



## Improper Payments Information Act of 2002 (IPIA)

### Narrative Summary of Implementation Efforts for FY 2006/Agency Plans for FY 2007 – 2009

#### Detail I

**Describe your agency's risk assessment(s), performed subsequent to compiling your full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on Office of Management and Budget (OMB) guidance thresholds) identified through your risk assessments. Be sure to include the programs previously identified in the former Section 57 of OMB Circular A-11.**

VA reviewed the requirements of the Improper Payment Information Act of 2002 to identify those programs which are susceptible to significant erroneous payments. After completing the review, VA performed risk assessments for all 19 programs. Thirteen of the programs had estimated improper payments of less than \$10 million. 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 & Pension. Five programs either had estimated improper payments exceeding \$10 million and/or were programs previously identified in the former Section 57 of OMB Circular A-11. Although the Insurance program was one of the programs identified in Section 57 of OMB Circular A-11, the risk assessment for the program is low. VA reported 2 years of low risk results in the FY 2004 and 2005 PARs. Therefore, in accordance with OMB Circular A-123, Appendix C, VA requested and was granted relief from annual reporting for 3 years, unless substantive funding, legislative, or other changes occur.

In FY 2006, statistical samplings were performed on all required programs to estimate improper payments. (FY 2005 data were used to ensure that an accurate representation of a full fiscal year's results was obtained.) These programs include Compensation & Pension, Education, Insurance, the Loan Guaranty (LGY), and Vocational Rehabilitation & Employment programs. The benefit programs are managed by the Veterans Benefits Administration (VBA). VBA recognizes the inherent risk associated with administering benefits programs to veterans and beneficiaries. The criteria used to determine entitlement, the scope of administering through 57 regional offices, legislative changes, reporting requirements, time constraints, and the responsibility of ensuring appropriate use of resources all contribute to VBA's emphasis on identifying and minimizing vulnerabilities that lead to improper payments.

#### **1. Compensation (including Dependency & Indemnity Compensation) and Pension**

Erroneous payments are defined as payments made to ineligible beneficiaries or payments that were made for an incorrect amount. Erroneous payments may be caused by procedural or administrative errors made during the claims process, delays in claims processing due to requirements to provide due process, late reporting, misreporting, or fraud on the part of employees, beneficiaries, or claimants.

Over and underpayments are based on the results of the national Systematic Technical Accuracy Review (STAR) program. The STAR process involves a comprehensive technical accuracy review of a statistically valid random sample of completed cases. The 2006 STAR sample totaled 11,030 currently processed cases.



The STAR process identifies erroneous payments for the following categories: Improper Grant/Denial, Improper Percentage Evaluation Assigned, Improper Effective Dates Affecting Payment, Improper Payment Rates, Improper Income Calculations, Improper Dependency Payment, Improper Payment of Burial Benefits, and Improper Waivers. The results of this review sample are extrapolated to the universe of completed claims to calculate estimated annual overpayments and underpayments. Separate annual amounts are calculated for the compensation program and pension program. (Please refer to Detail II for a full discussion regarding the statistical sampling process.) Our methodology for determining overpayments and underpayments also assesses the causes of the erroneous payments. Overpayments created not due to error on the part of VA are included in our overpayment figures.

**Compensation and Pension** is composed of several programs as discussed below.

- a. **Disability Compensation** is provided to veterans for disabilities incurred or aggravated while on active duty. The amount of compensation is based on the degree of disability. Several ancillary benefits are also available to certain severely disabled veterans.
- b. **Dependency and Indemnity Compensation** is provided for surviving spouses, dependent children, and dependent parents of veterans who died while on active duty on or after January 1, 1957, or whose post-service death was caused by or contributed to by their service-

incurred disabilities, or to survivors who die of nonservice-connected conditions but who were continuously rated totally disabled due to service-connected condition(s) for a number of years immediately preceding death as specified in law of service-connected causes. Prior to January 1, 1957, death compensation was the benefit payable to survivors.

- c. **Nonservice-Connected Disability Pension** is provided for veterans with nonservice-connected disabilities who served in time of war. The veterans must be permanently and totally disabled or must have attained the age of 65 and must meet specific income limitations.
- d. **Death Pension** is provided for surviving spouses and children of wartime veterans who died of nonservice-connected causes, subject to specific income limitations.

## 2. Education

The Education program assists eligible veterans, servicemembers, reservists, survivors, and dependents in achieving their educational or vocational goals.

To identify the payment accuracy rate, the Education Service conducts quarterly quality assurance (QA) reviews of a random sample of completed Education benefit claims. This is the percentage of claims in which no erroneous payments (under or over) are authorized. It is therefore the inverse of a payment error rate. QA reviewers use a checklist with eight questions, one of which is used in determining the payment accuracy rate: “Were the payment determinations



correct?" The checklist also requires additional information about each case reviewed, including:

- Amount of payment authorized.
- Amount actually due.
- Amount of over or underpayment, if any, erroneously authorized.

The payment information currently collected through the QA review process can be compared with the total benefit dollars paid in a given fiscal year in order to produce an estimate of both the percentage and amount of erroneous payments in the Education program. Since the data for all quarters of a given fiscal year are available through this system, mispayment data from the four quarterly reviews for 2004 were aggregated to provide the actual baseline measurement data. The percentage of erroneous payments exceeded 2.5 percent in that year, and the total amount of erroneous payments exceeded \$10 million. For 2005, although the percentage of erroneous payments did not exceed 2.5 percent, the total amount of erroneous payments exceeded \$10 million.

### 3. Vocational Rehabilitation & Employment

The Vocational Rehabilitation and Employment (VR&E) Service handles applications for benefits and processes payments from the Benefits Delivery Network (BDN) from its 57 regional offices nationwide. Outlays in 2005 totaled over \$583 million and are expected to rise to over \$614 million and \$657 million in 2006 and 2007, respectively. The VR&E program offers a wide range of services tailored to the specific needs of veterans and their dependents. These services require extensive assessments and evaluations to validate entitlement and payments.

VBA recognizes the inherent risk associated with administering a sizable and diverse national program.

VA's VR&E Service implemented the Quality Assurance Program, which was created under the provision of Public Law 106-117, The Veterans Millennium Health Care and Benefits Act, which states that VBA must establish and execute a quality assurance program. It is a procedure designed to assess the quality of services provided to veterans and a case manager's work in terms of quality and accuracy of entitlement determination, rehabilitation services, fiscal activities, and rehabilitation outcomes.

Internal controls including the Systematic Analyses of Operations (SAO) for Debt Avoidance and Fiscal Control, and the reestablishment of VR&E field surveys are used to minimize the occurrence of improper payments. These controls help ensure the accuracy of the following:

- Entitlement Determination – accuracy of decision for entitlement of a veteran to receive Chapter 31 benefits/services.
- Outcome Determination – accuracy of decision for closing a veteran's case when a veteran has achieved his or her rehabilitation goal or when a veteran is no longer able to participate in the Chapter 31 program.
- Rehabilitation Services – accuracy and quality of services provided to the Chapter 31 program participants, which includes fiscal activities.

### 4. Loan Guaranty (LGY)

The purpose of the VA LGY program is to encourage and facilitate the extension of favorable credit terms by private lenders to eligible veterans, active duty



personnel, surviving spouses, and selected reservists for the purpose of purchasing a home. The LGY program has an additional purpose of assisting veterans retain their homes in times of financial hardship and distress. The program operates in nine regional loan centers, two regional offices, and one eligibility center. Additionally, several important program functions are contracted out, and LGY Service maintains monitoring units to oversee those operations. In 2005, the program guaranteed over 165,000 loans for a dollar value in excess of \$24 billion. LGY Service was ultimately responsible for the processing of over \$1.2 billion in payments during that same fiscal year. With this level of inherent risk involved, LGY Service has instituted a number of internal controls to ensure that this risk is mitigated, and that payments made are accurate and justifiable.

The LGY program's internal control procedures significantly reduce the risk of improper payments. Only limited amounts of improper payments have been discovered during the annual financial statement audit that includes auditing payments for many of the processes identified in Detail II. About 75 percent of LGY's payments are intra-governmental -- processed electronically from one LGY account to another or to Treasury. For those payments made externally, LGY has a number of procedures in place to mitigate the risk of improper payments. LGY conducts random sample post-audit reviews of payments made under the property management contract and under Claims & Acquisitions. LGY also conducts 100 percent Final Accounting Reviews of all Specially Adapted Housing grant payments and 100 percent reviews of all vouchers submitted by the portfolio loan servicer.

## Detail II

**Describe the statistical sampling process conducted to estimate the improper payment rate for each program identified.**

### **1. Compensation (including Dependency & Indemnity Compensation) and Pension**

VBA's calculation of the estimate of the improper payment rate for both the Compensation (including Dependency & Indemnity Compensation) and Pension programs is based upon actual dollar amounts of debt referred to the VA Debt Management Center (DMC) and erroneous payments identified in VA's quality assurance program known as STAR. Half of the estimated debt identified by STAR is included in the calculation of erroneous payments. That half is the amount written off as an administrative error. The other half of the STAR-identified erroneous payments are reflected in the DMC data. Debts referred to the DMC can reflect erroneous payments spanning multiple years as in overpayments associated with VA's income verification match and fugitive felon match. In 2005, the DMC received \$181.9 million in compensation debt and \$323.3 million in pension debt.

The STAR process captures over and underpayment errors found during the claims processing review and calculates the dollar amounts associated with those payment errors. Since the review is based on a random sample of cases, the results are applied to the universe of claims processed and a weighting factor is applied to each regional office's workload share to generate overall estimated improper payments.



In FY 2005, the STAR process included 11,030 cases -- 9,505 compensation cases and 1,525 pension cases. A total of 335 payment errors were documented for compensation cases (3.5 percent error rate), including 210 underpayments totaling \$1,083,835 and 125 overpayments totaling \$530,166. A total of 57 payment errors were documented for pension cases (3.7 percent error rate), including 31 underpayments totaling \$39,581 and 26 overpayments totaling \$62,329.

The number of cases reviewed for compensation and pension represents 0.71 percent of the 1,557,290 cases subject for review. While the errors were clearly identified as either compensation or pension, the overall review sample contained some cases with both compensation and pension elements. Accordingly, the sample size for the compensation program was 0.82 and 0.38 percent for the pension program.

When extrapolated to the completed compensation claims for FY 2005, including a weighting factor for each regional office's share of national workload, total estimated Compensation program underpayments were \$97.7 million and overpayments were \$52.7 million.

When extrapolated to the completed pension claims for FY 2005, including a weighting factor for each regional office and pension maintenance center's share of national workload, total Pension program estimated underpayments were \$9.8 million and estimated overpayments were \$75.5 million.

## 2. Education

QA reviews were designed to provide statistically valid results at the 95 percent

confidence level and 5 percent precision (also expressed as a margin of error of plus or minus 2.5 percent), for an estimated payment accuracy rate of 94 percent (equivalent to an error rate of 6 percent). The annual nationwide random sample of 1,600 cases is selected from the database of completed end products in quarterly increments. Reviews are also conducted and reports issued quarterly. Provided that the estimated erroneous payment rate is similar to the estimated error rate used in constructing the QA sample, that is, 6 percent or less, the data may be considered statistically valid. Data on percentage and amount of erroneous payments from quarterly QA reviews for awards authorized in 2005 were compared to total benefits paid for that fiscal year.

## 3. Vocational Rehabilitation & Employment

Data for the improper payment rate are gathered through the Quality Assurance review. In 2002 Booz-Allen-Hamilton conducted a study on the VR&E Quality Assurance Program. Starting in FY 2003 the total number of cases to be reviewed annually was increased from 2,850 to a minimum of 3,648 cases, or 64 cases per regional office, as a result of the study recommendations. The increase allowed for a valid random sampling size for each regional office review of cases based on a confidence level on a 5 percent margin of error. In 2005, there were 4,180 cases reviewed, or 75 cases per regional office. The review sample results are applied to the national total workload to generate VR&E's estimated overall improper payments by using weighting factors based on the regional offices' caseload size.

## 4. Loan Guaranty

The LGY program helps veterans and active duty personnel purchase and retain homes in recognition of service to the Nation. The program enables eligible veterans to obtain financing for the purchase, construction, or



improvement of a home by insuring a percentage of the loan. This mandatory program encourages the lender to extend favorable loan terms and competitive interest rates to veterans who might otherwise prove ineligible. The LGY program disburses payments for:

- Specially Adapted Housing Grants.
  - Claims and Acquisition Payments.
  - Portfolio Servicing of Direct Loans.
  - Property Management.
- a. **Specially Adapted Housing (SAH) Grants** – SAH staff at the regional loan centers (RLCs) certify that all grant requirements have been met prior to authorizing the dispersal of grant funds to the veteran's escrow account for payment of authorized expenses incurred for construction or modification of the veteran's home. The RLC staff then conducts a 100 percent Final Accounting Review for all cases. The cases are then sent to Central Office (CO) for a second-level review. LGY CO reviews 100 percent of these files. For 2006, no errors have been found in any part of the SAH grant payment process.
  - b. **Claims & Acquisition Payments** – LGY conducts a stringent first-level review of all claim payments. A 100 percent manual review is conducted on all claims received. The Loan Service and Claims (LS&C) system requires that at least two different LGY staff members review and certify the claim in the system before releasing it for payment. LGY also conducts statistically valid post-audit reviews of Claims & Acquisition payments. LGY reviews a random sampling of these payments through quality control visits to each of the nine RLCs and the Honolulu Regional Office. LGY also includes a post-

audit review of claims paid as part of the Statistical Quality Control (SQC) Review 321. A first-level review of cases is done at the RLC, and a second-level validation is conducted by LGY CO. Between the quality control site visits and SQC reviews, the total claim payments which are being post-audited are significant at the 90 percent confidence level with +/- 2.5 percent margin of error. For 2006, the error rate is less than 1 percent. Only one error, which was minor in nature, was discovered.

- c. **Portfolio Loan Voucher Payments** – Countrywide Home Loans (CHL) is LGY's contracted portfolio loan servicer. The Portfolio Loan Oversight Unit (PLOU) classifies CHL vouchers into seven types, based on nature of the service provided or the type of items included within. For example, the 003-Type contains reimbursable fees such as property preservation costs, foreclosure/bankruptcy costs, and recording fees; the 002-Type consists of property tax payments. As per the requirements of the Prompt Payment Act, VA pays each invoice as it is received. The PLOU staff then conducts a 100 percent post-audit of each voucher payment to ensure correctness and accuracy of payments. The average error rate was extrapolated across the entire amount of voucher payments to arrive at the total amount of improper payments.
- d. **Property Management Voucher Payments** – Ocwen is LGY's property management contractor. VA's Property Management Oversight Unit (PMOU) receives two types of vouchers (After Sale and Supplemental) from Ocwen. In 2006, however, Ocwen also submitted



vouchers for services and fees relating to VA's agreement with FEMA to provide low-cost rental housing to hurricane disaster victims. All invoices are handled in the same manner. Invoices are reviewed upon receipt by a Realty Specialist for compliance with the contract requirements and to assure that proper supporting documentation is included. The invoice then is approved by the Realty Specialist and submitted to a supervisor to certify it for payment per the requirements of the Prompt Payment Act. The Centralized Property Tracking System (CPTS) pulls a 10 percent random sample of vouchers for post-audit review. The 10 percent sample requirement is statistically significant at the 99 percent confidence level with approximately +/-5 percent margin of error. [A 10 percent sample of a total of 6,880 invoices yields 688 cases for review valid at the 99 percent confidence level with +/-5 percent margin of error]. If, upon review, VA finds that the voucher submitted by Ocwen does not meet established requirements (proper documentation, accurate billing amounts, etc.), VA establishes a bill of collection (BOC) against Ocwen. While VA has identified that the payment error rate is rooted in the number of BOCs established in a given fiscal year, the actual error rate for FY 2006 voucher payments has not yet been determined.

FY 2005 was the first full year of invoicing, and therefore LGY had not yet determined how to calculate the overall error rate for property management payments made during that fiscal year. As discussions about reporting for FY 2006 improper payments began, LGY became aware

that it was not possible to tie payments in a given fiscal year to errors made (bills of collection established) in that same fiscal year. This problem is due to the appeals process, which is established in the property management contract with Ocwen.

The appeals process allows for Ocwen to appeal any BOC they receive from VA. Ocwen may appeal by resubmitting the voucher with additional supporting or clarifying documentation or information. LGY Central Office Property Management (LGYCO PM) staff is tasked with reviewing these resubmitted vouchers and recommending action (approving or denying the voucher) to the VA contracting officer, who also reviews the file for concurrence/non-concurrence. After LGYCO PM staff and the contracting officer have reached a decision, Ocwen may still appeal that ruling to the Board of Contract Appeals. It is not until the Board rules on a particular voucher payment (or the established time allotted for appeal has lapsed) that LGY can deem it a 'resolved' item, meaning that it can be determined that the payment was made in error, or that it was made accurately. This lengthy and multi-tiered appeal process often causes BOCs established in any given fiscal year to be unresolved for a lengthy period of time, a period which may cross the demarcation of fiscal years. Largely for this reason, BOCs have not been classified by 'year established,' but rather 'year resolved' for the purpose of internal management reporting. As this does not fit the parameters of analysis for IPIA reporting, however, LGY cannot at this time report a true FY 2006 error rate for property management vouchers paid.



LGY is working to reconfigure management reports and tools to enable it to tie BOCs to the fiscal year in which they were established. This will enable VA to report, for the dollar amount of payments made in a given fiscal year, the percentage and dollar amount made in error. This initial reclassification of data within LGY's systems and reporting tools will be extremely labor intensive. LGY will provide a more detailed project schedule as it is developed. Additionally, upon completion of this reconfiguration initiative, LGY will provide FY 2006 data on improper payments and error rates for inclusion in LGY's IPIA statistics.

### Detail III

#### **Describe the Corrective Action Plans for:**

**A. Reducing the estimated rate of improper payments. Include in this discussion what is seen as the cause(s) of errors and the corresponding steps necessary to prevent future occurrences. If efforts are underway, and/or have been ongoing for some length of time, it is appropriate to include information in this section.**

**B. Grant-making agencies with risk susceptible grant programs, discuss what your agency has accomplished in the area of funds stewardship past the primary recipient. Include the status on projects and results of any reviews.**

#### **1. Compensation (including Dependency & Indemnity Compensation) and Pension**

A significant cause in the increase in overpayments in both compensation and pension accounts has been the implementation of the Fugitive Felon program. This program, mandated by Public

Law 107-103 in December 2001, prohibits veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. It requires VA to retroactively terminate veterans and other beneficiaries from the date the claimant became a "fugitive felon." The first batch of over 980 cases was released in May 2003. The second batch of over 2,000 cases was released in March 2004. It takes approximately 9 months to a year to completely process these fugitive felon cases. Based on the higher number of cases in the second batch and the length of time it takes to process these cases, the amount of overpayments created in fiscal year 2005 from this program increased considerably over the overpayments created in 2004. In addition to the identification of fugitive felons, notification of incarceration may also lead to the establishment of overpayments. According to current statute, these cases are given due process and then adjusted. Notification of either status is a function of agreements made with states, the Bureau of Prisons, and law enforcement agencies. As previously indicated, these overpayments typically span multiple years as the OIG's negotiation of agreements with various jurisdictions expands. As the OIG brings in more law enforcement jurisdictions, we can anticipate that large overpayments will continue for at least the next 3 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.

#### **2. Compensation**

Based on STAR data, the most common causes for erroneous compensation payments are the assignment of improper evaluations (37 percent of errors) and the improper grant of service connection (22 percent of errors). VBA continues to be engaged in initiatives that address these errors.



The first of these initiatives is the Regulation Rewrite project charged with redrafting VA's regulations into clear and understandable language. The project to rewrite the regulations is a result of a recommendation outlined in the October 2001 VA Claims Processing Task Force: Report to the Secretary of Veterans Affairs aimed at improving VA's claims adjudication process.

One of the most complex regulations in VA's inventory deals with effective dates. Clarifying the regulation regarding effective dates is a primary focus of the Regulation Rewrite Staff. Publication of the final regulation dealing with effective dates is anticipated in calendar year 2009. VBA anticipates the rewritten regulation will help reduce common errors identified above that result in overpayments.

Another initiative is improved training programs. VA continues its efforts to expand its rating capacity. Since the number of inexperienced rating specialists is significant, this means that the potential for errors in evaluation and granting or denying of benefits is greater. We believe that our training programs, the increasing experience of disability decision-makers, and publication of the STAR Reporter (which advises the field of error trends), will significantly improve these areas.

Other reasons for overpayments include:

- Non-entitlement for the month of death.
- Reductions/terminations due to incarceration or fugitive felon status.
- Remarriage of surviving spouse.

The month of death overpayment occurs when the veteran dies late in the month, too late to stop the release of the check for the month of death, a benefit to which he/she is not entitled. Approximately 79,000 veterans were removed from the compensation rolls

in 2005, virtually all due to death. This resulted in approximately \$25.6 million in overpayments because death occurred in the last 10 days of the month (applicable to an estimated 26,300 veterans). The average compensation payment in 2005 was \$974 monthly. Although the overpayment is created, the majority of these payments are recouped.

Overpayments also are created as a result of notification of incarceration or fugitive felon status. According to current statute, these cases are given due process and then adjusted. Notification of either status is a function of agreements made with states, the Bureau of Prisons, and law enforcement agencies. As previously indicated, these overpayments typically span multiple years as the OIG's negotiation of agreements with various jurisdictions expands.

### 3. Pension

The Pension program administered by VA is a highly complex program that is intended to provide the financial resources needed by beneficiaries based upon anticipated income. It then requires adjustment based upon actual income. Consequently, like similar programs such as Supplemental Security Income, it is prone to overpayments due to late or misreporting of income changes or failure to report such changes by claimants. For this reason, VA consolidated the processing of all pension maintenance workload in order to improve the quality and timeliness of the pension processing, as well as to focus training in this area. Another goal of consolidation is to reduce the size of erroneous payments through greater claims processing efficiencies and reduced cycle time. We believe that an improved quality of pension processing and focused training should reduce the average size of overpayments but not substantially the number of erroneous payments. Pension processing quality has increased dramatically through the consolidation and



specialization, and we expect it to continue. Consolidation of initial claims processing to the pension centers is anticipated in calendar year 2007. However, 2005 erroneous payments were higher than anticipated. As discussed earlier, the increased cases identified through the fugitive felon program in 2004 over 2003, coupled with the requirements for due process, led to an increase in the amounts of overpayments established in 2005.

These effects are anticipated to continue in 2006 and are affected by the increased workload from the changes in income verification matches conducted in 2006 and 2007. Beginning in 2006, VBA will process two tax years worth of information (2002 and 2003) from the IRS. This will continue in 2007 with tax years 2004 and 2005 being released to the regional offices. VBA will return to processing one year's worth of tax information in 2008. Although this action may result in an increase in the number of overpayments created in 2006 and 2007, it should also result in a decrease in the amount of the overpayment created for the claimant, as the income information is only two years old as opposed to three years old. Since VBA will return to processing one year's worth of tax information in FY 2008, we anticipate the number and amount of overpayments in 2008 and 2009 will return to 2004 levels.

The Pension program in particular has other ongoing reasons that contribute to erroneous payments. The program involves less judgment in determining entitlement, 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. This is the primary reason for the higher ratio of overpayments to underpayments. The most common causes for erroneous pension overpayments

and underpayments are improper effective dates and improper calculation of family income. The size of overpayments in the pension program is aggravated by the effective date rules that govern the adjustment of accounts and the need to provide due process. Since the fact of entitlement or the rate of entitlement is affected by income, and changes in status and rate of payment are effective the first of the month following changed income, the claimant and VA are in an overpayment situation in virtually every income adjustment based on new or increased income.

Other causes for overpayments are:

- Non-entitlement for the month of death.
- Reductions or terminations due to claimant reports on Eligibility Verification Reports (EVR).
- Reductions or terminations based upon matching programs.
- Inaccurate reporting of monthly social security benefits.

Approximately 81,000 pension records were terminated in 2005. The estimated annual overpayment for the month of death (considering an estimated 27,000 deaths that occur in the last 10 days of the month), with an average monthly payment of \$548 when veterans and survivors are combined, is \$14.7 million.

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.

The EVR is a VBA internal annual report required of most pension recipients in which they are required to report their actual previous year and anticipated current year income. This program results in overpayments due to a late reporting of



income changes that result in larger overpayments due to two statutory provisions:

- a. Reductions are effective first of the month following receipt of the changed income. Because it normally is required to provide due process of 60 days in such cases, an overpayment is created for not only the historical period back to the receipt of the income but for a minimum of two months into the future.
- b. Failure to return an EVR results in termination of the award and resulting overpayment from the beginning of the calendar year.

Other ongoing successful efforts with internal/external organizations/agencies that identify reporting inconsistencies include:

- **Office of the Inspector General**
  - Death Match Project: The Office of Inspector General (OIG) death match project is conducted to identify individuals who may be defrauding VA by receiving VA benefits intended for beneficiaries who have passed away.
  - Fugitive Felon Program: On December 27, 2001, Public Law 107-103 was enacted. The law prohibits veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. At any given time more than 100,000 individuals are on a fugitive felon list maintained by the federal government and/or state and local law enforcement agencies. This program, as it is rolled out with other police jurisdictions, is an example of how overpayments will be identified in later years based upon newly acquired information.
- **Bureau of Prisons for Payments to Incarcerated Veterans**

An agreement was reached with the Social Security Administration (SSA) that

allowed VA to use the State Verification and Exchange System (SVES) to identify claimants incarcerated in state and local facilities. We are processing both Bureau of Prisons Match and SSA Prison Match cases on a monthly basis.

- **Railroad Retirement, Office of Personnel Management and Income Verification Match**

These matches report income from these and other sources compared to what pension beneficiaries report.
- **Social Security Administration**
  - Monthly Social Security Benefit Match: This is a match with SSA in which the amount of monthly social security reported by the claimant is compared to SSA records.
  - Unverified Social Security Number Listing: C&P Service analyzes an extract of hits from data runs in order to obtain the Unverified Social Security Numbers listing.

#### 4. Education

Education Service has used the Quality Assurance Review program to assess payment errors since FY 1992. Education Service quality review reports, issued quarterly, identify error trends and causes. The regional processing offices discuss the results at refresher training. Required training based on quarterly quality reviews was conducted in FY 2005. However, compared to the previous fiscal year, estimated erroneous payments fell from 3.0 percent to 1.2 percent. The principal factor underlying the improvement was an increase in the level of experience among claims processors, which resulted in a decline of 29 percent in the number of payment errors noted on QA reviews. In addition, fewer types of errors were found. For example, in 2005, no errors resulted from incorrectly processing monthly verification of enrollment data concurrent with award action, which was a major cause of errors in 2004. However, due



to the complexity of applicable requirements, the following three causes remained responsible for the majority of erroneous payments in 2005, as in the previous fiscal year:

- Incorrectly determining the student's rate of training (full-time rate or part-time).
- Incorrectly awarding benefits for intervals between terms.
- Incorrectly determining the date on which to reduce or terminate benefits.

Education Service is developing a rules-based automated claims processing system, The Education Expert System (TEES), which will help reduce payment errors. A prototype system is in place, and the full system is expected to improve performance when fully implemented by FY 2011. In addition, Education Service has developed standardized training materials for use by field stations. Use of these materials began in FY 2004; their use will continue to improve performance in the future.

### **5. Vocational Rehabilitation & Employment (VR&E)**

The National Quality Assurance Team monitors the errors annotated in the quality assurance reviews and tracks the corrective actions taken on identified errors. Also, as the team monitors the results of the reviews, any frequently identified error or best practice is brought to the attention of management. Any further action (i.e., national training or publication of best standards of practice) to address the area(s) identified is discussed and implemented.

After each review, an outbriefing letter containing the results of the National QA Review is provided to each regional office. The letter outlines the errors found during the review and indicates the required corrective actions. Each regional office is required to submit certification of compliance to the corrective actions to the

VR&E Service through the Director's office within 90 days of receipt of the letter. VR&E Service also revised the manual chapter on Systematic Analysis of Operations, which was published in June 2006, strengthening the fiscal accuracy and review section.

In January 2004, VR&E Service required that all compliance reports for corrective actions on errors found on fiscal activities must also include the amount of over or underpayment for Chapter 31 benefits. The types of errors that were noted varied but included such items as:

- Entry of incorrect end date identifying timeframe for completion of training session and, therefore, veteran was either paid at an incorrect rate or no payment was issued and veteran should have received the subsistence allowance.
- Incorrect subsistence allowance rate entered and veteran was compensated at the wrong rate.
- Improper amount or omission of Employment Assistance Allowance paid to veterans.

The review revealed an increase in overpayments due to an increase in incorrect subsistence allowance rates being applied. There were two scenarios that affected the majority of the increase. Rates were either not reduced when a veteran adjusted their participation time (full time to half time) or an administrative error was made when a veteran discontinued their training status and all documents were not completed to stop the allowance. Local training on the policies and procedures for adjusting subsistence allowance was provided to the regional office staff.



## 6. Loan Guaranty

SAH grant payments have been found to be error-free. LGY will continue to conduct the 100 percent Final Accounting Review and second-level Central Office reviews of the SAH grant process. Additionally, LGY has developed a statistical quality control (SQC) schedule for the SAH program, which will provide additional opportunity for review of the grant process, including grant payments.

Claims & Acquisition payments have been found to have very few errors (0.105 percent error rate for FY 2006). Since the error rate is so low, and the instances of error so minor in value, LGY will continue its procedures for first and second-level reviews prior to payment and will continue to perform all post-audit review of cases as per existing site visit and SQC schedules.

Portfolio loan servicing payments are processed for payment by the Portfolio Loan Oversight Unit (PLOU) within the timeframe sanctioned by the Prompt Payment Act. Payments are then post-audited by the PLOU staff for accuracy and correctness. For FY 2006, errors were found only in the 001- and 002-series of vouchers, with the bulk of mistakes being located in the 002 vouchers. This means that errors were only found on vouchers related to tax payments and calculations (002-series) and on invoices consisting of reimbursable loan servicing fees (001-series). LGY monitors 002-series vouchers

and maintains information on overcharges/unallowable charges submitted by holders. LGY offsets claims submitted by holders for any overcharges/unallowable charges contained therein. If the claim for the specific account has already been processed, then LGY makes adjustments on future claims submitted by the holder.

### Detail IV

**The following three tables are required for each reporting agency. Please note that with this fiscal year, we require actual Outlay Dollars, Improper Payment percent, and Improper Payment Dollars for FY 2005 and 2006, and estimate Outlay Dollars, Improper Payment percent, and Improper Payment Dollars for FY 2007 – FY 2009. We highlight the following for clarification: (1) all risk susceptible programs must be listed in this chart whether or not an error measurement is being reported; (2) where no measurement is provided, agency should indicate the date by which a measurement is expected; (3) if FY 2006 is the baseline measurement, indicate by either footnote or by “n/a” in the “FY 04 percent” column; (4) if any of the dollar amount(s) included in the estimate correspond to newly established measurement components in addition to previously established measurement components, separate the two amounts to the extent possible; (5) include outlay estimates for FY 2007-2009; and (6) agencies are expected to report on FY 06 activity, and if not feasible, then FY 05 activity is acceptable.**



**Improper Payment (IP) Reduction for FY 2005**  
(\$ in millions)

| Program                             | Outlays \$ <sup>(1)</sup> |        | Estimated IP% | Actual IP % | Estimated IP \$ | Actual IP \$ |
|-------------------------------------|---------------------------|--------|---------------|-------------|-----------------|--------------|
|                                     | Estimated                 | Actual |               |             |                 |              |
| <b>Compensation</b> <sup>(2)</sup>  | 28,960                    | 28,711 | 0.63          | 0.73        | 181.0           | 208.3        |
|                                     |                           |        | 0.49          | 0.34        | 141.9           | 97.7         |
| <b>Pensions</b>                     | 3,293                     | 3,383  | 7.50          | 10.6        | 247.0           | 361.1        |
|                                     |                           |        | 0.43          | 0.28        | 14.0            | 9.8          |
| <b>Education</b>                    | 2,661                     | 2,611  | 1.30          | 0.53        | 34.0            | 13.8         |
|                                     |                           |        | 1.10          | 0.71        | 30.0            | 18.5         |
| <b>Vocational Rehabilitation</b>    | 603                       | 583    | 0.44          | 0.50        | 2.7             | 2.9          |
|                                     |                           |        | 1.18          | 0.56        | 7.1             | 3.3          |
| <b>Loan Guaranty</b> <sup>(3)</sup> | 1,219                     | 1,137  | 0.35          | 0.30        | 4.2             | 3.5          |

**Notes to Improper Payment Reduction Outlook Table:**

<sup>1</sup> 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.

<sup>2</sup> Dependency & Indemnity Compensation is included with Compensation.

<sup>3</sup> Outlay calculations changed since the FY 2004 PAR submission. In the Loan Guaranty Program, housing intergovernmental transactions were determined not to be subject to erroneous payment sampling and review.



**Improper Payment Reduction Outlook FY 2005 – FY 2009**

(\$ in millions)

| Program                            | FY 2005                      |      |       | FY 2006                      |      |       | FY 2007                      |      |       | FY 2008                      |      |       | FY 2009                      |      |       |
|------------------------------------|------------------------------|------|-------|------------------------------|------|-------|------------------------------|------|-------|------------------------------|------|-------|------------------------------|------|-------|
|                                    | OUTLAYS<br>\$ <sup>(1)</sup> | IP % | IP \$ | OUTLAYS<br>\$ <sup>(1)</sup> | IP % | IP \$ | OUTLAYS<br>\$ <sup>(1)</sup> | IP % | IP \$ | OUTLAYS<br>\$ <sup>(1)</sup> | IP % | IP \$ | OUTLAYS<br>\$ <sup>(1)</sup> | IP % | IP \$ |
| Compensation <sup>(2)</sup>        | 28,711                       | 0.73 | 208.3 | 31,217                       | 0.71 | 221.6 | 34,233                       | 0.69 | 236.2 | 36,395                       | 0.67 | 243.8 | 39,057                       | 0.65 | 253.9 |
|                                    |                              | 0.34 | 97.7  |                              | 0.33 | 103.0 |                              | 0.32 | 109.5 |                              | 0.31 | 112.8 |                              | 0.30 | 117.2 |
| Pensions                           | 3,383                        | 10.6 | 361.1 | 3,473                        | 10.4 | 361.2 | 3,540                        | 10.1 | 357.5 | 3,589                        | 8.0  | 287.1 | 3,620                        | 7.88 | 285.3 |
|                                    |                              | 0.28 | 9.8   |                              | 0.27 | 9.4   |                              | 0.26 | 9.2   |                              | 0.25 | 9.0   |                              | 0.24 | 8.7   |
| Education                          | 2,611                        | 0.53 | 13.8  | 3,051                        | 1.10 | 33.6  | 3,220                        | 1.10 | 35.4  | 3,393                        | 1.05 | 35.6  | 3,497                        | 1.00 | 35.0  |
|                                    |                              | 0.71 | 18.5  |                              | 1.10 | 33.6  |                              | 1.10 | 35.4  |                              | 1.05 | 35.6  |                              | 1.00 | 35.0  |
| Vocational<br>Rehabilitation       | 583                          | 0.50 | 2.9   | 614                          | 0.46 | 2.8   | 657                          | 0.42 | 2.8   | 712                          | 0.38 | 2.7   | 761                          | 0.34 | 2.6   |
|                                    |                              | 0.56 | 3.3   |                              | 0.52 | 3.2   |                              | 0.48 | 3.2   |                              | 0.44 | 3.1   |                              | 0.40 | 3.0   |
| Loan Guaranty<br><sup>(3)(4)</sup> | 1,137                        | 0.30 | 3.5   | 825                          | 0.10 | 0.9   | 2,321                        | 0.30 | 7.0   | 2,241                        | 0.28 | 6.3   | 2,550                        | 0.26 | 6.6   |

**Notes to Improper Payment Reduction Outlook Table:**

<sup>1</sup> For some programs, dollars reported are payments, not necessarily outlays. Overpayments (shaded cells) and underpayments are identified for programs for which separate data are available.

<sup>2</sup> Dependency & Indemnity Compensation is included with Compensation.

<sup>3</sup> FY 2006 – 2009 outlay estimates for Loan Guaranty are based on obligations as shown in the FY 2007 President’s budget and will be revised with updated information.

<sup>4</sup> FY 2006 LGY numbers do not include Property Management.



**VA Recovery Targets for all Susceptible Programs**  
(\$ in millions)

| Program                               | FY 2005 |         |        |        | FY 2006 |    | FY 2007 |    | FY 2008 |    | FY 2009 |    |
|---------------------------------------|---------|---------|--------|--------|---------|----|---------|----|---------|----|---------|----|
|                                       | Est. \$ | Act. \$ | Est. % | Act. % | \$      | %  | \$      | %  | \$      | %  | \$      | %  |
| Compensation & Pension <sup>(1)</sup> | 250     | 298     | 25     | 25     | 211     | 25 | 269     | 25 | 272     | 25 | 276     | 25 |
| Education & VR&E <sup>(2)</sup>       | 100     | 124     | 50     | 54     | 166     | 56 | 183     | 54 | 204     | 52 | 208     | 48 |
| Loan Guaranty                         | 1.5     | 1.7     | 60     | 70     | 1.3     | 70 | 1.9     | 70 | 1.6     | 70 | 1.4     | 70 |

**Notes to VA Recovery Targets for all Susceptible Programs Table:**

<sup>1</sup> Compensation and Pension collections are shown as one figure.

<sup>2</sup> Collections reported for Education are collections for both Education and Vocational Rehabilitation & Employment (VR&E).



## Detail V

**Discuss your agency's recovery auditing effort, if applicable, including any contract types excluded from review and the justification for doing so; actions taken to recoup improper payments, and the business process changes and internal controls instituted and/or strengthened to prevent further occurrences. In addition, complete the table below.**

### **1. Financial Services Center, Austin, TX**

VA continued to enhance its vendor payment processes throughout FY 2006. The Department processed over 4.8 million Prompt Payment Act (PPA) eligible invoices worth over \$8.2 billion, with over 99 percent paid on time. In 2006, interest payments VA-wide increased by \$113,000 (from \$746,000 to \$858,000) – a 15.2 percent increase over 2005 levels, largely attributable to an increase in interest on payments for the delivery of goods during the second quarter of 2006, subsequently corrected through a process improvement. Further, 2006 interest paid as a percentage of total payments remained virtually unchanged, increasing less than 1 percent over 2005 levels. At the same time, the dollar value of discounts offered declined by nearly \$1.4 million to \$4.8 million, a 22.7 percent decrease over 2005 levels, due to fewer available discounts. VA's percentage of discounts actually earned also improved from 91.1 percent in 2005 to 93.3 percent in 2006. The improvement in discount processing saved VA \$116,000 in 2006.

VA also continued to gain efficiencies and improve performance through an initiative to centralize vendor payment activities at the FSC. By centralizing vendor payment activities, VA strengthened its focus on identifying and preventing vendor payment errors. The FSC also enhanced audit recovery efforts of improper/duplicate vendor payments. The 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. Also, payments from prior fiscal years are matched to identify potential duplicate payments for further analysis, assessment, and, as appropriate, collection. The 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. This initiative, started in 2004, recovered over \$277,000 in erroneous interest penalties, service charges, and sales taxes for reuse by VA entities during 2006. Overall, during 2006, collections of improper payments and the recovery of unapplied vendor statement credits totaled nearly \$5.1 million. Improved payment oversight also enabled VA to identify and cancel nearly \$7.9 million in potential improper payments prior to disbursement during 2005. Since the inception of the FSC's audit recovery effort in 2001, VA has recovered over \$18.3 million in improper payments and prevented the improper payment of another \$21.1 million.

### **2. Health Administration Center (HAC), Denver, CO**

Public Law 106-74 mandated VA conduct, by contract, a recovery audit program of past payments for hospital care. In the associated conference report for Public Law 106-379, the primary intent of this program was further described as an interest to ensure that clinical diagnoses and treatments match the codes, which are submitted to VA for payment and, where an overpayment has been made, enable VA to recover the funds for medical care. VA awarded a recovery audit contract in December 2000. As of September 30, 2006, the contractor has identified 76,431 receivables totaling



\$54,742,288, of which VA has recovered \$46,845,039.

Public Law 108-199 extended the mandate for VA to conduct, by contract, a recovery audit program of past payments for hospital care through FY 2006. VA awarded the new recovery audit contract in December 2004. The contract started on July 11, 2005, with requests sent to providers and VA medical centers for information. As of September 30, 2006, the contractor has identified 3,246 receivables totaling \$11,278,568, of which VA has recovered \$5,228,305.

### **3. Supply Fund**

The VA Office of Acquisition and Materiel Management works with the OIG 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 offeror during contract negotiations; and (2) price reduction violations -- whether the contractor complied with the terms and conditions of the price reduction clause. As part of the OIG post-award contract reviews, staff also look for and collect overcharges that were the result of the contractor charging more than the contract price. In 2006, this audit recovery program recovered over \$20 million.



Audit Recovery Table

| Agency Component | Amount Subject to Review for FY 2006 Reporting \$ | Actual Amount Reviewed and Reported (X) \$ | Amounts Identified for Recovery (Y) \$ | Amounts Identified for Recovery/Actual Amount Reviewed and Reported (Y divided by X) | Actual Amounts Recovered \$ |
|------------------|---|--|--|--|-----------------------------|
| FSC              | 4,090,017,045                                     | 4,080,440,699                              | 6,537,196                              | 0.16%  | 4,979,518                   |
| HAC              | 994,838,848                                       | 133,948,829                                | 11,278,568                             | 8.4%   | 5,228,305                   |
| Supply Fund      | 1,475,501,446                                     | 1,475,501,446                              | 21,339,690                             | 1.45%  | 20,170,600                  |



## Detail VI

**Describe the steps the agency has taken and plans to take (including time line) to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.**

The Under Secretary for Benefit's continued emphasis on accountability and integrity at every level underscores his commitment to achieving the goals set forth in the FY 2002 Improper Payment Reduction Act. One of the President's Management Agenda's 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 the Monthly Performance Reviews with the Deputy Secretary. In addition to the monthly reviews, annual information is shared in the Performance and Accountability Report. It is a VBA-wide effort and commitment to reduce the occurrence of improper payments.

### **1. Compensation & 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&P business line. First, regional directors, service center managers, and all management personnel share the same performance standards with respect to the management of delivery of compensation and pension. Non-supervisory field staffs have performance standards that measure them against quality and timeliness standards. Within C&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 by VBA top management for directors of the offices that process Education claims, and set by the directors for subordinates. Education Service has developed standardized nationwide performance standards including payment accuracy for personnel who process claims.

### **3. Vocational Rehabilitation & Employment**

VR&E Service is currently using the Quality Assurance Review results to track improper payments. There are national performance measures for VR&E employees and managers, which include a fiscal accuracy measure. After the Quality Assurance Team has conducted a review of cases, each regional office is required to submit its certification of compliance on the corrective actions within 90 days from receipt of the QA Review Results Letter. A database was developed and is being populated to track the regional office's compliance to required fiscal corrective actions, including the amount of under and overpayments.

### **4. Loan Guaranty**

Quality of work performed at the RLCs and regional offices that have an LGY presence is of key importance to the LGY program. Performance standards for the directors of these LGY stations include quality standards that cover virtually all facets of the program, accuracy of payments being part of these standards. LGY Service works with the Office of Field Operations to set performance requirements and stretch goals for the LGY quality measures. Award money is available for stations



that exceed requirements and achieve the stretch goals.

#### Detail VII

**A. Describe whether the agency has the information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.**

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

The agency has information systems and infrastructure to reduce improper payments. The information systems, however, reflect old technology and do not prevent or reduce the size of overpayments to the extent possible. The elimination of batch cycle processing and conversion to real time processing will enable us to discontinue payments up to the day before payment is to be issued. The system will be integrated such that the disability rating decision will be entered once and support the rating, eliminating or substantially reducing errors due to data entry and effective date problems. The amount of retroactive payments is calculated as the award is being prepared and is known to the decision-maker and the authorizer prior to authorizing the payment. Where three signatures are required, the system will have the internal control to ensure that three signatures are present. We will also eliminate problems with the calculation of manual out-of-system payments.

**2. Education**

Education Service is developing a rules-based automated claims processing system. The goal of this system, when fully implemented, is to automatically process 90 percent of all enrollments and changes in enrollment. While the principal effect of implementation is to reduce processing times, it is also expected to reduce erroneous payments.

Given the improvements currently being implemented and those that are planned for the future, the LGY, VR&E, and Insurance programs have the information systems and other infrastructure needed to keep improper payments at the levels targeted and should be able to reduce improper payments.

**B. If the agency does not have such systems and infrastructure, describe the resources the agency requested in its FY 2006 budget submission to Congress to obtain the necessary information systems and infrastructure.**

Funding for TEES (\$3 million) is included in the 2007 VA budget request. Constraints in resource allocation (both human capital and monetary resources) have hampered any substantial progress to date. Full implementation of TEES will be coordinated with the retirement of VBA's legacy system, the Benefits Delivery Network.

#### Detail VIII

**Describe any statutory or regulatory barriers which may limit the agencies' corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.**

**Compensation (including Dependency & Indemnity Compensation) and Pension**

There are statutory and regulatory barriers that limit our corrective actions in reducing improper payments. Many of these barriers 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 and creates an overpayment. 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.

A significant cause in the increase in overpayments in both compensation and pension accounts has been the implementation of the Fugitive Felon program. This program, mandated by Public Law 107-103 in December 2001, prohibits veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. It requires VA to retroactively terminate veterans and other beneficiaries from the date the claimant became a "fugitive felon." 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.

## Detail IX

**Additional comments, if any, on overall agency efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation.**

Beginning 2006, VA only reports on those programs meeting the improper/erroneous payments criteria.



## Definitions—Key and Supporting Measures and Other Terms

### Definitions of Key Measures

**Please note:** Key Measures are also defined in the Key Measures Data Table (see page 178).

#### **Average days to complete original and supplemental education claims (Key Measure)**

This measure represents the elapsed time, in days, from receipt of a claim in the regional processing office to closure of the case by issuing a decision. Original claims are those for first-time use of this benefit. Any subsequent school enrollment is considered a supplemental claim. (Education)

#### **Average days to process – DIC actions**

This measure assesses the average length of time it takes to process a Dependency and Indemnity Compensation (DIC) claim from the date of receipt of claim in VA until the date of completion. (Compensation)

#### **Average number of days to process insurance disbursements**

Insurance disbursements are death claims paid to beneficiaries, policy loans, and cash surrenders requested by policyholders. Average processing days are a weighted composite for all three types of disbursements based on the number of end products and timeliness for each category. Processing time begins when the veteran's application or beneficiary's fully completed claim is received and ends when the internal controls staff approves the disbursement. The average processing days for death claims is multiplied by the number of death claims processed. The same calculation is done for loans and cash surrenders. The sum of these calculations is divided by the sum of death claims, loans, and cash surrenders processed to arrive at the weighted average processing days for disbursements. (Insurance)

#### **Clinical Practice Guidelines Index**

The Clinical Practice Guidelines Index is a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of

ischemic heart disease, hypertension, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators. (Medical Care)

#### **Foreclosure avoidance through servicing (FATS) ratio**

The FATS ratio measures the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure. (Loan Guaranty)

#### **National accuracy rate (Compensation core rating work)**

This measure assesses claims processing accuracy for compensation claims that normally require a disability or death rating determination. The accuracy rate is captured after all processing actions are complete based on the following criteria: addressing all issues, Veterans Claims Assistance Act (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 authorization work)**

This measure assesses claims processing accuracy for pension claims that normally do not require rating decisions (i.e., determinations and verifications of income as well as dependency and relationship matters). The accuracy rate is captured after all processing actions are complete based on the following criteria: all pension authorization work such as correct decision, correct effective date, and correct payment date when applicable. It also includes Veterans Claims Assistance Act (VCAA)-compliant development. Accuracy rate is determined by dividing the total number of cases with no errors in any one category by the number of cases reviewed. (Pension)

#### **Non-rating pension actions - average days to process**

This measure assesses the average elapsed time (in days) it takes to complete claims from the date the claim is received by VA to the date the decision is



made. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed. Pension Non-Rating claims include: Disability and death dependency claims (EP130); Income, Estate and Election Issues (EP150); Income Verification Match Cases (EP154); Eligibility Verification Report referrals (EP155); and Original Death Pension (EP190). (Pension)

**Number of patients under non-institutional long-term care as expressed by average daily census**

The number is the Average Daily Census (ADC) of veterans enrolled in 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, Care Coordination and Homemaker/Home Health Aide Services). (Medical Care)

**Number of peer-reviewed publications authored by VA investigators within the fiscal year**

This measure represents the number of peer-reviewed publications by VA investigators that show VA listed as the affiliated institution as determined by a PubMed search. (Medical Research)

**Percent of graves in national cemeteries marked within 60 days of interment (Key Measure)**

This measure represents the number of graves in national cemeteries for which a marker has been set at the grave or the reverse inscription completed within 60 days of the interment divided by the number of interments, expressed as a percentage. (Burial)

**Percent of patients rating VA health care service as very good or excellent: Inpatient and Outpatient**

Data are gathered for these measures via VA surveys that are distributed to a representative sample of inpatients and outpatients. The denominator is the total number of patients sampled who answered the question, "Overall, how would you rate your quality of care?" The numerator is the number of patients who respond 'very good' or 'excellent.' (Medical Care)

**Percent of primary care appointments scheduled within 30 days of desired date**

This measure tracks the time between when the primary care appointment request is made (entered

into the computer) and the date for which the appointment is actually scheduled. The percent is calculated using the numerator, which is those scheduled within 30 days of desired date (includes both new and established patient experiences), and the denominator, which is all appointments in primary care clinics posted in the scheduling software during the review period. (Medical Care)

**Percent of respondents who rate national cemetery appearance as excellent**

This measure represents the number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage. (Burial)

**Percent of respondents who rate the quality of service provided by the national cemeteries as excellent**

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

**Percent of specialty care appointments scheduled within 30 days of desired date**

This measure tracks the number of days between when the specialty appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. This includes both new and established specialty care patients. The percent is calculated using the numerator, which is all appointments scheduled within 30 days of desired date and the denominator, which is all appointments posted in the scheduling software during the review period in selected high volume/key specialty clinics. (Medical Care)

**Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence**

The measure is the number of veterans served by a burial option divided by the total number of veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery that is available within 75 miles of the veteran's place of residence. (Burial)



### **Prevention Index II**

The Prevention Index is an average of nationally recognized primary prevention and early detection interventions for nine diseases or health factors that significantly determine health outcomes. The nine diseases or health factors include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and cholesterol levels; and prostate cancer education. Each disease has an indicator. Each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator is the number of patients in the random sample who were eligible to receive the intervention. (Medical Care)

### **Rating-related actions - average days to process**

The average elapsed time (in days) it takes to complete claims that require a disability decision is measured from the date the claim is received by VA to the date the decision is made. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed. Includes the End Products (EP): Original Compensation, with 1-7 issues (EP110); Original Compensation, 8 or more issues (EP010); Original Service Connected Death Claim (EP140); Reopened Compensation Claims (EP020); Review Examination (EP310); and Hospitalization Adjustment (EP320). For Pension cases, the category includes original pension claims (EP180) and reopened pension claims (EP120). (Compensation and Pension)

### **Rating-related compensation actions - average days pending**

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Compensation Rating includes all pending claims in the following categories: EPs 110, 010, 020, 140, 310, and 320. (Compensation)

### **Vocational Rehabilitation and Employment Rehabilitation rate**

This measure represents the number of disabled veterans who acquire and maintain suitable employment and leave VA's vocational rehabilitation program, divided by the total number leaving the program minus those individuals who benefited from but left the program and have been classified under one of three "maximum rehabilitation gain" categories: (1) the veteran accepted a position incompatible with disability limitations, (2) the veteran is employable but has informed VA that he/she is not interested in seeking employment, and (3) the veteran is not employed and not employable for medical or psychological reasons.

For those veterans with disabilities that make employment infeasible, Vocational Rehabilitation and Employment (VR&E) seeks to assist them in becoming independent in their daily living. (VR&E)



## Definitions of Supporting Measures

### Accuracy 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. (VR&E)

### Accuracy of Vocational Rehabilitation program completion decisions

This measure seeks to ensure the accuracy of decisions made to declare a veteran rehabilitated or discontinued from a program of services. (VR&E)

### Achieve adoption of recommendations relative to IT systems in compliance with FISMA, regulations, and policies within one year from issuance of a report

This measure represents the percentage of recommendations made in FISMA reports that are implemented by the Department within 1 year from the date the report is issued. (OIG)

### Achieve a professional, competent, and credible reputation as a result of work performed

Customer satisfaction scores (measured on a scale of one through five, with five being the highest possible score) are based on surveys returned to OIG by the principals impacted by investigations, audits, health care inspections, and Combined Assessment Program 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)

### Appeals decided per Veterans 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 Veterans Law Judges. (BVA)

### Appeals resolution time (in 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 and Compensation and Pension)

### Attainment of statutory minimum goals for service-disabled veteran-owned small business expressed as a percent of total procurement

This number represents the percentage of total dollars spent with service-disabled veteran-owned small businesses based on total dollars reported. Data are obtained from the Federal Procurement Data System-Next Generation (FPDS-NG), provided by the Federal Procurement Data Center at <https://www.fpds.gov>. (Departmental Management)

### Average caller hold time (caller wait time) in seconds

This measure represents the average length of time (in seconds) that a caller using the toll-free service number waits before being connected to an insurance representative. (Insurance)

### Average cost of placing participant in employment

This performance measure is a Common Measure whose definition is under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

### Average number of days to initiate development of remands at the Appeals Management Center

This measure represents the average length of time it takes to develop a remand from the date the case is received at the Appeals Management Center until the date development begins. (Compensation)

### Average number of days to process a claim for reimbursement of burial expenses

This measure represents the elapsed time, in days, from receipt of a claim in the regional office to closure of the case by issuing a decision by the regional office. (VBA/Burial)

### BVA cycle time

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)

### Conversion rate of disabled SGLI members to VGLI

This measure represents the rate at which servicemembers who are discharged with a DoD disability rating of 50% 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)

**Cost – Obligations per unique patient user**

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

**Cost per case**

This measure represents a unit decision cost derived by dividing BVA's total obligational authority by the number of decisions produced. (BVA)

**Cumulative number of kiosks installed at national and state veterans cemeteries**

This measure represents the total number of kiosk information centers installed at national and state veterans cemeteries to assist visitors in finding exact gravesite locations of individuals buried there. In addition to providing the visitor with a cemetery map for use in locating the gravesite, the kiosk information center provides such general information as the cemetery's burial schedule, cemetery history, burial eligibility, and facts about the National Cemetery Administration. (Burial)

**Cumulative percent of FTEs (compared to total planned) covered by initiated Management Analysis/Business Process Reengineering (MA/BPR) studies of non-core commercial functions**

The MA/BPR initiative studies the effectiveness and efficiency of select VA non-core support functions over a 6-year time horizon. Each function to be studied has a related number of FTE positions coded as being commercial in nature on the FAIR Act inventory. The measure identifies the cumulative total number of FTE associated with functions for which studies have been initiated and compares that number to the total number of FTE to be studied in the 6-year plan, thus indicating how much progress has been made in completing the 6-year plan. (Departmental Management)

**Cumulative percentage decrease in facility traditional energy consumption per gross square foot from the 2003 baseline**

A 20 percent energy consumption reduction in facilities is called for in the Energy Policy Act of 2005 by 2015 at a 2 percent per year consumption reduction rate starting in 2006. Traditional energy

consumption includes electricity, fuel oil, natural gas, purchased steam, LPG/propane, coal, chilled water, and water. (Departmental Management)

**Customer satisfaction – high rating**

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)

**Customer satisfaction (Survey)**

This measure represents the percent of veterans who answered "very satisfied" or "somewhat satisfied" overall with the VR&E program (of those who completed or withdrew from the program). (VR&E)

**Deficiency-free decision rate**

This goal is based on a random sampling of 5 percent of Board decisions. Decisions are checked for deficiencies in the following categories: identification of issues, findings of fact, conclusions of law, reasons and bases/rationale for preliminary orders, and due process. (BVA)

**Dollar value of 1<sup>st</sup> and 3<sup>rd</sup> party collections**

Medical care received within VHA has a co-payment attached in some cases. This co-payment is referred to as 1<sup>st</sup> 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 3<sup>rd</sup> party collections. (Medical Care)

**Efficiency – Annual number of appointments per year per FTE**

This measure represents the ratio of all outpatient visits against the number of clinical full-time equivalent (FTE) employees. The measure has an indirect relationship to efficiency. (Medical Care)

**Fiduciary Activities – Initial Appointment & Fiduciary – Beneficiary Exams – (percent completed untimely)**

This measure is the percentage of work products completed that exceeded the timeliness standard. It is obtained by dividing the sum of initial appointment (IA) and fiduciary beneficiary (FB) field examination work products completed untimely during a month by the total number of IAs and FBs completed during that month. A work product is considered overdue if it is completed in over 45 days for IAs and over 120 days for FBs. The FYTD measure is the total sum of



each month's overdue completed cases divided by the total number of completed IAs + FBs.  
(Compensation and Pension)

**Fiduciary Activities – Initial Appointment & Fiduciary – Beneficiary Exams – (percent of total pending overdue)**

This measure is the percentage of pending field examinations that are already pending beyond the timeliness standard. The percentage is obtained by dividing the sum of initial appointment (IA) and fiduciary-beneficiary (FB) field examinations pending over standard by the total number of IAs and FBs pending at the end of the month. IAs and FBs pending over 45 and 120 days, respectively, are untimely.  
(Compensation and Pension)

**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 healthcare industry as it specifically defines the age of outstanding receivables and the number of accounts receivable liquidation days. (Medical Care)

**Implementation guides developed for those Consolidated Health Informatics Standards adopted by VA and DoD**

In order to fully implement the interoperable VA/DoD health information systems, VA and DoD must agree on consolidated standards for informatics to ensure compatibility of information. Implementation guides are developed to provide guidance on how these standards will be implemented. (Medical Care)

**Maintain unqualified audit opinion of financial statements containing no material weaknesses or reportable conditions (Yes/No)**

An unqualified or "clean" audit is a complete examination and verification of the Department's financial records and supporting documents. (OIG)

**Medical residents' and other trainees' scores on a VHA survey assessing their clinical training experience**

The satisfaction survey for residents and other medical trainees assists VHA in determining how well we are achieving VA's academic mission of

providing innovative and high-quality health care training for VA and the Nation. The survey results are used to learn what satisfies medical trainees and to improve the clinical training experience. The sources of this data are the responses to a summary question from the Learners' Perceptions Survey.  
(Medical Care)

**Monetary benefits (dollars in millions)**

Monetary benefits represent the actual and potential monetary benefits identified during the conduct of OIG investigations, audits, inspections, and other reviews. (OIG)

**Montgomery GI Bill usage rate: All program participants**

The MGIB usage rate is derived by dividing the number of veterans who have received MGIB benefits by the number of all veterans who participated in the MGIB program and have separated from active military service. The usage rate includes those veterans who are still within their 10-year eligibility period but have not, as yet, applied for education benefits. (Education)

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

The MGIB usage rate is derived by dividing the number of veterans who have received MGIB benefits by the number of all veterans who participated in the MGIB program, have separated from active military service, and are beyond their eligibility period, generally 10 years after they left active duty. (Education)

**National accuracy rate (Compensation authorization work)**

This measure represents claims processing accuracy of compensation claims that do not require a rating decision. The accuracy rate is captured after all processing actions are complete based on the following criteria: addressing all issues, Veterans Claims Assistance Act (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 (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 C&P Service's review of the 57 regional offices. (Compensation and Pension)

**National accuracy rate (Pension core rating-related work)**

This measure represents claims processing accuracy for pension claims that normally require a disability or death rating determination. The accuracy rate is captured after all processing actions are complete based on the following criteria: addressing all issues, Veterans Claims Assistance Act (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 Accuracy Rate for burial claims processed**

This measure represents the percentage of burial claims (EP 160) completed and determined to be technically accurate. (VBA/Burial)

**Non-rating compensation actions - average days pending**

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Compensation Non-Rating includes: Disability and death dependency claims (EP130); Accrued Benefits (EP165); Burial (EP160); and other special eligibility determinations (EP290). (Compensation)

**Non-rating compensation actions – average days to process**

The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. The measure is calculated by dividing the total number of days from receipt to completion by the total number of cases completed. Compensation Non-Rating includes: Disability and death dependency claims (EP130); Accrued Benefits (EP165); Burial (EP160); and other special eligibility determinations (EP290). (Compensation)

**Non-rating pension actions – average days pending**

The measure is calculated by counting the number of days for all current pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Pension Non-Rating claims include: Disability and death dependency claims (EP130); Income, Estate and Election Issues (EP150); Income Verification Match Cases (EP154); Eligibility Verification Report referrals (EP155); and Original Death Pension (EP190). (Pension)

**Number of arrests, indictments, convictions, administrative sanctions, and pretrial diversions**

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 audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements**

Audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of OMB Bulletin No. 06-03, "Audit Requirements for Federal Financial Statements." This measure reports how many audit qualifications are identified each year in VA's consolidated financial statements. (Departmental Management)

**Number of CAP reports issued that include relevant health care delivery and benefits processing pulse points**

Combined Assessment Program (CAP) reviews provide cyclical oversight of VA facilities focusing on the quality, efficiency, and effectiveness of services provided. Pulse points are identified in order to assess key areas of management concern derived from concentrated and continuing analysis of operational databases and management information. (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 distinct data exchanges between VA and DoD**

Data exchanges are defined as the routine transfer of data between DoD and VA using an information technology system. The results data will be verified by monitoring the number of data exchanges via VA network monitoring tools and through the joint VA/DoD Benefits Executive Committee (BEC) and Health Executive Council (HEC). (Departmental Management)

**Number of inpatient admissions and outpatient visits at Joint Ventures and significant sites (Facilities providing 500 or more outpatient visits and/or admissions per year)**

This measure captures the cumulative total of DoD beneficiaries being seen at VA facilities as outpatients. (A way of collecting data on inpatient admissions has not yet been established.) (Medical Care)

**Number of international benefit reviews conducted to determine the appropriateness of benefits processing for claimants living outside the 50 states**

The Veterans Benefits Administration pays millions in monetary benefits each month to beneficiaries living outside the United States. OIG reviews involve data matching, analysis, and verification of eligibility for beneficiaries living outside the 50 states. Previous reviews at the VA regional office in Manila in 2003, and in Puerto Rico in 2004, identified 5-year savings in excess of \$66 million. Additional reviews are scheduled to be conducted in Europe, Mexico, and Canada. (OIG)

**Number of material weaknesses identified during the annual financial statement audit or identified by management**

Audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of the Office of Management and Budget (OMB) Bulletin No. 01-02, "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 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 report recommendations, are documented and which require remedial action by the Department. (OIG)

**Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a service member's discharge**

This is the percentage of original claims filed by separating servicemembers during the first year following release from active duty through the Benefits Delivery Discharge (BDD) program. The percentage is determined by dividing the number of original claims filed at the BDD sites by the total number of original claims that are filed within 1 year of discharge from service. (Compensation)

**Overall satisfaction rate (Compensation)**

This measure represents the percentage of respondents to the C&P 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 C&P 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 draft measure will determine the proportion of beneficiaries who report their VA educational benefits helped them accomplish their educational or vocational goal. (Education)



**Percentage of preaward recommendations sustained during contract negotiations**

The OIG reviews contracts to determine if lower contract prices could be negotiated to allow for better use of funds. This measure shows the percent of OIG preaward recommendations sustained after negotiation with vendors. (OIG)

**Percentage of recommendations implemented to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural change in VA**

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

**Percentage of statutory reports that are submitted to Congress within the required timeframes**

VA's Office of Congressional and Legislative Affairs monitors this percentage and verifies accuracy of data on a monthly basis. (Departmental Management)

**Percentage of successful prosecutions**

This measure represents those cases referred for prosecution for which a conviction was obtained. (OIG)

**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 change in earnings from pre-application to post-program employment**

This performance measure is a Common Measure whose definition is under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**Percent Condition Index (owned buildings)**

This measure is calculated by comparing the cost of repair needs to plant replacement value. (Departmental Management)

**Percent of active duty personnel and veterans who could not have purchased a home without VA assistance**

This measure represents the comparison of median financial assets available to veterans at closing of a

guaranteed loan versus the amount necessary to obtain an FHA loan. (Loan Guaranty)

**Percent of admission notes by residents that have a note from attending physician within one day of admission: Medicine, Psychiatry, Surgery**

This measure represents the percent of attending physician notes that are entered within one day after admission notes are entered by a resident; this attests to the supervision of residents and ensures a higher level of quality of care. (Medical Care)

**Percent of applications for headstones and markers for the graves of veterans who are not buried in national cemeteries processed within 20 days**

This measures the timeliness of processing applications for headstones and markers -- using NCA's Automated Monument Application System -- for the graves of veterans who are not buried in national cemeteries. This percentage represents the number of headstones and markers ordered within 20 days of receipt of the application divided by the number of applications for headstones and markers received. (Burial)

**Percent of appointments for primary care scheduled within 30 days of desired date for veterans and service members returning from a combat zone**

This measure ensures veterans and service members returning from a combat zone have priority access to primary care appointments. (Medical Care)

**Percent of appointments for specialty health care services scheduled within 30 days of desired date for veterans and service members returning from a combat zone with an injury or illness**

This measure ensures veterans and service members returning from a combat zone with an injury or illness have priority access to specialty care appointments. (Medical Care)

**Percent of appointments scheduled within 30 days of desired appointment date**

This measure captures the percent of appointments where the wait time was less than or equal to 30 days from the date specified by the patient as his/her desired appointment date. (Medical Care)



**Percent of cases using alternate dispute resolution (ADR) techniques**

This measure represents the percent of contract dispute matters electing to use alternate dispute resolution (ADR) techniques. ADR techniques refer generally to several formal and informal processes for resolving disputes that do not entail courtroom litigation. (Departmental Management)

**Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life**

This measure represents the percent of veterans in receipt of compensation who believe that they are justly compensated for the disabilities they incurred in service. (Compensation)

**Percent of compensation recipients who were kept informed of the full range of available benefits**

This measure represents the national percentage of respondents to the C&P customer satisfaction survey who indicated that VA kept those in need of such information informed of the full range of VA benefits and services available. (Includes both persons applying for and receiving compensation.) (Compensation)

**Percent of DIC recipients above the poverty level**

This measure represents the percent of DIC recipients who are above the poverty level threshold. (Compensation)

**Percent of DIC recipients who are satisfied that VA recognized their sacrifice**

This measure represents the percent of DIC recipients who believe the DIC benefits they are receiving fairly compensates them for their sacrifice. (Compensation)

**Percent of Emergency Planners who have completed orientation**

This performance measure ensures that those in VA responsible for developing continuity of operations plans and guaranteeing VA will continue to provide essential functions understand their responsibilities for emergency preparedness planning and the directives governing such planning. (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 two 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 headstones and markers ordered by national cemeteries for which inscription data are accurate and complete**

This percentage represents the number of headstone and marker inscriptions ordered by national cemeteries for which inscription information is correctly and accurately recorded by cemetery personnel divided by the total number of inscriptions ordered. (Burial)

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

This percentage represents the number of headstones and markers that are undamaged and correctly inscribed, 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 Montgomery GI Bill participants who successfully completed an education or training program**

This draft measure will determine the proportion of Montgomery GI Bill participants who accomplished their education or training program. (Education)

**Percent of newly elected/appointed state officials briefed within 60 days of taking office regarding VA programs and services**

This measure represents the percent of key state elected/appointed officials who are briefed within 60 days of their assuming office. (Departmental Management)

**Percent of outpatient encounters that have electronic progress notes signed within 2 days**

This measure represents the percent of all outpatient encounters that have progress notes entered into the electronic medical record within 2 days of the encounter. (Medical Care)

**Percent of participants employed first quarter after program exit**

This performance measure is a Common Measure under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**Percent of participants still employed three quarters after program exit**

This performance measure is a Common Measure under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**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 that they were seen by the provider within 20 minutes or less of their scheduled appointment time. (Medical Care)

**Percent of pension recipients who believe that the processing of their claim reflects the courtesy, compassion, and respect due to a veteran**

This measure represents the national percentage of respondents to the C&P customer satisfaction survey who signified that the claims process was carried out in a courteous, compassionate, and respectful

manner. (Includes both persons applying for and receiving pension.) (Pension)

**Percent of pension recipients who said their claim determination was very or somewhat fair**

This measure represents the national percentage of respondents to the C&P customer satisfaction survey who indicated that VA's evaluation of their claim was "somewhat" or "very" fair. (Includes both persons applying for and receiving pension.) (Pension)

**Percent of pension recipients who were informed of the full range of available benefits**

This measure represents the national percentage of respondents to the C&P customer satisfaction survey who indicated that VA kept those in need of such information informed of the full range of VA benefits and services available. (Includes both persons applying for and receiving pension.) (Pension)

**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 servicemembers covered by SGLI**

This is the percentage of active duty military servicemembers who are insured by the Servicemembers' Group Life Insurance (SGLI) program. (Insurance)

**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 tort claims decided accurately at the administrative stage**

This measure represents, at the administrative level, the percent of veterans' tort claims decided accurately. The process aims to fairly compensate veterans who have been injured by substandard medical treatment. These veterans will not have to file law suits in federal court. Administrative settlement of meritorious claims will reduce the cost of handling tort claims against the government. (Departmental Management)



**Percent of Under Secretaries, Assistant Secretaries, and Other Key Officials who self-certify their teams “ready to deploy” to their COOP site**

The goal of this performance measure is to ensure that the highest levels of leadership within the Department know the requirements for maintaining continuity of operations and service to veterans and have plans in place and are ready to relocate to their alternate site if necessary.

(Departmental Management)

**Percent of VA beneficiaries receiving financial assistance for medical expenses**

This measure represents the percent of beneficiaries whose pension benefit is increased because unreimbursed medical expenses reported reduced their countable income for VA purposes. (Pension)

**Percent of veterans in receipt of compensation whose total income exceeds that of like-circumstanced veterans**

This measure represents the percent of service-connected disabled veterans in receipt of compensation whose available income and other cash and non-cash resources exceed the total income of similarly situated nonservice-connected veterans. (Compensation)

**Percent of veterans returning from a combat zone who respond “yes completely” to survey questions regarding how well they perceive that their VA provider listened to them and if they had trust and confidence in their VA provider**

The continual assessment of patient satisfaction tells VHA what patient expectations are and what dimensions of care concern veterans the most. This enables VHA to identify our strengths and to quickly address areas where patients are less satisfied. VHA continues to be a leader in achieving a high level of patient satisfaction. (Medical Care)

**Prevention Index II (Special Populations)**

The overall Prevention Index score is comprised of nine disease or health factors that measure how well VA follows nationally recognized primary prevention and early detection recommendations that significantly determine health outcomes. Indicators within the Index include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and

cholesterol levels; and prostate cancer education. The same overall index is then evaluated for those patients who meet the definition of a special population as a sub-group. (Medical Care)

**Productivity Index**

This efficiency measure determines the output generated by VBA FTE nationally and for each regional office. (Compensation and Pension)

**Progress towards development of a standard clinical practice for pressure ulcers**

Background: Clinical trials include in their construct, clear interim milestone achievements leading to the final phase or conclusion of the trial process. These milestones mark a level of achievement and provide the researchers an opportunity to assess the progress to that point in achieving the end goal and completion of the trial.

The cumulative number of milestones achieved for three clinical trials on pressure ulcers is expressed as a percentage of the total number of milestones. The long-term goal is to develop treatments or interventions that will prevent or lessen the duration and severity of pressure ulcers. (Medical Research)

**Progress towards development of one new treatment for post-traumatic stress disorder (PTSD)**

Background: Clinical trials include in their construct, clear interim milestone achievements leading to the final phase or conclusion of the trial process. These milestones mark a level of achievement and provide the researchers an opportunity to assess the progress to that point in achieving the end goal and completion of the trial.

This measure will track the cumulative number of milestones achieved as a percentage of the total number of milestones for four clinical trials on PTSD. The long-term goal is to develop at least one new effective treatment for PTSD and publish the results. (Medical Research)

**Rate of high veterans’ satisfaction ratings on services delivered**

This measure represents the percent of insurance customers who rate different aspects of insurance services in the highest two categories, based on a 5-point scale, using data from the insurance customer survey. (Insurance)



**Rate of low veterans' satisfaction ratings on services delivered**

This measure represents the percent of insurance customers who rate different aspects of insurance services in the lowest two categories, based on a 5-point scale, using data from the insurance customer survey. (Insurance)

**Rating-related pension actions – average days pending**

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Pension Rating includes all pending claims in the following categories: EPs 180 and 120. (Pension)

**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)

**Ratio of SGLI premium rates charged per \$1,000 compared to the premium rates charged by other organization per \$1,000 for similar coverage**

This measure is calculated by comparing the premiums charged by other organizations for \$1,000 of similar coverage to the cost per \$1,000 of SGLI coverage. (Insurance)

**Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average enlisted service member**

This measure is calculated by dividing the maximum amount of available SGLI coverage by six times the salary for the average enlisted service member. The average enlisted service member's salary includes military housing and subsistence allowances. (Insurance)

**Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average officer**

This measure is calculated by dividing the maximum amount of available SGLI coverage by six times the salary for the average officer. The average officer's salary includes military housing and subsistence allowances. (Insurance)

**Ratio of the multiple of salary that SGLI covers versus the multiple of salary that private sector covers for the average service member**

This measure is calculated by dividing the maximum amount of available SGLI coverage by six times the salary for the average service member. The average service member's salary includes military housing and subsistence allowances. (Insurance)

**Ratio of VGLI premium rates charged per \$1,000 compared to the premium rates charged by other organizations per \$1,000 for similar coverage**

This measure is calculated by comparing premiums charged by other organizations for \$1,000 of similar coverage to the cost per \$1,000 of VGLI coverage. (Insurance)

**Serious Employment Handicap Rehabilitation Rate**

This measure represents the number of disabled veterans with a serious employment handicap who acquire and maintain suitable employment and leave VA's vocational rehabilitation program, divided by the total number of disabled veterans with a serious employment handicap leaving the program minus those individuals who benefited from but left the program and have been classified under one of three "maximum rehabilitation gain" categories: (1) the veteran accepted a position incompatible with disability limitations, (2) the veteran is employable but has informed VA that he/she is not interested in seeking employment, and (3) the veteran is not employed and not employable for medical or psychological reasons. (VR&E)

**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)



**Statistical quality index**

This is a quality index that reflects the number of correct Loan Guaranty actions, as determined by Statistical Quality Control reviews, expressed as a percentage of total actions reviewed. (Loan Guaranty)

**Study subject accrual rate for multi-site clinical trials**

The percentage of study sites that reach 100 percent of annual targets for patient recruitment is calculated to ensure that multi-site clinical trials are completed in a reasonable amount of time. Timely completion of studies will ensure that costs are contained and that clinical benefits are not postponed. (Medical Research)

**Telephone activities - abandoned call rate**

This measure represents the national percentage of call attempts for which the caller gets through, but hangs up before talking to a VA representative. (C&P, Education)

**Telephone activities - blocked call rate**

This measure represents the percentage of call attempts for which callers receive a busy signal because all circuits are in use. (C&P, Education, Insurance)

**Toll-free telephone blockage (busy signals) rate**

This measure represents the percentage of call attempts for which callers receive a busy signal because all circuits were in use for the insurance toll-free service number. (Insurance)

**Total annual value of joint VA/DoD procurement contracts for high-cost medical equipment**

This measure represents the dollar value of the amount of purchases made through joint procurement contracts with DoD for high-cost medical equipment. VA and DoD jointly negotiate procurement contracts to reduce costs through bulk purchasing. (Medical Care)

**Veterans satisfaction level**

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)



## 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)

### 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 the Office of Management and Budget 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)

### 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)

### 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)

**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 we are 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 (i) held for sale, including raw materials and work in process, (ii) in the process of production for sale, or (iii) 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 (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud, and mismanagement; (iv) laws and regulations are followed; and (v) reliable and timely information is obtained, maintained, reported, and used for decision making. (Financial)

**Material weakness**

This term is defined as a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited 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 (MSNs). 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)

**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)

### **OMB Circular No. A-123**

The Office of Management and Budget (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**

The Office of Management and Budget (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**

The Office of Management and Budget (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)

### **Reportable Conditions**

This term is defined as matters coming to the auditor's attention that, in the auditor's judgment, should be communicated because they represent significant deficiencies in the design or operation of internal control that could adversely affect the organization's ability to properly record, process, and summarize transactions and comply with applicable laws and regulations. (Financial)



### **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)

### **State Veterans Cemetery**

State 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 the States with the assistance of VA's State Cemetery Grants Program (SCGP). The SCGP provides grants to states of up to 100 percent of the cost of establishing, expanding, or improving state 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 Financing**

This term is defined as a financial statement that explains how budgetary resources obligated during the period relate to the net cost of operations. It also provides information necessary to understand how the budgetary resources finance the cost of operations and affect the assets and liabilities of the Department. (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 Federal Managers' Financial Integrity Act. 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 (a) the material weaknesses in the agency's system of internal accounting and administrative controls and (b) 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 123 national cemeteries are national shrines that are important sites for patriotic and commemorative events.

**VA Regional Office**

A VA regional office is a VBA office located in each state that receives and processes claims for VA benefits. (VBA)

**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

**BDD**

Benefits Delivery at Discharge

**BDN**

Benefits Delivery Network

**BHIE**

Bi-Directional Health Information Exchange

**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

**COOP**

Continuity of Operations Plan

**COTS**

Commercial Off-the-Shelf

**CPEP**

Compensation and Pension Examination Program

**CSRS**

Civil Service Retirement System

**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

**FATS**

Foreclosure avoidance through servicing

**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

**FLITE**

Financial and Logistics Integrated Technology Enterprise

**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

**IHS**

Indian Health Service

**IPIA**

Improper Payments Information Act of 2002

**IVM**

Income Verification Match

**JCAHO**

Joint Commission on Accreditation of Healthcare Organizations

**JFMIP**

Joint Financial Management Improvement Program

**LGY**

Loan Guaranty

**LTC**

Long-Term Care

**MCCF**

Medical Care Collections Fund

**MSN**

Memorial Service Network

**NAGE**

National Association of Government Employees

**NCA**

National Cemetery Administration



**NDMS**

National Disaster Medical System

**NRP**

National Response Plan

**OA&MM**

Office of Acquisition and Materiel Management

**OAI**

Organizational Assessment and Improvement

**OGC**

Office of General Counsel

**OIF/OEF**

Operation Iraqi Freedom/Operation Enduring Freedom

**OLCS**

On Line Certification System

**OWCP**

Office of Workers' Compensation Program

**P&F**

Program and Financing

**PAID**

Personnel and Accounting Integrated Data

**PAR**

Performance and Accountability Report

**PART**

Program Assessment Rating Tool

**PMA**

President's Management Agenda

**PP&E**

Property, Plant & Equipment

**PPA**

Prompt Payment Act

**PTSD**

Post-Traumatic Stress Disorder

**RVSR**

Rating Veterans Service Representative

**SAH**

Specially Adapted Housing

**SCI**

Spinal Cord Injury

**SFFAS**

Statement of Federal Financial Accounting Standards

**SGLI**

Servicemembers' Group Life Insurance

**SMC**

Strategic Management Council

**SSA**

Social Security Administration

**STAR**

Systematic Technical Accuracy Review

**TBI**

Traumatic Brain Injury

**TOP**

Treasury Offset Program

**TSGLI**

Traumatic Injury Protection

**VAMC**

VA Medical Center

**VARO**

VA Regional Office

**VBA**

Veterans Benefits Administration

**VETSNET**

Veterans Services Network



**VGLI**

Veterans' Group Life Insurance

**VHA**

Veterans Health Administration

**VISN**

Veterans Integrated Service Network

**VistA**

Veterans Health Information Systems and  
Technology Architecture

**VMLI**

Veterans' Mortgage Life Insurance

**VR&E**

Vocational Rehabilitation and Employment

**VSR**

Veterans Service Representative



## KEY REPORT OFFICIALS

**ROBERT J. HENKE**  
Assistant Secretary for  
Management, CFO

**RITA A. REED**  
Principal Deputy Assistant  
Secretary for Management

**GEORGE J. OPFER**  
Inspector General

**EDWARD J. MURRAY**  
Deputy Assistant Secretary  
for Finance, Deputy CFO

**DANIEL A. TUCKER**  
Deputy Assistant Secretary  
for Budget

**KENNETH R. SARDEGNA**  
Acting Assistant Inspector  
General for Auditing

**ROMANO MASCETTI, III**  
Associate Deputy Assistant  
Secretary for Financial Policy

**MARK RUSSELL**  
Executive Assistant  
Office of Budget

**SUE SCHWENDIMAN**  
Financial Statements – Audit  
Office of Inspector General

**JAMES G. BRADLEY**  
Financial Statements –  
Preparation

**RICHARD SASSOON**  
Performance Analysis  
Service, Director

**CHERYL PECKENPAUGH**  
Senior Management Analyst,  
Performance Analysis Service

**W. PAUL KEARNS**  
Veterans Health  
Administration, Acting CFO

**JIMMY A. NORRIS**  
Veterans Benefits  
Administration, CFO

**RONALD WALTERS**  
National Cemetery  
Administration, CFO

**LYNNETTE NILAN, RN, EDD.**  
Veterans Health  
Administration,  
Performance Measurement

**MARK BOLOGNA**  
Veterans Benefits  
Administration,  
Performance Analysis  
and Integrity

**LYNN HOWELL**  
National Cemetery  
Administration,  
Policy and Planning



The Annual Performance and Accountability Report is published by the Department of Veterans Affairs, Office of Management, Performance Analysis Service (041H), Room 619, 810 Vermont Avenue, NW, Washington, DC 20420-1000.

An electronic version of this report is available on the World Wide Web at [www.va.gov/budget/report](http://www.va.gov/budget/report)

**For additional copies of this report, please call the  
VA Budget Office at 202-273-5289.**