost of operations

Net cost of operations is the gross cost incurred by VA less any exchange revenue earned from its activities. The gross cost of a program consists of the full cost of the outputs produced by that

program plus any non-production costs that can be assigned to the program. (Financial)

Net position

Net position comprises the portion of VA's appropriations represented by undelivered orders and unobligated balances (unexpended appropriations) and the net results of the reporting entity's operations since inception, plus the cumulative amount of prior period adjustments (cumulative results of operations). (Financial)

Net program cost

Net program cost is the difference between a program's gross cost and its related exchange revenues. If a program does not earn any exchange revenue, there is no netting and the term used might be total program cost. (Financial)

Notes to the Consolidated Financial Statements

The notes provide additional disclosures that are necessary to make the financial statements more informative and not misleading. The notes are an integral part of the financial statements. (Financial)

Obligations

Obligations represent the amount of orders placed, contracts awarded, services received, and other transactions occurring during a given period that would require payments during the same or future period. (Financial)

Offsetting collections

Offsetting collections include reimbursements, transfers between Federal and trust fund accounts, offsetting governmental collections, and refunds. For accounting purposes, earned reimbursements are also known as revenues. These offsetting collections are netted against gross outlays in determining net outlays from such appropriations. (Financial)

Offsetting receipts

Offsetting receipts are collections that are offset against gross outlays but are not authorized to be credited to expenditure accounts. Offsetting receipts are deposited in receipt accounts. Like offsetting collections, they result from (1) businesslike transactions or market-oriented activities with the public, (2) intragovernmental



transfers, and (3) collections from the public that are governmental in nature but required by law to be classified as offsetting receipts. Offsetting receipts are offsets to gross budget authority and outlays, usually at the Department or Administration level, but some are unavailable for expenditure. Unlike offsetting collections, offsetting receipts cannot be used without being appropriated. (Financial)

OMB Circular No. A-123

OMB issued Circular No. A-123 to provide guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on management controls. (Financial)

OMB Circular No. A-127

OMB issued Circular No. A-127 to prescribe policies and standards for executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems. (Financial)

OMB Circular No. A-130, Appendix III

OMB issued Circular No. A-130, Appendix III to establish a minimum set of controls to be included in Federal automated information security programs; assign Federal agency responsibilities for the security of automated information; and link agency automated information security programs and agency management control systems established in accordance with OMB Circular No. A-123. (Information Security)

Outlay

Outlay is the amount of checks, disbursement of cash, or electronic transfer of funds made to liquidate a Federal obligation. Outlays also occur when interest on the Treasury debt held by the public accrues and when the Government issues bonds, notes, debentures, monetary credits, or other cash-equivalent instruments in order to liquidate obligations. (Financial)

Program evaluation

This term is defined as an assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended outcomes. (Departmental Management)

Prompt Payment Act

The Prompt Payment Final Rule (formerly OMB Circular No. A-125, "Prompt Payment") requires executive departments and agencies to pay commercial obligations within certain time periods and to pay interest penalties when payments are late. (Financial)

Property, Plant, and Equipment

Property, plant, and equipment consist of tangible assets, including land, that have estimated useful lives of 2 years or more, not intended for sale in the ordinary course of operations, and have been acquired or constructed with the intention of being used, or being available for use, by the reporting entity. (Financial)

PTSD – Post-Traumatic Stress Disorder

PTSD is an anxiety disorder that can occur following the experience or witnessing of life-threatening events, such as military combat, natural disasters, terrorist incidents, serious accidents, or violent personal assaults such as rape. People who suffer from PTSD often relive the experience through nightmares and flashbacks, have difficulty sleeping, and feel detached or estranged. These symptoms can be severe enough and last long enough to significantly impair the person's daily life. Common PTSD stressors in Veterans include war zone stress (e.g., combat and exposure to mass casualty situations), the crash of a military aircraft, or sexual assault. VA is committed to providing an integrated, comprehensive, and cost-effective continuum of care for Veterans with PTSD. (Medical Care)

Research and Development

Research and development investments are expenses included in the calculation of net costs to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new and improved products and processes, with the expectation of maintaining or increasing national economic productivity capacity or yielding other future benefits. (Financial)

Revolving funds

This term is defined as a fund used to finance a cycle of business-like operations through collections of



amounts received from the sale of products or services. The collections are used to finance its spending, usually on a self-sustaining basis. Revolving funds record the collections and the outlays of revolving funds in the same Treasury account. A revolving fund is a form of permanent appropriation receiving authority to spend the collections; the fund does not generally receive appropriations. (Financial)

Significant Deficiency

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal control. (Financial)

Special funds

This term is defined as an appropriation account established to record appropriations, obligations, and outlays financed by the proceeds of special fund receipts, which are dedicated collections by law for a specific purpose or program. Medical Care Collections Fund and Lease of Land and Building (NCA Facilities Operation Fund) are special funds. (Financial)

State and Tribal Organization Veterans Cemeteries

State and Tribal Organization Veterans Cemeteries, which complement VA's system of national cemeteries, provide burial options for eligible Veterans and their family members. These cemeteries may be established by States or Tribal Organizations with the assistance of VA's Veterans Cemetery Grants Program (VCGP). The VCGP provides grants to states of up to 100 percent of the cost of establishing, expanding, or improving State and Tribal Government Veterans Cemeteries. (Burial)

Statement of Budgetary Resources

This term is defined as a financial statement that provides assurance that the amounts obligated or spent did not exceed the available budget authority, obligations and outlays were for the purposes

intended in the appropriations and authorizing legislation, other legal requirements pertaining to the account have been met, and the amounts are properly classified and accurately reported. (Financial)

Statement of Changes in Net Position

This term is defined as a financial statement that provides the manner in which VA's net costs were financed and the resulting effect on the Department's net position. (Financial)

Statement of Net Costs

This term is defined as a financial statement that provides information to help the reader understand the net costs of providing specific programs and activities, and the composition of and changes in these costs. (Financial)

Statement of Written Assurance

A statement of written assurance is required by the FMFIA. Each year, the head of each executive agency must prepare a statement that the agency's systems of internal accounting and administrative control fully comply with the requirements of the law, or that they do not comply. In the latter case, the head of the agency must provide a report that identifies (1) the material weaknesses in the agency's system of internal accounting and administrative controls and (2) the plans and schedules for correcting any such weaknesses. (Financial)

Status of Budgetary Resources

This term is defined as the obligations incurred, the unobligated balances at the end of the period that remain available, and unobligated balances at the end of the period that are unavailable except to adjust or liquidate prior year obligations. (Financial)

Stewardship Land

This term is defined as land not acquired for or in connection with items of general property, plant, and equipment. (Financial)

Stewardship Property, Plant, and Equipment (PP&E)

This term is defined as assets whose physical properties resemble those of general PP&E that are traditionally capitalized in financial statements.



However, due to the nature of these assets, (1) valuation would be difficult and (2) matching costs with specific periods would not be meaningful. Stewardship PP&E consists of heritage assets, national defense PP&E, and Stewardship Land. (Financial)

Telehealth

This term is defined as the use of electronic communications and information technology to provide and support health care when distance separates the participants. It includes health care practitioners interacting with patients, and patients interacting with other patients. (Medical Care)

Telemedicine

This term is defined as the provision of care by a licensed independent health care provider who directs, diagnoses, or provides clinical treatment via electronic communications and information technology when distance separates the provider and the patient. (Medical Care)

Unobligated Balances

This term is defined as balances of budgetary resources that have not yet been obligated. (Financial)

VA Domiciliary

A VA domiciliary provides comprehensive health and social services in a VA facility for eligible Veterans who are ambulatory and do not require the level of care provided in nursing homes. (Medical Care)

VA Hospital

A VA hospital is an institution that is owned, staffed, and operated by VA and whose primary function is to provide inpatient services. Note: Each division of an integrated medical center is counted as a separate hospital. (Medical Care)

VA National Cemetery

A VA national cemetery provides gravesites for the interment of deceased Veterans and their eligible family members. VA's 131 national cemeteries are national shrines that are important sites for patriotic and commemorative events. (Burial)

VA Regional Office

A VA regional office is located in each state plus Puerto Rico and the Philippines. The regional offices receive and process claims for VA benefits. (VBA)

Vendee loans

This term is defined as direct loans issued by VA to a third-party borrower for the acquisition price of foreclosed real estate sold by VA after the transfer of the property to VA by a private sector mortgage lender upon default of a loan subject to the VA Loan Guaranty Program. (Financial)

Veterans Integrated Service Network (VISN)

VA's 21 VISNs are integrated networks of health care facilities that provide coordinated services to Veterans to facilitate continuity through all phases of health care and to maximize the use of resources. (Medical Care)



Abbreviations and Acronyms

ACSI

American Customer Satisfaction Index

AFGE

American Federation of Government Employees

ALS

Amyotrophic Lateral Sclerosis

AMC

Appeals Management Center

ARRA

American Recovery and Reinvestment Act of 2009

BDD

Benefits Delivery at Discharge

BDN

Benefits Delivery Network

BHIE

Bi-Directional Health Information Exchange

BOSS

Burial Operations Support System

BPA

Blanket Purchase Agreement

BVA

Board of Veterans' Appeals

C&A

Certification and Accreditation

C&P

Compensation and Pension

CAMS

Capital Asset Management System

CAP

Combined Assessment Program

CARES

Capital Asset Realignment for Enhanced Services

CBOC

Community-based Outpatient Clinic

CFS

Consolidated Financial Statements

CHAMPVA

Civilian Health and Medical Program of the Department of Veterans Affairs

CIO

Chief Information Officer

CMOP

Consolidated Mail Outpatient Pharmacy

COOP

Continuity of Operations Plan

COTS

Commercial Off-the-Shelf

COVERS

Control of Veterans Records System

CPGI

Clinical Practice Guideline Index

CPEP

Compensation and Pension Examination Program

CSRS

Civil Service Retirement System

DMDC

Defense Manpower Data Center

DIC

Dependency and Indemnity Compensation

DOOR

Distribution of Operational Resources

EA

Enterprise Architecture

E-GOV

Electronic Government

EVM

Earned Value Management



EVR

Eligibility Verification Reports

EWL

Electronic Wait List

F&FE

Fiduciary and Field Examination

FASAB

Federal Accounting Standards Advisory Board

FASB

Financial Accounting Standards Board

FDC

Fully Developed Claims

FECA

Federal Employees' Compensation Act

FERS

Federal Employees Retirement System

FFMIA

Federal Financial Management Improvement Act

FHIE

Federal Health Information Exchange

FISMA

Federal Information Security Management Act

FMS

Financial Management System

FRPC

Federal Real Property Council

FSC

Financial Services Center

FTE

Full-time Equivalent

GAO

Government Accountability Office

GPRA

Government Performance and Results Act

HAC

Health Administration Center

HIPAA

Health Information Portability and Accountability Act

HRPP

Human Research Protection Program

IDES

Integrated Disability Evaluation System

IHS

Indian Health Service

IPERA

Improper Payments Elimination and Recovery Act

IVM

Income Verification Match

JFMIP

Joint Financial Management Improvement Program

LGY

Loan Guaranty

LTC

Long-Term Care

MCCF

Medical Care Collections Fund

MSN

Memorial Service Network

MTF

Military Treatment Facility

NAC

National Acquisition Center

NAGE

National Association of Government Employees

NCA

National Cemetery Administration

NDMS

National Disaster Medical System

NRP

National Response Plan



OAI
Organizational Assessment and Improvement

OBO
Office of Business Oversight

OEF/OIF/OND
Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn

OGC
Office of General Counsel

OIG
Office of Inspector General

OLCS
On Line Certification System

OWCP
Office of Workers' Compensation Program

PAID
Personnel and Accounting Integrated Data

PAR
Performance and Accountability Report

PMAS
Project Management Accountability System

PMC
Pension Maintenance Center

PMP
Project Management Plan

PP&E
Property, Plant & Equipment

PPA
Prompt Payment Act

PTSD
Post-Traumatic Stress Disorder

QA
Quality Assurance

RPO
Regional Processing Office

RVSR
Rating Veterans Service Representative

SAH
Specially Adapted Housing

SAM
Strategic Asset Management

SCI
Spinal Cord Injury

SCIP
Strategic Capital Investment Plan

SFFAS
Statement of Federal Financial Accounting Standards

SGLI
Servicemembers' Group Life Insurance

SMC
Strategic Management Council

SPAWAR
Space and Naval Warfare Systems Center

SSA
Social Security Administration

STAR
Systematic Technical Accuracy Review

TBI
Traumatic Brain Injury

TOP
Treasury Offset Program

VAMC
VA Medical Center

VARO
VA Regional Office

VBA
Veterans Benefits Administration

VBMS
Veterans Benefits Management System

VCAA
Veterans Claims Assistance Act

VETSNET
Veterans Services Network



VGLI

Veteran's Group Life Insurance

VLER

Virtual Lifetime Electronic Record

VHA

Veterans Health Administration

VistA

Veterans Information System and
Technology Architecture

VRM

Veterans Relationship Management

VR&E

Vocational Rehabilitation and Employment

VSSC

VHA Support Service Center



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