



DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**

*Office of Management and Administration*

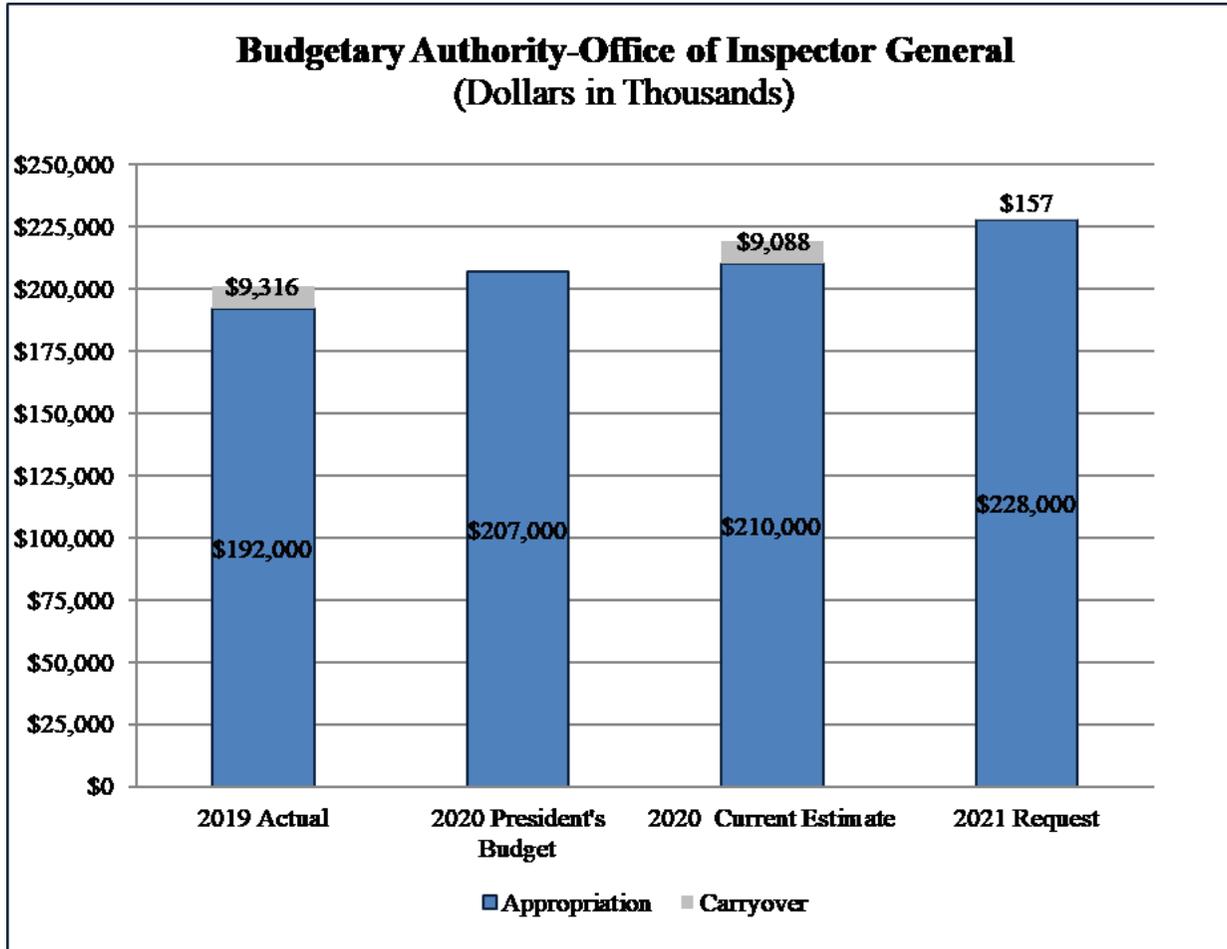
Budget Request for  
Fiscal Year 2021

**BUDGET REQUEST**

**APRIL 30, 2020**



## Office of Inspector General



(Dollars in Thousands)	2020	FTE	2021	FTE
Appropriation	\$210,000	1,020	\$228,000	1,048
Carryover	\$9,088	...	\$157	...
<b>Total Budgetary Resources</b>	<b>\$219,088</b>	<b>1,020</b>	<b>\$228,157</b>	<b>1,048</b>

### Summary of Budget Request

The Office of Inspector General (OIG) requests \$228 million for 1,048 FTE in 2021 to support essential oversight of VA’s programs and operations through independent audits, inspections, reviews, and investigations; and for the timely detection and deterrence of fraud, waste, and abuse. Maintaining an effective oversight program is a monumental undertaking in the context of VA’s 2020 enacted funding level of \$218 billion. VA is an enormous and complex agency with approximately 400,000 employees; the nation’s largest integrated health care system that serves

more than 9.3 million enrollees; mandatory service-connected payments for approximately 5.5 million veterans and survivors; educational assistance for more than 900,000 trainees; guaranteed home loans for over 3 million participants; and 138 national cemeteries.

Since 2014, the OIG received strong support from Congress, the Office of Management and Budget, and VA to expand operational capacity. This funding translated into an increase of nearly 400 onboard staff, from the start of 2014 to the end of 2019, and supported important, new initiatives. Examples of these recent initiatives include recurring facility and regional network-level inspections that emphasize the quality and stability of leadership, as well as national audits and reviews of systemic issues impacting veterans' benefits claims and appeals. Significant audits in FY 2019 included identifying hundreds of millions of dollars in shortcomings in claims processing for disabled veterans who were entitled to a reimbursement of home loan funding fees and veterans who were improperly charged for services received at non-VA emergency rooms.

The 2021 budget request permanently funds recently hired staff who are currently supported with carryover and allows the OIG to hire an additional 28 FTE for a total of 1,048 FTE. Most OIG employees will continue to be directly involved in conducting audits, inspections, investigations, and other reviews of high-risk and high-impact VA programs and services. Additional resources will be used to further enhance oversight in program areas that are vital to veterans and taxpayers, particularly implementation of the Mission Act and the ongoing electronic health records modernization effort. To that end, the OIG will significantly expand oversight of community care, including ongoing efforts to detect and deter healthcare fraud, financial stewardship, and procurement. For more information regarding the OIG's 2021 request, refer to the Budget Highlights section below.

### **Appropriation Language**

*For necessary expenses of the Office of Inspector General, to include information technology, in carrying out the provisions of the Inspector General Act of 1978, \$228,000,000 [\$210,000,000] of which not to exceed 10 percent shall remain available until September 30, 2022 [2021].*

### **Mission**

As authorized by the *Inspector General Act of 1978* and other enacted legislation, the OIG is responsible for conducting and supervising audits, inspections, evaluations, and investigations, and making recommendations to promote economy, efficiency, and effectiveness. The OIG is authorized to inquire into all VA programs and activities, including healthcare programs and VA contracts, grants, and other agreements. The OIG is required to report to Congress on activities and outcomes every six months. These semiannual reports (SARs) keep stakeholders informed about the challenges VA is experiencing and promote transparency for OIG's operations. Under the leadership of the Inspector General (IG) and Deputy IG, the OIG's work focuses on higher-risk, impactful programs and issues throughout VA. For additional information, see the OIG's [Mission, Vision, and Values](#), which can be accessed from [www.va.gov/oig](http://www.va.gov/oig).

### **Strategic Plan and Goals**

The OIG's [Strategic Plan 2018–2022](#), enhanced by the [Strategic Plan: Implementation Update, May 2019](#), outlines the OIG's five goals and objectives in promoting the efficiency, effectiveness,

and integrity of VA’s programs and operations to better serve the needs of veterans, their families, and caregivers. It also frames OIG strategies for deterring and addressing criminal activity, waste, fraud, and abuse while promoting innovation throughout VA, and builds on observed and ongoing major management challenges. Examples of recently published reports are presented in the table below.

<p><b>Goal 1. Improve Access to Quality and Timely VA Healthcare Services</b></p> <ul style="list-style-type: none"> <li>• OIG Determination of Veterans Health Administration’s Occupational Staffing Shortages FY 2019, <a href="#">Report No. 19-00346-241</a>, September 30, 2019.</li> <li>• Review of Mental Health Clinical Pharmacists in Veterans Health Administration Facilities, <a href="#">Report No. 18-00037-154</a>, June 27, 2019.</li> <li>• Staffing, Quality of Care, Supplies, and Care Coordination Concerns at the VA Loma Linda Healthcare System, California, <a href="#">Report No. 17-02186-114</a>, May 6, 2019.</li> <li>• Quality and Coordination of a Patient’s Care at the VA Eastern Colorado Health Care System, Denver, Colorado, <a href="#">Report No. 18-01455-108</a>, April 11, 2019.</li> </ul>
<p><b>Goal 2. Ensure Timely and Accurate Benefits for Eligible Veterans</b></p> <ul style="list-style-type: none"> <li>• Non-VA Emergency Care Claims Inappropriately Denied and Rejected, <a href="#">Report No. 18-00469-150</a>, August 6, 2019.</li> <li>• Exempt Veterans Charged VA Home Loan Funding Fees, <a href="#">Report No. 18-03250-130</a>, June 6, 2019.</li> <li>• Delays in the Processing of Survivors’ and Dependents’ Educational Assistance Program Benefits Led to Duplicate Payments, <a href="#">Report No. 18-01278-13</a>, December 18, 2018.</li> <li>• VA’s Oversight of State Approving Agency Program Monitoring for Post-9/11 GI Bill Students, <a href="#">Report No. 16-00862-179</a>, December 3, 2018.</li> </ul>
<p><b>Goal 3. Help Facilitate Strong Stewardship of Taxpayer Dollars</b></p> <ul style="list-style-type: none"> <li>• Sole-Source Service Contracting at Regional Procurement Office East Needs Improvement, <a href="#">Report No. 18-01836-184</a>, September 17, 2019.</li> <li>• Inadequate Oversight of Contracted Disability Exam Cancellations, <a href="#">Report No. 18-04266-115</a>, June 10, 2019.</li> <li>• Accuracy of Claims Decisions Involving Conditions of the Spine, <a href="#">Report No. 18-05663-189</a>, September 5, 2019.</li> <li>• VA’s Compliance with the Improper Payments Elimination and Recovery Act for FY 2018, <a href="#">Report No. 18-05864-127</a>, June 3, 2019.</li> </ul>
<p><b>Goal 4. Identify Weaknesses in Leadership and Governance</b></p> <ul style="list-style-type: none"> <li>• Failures Implementing Aspects of the VA Accountability and Whistleblower Protection Act of 2017, <a href="#">Report No. 18-04968-249</a>, October 24, 2019.</li> <li>• Orthopedic Surgery Department and Other Concerns at the Carl T. Hayden VA Medical Center, Phoenix, Arizona, <a href="#">Report No. 18-02493-122</a>, May 7, 2019.</li> <li>• Falsification of Blood Pressure Readings at the Danville Community Based Outpatient Clinic, Salem, Virginia, <a href="#">Report No. 18-05410-62</a>, January 29, 2019.</li> <li>• Inadequate Governance of the VA Police Program at Medical Facilities, <a href="#">Report No. 17-01007-01</a>, December 13, 2018.</li> </ul>
<p><b>Goal 5. Identify Ways to Enhance Information Systems and Innovation</b></p> <ul style="list-style-type: none"> <li>• Decision Ready Claims Program Hindered by Ineffective Planning, <a href="#">Report No. 18-05130-105</a>, May 21, 2019.</li> <li>• VA’s Administration of the Transformation Twenty-One Total Technology Next Generation Contract, <a href="#">Report No. 17-04178-46</a>, June 13, 2019.</li> <li>• Federal Information Security Modernization Act Audit for Fiscal Year 2018, <a href="#">Report No. 18-02127-64</a>, March 12, 2019.</li> </ul>

## Program Description

The OIG is headquartered in Washington, DC; has staff in over 60 locations throughout the country; and is organized into the eight offices described below.

**Immediate Office of the Inspector General.** The IG and Deputy IG provide leadership and set strategic direction. The office includes congressional and communications staff who ensure that requests from legislators and the media are appropriately addressed, as well as a recently hired team of data modeling experts who use data visualizations to inform oversight on emerging issues.

**Office of Counselor to the Inspector General.** OIG attorneys provide legal support for investigations, audits, reviews, and inspections; work with OIG investigators in developing qui tam and False Claims Act matters; represent OIG in employment litigation and personnel matters; and inform legislative proposals and congressional briefings. The Counselor's office also oversees the Release of Information Office and the Office of Contract Review.

**Office of Audits and Evaluations.** Staff are involved in evaluating diverse areas such as healthcare inventory and financial systems, the administration of benefits, resource utilization, acquisitions, construction, and information security. Additionally, this office oversees the following congressionally mandated reviews:

- Review of VA's publication of staffing and vacancies under the requirements of the *VA Mission Act of 2018*;
- Audit of VHA's capacity to provide specialized treatment and rehabilitative needs of disabled veterans as required under 38 U.S.C. § 1706;
- Consolidated financial statement audit, required by the *Chief Financial Officers Act of 1990*, to assess whether VA's financial statements are free of material error;
- Risk assessment of VA's grant closeout process as required by the *Grants Oversight and New Efficiency Act of 2016* (GONE);
- Review of leases and VA's management of land use at the West LA campus as required under the *West Los Angeles Leasing Act of 2016*;
- Evaluation of VA's information security programs and controls required by the *Federal Information Security Modernization Act of 2014* (FISMA);
- Evaluation of VA's compliance under the *Digital Accountability and Transparency Act of 2014* (DATA Act);
- Review of VA's compliance with the *Improper Payments Elimination and Recovery Act* (IPERA);
- Report on VA employees who violated agency policies regarding purchase cards or convenience checks and actions taken based on each violation under the requirements of the *Government Charge Card Abuse Prevention Act of 2012*; and
- Review of VA's detailed accounting submission and performance summary report to the Office of National Drug Control Policy as outlined in 21 U.S.C. § 1703 and 1704.

**Office of Contract Review.** This office provides preaward, postaward, and other pricing reviews of Federal Supply Schedule, construction, and healthcare provider contracts. Preaward reviews provide VA contracting officers with assistance and information needed to negotiate fair and

reasonable prices. Postaward reviews assess compliance with contract terms and conditions and help recover identified overcharges.

**Office of Healthcare Inspections.** Healthcare Inspections assesses VA’s efforts to maintain a high-quality healthcare program. Staff conduct inspections prompted by OIG Hotline complaints, congressional requests, and other sources; recurring inspections of VA facilities and Veterans Integrated Service Networks (VISNs); and national reviews. Staff also provide consultations to criminal investigators and audit staff, and conduct an annual determination of occupational staffing shortages across the VA, as required by the *Veterans Access, Choice, and Accountability Act*.

**Office of Investigations.** This office investigates possible crimes involving VA programs and operations. Staff focus on such issues as benefits and procurement fraud (including Service-Disabled Veteran-Owned Small Business fraud); embezzlement, extortion, and bribery; drug theft and diversion; identity theft; homicide, manslaughter, and sexual assault; and threats against VA employees, patients, facilities, and computer systems.

**Office of Management and Administration.** With a multidisciplinary team, this office provides comprehensive support to the OIG, including personnel, financial, budgetary, information technology, and data analysis services. The office also oversees the OIG Hotline, which receives, screens, and refers contacts for additional action. In addition, through report follow up, the office helps to ensure corrective actions in response to OIG recommendations are effectively monitored and resolved.

**Office of Special Reviews.** This office was created in January 2018 to increase the OIG’s flexibility and capacity to conduct reviews of significant events and emergent issues not squarely within the focus of existing OIG offices. Staff undertake projects assigned by the IG and work collaboratively with other offices to review topics and issues of interest that span multiple offices, such as community care for veterans.

<b>Office</b>	<b>OnBoard</b>
<b>Inspector General</b>	<b>23</b>
<b>Counselor</b>	<b>24</b>
<b>Investigations</b>	<b>228</b>
<b>Audits and Evaluations</b>	<b>315</b>
<b>Management and Administration</b>	<b>121</b>
<b>Healthcare Inspections</b>	<b>234</b>
<b>Contract Review</b>	<b>28</b>
<b>Special Reviews</b>	<b>16</b>
<b>Grand Total</b>	<b>989</b>

Note: Onboard staffing levels reflected above are as of December 8, 2019, the beginning of pay period 25.

## Stakeholders and Partners

The OIG’s oversight work encompasses all VA programs and operations, services, functions, and funding. Consequently, its stakeholders include the Secretary, VA senior leaders, managers and staff, members of Congress and its staff, veterans service organizations (VSOs), beneficiaries, taxpayers, affiliated healthcare and educational institutions, contractors, other federal agencies,

law enforcement organizations, and other OIGs. Much of the OIG's work depends on the cooperation and coordination of these stakeholders, making them partners in some capacity for important improvement and oversight efforts. Therefore, the IG and Deputy IG continue to organize recurring listening sessions, including with VSOs.

## Inspector General Performance Measures and Accomplishments

The OIG's sustained, high level of performance is reflected in VA's [Annual Performance Plan and Report](#) and the OIG's [SARs](#), including issues 81 and 82 which cover the period of October 1, 2018, to September 30, 2019. Current performance measures include the

- Percentage of reports (audit, inspections, investigations, and other reviews) issued that identified opportunities for improvement and provided recommendations for corrective action;
- Percentage of recommendations implemented within one year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA;
- Monetary benefits (dollar amounts in millions) from audits, inspections, investigations, and other reviews;
- Percentage of recommended recoveries achieved from postaward contract reviews;
- Return on investment (monetary benefits divided by cost of operations in dollars);
- Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, administrative sanctions, and corrective actions; and
- Percentage of investigative cases that result in criminal, civil, or administrative actions.

Recent work examples are presented below to demonstrate the significant impact of the OIG's efforts for veterans and taxpayers. Internal improvements are also discussed to highlight initiatives to better engage and develop highly-skilled employees who fulfill the OIG's mission.

**Monetary Benefits.** During the past two SAR reporting periods, the OIG identified a monetary benefit of more than \$5.6 billion in 237 reports issued. **This was a return of about \$37 for every dollar invested in the OIG.** For example, the OIG

- Estimated that the Veterans Benefits Administration (VBA) could issue **\$2.3 billion** in improper payments to ineligible education and training programs over the next five years because 86 percent of State Approving Agencies did not adequately oversee programs that enrolled Post-9/11 GI Bill students to make certain only eligible programs participated.
- Made recommendations for lower pricing with potential cost savings of nearly **\$1.6 billion** through pre-award contract reviews of pharmaceutical manufacturers' compliance with the Veterans Health Care Act of 1992 (P.L. 102-585) and identified more than **\$45 million** in contract overcharges through postaward reviews.
- Revealed a veteran participated in a "pass through" scheme where he falsely claimed to control a service-disabled veteran-owned small business (SDVOSB) construction company when in fact it was owned and operated by his non-veteran co-conspirator. The veteran owner of the SDVOSB pled guilty to making a false statement related to the award of **\$350 million** in set-aside government contracts.

- Discovered that a pharmaceutical company’s managers conspired to bribe medical practitioners to unnecessarily prescribe a powerful fentanyl-based narcotic intended to treat cancer patients suffering intense episodes of breakthrough pain. As part of a global settlement, the pharmaceutical company agreed to pay **\$225 million** in criminal and civil penalties.
- Found that VBA’s delays in processing Dependent’s Education Assistance (DEA) Program benefit adjustments led to overpayments totaling approximately **\$4.5 million**. The DEA Program is VA’s second-largest education program with more than \$553 million in benefits paid in fiscal year 2017. Continued delays could result in an estimated **\$22.5 million** in improper payments over a five-year period.

The table below summarizes additional information about monetary benefits of the OIG’s work.

Measure	Semiannual Report (SAR) Summary		
	Issue 81	Issue 82	Combined
<b>Monetary Benefits (in millions)</b>	<b>\$3,855.5</b>	<b>\$1,810.3</b>	<b>\$5,665.8</b>
Better Use of Funds	\$34.3	\$161.9	\$196.2
Fines, Penalties, Restitutions and Judgments	\$40.7	\$159.4	\$200.1
Fugitive Felon Program	\$110.7	\$59.1	\$169.8
Savings and Costs Avoidances	\$1,305.4	\$340.0	\$1,645.4
Questioned Costs	\$2,336.3	\$1,013.5	\$3,349.8
Dollar Recoveries	\$28.1	\$76.4	\$104.5
<b>Cost of Operations</b>	<b>\$78.4</b>	<b>\$76.5</b>	<b>\$154.9</b>
<b>Return on Investment</b>	<b>49:1</b>	<b>24:1</b>	<b>37:1</b>
<b>Contract Review Only - Monetary Benefits</b>	<b>\$1,286.3</b>	<b>\$327.0</b>	<b>\$1,613.3</b>
Preaward Potential Savings	\$1,264.2	\$300.9	\$1,565.1
Postaward Recoveries	\$22.1	\$23.4	\$45.5
Claims Reviews	\$0.0	\$2.7	\$2.7

**Program Benefits.** In addition to monetary benefits, OIG audits, inspections, investigations, and other reviews identified valuable opportunities to improve VA programs and services. For example, the OIG prompted VA to take the following steps:

- Improve VA processes that increase employee accountability and whistleblower protection, including implementing safeguards consistent with statutory mandates to maintain the confidentiality of employees that make submissions, including guidelines for communications with other VA components as well as developing a process and training for the Triage Division staff to identify and address potential retaliatory investigations.
- Address claims-processing errors for non-VA emergency care that led to underpayments to veterans and refund home loan funding fees that some veterans were inappropriately charged when they obtained loans through the VA.
- Implement collaborating agreements for clinical pharmacists participating on teams of providers addressing veterans’ mental health needs and ensure that scopes of practice clearly delineate duties that are standardized to maximize patient safety and reduce potential vulnerabilities.
- Improve the process for disability compensation claims deferrals that resulted in VBA employees, within a three-month review period, processing an estimated 23,000

unwarranted deferrals by enhancing the program oversight and creating and updating program governance documents.

- Strengthen the VA Executive Protection Division by developing adequate threat assessments; publishing and updating program policies; and ensuring those under protection receive a thorough orientation on the use of the division's services.
- Improve the VHA Emergency Cache Program, which was established after 9/11 to ensure drugs and medical supplies are available in the aftermath of a local mass casualty event, by enhancing program oversight, requiring annual cache inventories, and improving cache inventory management.

**Investigative Actions.** The OIG's criminal and administrative investigations led to 200 indictments, 174 convictions, and 579 administrative sanctions during the past two SAR reporting periods. The OIG's work, alone and in collaboration with other federal agencies, led to significant actions, as highlighted by these examples.

- A former Fayetteville VA pathologist was arrested on federal charges of involuntary manslaughter, wire fraud, mail fraud, and making false statements. The charges stemmed from a year-long investigation that determined he purchased for personal consumption 2-methyl-2-butanol (2M-2B), a chemical substance that enables a person to achieve a state of intoxication but is not detectable in routine drug and alcohol testing methodology; made multiple, clinically significant medical errors involving patients who subsequently died; and falsified records to conceal his errors.
- Five subjects were indicted in the Northern District of Texas for a healthcare fraud and conspiracy effort to commit healthcare fraud. Three of the subjects subsequently surrendered and one was arrested. An investigation resulted in charges alleging that the defendants participated in multiple fraudulent practices to defraud the Civilian Health and Medical Program of the Department of Veterans Affairs and the Department of Defense's TRICARE healthcare program. The scheme included kickbacks, use of unapproved ingredients, and the filling of unauthorized prescriptions. The loss to VA is approximately \$3.3 million.
- A joint investigation revealed a defendant submitted false claims to the Department of Labor's Office of Workers' Compensation Program (OWCP) on behalf of VA and other federal agencies. The defendant, who worked for a private healthcare provider, assigned inaccurate billing codes in an effort to increase the practice's OWCP reimbursement payments for procedures covered under workers' compensation. Some of the medical procedures were medically unnecessary, while others were not even performed. The loss to VA is approximately \$2.9 million.
- A home healthcare company owner who provided care to veterans as part of VA's Purchased Care program pled guilty to destruction, alteration, or falsification of records as well as healthcare fraud for fraudulently billing VA and Medicare. An investigation revealed the defendant and other employees submitted altered therapy notes documenting home healthcare services to VA patients that were never provided by the company but were subsequently paid for by VA. The loss to VA is approximately \$868,000.

The table below summarizes the OIG's investigative actions.

Measure	Semiannual Report (SAR) Summary		
	Issue 81	Issue 82	Combined
<b>Investigative Actions</b>			
Arrests	96	131	227
Fugitive Felon Arrests (OIG only)	5	0	5
Indictments	84	116	200
Criminal Complaints	25	23	48
Convictions	88	86	174
Pretrial Diversions and Deferred Prosecutions	9	5	14
Case Referrals to the Department of Justice	169	175	344
Administrative Sanctions and Corrective Actions (excludes Hotline)	245	334	579

**Hotline Actions.** The OIG’s Hotline continued to serve as the key conduit for allegations and information about potential fraud, waste, and abuse. Hotline staff received and processed over 32,000 contacts—toll-free phone calls, web submissions, letters, and faxes—concerning problems related to VA programs and operations during the most recent SAR reporting periods, as summarized in the table below. The OIG opened nearly 1,600 cases in response to Hotline contacts, substantiated 38.5 percent of related allegations, and prompted 1,125 administrative sanctions.

Measure	Semiannual Report (SAR) Summary		
	Issue 81	Issue 82	Combined
Contacts	15,669	16,348	32,017
Cases Opened	841	702	1,543
Cases Closed	834	702	1,536
Substantiation Percentage Rate	38.0%	39.0%	39.0%
Administrative Sanctions (Hotline)	545	580	1,125

**Dissemination.** In addition to publishing reports, the OIG engaged stakeholders through social and digital media, hearings, roundtable discussions, briefings, and responses to media inquiries to further disseminate the report findings. The OIG has an active presence on two social media platforms – LinkedIn and Twitter. In 2019, the OIG grew its LinkedIn base to 13,550 followers, a nearly 580 percent increase from 2018, and published 252 updates to highlight OIG reports, hiring activities, and other news that resulted in about 434,000 impressions (delivery to unique LinkedIn streams). In addition, the OIG had over 5,000 followers on Twitter, posted 216 tweets largely focused on reports and other OIG work that resulted in over 288,000 impressions. The OIG also published 16 podcasts covering reports, monthly highlights, and other features of the OIG’s work. For Congress, in 2019, the IG and OIG senior staff testified at 12 hearings and one statement for the record, participated in two roundtable discussions, and delivered 93 congressional briefings regarding issues that were addressed in the OIG’s reports and ongoing work, or drew on staff expertise and experience. For the media, the OIG responded to numerous inquiries and requests for quotes and interviews on the OIG’s oversight work to major news outlets, including *USA Today*, *Washington Post*, *Wall Street Journal*, and the Associated Press.

**Internal Improvements.** In 2019, the OIG increased focus on the use of data to inform its work and took steps to make data and data visualizations readily available at all levels of the organization, enhancing the organization’s ability to detect and prevent fraud, waste, and abuse in VA programs and services. To allow employees to complete their data-driven work more efficiently and effectively, the OIG implemented new hardware and software technology,

including *eDiscovery tools*. The OIG is also using data from the All Employee Survey and an organizational needs analysis to develop targeted action plans aimed at heightening employee engagement and improving employee skill sets. Specific attention was placed on improving supervisory abilities and the OIG has held several interactive training sessions, including *Effective Feedback Training*, to provide supervisors with the tools and knowledge needed to help employees grow and meet the mission of the organization.

## Budget Highlights

The OIG requests \$228 million for 1,048 FTE in 2021 to support essential oversight of VA’s programs and operations through independent audits, inspections, reviews, and investigations; and timely detection and deterrence of fraud, waste, and abuse. The OIG’s vast oversight responsibilities are complicated by the scope of VA’s budget portfolio—nearly \$218 billion in 2020—and the complexity of VA’s major initiatives, including Mission Act implementation, electronic health record modernization, and financial management transformation. Despite its significant responsibilities, annualized funding for the OIG is consistently around 0.1 percent of the aggregate VA budget and the current VA to OIG staffing ratio is approximately 400:1. The VA OIG also has proportionally lower funding and staffing levels when compared with other OIGs for large executive branch agencies (see table below).

2020 Staff and Resource Comparisons for Selected Inspectors General						
OIG	Funding (\$M)			FTE		
	Agency	OIG	OIG % of total	Agency	OIG	OIG % of total
Treasury	\$12,699	\$46	0.36%	87,884	169	0.19%
State	\$40,032	\$142	0.35%	NA	NA	...
Commerce	\$12,497	\$42	0.34%	112,438	171	0.15%
Housing and Urban Development	\$44,086	\$129	0.29%	7,794	573	7.35%
Justice	\$35,096	\$102	0.29%	115,440	626	0.54%
Interior	\$22,168	\$53	0.24%	61,779	256	0.41%
Homeland Security	\$92,077	\$170	0.18%	237,438	745	0.31%
Transportation	\$84,000	\$92	0.11%	55,203	416	0.75%
VA	\$217,811	\$210	0.10%	393,803	1,020	0.26%
Agriculture	\$215,334	\$98	0.05%	91,178	482	0.53%
Health and Human Services	\$1,292,593	\$403	0.03%	74,384	1,670	2.25%

Note: Of the 11 surveyed agencies, VA OIG's staffing and funding shares ranked eighth and ninth, respectively. VA agency funding enacted December 2019.

Despite its size, the OIG achieved significant financial and programmatic accomplishments that translate into direct savings to the taxpayer. During the past 5 years (*SAR* issues 74 through 82), the OIG identified \$24.8 billion in monetary benefits in the form of better use of funds; dollar recoveries; fines, penalties and restitution; savings and cost avoidance; and questioned costs. Additionally, as described earlier in this chapter, the OIG performed at a high level with respect to the scope of published reports, recommendations issued and other significant work products, including congressional testimony, press releases, and podcasts.

Since 2014, the OIG received strong support from Congress, the Office of Management and Budget, and VA to expand operational capacity. Because hiring activities have bridged fiscal years, annualized FTE has lagged (as shown in the table below). For example, for 2019, the OIG started the year with 880 onboard staff and finished the year with 988, though the average for the

year (annualized FTE) was only 908 because most staff gains were in the second half of the year. Actual OIG carryover from 2019 was about 5 percent, well below the statutory cap of 10 percent, and supports hiring targets in 2020 with an expected net growth of 112 FTE (908 to 1,020).

<b>Budget Progression - Multiyear Comparison</b>				
<b>Fiscal Year</b>	<b>Enacted Budget (\$M)</b>	<b>Onboard Staff - Start</b>	<b>Onboard Staff - End</b>	<b>Annualized FTE</b>
2014	\$121M	615	634	613
2015	\$126M	635	667	651
2016	\$137M	666	692	680
2017	\$160M	689	805	734
2018	\$164M	809	872	849
2019	\$192M	880	988	908
2020	\$210M	988	1048	1020
2021*	\$228M	1048	1048	1048

\*request

The 2021 request permanently funds staff hired in 2020 with carryover and allows the OIG to hire an additional 28 FTE for the year and sustain a total of 1,048 FTE. To that end, about 80 percent of OIG’s budget is for payroll and funds provided in 2021 must cover salaries and benefits for all OIG employees, including law enforcement officers who receive law enforcement availability pay and physicians who receive physician comparability allowances. Most of the OIG’s non-payroll expenses are fixed requirements for space, contracts, mandatory training, and mission-essential travel. The OIG’s operational profile will normalize to an annualized funding basis in 2021; carryover will no longer disproportionately support staff or critical business requirements.

The funding requested for 2021 ensures the OIG has the necessary resources to address many serious challenges that undermine the quality and efficiency of VA programs and services and pose unacceptable risks to veterans and the taxpayer. The OIG plans to continue to deploy and maintain a cadre of objective, responsive, highly trained, and dedicated employees at locations nationwide, especially near facilities where a more significant presence is required or the demand for oversight work has increased. Further, most OIG employees will continue to be directly involved in conducting audits, inspections, investigations, and other reviews. Among other issues, the OIG will use additional staff to strengthen oversight of community care. To support this effort, the OIG will significantly expand ongoing efforts to detect and deter healthcare fraud in collaboration with partners from the Health and Human Services Office of Inspector General, Department of Justice, and other public and private entities. The OIG will also carefully evaluate the quality and timeliness of community care as well as the adequacy of internal controls to ensure proper payments to community providers. The OIG plans to use additional staff to expand oversight into program areas that are vital to VA’s efforts to provide efficient and effective services to veterans, including

- Mission Act implementation;
- Electronic health record modernization;
- Suicide prevention and Veterans Crisis Line operations;
- Procurement practices and financial management;
- VA governance, VISN performance, and critical staffing shortages; and
- Emergent criminal activities related to drug trafficking, contracting, construction, embezzlement, and identity theft.

The OIG will also fund a nominal number of internal process improvements, including some IT modernization and cloud migration, enhancements to data analytics capacity, and an expansion of e-discovery capabilities.

## **Budget Submission Requirements of the *Inspector General Act***

This budget request was prepared in accordance with Section 6(g)(1) of the *Inspector General Act of 1978*, as amended.

The OIG's 2021 budget request to VA is \$228,000,000 and 1,048 FTE. This includes the amounts that the Inspector General certifies to fulfill known requirements to support the Council of Inspectors General on Integrity and Efficiency (\$593,000) and OIG employee training (\$1,300,000), including training to address continuing education requirements and mandatory training for law enforcement officers. In addition, OIG requests that \$1,500,000 be set aside in the 2021 VA Minor Construction appropriation request to support projects to improve the efficiency and effectiveness of OIG's space utilization.

OIG continues to identify efficiencies and opportunities to reduce and control costs for employee travel, conferences, training, government vehicles, technology, and other areas as required by *Executive Order No. 13589, Promoting Efficient Spending*. However, as the executive order recognized, OIG employees must travel extensively to VA facilities across the country to perform statutory oversight. This means that opportunities to reduce travel costs are limited. To the extent possible, the OIG has reprogrammed identified efficiencies back into operations to sustain the level of oversight.

<b>Summary of Employment and Obligations</b> <b>(Dollars in Thousands)</b>					
	2019 Actual	2020		2021 Request	Increase (+)
		Budget Estimate	Current Estimate		Decrease (-) from 2020
<b>Average employment:</b>					
Headquarters functions	209	207	212	215	3
Operations functions	699	793	808	833	25
<b>Total employment</b>	<b>908</b>	<b>1,000</b>	<b>1,020</b>	<b>1,048</b>	<b>28</b>
<b>Obligations:</b>					
Personnel compensation and benefits	\$155,304	\$170,546	\$180,852	\$187,872	\$7,020
Travel/vehicles	\$7,290	\$6,925	\$7,978	\$8,272	\$295
Transportation of things	\$23	\$41	\$23	\$24	\$0
Rents, communications, and utilities	\$8,835	\$9,837	\$9,463	\$10,296	\$833
Printing and reproduction	\$20	\$28	\$20	\$21	\$0
Other services	\$16,036	\$13,458	\$17,650	\$18,039	\$388
Supplies and materials	\$561	\$442	\$613	\$636	\$23
Equipment	\$4,147	\$5,215	\$2,318	\$2,850	\$532
Insurance	\$12	\$127	\$12	\$12	\$0
<b>Total obligations</b>	<b>\$192,229</b>	<b>\$206,618</b>	<b>\$218,931</b>	<b>\$228,022</b>	<b>\$9,091</b>
Reimbursements	\$0	\$0	\$0	\$0	\$0
SOY Unobligated Balance (-)	(\$9,316)	\$0	(\$9,088)	(\$157)	\$8,931
EOY Unobligated Balance (+)	\$9,088	\$382	\$157	\$135	(\$22)
<b>Total Budget Authority</b>	<b>\$192,000</b>	<b>\$207,000</b>	<b>\$210,000</b>	<b>\$228,000</b>	<b>\$18,000</b>

Note: Totals subject to rounding.

## Net Change and Employment Tables

The following table summarizes the changes in resource requirements between the 2020 enacted budget and the 2021 request.

<i>Net Change</i>		
<i>Office of Inspector General</i>		
<i>2021 Summary of Resource Requirements</i>		
<i>(dollars in thousands)</i>		
	<u>BA</u>	<u>FTE</u>
<b>2020 President's Budget</b>	<b>\$207,000</b>	<b>1,000</b>
Further Consolidated Appropriations Act, 2020	\$3,000	20
<b>Subtotal</b>	<b>\$210,000</b>	<b>1,020</b>
Net Carryover Execution	\$8,931	
<b>2020 Obligations Baseline</b>	<b>\$218,931</b>	<b>1,020</b>
<b>2021 Current Services Increases:</b>		
Payraise (1.0%)	\$920	0
Change in Staff Composition / Benefits Increases	\$1,807	0
Non Payroll Inflation (2.0%)	\$762	0
Other Services and Information Technology Offsets	\$1,100	0
-1 Day Change (262 to 261)	-\$690	0
<b>Subtotal</b>	<b>\$3,898</b>	<b>0</b>
	<b>\$222,829</b>	<b>1,020</b>
% Change over 2020 (obligations)	<b>2%</b>	<b>0%</b>
Staffing Plan (includes training, travel, and other overhead)	\$5,193	28
<b>2021 Obligations Baseline</b>	<b>\$228,022</b>	<b>1,048</b>
Net Carryover Execution	-\$22	
<b>Net BA Requirements</b>	<b>\$228,000</b>	<b>1,048</b>
<b>2021 Total Request:</b>	<b>\$228,000</b>	<b>1,048</b>
% Change over enacted 2020	9%	3%

The following tables present analyses of OIG employment levels by grade for headquarters and operations functions.

<b>Employment Summary—FTE by Grade</b>				
<b>Grade</b>	<b>2019 Actual</b>	<b>2020 Estimate</b>	<b>2021 Request</b>	<b>Incr./Decr. from 2020</b>
IG/SES	19	20	20	0
Senior-Level (SL)	8	9	9	0
GS-15	109	120	122	2
GS-14	202	219	223	4
GS-13	464	532	545	13
GS-12	32	37	39	2
GS-11	30	35	38	3
GS-10	0	0	1	1
GS-9	30	33	35	2
GS-8	6	7	8	1
GS-7	5	5	5	0
GS-6	0	0	0	0
GS-5	2	2	2	0
GS-1 - 4	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
<b>Grand Total FTE</b>	<b>908</b>	<b>1020</b>	<b>1048</b>	<b>28</b>

<b>Analysis of 2019 Actual FTE Distribution</b>			
<b>Grade</b>	<b>Headquarters</b>	<b>Operations</b>	<b>Total</b>
IG/SES	6	13	19
Senior-Level (SL)	2	6	8
GS-15	25	84	109
GS-14	46	156	202
GS-13	106	358	464
GS-12	7	25	32
GS-11	7	23	30
GS-10	0	0	0
GS-9	7	23	30
GS-8	1	5	6
GS-7	1	4	5
GS-6	0	0	0
GS-5	1	1	2
GS-1 - 4	<u>0</u>	<u>1</u>	<u>1</u>
<b>Grand Total FTE</b>	<b>209</b>	<b>699</b>	<b>908</b>

## Other Requirements

The Office of Management and Budget directed that the following information on the OIG’s use of physician comparability allowances (PCA) be included in this budget submission.

- 1) Department and component:

VA Office of Inspector General

- 2) Explain the recruitment and retention problem(s) justifying the need for the PCA pay authority.

*(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

The OIG utilizes PCA because its physician-employees are covered by Title 5, U.S. Code. This is different from the rest of VA, which employs physicians under Title 38. The difference in pay rates between Title 5 and Title 38 physicians can be substantial. Title 38 physicians receive significantly higher salaries than Title 5 physicians, even when PCA and performance bonuses are considered.

- 3-4) Please complete the table below with details of the PCA agreement for the following years:

	<b>PY 2019 (Actual)</b>	<b>CY 2020 (Estimate)</b>	<b>BY* 2021 (Estimates)</b>
3a) Number of Physicians Receiving PCAs	18	20	20
3b) Number of Physicians with One-Year PCA Agreements			
3c) Number of Physicians with Multi-Year PCA Agreements	18	20	20
4a) Average Annual PCA Physician Pay (without PCA payment)	163,500	173,000	175,700
4b) Average Annual PCA Payment	27,300	28,000	29,200

\*BY data will be approved during the BY Budget cycle. Please ensure each column is completed.

- 5) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

PCA has proven to be a valuable tool for recruiting and retaining board-certified physicians who often take a pay cut when entering government service from the private sector and when transitioning from VA’s Title 38 positions to OIG’s Title 5 positions. With PCA, the OIG hired three physicians in 2017, two in 2018, and three in 2019. During the same period, two physicians resigned—one transferred to a VA Title 38 position, and another took a position in the private sector.

- 6) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

For FY 2019, the Veterans Health Administration was charged with providing healthcare services to an estimated 9.3 million enrolled patients through more than 140 VA hospitals and over 1,200 outpatient sites, and a growing number of community providers. With 219 employees, including fewer than 20 physicians, the Office of Healthcare Inspections (OHI), the OIG office charged with overseeing the quality of VA healthcare, is small in comparison to its significant responsibilities. Input from board-certified physicians is critical to OHI’s credibility among key physician stakeholders, including the Executive-in-Charge for the Veterans Health Administration, and for ensuring that OHI’s findings, conclusions, and recommendations align with contemporary best practices in medicine. As the OIG continues to expand its oversight capacity to address higher-risk issues, including Mission Act implementation and electronic health records modernization, the OIG anticipates using PCA to increase staffing to 20 physicians in 2020 and 2021, a modest increase from the 18 onboard in 2019.