

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Benefits Administration

*Audit of  
Post-9/11 G.I. Bill  
Monthly Housing  
Allowance and Book  
Stipend Payments*

July 11, 2014  
13-01452-214

## ACRONYMS AND ABBREVIATIONS

FY	Fiscal Year
LTS	Long Term Solution
OIG	Office of Inspector General
RPO	Regional Processing Office
VA	Veterans Affairs
VBA	Veterans Benefits Administration
WEAMS	Web Enabled Approval Management System

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# Report Highlights: Audit of VBA's Post-9/11 G.I. Bill Monthly Housing Allowance and Book Stipend Payments

## Why We Did This Audit

We evaluated the Veterans Benefits Administration's (VBA) management of Post-9/11 G.I. Bill monthly housing allowance and book stipend payments. We performed this audit due to the size of the program and the financial risks associated with benefits delivery. During calendar year 2013, VBA paid about \$5.4 billion in housing allowances and book stipends to approximately 789,000 students.

## What We Found

Our review of 200 students found that 92 (46 percent) experienced processing delays in the approval of their original claims, and 35 (18 percent) students experienced payment processing delays in their housing allowance and book stipends. Fifteen of the 35 students received about \$32,000 in payments an average of about 73 days after the start of their school terms.

In addition, 39 (20 percent) students received 125 improper payments valued at approximately \$128,000 and 8 students received about \$2,400 in book stipends that were not recovered after the students withdrew from courses. Thus, we estimated students annually experience about \$60.8 million in payment processing delays and about \$41 million in improper or inaccurate payments.

Over the next 5 years, we estimated that students will experience about \$205 million in inaccurate payments if Post-9/11 G.I. Bill claims processing controls are not strengthened.

## What We Recommended

We recommended the Under Secretary for Benefits provide veterans additional information on educational benefits and the requirement to relinquish other education benefits before the submission of applications, and establish a timeliness standard for the submission of enrollment certifications. We also recommended the Under Secretary for Benefits reinforce the need for training and monitoring of school certifying officials, improve monitoring of VBA claims processing staff, address automated claims processing programming issues, reconcile book stipend collection procedures, and collect outstanding improper payments.

## Agency Comments

The Under Secretary for Benefits concurred with our recommendations and provided plans to complete corrective actions by December 31, 2014. We consider the actions acceptable and will follow up on their implementation.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY  
Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

**Objective** The audit evaluated the Veterans Benefits Administration's (VBA) management of monthly housing allowances and book stipends paid under the Post-9/11 Veterans Educational Assistance Act of 2008 (Post-9/11 G.I. Bill). We assessed whether housing allowance and book stipend payments made to eligible students were paid accurately and in a timely manner.

**The Post-9/11 G.I. Bill** On June 30, 2008, the Post-9/11 G.I. Bill expanded education assistance benefits to veterans who were on active duty on or after September 11, 2001. The bill provided eligible veterans tuition assistance, allowed the transfer of benefits to spouses and dependent children, and authorized the payment of housing allowances and book stipends.

**Program Office Responsibilities** VBA's Education Service administers education assistance programs, including the Post-9/11 G.I. Bill to help veterans and eligible family members (students) achieve their educational, vocational, and professional goals. Education Service assists veterans with readjustment to civilian life and provides benefits to qualified persons who might not otherwise be able to afford a higher education.

**The Post-9/11 G.I. Bill Claims Process** Veterans submit paper and online original claim applications for Post-9/11 G.I. Bill benefits to VBA Regional Processing Offices (RPOs) that may require additional manual processing before the applications are approved. After VBA RPO staff approve the original claims, school certifying officials at the educational and vocational institutions must submit enrollment certifications to the VBA RPOs to initiate the students' supplemental claims for housing allowances and book stipends. VBA RPOs use VA's Long Term Solution (LTS) system, which was upgraded in September 2012, with end-to-end automation to more quickly process supplemental claims for housing allowances and book stipends. VBA RPO staff review the enrollment certifications and authorize payment of the supplemental claims in LTS. LTS automatically approves the Post-9/11 G.I. Bill housing allowances and book stipends as long as there are no changes in the students' enrollments.

**Program Magnitude** During calendar year 2013, VBA paid approximately \$5.4 billion in housing allowances and book stipends to approximately 789,000 students. Specifically, VBA paid approximately \$4.9 billion in housing allowances and approximately \$496.1 million in book stipends.

**Other Information** The following appendixes provide additional information:

- Appendix A provides background information.
- Appendix B provides details on the audit's scope and methodology.

## RESULTS AND RECOMMENDATIONS

### **Finding 1      Improved Outreach and Education Can Improve the Timeliness of Payments**

VBA's LTS system upgrade improved the timeliness of Post-9/11 G.I. Bill housing allowances and book stipends. However, additional improvements in the timely processing of housing allowances and book stipends could be made if veterans and school certifying officials were better informed about Post-9/11 G.I. Bill claims processing requirements.

We found that 92 of 200 (46 percent) students experienced processing delays in the approval of their original claims, and 35 (18 percent) students experienced processing delays in the payment of 41 of the 262 (16 percent) supplemental claims reviewed after the LTS system upgrade. Further, 15 (37 percent) of the supplemental claims with processing delays were paid an average of 73 days after the start of the students' terms. Based on these results, we estimated that approximately 77,800 students annually experience delays in the processing of about \$60.8 million in housing allowances and book stipends.

Significant delays in the processing of original claims occurred when applications were inaccurate or incomplete and required lengthy manual development. Additionally, school certifying officials did not always timely submit student enrollment certifications and updates needed to ensure the timely processing of supplemental claims. Further, VBA did not have an effective monitoring process to ensure schools submitted enrollment certifications and updates.

Supplemental claim processing delays should be reduced and avoided, whenever possible, because delays in the payment of housing allowances and book stipends can create significant financial hardship and stress for students. Improved education regarding Post-9/11 G.I. Bill original claims and outreach to ensure the timely submission of enrollment information and changes could help prevent processing delays in the payment of an estimated \$60.8 million in housing allowances and book stipends to approximately 77,800 students annually.

***Untimely and  
Incomplete  
Original  
Claims Causes  
Delay***

Original claims still require manual processing when veterans submit paper applications and/or submit applications that are incomplete or inaccurate. For an incomplete or inaccurate application, VBA RPO staff must follow up with the veteran. The follow-up can be a time-consuming process because veterans have 30 days to respond to each mailed request for additional information or documentation.

When VBA RPOs process and approve original claims, they assess the veterans' eligibility, calculate the veterans' eligibility percentages, and provide the veterans' certificates that show they are eligible for Post-9/11 G.I. Bill benefits. For our sample of 200 students, 92 (46 percent) of the original claims exceeded the applicable VBA original claims processing target. VBA's processing targets for original claims ranged from 23 to 28 days during the period the veterans filed the 200 reviewed original claims. However, the processing times for these 92 original claims ranged from 24 to 234 days and averaged about 58 days per claim.

Table 1 shows a distribution by fiscal year (FY) of the 200 reviewed original claims and the 92 original claims that did not meet VBA's original claims processing targets. VA establishes and publishes its original claims processing target for each fiscal year in its annual VA Performance and Accountability Report.

**Table 1. Results of Original Claims Review**

Fiscal Year	VA Original Claims Processing Target (in Days)	Number of Reviewed Claims by Fiscal Year	Number of Claims That Exceeded Target	Percentage of Claims That Exceeded Target	Average Processing Days for Claims That Exceeded Target
2009	24	30	19	63%	78
2010	24	51	19	37%	56
2011	23	57	19	33%	58
2012	23	52	31	60%	48
2013	28	10	4	40%	39
<b>Totals</b>	<b>N/A</b>	<b>200</b>	<b>92</b>	<b>46%</b>	<b>58</b>

*Source: VA OIG analysis of original claims and FYs 2009–2013 VA Performance and Accountability Reports*

Although VBA implemented the Veterans Online Application Web site to expedite the processing of original claims, we found 43 (47 percent) of the 92 delayed original claims required follow-up and manual development of information to process the veteran's original claim. For example, veterans who are eligible for the Post-9/11 G.I. Bill and the Montgomery G.I. Educational Bill and/or Reserve Educational Assistance Program must specifically elect which benefit they are giving up or "relinquishing" in order to receive Post-9/11 G.I. Bill benefits. Veterans must make this election on the application form and identify an effective date. VBA RPO staff cannot make this decision on the veterans' behalf. However, VBA RPO staff stated that veterans often do not know which education benefits they are entitled to and do not know which benefits they should relinquish. Consequently, VBA

RPO staff manually process Post-9/11 G.I. Bill original claims and follow up with veterans to address this question after they have submitted their original claims.

The following example shows the efforts VBA RPO staff make to manually develop an original claim when an education benefit has not been properly relinquished.

- A veteran neglected to identify which educational benefit he was relinquishing on his application when he applied for Post-9/11 G.I. Bill benefits. Subsequently, a letter was sent to the veteran asking him to identify the educational benefit that he wished to relinquish in order to receive Post-9/11 G.I. Bill benefits. It took 20 days before the VBA RPO received the veteran's response with a revised application indicating that he wanted to relinquish his eligibility for the Montgomery G.I. Bill – Selected Reserve Educational Assistance Program. As a result, it took the VBA RPO 56 days to authorize the original claim from the date the veteran submitted the claim.

VBA could minimize delays related to the manual processing of original claims if it provided veterans additional information during the Post-9/11 G.I. Bill application process. VBA online application Web sites could instruct veterans on the importance of relinquishing selected education benefits and advise them of potential processing delays that could occur when this is not completed.

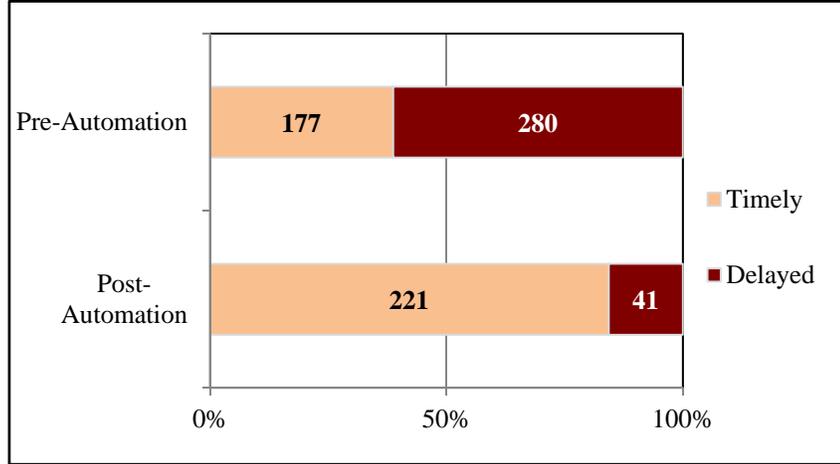
***LTS Improved  
the Timeliness  
of  
Supplemental  
Claims***

In FY 2012, VA reported in its Performance and Accountability Report that VBA's education claims target for processing supplemental claims was 12 days. In FY 2013, VA raised the supplemental claims processing target to 14 days. After the LTS system upgrade, 221 of the 262 (84 percent) reviewed claims met VBA claims processing targets compared with only 177 of the 457 (39 percent) reviewed claims processed prior to the upgrade.

The LTS system upgrade incorporated 80 business rules and allowed LTS to automatically authorize the majority of supplemental claims without the review of VBA RPO staff. With this upgrade in place, VBA RPO staff only manually process about 20 percent of the supplemental claims when a business rule requires the completion of a review before authorization.

Figure 1 provides a comparison of the timeliness of the supplemental claims processed prior to and after the LTS system upgrade.

**Figure 1. Timeliness of Supplemental Claims: Pre- and Post-LTS System Upgrade**



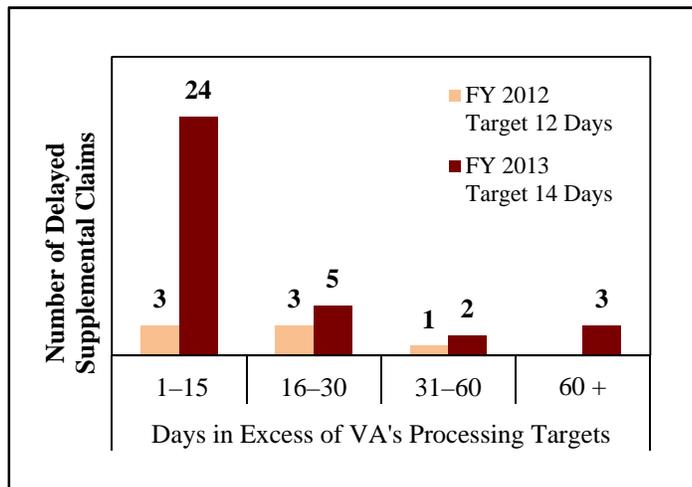
Source: VA OIG analysis of supplemental claims

**Delays After LTS System Upgrade**

For 41 of 262 (16 percent) supplemental claims with processing delays after the LTS system upgrade, we determined that 35 students experienced processing delays. The processing delays ranged from 1 to 121 days beyond VA's supplemental claims processing target and averaged about 18 days per claim.

Figure 2 shows the distribution of the 41 supplemental claims with processing delays based on the number of days the claims exceeded the applicable VBA fiscal year supplemental claims processing target.

**Figure 2. Delays in Supplemental Claims Post-LTS System Upgrade**



Source: VA OIG analysis of supplemental claims post-LTS system upgrade

*Students  
Experience  
Financial  
Impact of  
Delays*

To assess the financial impact processing delays had on students, we reviewed the 41 supplemental claims processed after the LTS system upgrade to identify those claims where the students did not receive payments until 30 days or more after the start of their school terms. We used 30 days as our benchmark because it allowed schools approximately 2 weeks to submit the students' enrollment certifications and VBA RPOs another 2 weeks based on VBA's supplemental claims' processing targets to process the claims for payment. We identified 15 (8 percent) students who received approximately \$32,000 in payments 33 to 147 days (an average of about 73 days) after the start of their school terms. Based on these results, we estimated that VBA could annually reduce processing delays in the payment of approximately \$60.8 million in housing allowances and book stipends to approximately 77,800 students.

*Late  
Submissions  
Caused  
Delays*

VBA RPOs are reliant upon school certifying officials to submit timely enrollment certifications and changes for students. When enrollment certifications and changes for students are not submitted timely by school certifying officials, VBA RPOs cannot timely process the students' supplemental claims. For 21 of the 41 reviewed supplemental claims that had processing delays, school certifying officials submitted enrollment certifications and changes to enrollments an average of 62 days after the students' terms had started or had taken effect.

VBA lacks a timeliness standard for the submission of the initial enrollment certifications. The *School Certifying Official Handbook* requests that schools submit enrollment certifications as early as possible, but requires school certifying officials to submit student enrollment changes affecting course credits within 30 days of the change. Thus, school certifying officials may submit initial enrollment certifications for students at any time after the start of the term, even though Education Service officials stated that school certifying officials are expected to submit initial enrollments without delay.

School certifying officials may not always be aware of Education Service's expectations if they have not completed the recommended VBA online school certifying official training. Only 14 of the 189 (7 percent) school certifying officials who responded when we asked about training indicated they had completed the online training. Finally, although VBA established a 30-day timeliness standard for the schools to submit enrollment changes for students, VBA RPO staff lacked an effective process to monitor the schools' compliance with this requirement and generally did not follow up or contact school certifying officials who did not comply.

**Conclusion**

The timeliness of housing allowance and book stipend payments is critical to students who rely on these payments for financial support as they pursue their educational goals. With Congress expanding eligibility and more veterans taking advantage of the Post-9/11 G.I. Bill, VBA faces a growing need to timely process an ever increasing number of original and

supplemental Post-9/11 G.I. Bill claims. The LTS system upgrade has significantly improved the timeliness of housing allowance and book stipend payments. However, VBA will need to focus on timeliness as its workload increases. Strengthened Post-9/11 G.I. Bill controls that help educate veterans and school certifying officials on program requirements and that emphasize their role in minimizing processing delays could help VBA further reduce the processing delays in the payment of an estimated \$60.8 million in supplemental claims to approximately 77,800 students annually. VBA also needs a process to monitor and follow up on schools when they do not comply with program requirements.

## Recommendations

1. We recommended the Under Secretary for Benefits ensure the Post-9/11 G.I. Bill application provides veterans with clear, adequate information on educational benefits and the requirement to relinquish other education benefits before submission.
2. We recommended the Under Secretary for Benefits determine and establish a timeliness standard for the submission of initial enrollment certifications and a mechanism to monitor school certifying officials' compliance with the submission of initial enrollment certifications and changes.
3. We recommended the Under Secretary for Benefits reinforce the need for school certifying officials to complete available Veterans Benefit Administration online training on the timely and accurate reporting of enrollments and changes through the Veterans Affairs Online Certification Enrollment system.

### **Management Comments and OIG Response**

The Under Secretary for Benefits agreed with our findings and recommendations and plans to address our recommendations by December 1, 2014. VBA will review the original benefits application form to ensure that it provides complete, well-defined information about educational benefits and the requirement to relinquish eligibility under another education program when electing Post-9/11 GI Bill benefits and will then make any necessary revisions to the application form.

VBA's Education Service will determine and establish a timeliness standard for submitting student enrollment certifications for inclusion in the *School Certifying Official Handbook* and will review this standard with school certifying officials during compliance visits.

VBA's Education Service will reiterate the availability and importance of the online School Certifying Official training and the importance of submitting timely enrollment information during its next quarterly webinar in

August 2014. Education Service will also issue an email reminding school certifying officials of available training.

The Under Secretary provided a responsive action plan to address our recommendations. We will monitor the VA's progress and follow up on its implementation until all proposed actions are completed.

## **Finding 2      Strengthened Program and Claims Processing Controls Can Improve Accuracy and Recovery of Payments**

During our review of the approximately \$2.3 million in housing allowances and book stipends paid to the 200 reviewed students, we determined that VBA RPOs made 125 improper payments totaling about \$128,000 to 39 (20 percent) students. These payments were improper because they should not have been made, were made to an ineligible recipient, or were made for the incorrect amount.\* In addition, VBA RPO staff made 12 book stipend payments totaling about \$2,400 to 8 (4 percent) students and did not pursue repayment of the stipends after students withdrew from the courses.

Improper payments occurred because school certifying officials submitted enrollment information that was not timely and/or accurate. Further, VBA RPO staff did not always properly process supplemental claims, and missing information or programming errors in LTS resulted in incorrectly calculated payments. VBA RPO staff also did not pursue book stipend repayments because current Education Service recovery procedures do not align with Federal regulations.

Based on these results, we estimated that strengthened Post-9/11 G.I. Bill program and claims processing controls could help VBA reduce the approximately \$34 million in improper payments it annually makes to approximately 69,000 students or about \$170 million in improper payments that it will make over the next 5 years (\$34 million x 5 years). Additionally, VBA could avoid paying approximately \$7 million in book stipend payments it makes annually to about 19,000 students or about \$35 million over the next 5 years (\$7 million x 5 years) if VBA RPOs adhere to Federal regulations.

### ***Inaccurate Enrollment Certifications***

VBA RPOs rely on timely and accurately reported enrollment information and changes to properly process students' housing allowance and book stipend payments. Of the 39 students who received improper payments, 17 (44 percent) received 64 improper payments totaling about \$79,500 because school certifying officials submitted inaccurate and/or incomplete information to VBA RPOs. VBA policy requires school certifying officials at the educational and vocational institutions to inform VA of the students' enrollment status and report any changes in enrollment within 30 days.

We found that school certifying officials provided inaccurate information or omitted important information related to the students' dates of enrollment, number of units, school breaks, and withdrawals, and percentage or level of program completion. Currently, school certifying officials are not required

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\* OMB Circular A-123 requires agencies to report to the President and Congress an estimated amount of the annual improper payments for all programs and activities determined to be susceptible to significant improper payments.

to complete VBA recommended school certifying official training, which if completed, could improve the timeliness and accuracy of information provided by school certifying officials. The following example illustrates how overpayments can occur when school certifying officials do not report timely, complete enrollment information to VBA RPOs.

- A student graduated from a culinary arts school in June 2012 after attending school for 9 months. The school's certifying official did not report the student's graduation and had reported on the initial enrollment certification that the student was not expected to graduate until June 2013. Consequently, the VBA RPO paid the student 12 additional months of housing allowances totaling approximately \$15,000 after the student graduated. VBA RPO staff were not aware of the error until we notified them of it during our review. The VBA RPO stated it plans to collect the debt.

**VBA RPO  
Processing  
Errors**

VBA RPO staff did not properly process enrollment changes for 8 students, and this resulted in 38 (30 percent) improper payments totaling about \$43,700 in housing allowances and book stipends. These overpayments occurred because VBA RPO staff incorrectly inputted or updated veterans' lengths of service when they calculated the percentage of benefit payments the students should receive. In addition, VBA RPO staff did not correctly process enrollment changes, such as program completions and course withdrawals. Further, quarterly quality reviews of VBA RPO claims performed by Education Service did not specifically include a sample of enrollment changes for review. The following example shows how VBA RPO staff did not always process enrollment changes in accordance with VBA policy and how it created an overpayment.

- A student received duplicate housing allowance and book stipend payments because a school certifying official erroneously submitted amendments for the 24 monthly terms the student had already completed and been paid. VBA RPO staff did not contact the school certifying official to verify the changes were correct and proceeded to delete the previously approved enrollments and re-establish them. As a result, the VBA RPO issued the student duplicate payments for the 24 terms and overpaid the student about \$34,100 in housing allowances and book stipends. VBA RPO staff were not aware of the error until we notified them during our review. The student had not made any attempt to contact the VBA RPO about repaying the funds 1 year after the issuance of the duplicate payments. After we notified the VBA RPO of the duplicate payments, a debt was established to recover these payments.

**LTS  
Processing  
Issues**

LTS also did not correctly compute housing allowance and book stipend payments for 14 (36 percent) students and this resulted in 23 (18 percent) improper payments totaling approximately \$4,700. These improper payments occurred because LTS was either not properly programmed or

lacked the information it needed to calculate the correct payment amount using the students' course load (rate of pursuit). The course load is calculated by taking the number of course credits a student is enrolled and dividing it by the number of credits considered full time at that institution. Federal regulation states when a student's enrollment is 50 percent or less, the book stipend should be multiplied by the course load and the number of credits the student has enrolled in for that term. However, LTS is not currently programmed to perform this calculation for students when their enrollments are 50 percent or less.

In addition, LTS uses information from VBA's Web Enabled Approval Management System (WEAMS) to determine a student's course load to calculate housing allowance and book stipend payments. However, VBA RPO staff did not always update WEAMS to ensure it contained accurate full-time equivalency information in the schools' profiles. The following example illustrates how information contained in WEAMS and the student's course load in LTS affected the accuracy of book stipend payments.

- LTS calculated a graduate student enrolled with three semester credits at a school had a course load of 100 percent because WEAMS data indicated full-time equivalency at the school was three semester credits. Subsequently, VBA RPO staff authorized the claim and the student received a \$125 book stipend. We verified the school's information and determined that a full-time graduate student must take a minimum of six semester credits per term to be considered full-time. Based on the correct school information, the student's course load was actually 50 percent, and the student was overpaid about \$63 in book stipends for the term.

***Recovery of  
Book Stipend  
Payments***

VBA RPO staff did not initiate the recovery of about \$2,400 in book stipends paid to eight (4 percent) students who withdrew before they completed the courses. These students did not have mitigating circumstances and VBA RPO staff should have created an overpayment based on Federal regulation. As a general practice, the VBA RPOs did not recover book stipends after the students withdrew even though it was required. Federal regulation states students who do not complete course work are required to repay the book stipends if there are no mitigating circumstances that prevent the completion of a program of education, such as an illness or death of a family member.

***Effect of  
Improving  
Accuracy and  
Recovery of  
Payments***

As a result, we estimated that strengthened Post-9/11 G.I. Bill program and claims processing controls could help VBA reduce an estimated \$34 million in improper payments it annually pays approximately 69,000 students or about \$170 million it will pay students over the next 5 years (\$34 million x 5 years). Additionally, VBA could avoid paying approximately \$7 million in book stipends it annually pays to about 19,000 students or about \$35 million over the next 5 years (\$7 million x 5 years). In total, we believe that strengthened Post-9/11 G.I. Bill claims processing controls could help

VBA reduce payment inaccuracies and increase recoveries of an estimated \$205 million (\$41 million x 5) in payments made to approximately 441,000 students (88,200 students x 5) over the next 5 years.

**Conclusion**

VBA needs to implement effective controls to ensure Post-9/11 G.I. Bill payments are accurately processed. In VA's 2013 Performance and Accountability Report, VA acknowledged its reliance on veterans, beneficiaries, and other outside parties to notify VA of events that may affect benefit payments. Further, VA stated that late notification of these events subsequently causes improper payments until proper notice is provided. If VBA is to reduce improper payments for Post-9/11 G.I. Bill housing allowances and book stipends, it must encourage and facilitate the schools' submission of accurate, complete, and timely student enrollment information and put effective monitoring controls in place. Inaccurate housing allowance and book stipend payments create a financial burden for students as overpayments can create significant debts that students may later be required to repay.

**Recommendations**

4. We recommended the Under Secretary for Benefits ensure Education Service establishes a monitoring mechanism to include reviews of enrollment changes in its quarterly quality reviews of Regional Processing Office claims.
5. We recommended the Under Secretary for Benefits ensure Long Term Solution calculations for book stipends align with the regulatory requirements established for students who are enrolled at 50 percent or less.
6. We recommended the Under Secretary for Benefits ensure Veterans Benefit Administration Regional Processing Office staff regularly update school information in the Web Enabled Approval Management System and include accurate full-time equivalency information in the schools' profiles.
7. We recommended the Under Secretary for Benefits reconcile Education Service procedures and Federal regulations and decide whether or not book stipends will be recovered from students who withdraw from courses without mitigating circumstances.
8. We recommended the Under Secretary for Benefits ensure the Veterans Benefits Administration collects outstanding improper payments identified by this audit as defined by the Improper Payments Elimination and Recovery Act.

**Management  
Comments  
and OIG  
Response**

The Under Secretary for Benefits agreed with our findings and recommendations and plans to address our recommendations by December 31, 2014. VBA's Education Service will review its quality review processes and develop a plan to ensure sufficient student enrollment certification changes are sampled during these reviews.

VBA is in the process of revising the regulation regarding book stipend payments so that the regulation aligns with its current practices. Once the regulation update is complete, Long Term Solution calculations will comply with the regulations. VBA's Education Service will issue a training reminder to RPO staff to regularly update school information in the Web Enabled Approval Management System and will discuss this topic in its training conference scheduled for August 2014.

VBA's Education Service will issue procedures for RPOs to adjust the educational assistance payments of students who withdraw from courses without mitigating circumstances. Book stipend payment adjustments will align with regulations once these procedures are implemented. Finally, Education Service will review the 43 cases with improper payments identified during the audit and take action to recover debts.

The Under Secretary provided a responsive action plan to address our recommendations. We will monitor the VA's progress and follow up on its implementation until all proposed actions are completed.

## Appendix A Background

### **Purpose of the Post-9/11 G.I. Bill Program**

The Post-9/11 Veterans Educational Assistance Act of 2008 provides veterans with educational benefits to assist with the readjustment to civilian life. On January 4, 2011, Public Law 111-377 amended the Act by expanding eligibility for benefits to members of the National Guard and expanding eligible educational programs to include options, such as non-college degree programs, on-the-job training, and apprenticeships. Veterans are eligible for program benefits if they served a minimum of 90 days on active duty or at least 30 days if discharged for a service-connected disability. The percentage of program benefits that veterans, spouses, or other family members receive is based on the veteran's qualifying days of service.

### **Regional Processing Offices**

VBA RPOs process veterans' original education benefits applications and subsequent supplemental educational claims submitted by school certifying officials on behalf of the students. VBA RPOs are located in Atlanta, GA; St. Louis, MO; Buffalo, NY; and Muskogee, OK. VBA's Office of Field Operations facilitates performance and workload management for the four VBA RPOs.

### **Timeliness of Claims**

VA's Performance and Accountability Report describes VA's accomplishments and progress each year toward fulfilling its mission. Performance measurement information and goals set forth in the report enable management to make necessary assessments and improvements. One key measure in the report is VBA's strategic targets for the average number of days it should take to process original and supplemental education claims. Education Service does not have specific claims processing targets for Post-9/11 G.I. Bill claims, so it applies the general strategic targets reported in VA's annual Performance and Accountability Report. Table 2 provides VA's strategic targets for education claims processing in FYs 2009—2013.

**Table 2. VA Performance and Accountability Report Strategic Targets**

<b>Fiscal Year</b>	<b>Original Claims (days)</b>	<b>Supplemental Claims (days)</b>
2009	24	10
2010	24	10
2011	23	12
2012	23	12
2013	28	14

*Source: VA Performance and Accountability Reports Fiscal Years 2009-2013*

**Monthly  
Housing  
Allowance**

The Post-9/11 G.I. Bill provides housing allowance and other benefits to students attending a program of education on a more than half-time basis. This amount is equal to the Department of Defense's Basic Allowance for Housing payable to members of the military in pay grade E-5 with dependents per section 3313(c)(1)(B)(i), Title 38, United States Code.

VBA prorates housing allowances based on the veteran's length of military service (active duty), the course load, and the zip code in which the program's administrative office resides. In addition, the program offered a monthly distance learning (online course) housing allowance rate of \$684 for 2012 (50 percent of the national average Basic Allowance for Housing rate) prorated based on the student's course load.

**Books and  
Supplies**

The Post-9/11 G.I. Bill provides lump sum payments per quarter, term, or semester of up to \$1,000 to students for books and supplies each academic year. Book stipends are paid proportionately based on the length of active duty military service and the number of units/hours enrolled during the academic term. Debt obligations are established when students are overpaid a stipend distributed for the quarter, term, or semester for which the student has not completed one or more courses and lacks mitigating circumstances.

## **Appendix B Scope and Methodology**

### **Scope**

We conducted our audit work from March 2013 through May 2014. The audit focused on housing allowance and book stipend payments processed by the four VBA RPOs during the 12-month period ending March 31, 2013. We developed a sampling methodology that resulted in the review of 200 students (50 students at each of the 4 VBA RPOs).

### **Methodology**

For each statistically selected student, we validated VBA's student records and payment calculations against school-supplied information to verify student eligibility and the accuracy of payments.

We evaluated the timeliness of original and supplemental claims by counting the elapsed days between the date the claim was submitted to the date the claim was authorized for payment. We reviewed students with supplemental claims that were paid during our 12-month review period ending March 31, 2013. To assess the delays and financial impact experienced by the students, we identified housing allowances and book stipend payments paid more than 30 days after the start of the student's term. Lastly, we interviewed local VBA RPO staff and management to determine and evaluate any local policies and procedures for processing the claims. We reviewed all findings with the VBA RPOs' supervisory and senior Veterans Claims Examiners and received their concurrence on reported exceptions.

### **Fraud Assessment**

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators by taking actions such as:

- Soliciting the OIG's Office of Investigations for potential fraud indicators
- Reviewing sampled students to ensure they met eligibility requirements

We did not identify any instances of fraud during this audit.

### **Data Reliability**

To achieve the audit's objectives, we relied on computer-processed data contained in VA's Benefits Delivery Network reporting system. We assessed the reliability of this data by tracing the accuracy of student information across various VA and Department of Defense systems. Additional data reliability tests included steps to identify any missing data in key fields, calculation errors, and data outside of our period of performance. Based on these tests and assessments, we concluded the data were sufficiently reliable to use to meet the audit's objectives.

### **Government Standards**

Our assessment of internal controls focused on those controls relating to our audit objectives. We conducted this performance audit in accordance with

generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **Appendix C Statistical Sampling Methodology**

### ***Population***

The audit focused on housing allowances and book stipend payments during the 12-month period ending March 31, 2013. Our population captured both pre- and post-LTS automated claims. We selected the population based on the parameters of the audit objective and identified \$5 billion in VA's Benefits Delivery Network housing allowance and book stipend payments made to about to 731,000 students during our 12-month period.

### ***Sampling Design***

We developed a stratification sampling design to ensure that all students had a chance of being selected for review. The sampling design was representative and ensured projections describe the entire population. The sampling methodology resulted in the review of 200 randomly selected students (50 students at each of the 4 VBA RPOs) who received housing allowance and book stipend payments totaling about \$2.3 million.

### ***Weights***

We calculated estimates in this report using weighted sample data. Sampling weights are computed by taking the product of the inverse of the probabilities of selection at each stage of sampling. Since each VBA RPO had a different number of students and the sample sizes were the same across all VBA RPOs, the sampling weights varied in size. This accounts for the percentages calculated from the raw sample numbers being different from the percentages calculated from the weighted projections.

### ***Projections and Margins of Error***

The margins of error and confidence intervals are indicators of the precision of the estimates. If we repeated this audit with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time.

We used the lower limit of the 90 percent confidence interval for each projection. We projected that 77,800 students annually experience delays in the receipt of \$60.8 million in housing allowance and book stipends payments. In addition, we projected that VBA inaccurately pays about \$41 million in housing allowance and book stipend payments to about 88,200 students annually. Strengthened Post-9/11 G.I. Bill program and claims processing controls could help VBA reduce payment inaccuracies affecting approximately \$205 million (\$41 million annually x 5 years) in housing allowances and book stipends that will be paid to as many as 441,000 students (88,200 students x 5 years) over the next 5 years.

Table 3 provides the projections associated with Post-9/11 G.I. Bill delayed claims and inaccurate payments for housing allowances and books stipends.

**Table 3. Statistical Projections Summary**  
(Dollars Are in Thousands)

Error Types	Lower Limit*	Estimate	Upper Limit	Margin of Error
Supplemental Claims with Processing Delays—Student Count	77,800	115,000	152,000	37,100
Supplemental Claims with Processing Delays—Amount	\$60,800	\$130,500	\$200,200	\$69,700
Inaccurate Housing Allowance and Book Stipend Payments—Student Count	88,200	128,000	168,000	40,000
Inaccurate Housing Allowance and Book Stipend Payments—Amount	\$41,000	\$89,100	\$137,300	\$48,100

*Source: OIG statistical analysis performed in consultation with the Office of Audits and Evaluations statistician.*

*\*Projected using a 90 percent confidence interval.*

**Improper Payments**

VBA RPOs made 125 (91 percent) erroneous or improper payments totaling about \$127,900. These 125 payments should not have been made, were made to ineligible recipients, or were made for the incorrect amount. We estimated that about \$34 million were improper payments made to about 69,000 students.

## Appendix D Potential Monetary Benefits in Accordance With Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
4-8	Strengthen program controls to ensure students receive accurate housing allowance and book stipend payments over the next 5 years.	\$0	\$205 million
<b>Total</b>		<b>\$0</b>	<b>\$205 million</b>

**Potential Monetary Benefit Calculation**

Based on the audit's results, we estimated that strengthened Post-9/11 G.I. Bill program and claims processing controls could help VBA reduce the approximately \$34 million in improper payments it annually makes to approximately 69,000 students or about \$170 million in improper payments that it will make over the next 5 years (\$34 million x 5 years). Additionally, VBA could avoid paying approximately \$7 million in book stipend payments it makes annually to about 19,000 students or about \$35 million over the next 5 years (\$7 million x 5 years) if VBA RPOs adhere to Federal regulations.

## Appendix E Under Secretary for Benefits Comments

### Department of Veterans Affairs

### Memorandum

**Date:** June 26, 2014

**From:** Under Secretary for Benefits (20)

**Subj:** OIG Draft Report— Audit of Post-9/11 G.I. Bill Monthly Housing Allowances and Book Stipend Payments [Project Number 2013-01452-R7-0086] —VAIQ 7481926

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

1. Attached is VBA's response to the OIG's Draft Report: Audit of Post-9/11 G.I. Bill Monthly Housing Allowances and Book Stipend Payments.
2. Questions may be referred to Christine Ras, Program Analyst, at 461-9057.

  
Allison A. Hickey

Attachment

**Veterans Benefits Administration (VBA)**  
**Comments on OIG Draft Report**  
**Audit of Post-9/11 G.I. Bill Monthly Housing Allowances and Book Stipend Payments**

**Veterans Benefits Administration concurs with OIG's findings in the draft report and provides the following comments in response to the recommendations:**

Recommendation 1: We recommend the Under Secretary for Benefits ensure the Post 9/11 G.I. Bill application provides veterans with clear, adequate information on educational benefits and requires the relinquishment of other education benefits before submission.

VBA Response: Concur. VBA will review VA Form 22-1990, Application for VA Education Benefits, to ensure that it provides Veterans applying for the Post 9/11 GI Bill with complete, well-defined information about educational benefits and the requirement to relinquish eligibility under another education program when electing Post-9/11 GI Bill benefits. VBA will then make any necessary revisions to VA Form 22-1990.

Target Completion Date: December 31, 2014

Recommendation 2: We recommend the Under Secretary for Benefits determine and establish a timeliness standard for the submission of initial enrollment certifications and a mechanism to monitor school certifying officials' compliance with the submission of initial enrollment certifications and changes.

VBA Response: Concur. VBA's Education Service will determine and establish a timeliness standard for submitting initial enrollment certifications. The approved standard will be published in the School Certifying Official (SCO) Handbook and will be reviewed during compliance visits with the SCO.

Target Completion Date: September 30, 2014

Recommendation 3: We recommend the Under Secretary for Benefits reinforce the need for school certifying officials to complete available Veterans Benefit Administration online training on the timely and accurate reporting of enrollments and changes through the Veterans Affairs Online Certification Enrollment system.

VBA Response: Concur. VBA's Education Service will use its next quarterly webinar in August 2014 to reiterate the availability and importance of the online School Certifying Official training, as well as the importance of submitting enrollment

information timely. Education Service will also issue an email via the VA Education Liaison Representatives reminding SCOs of available training.

Target Completion Date: September 30, 2014

Recommendation 4: We recommend the Under Secretary for Benefits ensure Education Service establishes a monitoring mechanism to include reviews of enrollment changes in its quarterly quality reviews of Regional Processing Office claims.

VBA Response: Concur. VBA's Education Service will review the current quarterly quality review sampling process. Education Service will develop a plan to ensure sufficient enrollment change documents are included in the samples to provide VBA leadership discrete data on quality findings of completed enrollment change documents.

Target Completion Date: September 30, 2014

Recommendation 5: We recommend the Under Secretary for Benefits ensure Long Term Solution calculations for book stipends align with the regulatory requirements established for students who are enrolled at 50 percent or less.

VBA Response: Concur. VBA is in the process of revising the regulatory requirements regarding book stipend payments. VBA did not intend to "double prorate" the amounts payable to students training at a rate of 50 percent or less. Post-9/11 GI Bill recipients may receive up to \$1,000 for books and supplies each academic year. All students receiving stipends for books and supplies receive a prorated amount based on their eligibility percentage. For example, a student eligible at 80 percent may receive up to \$800 towards books and supplies each academic year. The current regulations direct VA to further prorate the amount payable to an individual training at 50 percent or less. In this case, an individual eligible at 80 percent who is pursuing training at 50 percent during the academic year would only be eligible for \$400 towards books and supplies. The statute governing the payment of books and supplies does not require VA to prorate the amount of the books and supplies stipend based on an individual's rate of pursuit. Once the regulation update is complete, the current Long Term Solution calculations will align with the regulations.

Target Completion Date: December 31, 2014

Recommendation 6: We recommend the Under Secretary for Benefits ensure Veterans Benefit Administration Regional Processing Office staff regularly update school information in the Web Enabled Approval Management System and include accurate full-time equivalency information in the schools' profiles.

VBA Response: Concur. VBA's Education Service will issue a training reminder to the education liaison staff responsible for this activity and also add this topic to the agenda for the training conference scheduled for August 2014.

Target Completion Date: August 31, 2014

Recommendation 7: We recommend the Under Secretary for Benefits reconcile Education Service procedures and federal regulations and decide whether or not book stipends will be recovered from students who withdraw from courses without mitigating circumstances.

VBA Response: Concur. VBA's Education Service will issue procedures to the Regional Processing Offices regarding the adjustment of educational assistance payments for students who withdraw from courses without mitigating circumstances. Once the procedures are issued and implemented, the procedures used to adjust payments will align with the provisions in the Code of Federal Regulations.

Target Completion Date: August 31, 2014

Recommendation 8: We recommend the Under Secretary for Benefits ensure the Veterans Benefits Administration collects outstanding improper payments identified by this audit as defined by the Improper Payments Elimination and Recovery Act.

VBA Response: Concur. VA OIG identified 43 cases with improper payments. Education Service will review each improper payment amount identified by VA OIG and take action to recover debts as appropriate.

Target Completion Date: August 31, 2014

## **Appendix F Office of Inspector General Contact and Staff Acknowledgments**

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OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Janet Mah, Director Gregory Gladhill Herlin Guerra-Sagastume Sunny Lei Andrea Lui John Panzullo Andrea Sandoval Nelvy Viguera Butler Leslie Yuri
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## **Appendix G Report Distribution**

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