



## Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of audit-related or management-identified material weaknesses outlined in the FY 2008 Performance and Accountability Report.

The title of each material weakness is consistent throughout this section and in the entire document.

During 2008, VA developed remediation plans and is taking actions to correct the material weaknesses “Financial Management System Functionality,” “Information Technology Security Controls,” and “Financial Management Oversight.” During 2008, VA resolved “Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA.” Material weaknesses were identified by VA’s independent auditors or by VA management.

### Table 1 - Summary of Financial Statement Audit

Audit Opinion	Unqualified				
Restatement	No				
	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Material Weaknesses					
Financial Management Oversight	✓				✓
IT Security Controls	✓				✓
Financial Management System Functionality	✓				✓
Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA	✓		✓		
<i>Total Material Weaknesses</i>	4	0	1	0	3

### Table 2 - Summary of Management Assurances

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



<b>Effectiveness of Internal Control over Operations (FMFIA – 2)</b>						
Statement of Assurance	<b>Qualified</b>					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Financial Management Oversight *	✓					✓
<i>Total Material Weaknesses</i>	1	0	0	0	0	1
<b>Conformance with Financial Management System Requirements (FMFIA – 4)</b>						
Statement of Assurance	<b>Qualified</b>					
Material Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Security Controls *	✓					✓
Financial Management System Functionality *	✓					✓
Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA *	✓		✓			
<i>Total Material Non-Conformances</i>	3	0	1	0	0	2
<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>						
	Agency			Auditor		
Overall Substantial Compliance	No			No		
1. System Requirements				No		
2. Accounting Standards				Yes		
3. USSGL at Transaction Level				Yes		

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



## Improper Payments Information Act of 2002 (IPIA)

### Narrative Summary of Implementation Efforts for FY 2008/Agency Plans for FY 2009 – 2011

#### Detail I

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

VA reviewed the requirements of the Improper Payment Information Act (IPIA) of 2002 to identify those programs which are susceptible to significant erroneous payments. After completing the review, VA performed risk assessments for all programs. Statistical samplings were performed on all required programs to estimate improper payments.

OMB Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, requires agencies to report programs under IPIA with annual erroneous payments exceeding both \$10 million and 2.5 percent, as well as programs previously identified in the former Section 57 of OMB Circular A-11, Preparation and Submission of Budget Estimates. Four VA programs are included under Section 57 of OMB Circular A-11 -- the Compensation, Dependency and Indemnity Compensation (DIC), Pension, and Insurance Programs. DIC is included in the Compensation program. Although the Insurance and Vocational Rehabilitation & Employment (VR&E) programs were reported under IPIA, the risk assessments for the programs were low. Because the Insurance

and VR&E programs did not meet the \$10 million threshold in annual erroneous payments for 2 consecutive years, the Office of Management and Budget granted VA's requests for relief from annual improper payment reporting in the PAR for the Insurance program until 2009 and the VR&E program until 2010. In 2008, VA is reporting 6 programs under IPIA, which include the Compensation, Pension, Education, Loan Guaranty (LGY), Non-VA Care Fee, and the Non-VA Care Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). This is CHAMPVA's first reporting year. Data from 2007 were used to ensure that an accurate representation of a full fiscal year's results was obtained for all VA reporting programs.

In 2008, the Veterans Benefits Administration (VBA) performed statistical samplings on all required programs to estimate improper payments. These programs include Compensation, Pension, Education, and LGY programs. The benefit programs are managed by VBA. VBA recognizes the inherent risk associated with administering benefits programs to veterans and beneficiaries. The criteria used to determine entitlement, the scope of administering through 57 regional offices, legislative changes, reporting requirements, time constraints, and the responsibility of ensuring appropriate use of resources all contribute to VBA's emphasis on identifying and minimizing vulnerabilities that lead to improper payments.

In 2008, the Veterans Health Administration (VHA) performed annual risk assessments and statistical samplings for all required programs using 2007 data. Two programs, the Non-VA Care Fee and CHAMPVA, are reported under the IPIA. VHA provides services and benefits through a nationwide network of 153 hospitals, 801 outpatient clinics, 135 nursing



homes, 49 residential rehabilitation treatment programs and 232 readjustment counseling centers. In addition, VHA employs a staff of 218,000, including research staff; maintains affiliations with 107 academic health systems; and provides health care for over 5.6 million patients. VHA consists of 21 Veterans Integrated Service Networks (VISNs) that are responsible for conducting daily operations and decisions affecting hospitals, clinics, nursing homes, and readjustment counseling centers located within their regions. These regional networks remain the fundamental units for managing resources and ensuring accountability.

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

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

Over and underpayments are based on the results of the national Systematic Technical Accuracy Review (STAR) program. The STAR process involves a comprehensive technical accuracy review of a statistically valid random sample of completed cases. The 2007 STAR sample totaled 11,487 currently processed cases.

The STAR program is VBA's quality assurance review program for Compensation and Pension benefit claims processing. Reviews are conducted by a headquarters element independent of the regional office responsible for claims adjudication. Since the STAR review

process already conducts a claims processing accuracy review of a random sample of cases, the only additional review step required to capture over and under payment rates was to calculate the dollar amount associated with each documented payment error. STAR reports were amended to generate results separately for compensation and pension programs, in addition to the existing overall accuracy reports. The review sample results will be applied to the universe of claims processed, including a weighting factor for regional office workload share to generate overall estimated improper payments.

The Compensation Program is composed of the following:

- a. **Disability Compensation** is provided to veterans for disabilities incurred or aggravated while on active duty. The amount of compensation is based on the degree of disability. Several ancillary benefits are also available to certain severely disabled veterans. Beginning in June 2003 with expansions in 2004, 2005, and 2007, the program has become significantly more complex when involving military retirees due to concurrent receipt. (See Details VIII for more information.)
- b. **Dependency and Indemnity Compensation** is provided for surviving spouses, dependent children, and dependent parents of veterans who died while on active duty on or after January 1, 1957, or whose post-service death was caused by or contributed to by their service-incurred disabilities, or to survivors of veterans who die of



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

The Pension Program is composed of the following:

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

## 2. Education

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

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

“Were the payment determinations correct?” The checklist also requires additional information about each case reviewed, including:

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

The payment information currently collected through the QA review process can be compared with the total benefit dollars paid in a given fiscal year in order to produce an estimate of both the percentage and amount of erroneous payments in the Education program. For 2007, the percentage of erroneous payments did not exceed 2.5 percent, but the total amount of erroneous payments exceeded \$10 million.

## 3. Loan Guaranty (LGY)

The purpose of the LGY program is to encourage and facilitate the extension of favorable credit terms by private lenders to eligible veterans, active duty personnel, surviving spouses, and selected reservists for the purpose of purchasing a home. The LGY program has an additional purpose of assisting veterans retain their homes in times of financial hardship and distress. The program operates in nine regional loan centers, one regional office, and one eligibility center. Additionally, several important program functions are contracted out, and LGY Service maintains monitoring units to oversee those operations. In 2007, the program guaranteed over 129,000 loans for a dollar value of \$24.2 billion. LGY Service was ultimately responsible for the processing of over \$902.8 million in payments during that same fiscal year. With this level of inherent risk involved, LGY Service has instituted a number of internal controls to ensure that this risk



is mitigated, and that payments made are accurate and justifiable.

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

#### **4. Two Health Care Programs: Non-VA Care Fee and CHAMPVA**

The Non-VA Care Fee program is part of the medical benefits program for veterans and is administered at all VA medical centers. This covers the full range of services covered under the health care program with the exception of diagnostic exams and tests. The CHAMPVA program is a medical benefit program for spouses and dependents of veterans and is limited to a small sub-set of spouses and dependents. These are very different programs, with separate and distinct business models serving different beneficiary populations.

Under the Non-VA Care Fee program, veteran patients may be authorized to receive treatment from non-VA health

care providers at VA expense when VA medical centers are unable to provide specific treatment or cannot provide treatment economically due to geographic inaccessibility. Non-VA treatment may be allowed for inpatient and outpatient care at non-VA hospitals, outpatient-care facilities, and for home health care. A common misconception is that veterans “enroll” in the Non-VA Care Fee program. In actuality, VHA staff is delegated authority to determine Fee eligibility for veterans who meet legal and medical entitlement criteria to receive health-care services at non-VA facilities.

CHAMPVA is a non-VA health care program in which VA shares the cost of covered health care services and supplies with eligible beneficiaries. The program is administered by the Health Administration Center (HAC) in Denver, Colorado.

To be eligible for CHAMPVA, an individual cannot be eligible for the Department of Defense’s TRICARE program and must be in one of these categories:

- The spouse or child of a veteran who has been rated permanently and totally disabled for a service-connected disability by a VA regional office.
- The surviving spouse or child of a veteran who died from a VA-rated service-connected disability.
- The surviving spouse or child of a veteran who was at the time of death permanently and totally disabled from a service connected disability.
- The surviving spouse or child of a military member who died in the line of duty, not due to misconduct.

To conduct the risk assessment, VHA distributed sample payment evaluation



worksheets to VISN Directors and Chief Financial Officers to serve as a guide for determining whether the payment selected for evaluation was proper or improper. Medical facility personnel were required to collect and review necessary supporting documentation as well as other payments related to the obligation to determine whether the sampled payment was proper or improper. Improper payments were determined utilizing the following criteria:

- Required documentation was unavailable to support the appropriateness or accuracy of the payment.
- Payment was a duplicate payment.
- Payment was made to an ineligible recipient.
- Payment was made for an ineligible good or service.
- Payment was made for any good or service not received.
- Payment was made in an incorrect amount.
- Payment did not account for credit of applicable discounts.

## Detail II

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

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

VBA's calculation of the estimate of the improper payment rate for both the Compensation (including Dependency & Indemnity Compensation) and Pension programs is based upon actual dollar amounts of debt referred to the VA Debt Management Center (DMC) and erroneous payments identified in VA's quality assurance program known as STAR. Half of the estimated debt identified by STAR is included in the

calculation of erroneous payments. That half is the amount written off as an administrative error. The other half of the STAR-identified erroneous payments result in award action to create debts reflected in the DMC data. Debts referred to the DMC can reflect erroneous payments spanning multiple years as in overpayments associated with VA's income verification match and fugitive felon match. In 2007, the DMC received \$228.9 million in compensation debt and \$358.1 million in pension debt for collection.

VBA initiated calculating over and underpayments for claim actions completed on or after April 1, 2003. Since STAR (quality assurance) reviews are inherently "after the fact," review result reports are generated 2 months after the month in which the actions reviewed were completed. For example, cases completed during April were requested for review during May, reviewed during June, and included in reports generated in the first week of July.

Over and underpayment rates are calculated for errors in the following review categories: grant/denial, evaluation, effective date, payment rates, income calculation, dependency, burial, and waivers.

In 2007, the STAR process included 11,487 cases -- 9,796 compensation cases and 1,691 pension cases. A total of 320 payment errors were documented for compensation cases (3.3 percent error rate), including 203 underpayments totaling \$903,934 and 117 overpayments totaling \$492,302. A total of 70 payment errors was documented for pension cases (4.1 percent error rate), including 37 underpayments totaling \$148,362 and 33 overpayments totaling \$110,144.

The number of cases reviewed for compensation and pension represents 0.94



percent of the 1,632,986 cases subject for review. While the errors were clearly identified as either compensation or pension, the overall review sample contained some cases with both compensation and pension elements.

The number and percent of total overpayments significantly increased in 2007 and is anticipated to remain at higher levels for 2008 and 2009 due to concurrent receipt. In 2007, more than 160,000 retroactive adjustments to military retirees were made. These adjustments due to the phased-in nature of the concurrent receipt program make these awards extraordinarily complex and error-prone. We expect continued increased errors in 2008 and 2009 because of the need to provide full concurrent receipt of retirees in receipt of individual unemployability after October 1, 2008, retroactive to January 1, 2005. Sustained increases in erroneous payments are also expected in 2008 and 2009 due to the hiring of almost 2,000 new employees in 2008 in conjunction with expected loss of experienced staff due to retirement of 629 in 2008 and 888 in 2009.

For the overall volume of cases subject to review, 890,447 were clearly identified as compensation cases and 335,591 were clearly identified as pension cases. The remaining 406,948 cases were recorded under end-product codes that could apply to either compensation or pension claims. We estimated that 80 percent of these cases were compensation cases and 20 percent were pension cases. Thus, the number of completed compensation cases was increased to 1,216,005 and the number of completed pension cases was increased to 416,980. Accordingly, the sample size for the Compensation program was 0.75 percent, and the sample size for the Pension program was 0.25 percent.

When extrapolated to the completed compensation claims for 2007, including a weighting factor for each regional office's share of national workload, total estimated Compensation program underpayments were \$85.7 million and overpayments were \$51.1 million.

When extrapolated to the completed pension claims for FY 2007, including a weighting factor for each regional office and pension management center's share of national workload, total Pension program estimated underpayments were \$11.6 million and estimated overpayments were \$10.9 million.

## 2. Education

QA reviews were designed to provide statistically valid results at the 95 percent confidence level and 5 percent precision (also expressed as a margin of error of plus or minus 2.5 percent), for an estimated payment accuracy rate of 94 percent (equivalent to an error rate of 6 percent). The annual nationwide random sample of 1,600 cases is selected from the database of completed end products in quarterly increments. Reviews are also conducted and reports issued quarterly. Provided that the estimated erroneous payment rate is similar to the estimated error rate used in constructing the QA sample, that is, 6 percent or less, the data may be considered statistically valid. Data on percentage and amount of erroneous payments from quarterly QA reviews for awards authorized in 2007 were compared to total benefits paid for that fiscal year.

## 3. Loan Guaranty

The LGY program helps veterans and active duty personnel purchase and retain homes in recognition of service to the Nation. The program enables eligible veterans to obtain financing for the purchase, construction, or improvement of a home by insuring a percentage of the loan. This mandatory program encourages the lender to extend favorable loan terms and competitive





interest rates to veterans who might otherwise prove ineligible. The LGY program disburses payments for:

- Specially Adapted Housing Grants.
- Claims and Acquisition Payments.
- Portfolio Servicing of Direct Loans.
- Property Management.

a. **Specially Adapted Housing (SAH) Grants** – SAH staff at the regional loan centers (RLCs) certify that all grant requirements have been met prior to authorizing the dispersal of grant funds to the veteran’s escrow account for payment of authorized expenses incurred for construction or modification of the veteran’s home. The RLC staff then conducts a 100 percent Final Accounting Review for all closed SAH grant cases, once all escrow funds have been disbursed. LGY’s Statistical Quality Control (SQC) process allows 30 days after the date of final disbursement for the final accounting review to be completed. Therefore, depending on the date a grant was closed, the final accounting review may not take place until the subsequent fiscal year (i.e., a grant closing in September 2007 may not be reviewed until late October 2008). In addition to the 100 percent final accounting reviews, LGY Central Office selects a random sample of these cases for second-level review, and also audits cases through Quality Control visits to the RLCs during the course of a fiscal year. These quality control procedures are not bound by fiscal year for reporting purposes.

However, we note that for purposes of IPIA reporting, we must allocate our final accounting reviews into specific fiscal years, based on the date that the review was completed. This reporting requirement results in IPIA review totals that can be lower than the actual grant volume itself for a given fiscal year.

For 2007, LGY experienced a significant influx of new ‘subsequent use’ grant cases, as a result of provisions in Public Law 109-233. With this new wave in SAH grant volume, stations have additional final accounting reviews that cross fiscal year demarcation. For 2007, the Final Accounting Review completion rate was 69.12 percent. While the remaining cases, which closed in late 2007, were reviewed in early 2008, they cannot be counted as part of the 2007 review totals for purposes of reporting in this document. We note that in 2007, no payment errors were found.

b. **Claims & Acquisition Payments** – LGY conducts a stringent first-level review of all claim payments. A 100 percent manual review is conducted on all claims received. The Loan Service and Claims (LS&C) system requires that at least two different LGY staff members review and certify the claim in the system before releasing it for payment. LGY also conducts statistically valid post-audit reviews of Claims & Acquisition payments. LGY reviews a random sampling of these payments through quality control visits to each of the nine RLCs and the Honolulu Regional Office. LGY also includes a post-audit review of claims paid as part of the Statistical Quality Control (SQC) Review 321. A first-level review of cases is done at the RLC, and a second-level validation is conducted by LGY CO. Between the quality control site visits and SQC reviews, the total claim payments which are being post-audited are significant at the 90 percent confidence level with +/- 2.5 percent margin of error. For 2007, the error rate is less than 1 percent. Only five errors, which were minor in nature, were discovered in the sample. When extrapolated across all payments, this equates to \$2 million in estimated erroneous payments.

c. **Portfolio Loan Voucher Payments** – Countrywide Home Loans (CHL) is LGY’s



contracted portfolio loan servicer. The Portfolio Loan Oversight Unit (PLOU) classifies CHL invoices into seven types, based on nature of the service provided or the type of items included within. For example, the 003-Type contains reimbursable fees such as property preservation costs, foreclosure/bankruptcy costs, and recording fees; the 002-Type consists of property tax payments. VA pays each invoice as it is received. The PLOU staff then conducts a 100 percent post-audit of each invoice payment to ensure correctness and accuracy of payments. The average error rate was extrapolated across the entire amount of invoice payments to arrive at the total amount of improper payments.

**d. Property Management Voucher**

**Payments** – Ocwen was LGY’s property management contractor until July 2008. VA’s Property Management Oversight Unit (PMOU) receives two types of invoices (After Sale and Supplemental) from Ocwen. In 2007, however, Ocwen also submitted invoices for services and fees relating to VA’s agreement with FEMA to provide low-cost rental housing to hurricane disaster victims. All invoices are handled in the same manner. Invoices are received electronically for review and payment by a Realty Specialist. If the invoice exceeds the \$25,000 threshold, it must be submitted to a supervisor for approval and certification for payment. Otherwise, it is approved by the Realty Specialist and submitted to another Realty Specialist for a second review and certification per the requirements of the Prompt Payment Act. The Centralized Property Tracking System (CPTS) pulls a 10 percent random sample of invoices for post-audit review. The 10 percent sample requirement is statistically significant at the 99 percent confidence level with approximately +/-5 percent margin of error. In addition to this random sample, VA also performs additional special audits of

invoices the Realty Specialists have deemed unusual. These invoices are flagged for further, more specialized review of charges and required supporting documentation. This may include invoices that reflect unusual cost ratios, invoices for services relating to lead-based paint mitigation, duplication of services, or other out-of-the-ordinary circumstances. In 2007, VA staff at the PMOU conducted a review of 27 percent of invoices received.

If, upon review, VA finds that the invoice submitted by Ocwen does not meet established requirements (proper documentation, accurate billing amounts, etc.), VA establishes a bill of collection (BOC) against Ocwen for the disputed amount.

The appeals process allows for Ocwen to appeal any BOC they receive from VA. Ocwen may appeal by resubmitting the invoice with additional supporting or clarifying documentation or information. LGY Central Office Property Management (LGYCO PM) staff is tasked with reviewing these resubmitted invoices and recommending action (approving or denying the invoice) to the VA contracting officer, who also reviews the file for concurrence/non-concurrence. After LGYCO PM staff and the contracting officer have reached a decision, Ocwen may still appeal that ruling to the Board of Contract Appeals. It is not until the Board rules on a particular invoice payment (or the established time allotted for appeal has lapsed) that LGY can deem it a ‘fully resolved’ item. This lengthy and multi-tiered appeal process often causes BOCs established in any given fiscal year to be unresolved for a lengthy period of time, a period which may cross the demarcation of fiscal years. The amount of a BOC established in 2007 will likely be reduced during that same fiscal year through the iterative process described above. While the



same BOC's total could be further reduced in the subsequent fiscal year(s), for purposes of reporting for the IPIA, VA has delimited the 'reduction process' of these BOCs to within the fiscal year in question. It is the standing BOC amount at the close of the fiscal year that is considered 'improperly paid' during the year, and that is used to calculate the total error rate for Property Management invoices.

When a BOC is deemed fully resolved, the contract with Ocwen provides VA the ability to apply any amount outstanding (i.e., any amount 'overpaid') to Ocwen's future invoice submissions.

#### **4. Two Health Care Programs:**

##### **Non-VA Care Fee and CHAMPVA**

VHA consulted with its Allocation Resource Center and a statistician to ensure the validity of the sample design, sample size, and measurement methodology and to generate a random, statistically valid sample from VA's Financial Management System. The purpose of the sampling design was to obtain a statistically valid estimate of the annual amount of improper payments in programs and activities while meeting the required precision level set by OMB. The estimate for each of these programs is a gross total of both over and underpayments.

Estimates were based on a statistically random sample, drawn from the universe of program payments, of sufficient size to yield an estimate with a 95 percent confidence interval of plus or minus 3 percentage points around the estimate of the percentage of improper payments. For programs where the level of risk was unknown, a baseline error rate of 5 percent was established. For the Non-VA Care Fee and CHAMPVA programs, the established error rate of 8 percent and 10 percent were utilized. For each sampled payment, a determination was made regarding the accuracy of the payment. Payments made in error, as well

as non-responses to requests for payment accuracy, were treated as improper payments. Error rates were expressed as a simple percentage of the dollar amount of all payments in error to the dollar amount of all payments in the sample. VHA projected the estimate of improperly paid dollars by multiplying the error rate by the dollar amount in the population.

### **Detail III**

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

**A. Reducing the estimated rate of improper payments for each type of category of error. This discussion must include the corrective action(s) for each different type or cause of error, and the corresponding steps necessary to prevent future recurrence. If efforts are ongoing, it is appropriate to include that information in this section.**

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

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

A significant cause of overpayments in both compensation and pension accounts has been the implementation of the Fugitive Felon program. This program, mandated by Public Law 107-103 in December 2001, prohibits veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. It requires VA to retroactively terminate awards to veterans and other beneficiaries from the date the claimant became a "fugitive felon." The first batch of over 980 cases was released in May 2003. The second batch of over 2,000 cases was released in March 2004. Another



5,775 were released from June 2004 to April 2006, with an additional 4,903 cases released to the field between April 2006 and April 2007. It takes approximately 9 months to a year to completely process these fugitive felon cases. The amount of overpayments created from this program can vary each fiscal year for the following reasons:

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

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

VA strives to improve in all areas to alleviate overpayment errors. Three signatures are required for awards where the retroactive payment of any benefit exceeds \$25,000. The Veteran Service Center Manager or supervisory designee authorizes

the payment. Awards with an effective date retroactive 8 or more years or that result in a lump-sum payment of \$250,000 or more are Extraordinary Awards. These awards require review by Compensation & Pension (C&P) Service prior to award authorization. If C&P determines the proposed decision is improper, instructions for specific corrective action will be provided.

VA continues its efforts to expand rating capacity by increasing staffing levels. We hired over 500 new staff in 2007 and almost 2,000 in 2008. We expect to hire 700 more by the end of fiscal year 2009. Based on the increase in staffing levels in 2008 and the current staffing authorized for 2009, the number of inexperienced disability decision-makers will continue to be a significant factor for the immediate future as it takes 2 to 3 years to become fully productive. Therefore, the potential for errors in evaluating, granting, and denying benefits may be greater in the short term.

#### **A. Compensation**

VA continues to be engaged in initiatives that address erroneous compensation payments. One initiative is improved training programs, which will play an even more important role over the next couple of years as we continue our hiring focus. Another effort is the reinstatement of the annual certification of veteran's employment and other evidentiary-based controls to verify and monitor entitlement to individual unemployability. In addition, VA has developed and validated a methodology to measure rating consistency and has increased the Quality Review Staff workforce devoted to measure consistency. We began collecting consistency data in June 2007 through comparative statistical analysis of grant rates and evaluations across all regional offices. We will use the results of this analysis to identify unusual patterns of variance in claims decisions and to



incorporate focused case reviews into routine quality oversight by the STAR staff.

Erroneous payments are defined as payments made to ineligible beneficiaries or payments that were made for an incorrect amount. Erroneous payments may be caused by procedural or administrative errors made during the claims process, delays in claims processing due to requirements to provide due process, late reporting, misreporting, or fraud on the part of employees, beneficiaries, or claimants. For underpayment based on denial of service connection or under evaluation, the evidence does not have to show conclusively that all listed criteria are met. If the evidence is in equipoise, VA is required to resolve the claim in the claimant's favor (38 Code of Federal Regulations (CFR) 3.102). For overpayments, the prior decision will be reversed or amended when evidence is received that establishes that the prior decision is a clear and unmistakable error and the prior decision cannot be sustained (38 CFR 1.105 (a) & (d)).

The number and percent of total overpayments significantly increased in 2007 and is anticipated to remain at higher levels during the next reporting period. In 2007, more than 160,000 retroactive adjustments to military retirees have been and will be made. These adjustments, due to the phased in nature of the concurrent receipt program, make these awards extraordinarily complex and error-prone. We expect continued increased errors in 2008 and 2009 because of the need to provide full concurrent receipt of retirees in receipt of individual unemployability after October 1, 2008, retroactive to January 1, 2005. Sustained increases in erroneous payments are also expected in 2008 and 2009 due to the hiring of almost 2,000 new employees in 2008 in conjunction with expected loss of experienced staff due to retirement of 629 in 2008 and 888 in 2009.

Concerning underpayments it is also important to note that most of these errors were called on initial decisions on claims. Many of these underpayments are undoubtedly corrected upon reconsideration during the appeal process, either at the local level or by the Board of Veterans' Appeals. It does not eliminate the fact that even where the initial action was corrected, a bad decision had been made and that benefits were delayed.

Overpayments may also be created due to non-entitlement for the month of death and the remarriage of a surviving spouse. The month of death overpayment occurs when the veteran dies late in the month, too late to stop the release of the check for the month of death, a benefit to which he/she is not entitled. Approximately 78,200 veterans were removed from the compensation rolls in 2007, virtually all due to death. This resulted in approximately \$27.6 million in overpayments because death occurred in the last 10 days of the month (applicable to an estimated 26,081 veterans). The average compensation payment in 2007 was \$1,058 monthly. Although the overpayment is created, the majority of these payments are recouped.

VBA will take the following actions in response to the OIG Audit report of September 28, 2007, "Veterans Benefits Administration Controls To Minimize Compensation Benefit Overpayments," indicating that VBA did not have effective controls to ensure that VARO staff took prompt action to adjust compensation benefits.

- (1). VBA will issue procedural guidance requiring action to be initiated within 30 days of receipt on first- and third-party information that will potentially result in a reduction of compensation benefits, including



dependency and indemnity compensation. When a predetermination notice is required, the standard 60-day response time will continue following issuance of the predetermination notice. A Fast Letter was provided to the field addressing these procedures on February 26, 2008.

A revision to M21-1, Part V, Chapter 19, based on the Fast Letter 08-05 has been drafted and is in the concurrence process.

(2). The Fast Letter also outlined the end product controls for initiating action when information may result in a reduction of compensation benefits. This will facilitate VBA's monitoring of the timelines of compensation benefit adjustments.

(3). VBA will reemphasize the importance of timely completion of compensation benefit adjustments that result in overpayment of benefits as follows:

- Discuss on the weekly Associate Deputy Under Secretary for Field Operations conference call and the Veteran Service Center Managers conference call.
- Discuss the importance of timely completion of adjustments in the Fast Letter dated February 26, 2008.
- Add this as an area of review under the Internal Controls Systematic Analyses of Operations.
- Monitor the end product timeliness of corrective actions and contact regional office directors whose stations are significantly out of line in processing the adjustments that result in overpayment of compensation benefits. The regional office directors are responsible for ensuring that

programs and policies are implemented, assessed through an effective internal controls process, and adjusted as necessary to achieve appropriate results.

- Additionally, VBA has identified technical and business requirements to initiate programming changes to Veterans Service Network (VETSNET) to automate the calculation of entitlement in retired pay cases where concurrent receipt is a factor.

### **B. Pension**

The Pension program administered by VA is a highly complex program that is intended to provide the financial resources needed by eligible veterans and their survivors based upon a level of income that raises their standard of living. It then requires adjustment based upon actual income. Consequently, it is prone to overpayments due to late or misreporting of income changes or failure to report such changes by claimants. For this reason, VA consolidated the processing of all pension maintenance workload to the Pension Management Centers (PMCs) in order to improve the quality and timeliness of the pension processing, as well as to focus training in this area. Another goal of consolidation is to reduce the size of erroneous payments through greater claims processing efficiencies and reduced cycle time. The improved quality of pension processing and focused training should reduce the average size of overpayments. Pension processing quality has increased dramatically through the consolidation and specialization, and we expect it to continue. Consolidation of original and reopened disability and death pension claims processing to the three existing PMCs began May 1, 2008, and was completed in September 2008. VA has implemented the following actions to strengthen efficiencies at the three PMCs:



- Developed a national standardized training program and a refresher training curriculum to ensure standardized processing of pension claims.
- Assigned quality review coordinators responsible for quality improvement oversight.
- Tested an electronic application that stores and sorts C&P system messages (write-outs) associated with pension maintenance activities by frequency, claim number, terminal digit, etc., to assist with timelier processing of these messages.
- Enhanced Virtual VA to ensure accurate documentation is contained in the electronic claims folder.
- Tested VETSNET applications to expand conversion of Benefits Delivery Network (BDN) records to VETSNET for claims handled by the PMCs.

The Pension program in particular has other reasons that contribute to erroneous payments. The program involves less judgment in determining entitlement, with the primary evaluation factor based upon compliance with a very detailed set of rules for establishing dependency and complex, detailed rules for developing and considering income to determine entitlement and payment rates. This is the primary reason for the higher ratio of overpayments to underpayments. The most common causes for erroneous pension payments are improper effective dates and improper calculation of family income. The size of overpayments in the pension program is aggravated by the effective date rules that govern the adjustment of accounts and the need to provide due process. Since entitlement is affected by income, and changes in status and rate of payment are effective the first of the month following changed income, the claimant and VA are in an overpayment situation in virtually every income adjustment based on new or increased income.

Effective date rules govern adjustments to pension benefits and as a result, a change in income may require a retroactive adjustment to the benefit amount, creating an overpayment. In 2006 VBA began processing two tax years' worth of information (2002 and 2003) from the IRS. This continued in 2007 with tax years 2004 and 2005 being released to the PMCs. Although this action resulted in an increase in the number of overpayments created in 2006 and 2007, it also resulted in a decrease in the amount of the overpayment created for the claimant, as the income information is only 18 months to 2 years old as opposed to 3 years old. Since VBA returns to processing 1 year's worth of tax information in 2008, the number and amount of overpayments in 2008 and 2009 should return to 2004 levels.

Other causes for overpayments are:

- Non-entitlement for the month of death.
- Reductions or terminations due to claimant reports on Eligibility Verification Reports (EVR).
- Reductions or terminations based upon matching programs.
- Inaccurate reporting of monthly social security benefits.
- Less paid unreimbursed medical expenses (UME) than anticipated.
- Received more income than anticipated.

Approximately 89,000 pension records were terminated in 2007 with 56,028 of them due to death. The estimated annual overpayment for the month of death (considering an estimated 18,676 deaths that occur in the last 10 days of the month), with an average monthly payment of \$559, is estimated at \$10.4 million annually.

Due to the particular nature of the Pension program, a significant number of overpayments will be created due to reporting failures by beneficiaries. VBA has



both internal and external controls that identify reporting discrepancies.

The EVR is a VBA annual report required of most pension recipients in which they are required to report their actual previous year and anticipated current year income. This program results in overpayments due to a late reporting of income changes that result in larger overpayments due to two statutory provisions:

(1). Reductions are effective the first of the month following receipt of the changed income. An overpayment is created for the historical period back to the receipt of the income.

(2). Failure to return an EVR results in termination of the award and resulting overpayment from the beginning of the calendar year.

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

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

identified in later years based upon newly acquired information.

- **Bureau of Prisons for Payments to Incarcerated Veterans**

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

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

These matches report income from these and other sources compared to what pension beneficiaries report.

- **Social Security Administration**

- Monthly Social Security Benefit Match: This is a match with SSA in which the amount of monthly social security reported by the claimant is compared to SSA records.
- Unverified Social Security Number Listing: C&P Service analyzes an extract of hits from data runs in order to obtain the Unverified Social Security Numbers listing.

## 2. Education

Education Service has used the QA Review program to assess payment errors since 1992. Education Service quality review reports, issued quarterly, identify error trends and causes. The regional processing offices use the review reports to conduct refresher training. Required training based on quarterly quality reviews was conducted in FY 2007. However, compared to the previous fiscal year, estimated erroneous payments decreased from 3.7 percent to 2.2 percent. The principal factor underlying the decrease was that the average amount of mispayments is smaller. The number of payment errors noted on QA reviews and the number of types of errors





increased. The six major causes of error (listed in order below by amount mispaid) accounted for 78 percent of the total amount of Education benefits mispaid. Causes 1, 3, and 4 result mainly from inattention to detail rather than lack of training, and are more frequent when claims inventory is high and many claims processors are relatively inexperienced, as in 2007. Due to the complexity of applicable requirements, leading to more frequent errors, causes 2, 5, and 6 are the subject of regular refresher training.

- Enrollment document not processed.
- Erroneous date of reduction or termination.
- Previous enrollment period erroneously omitted from amended award.
- Payment not in accord with certification by school.
- Erroneous payment for interval between terms.
- Payment to ineligible claimant.

Education Service is developing a rules-based automated claims processing system, The Education Expert System (TEES), which will help reduce payment errors. A prototype system is in place, and the full system is expected to improve performance when fully implemented. Implementation is currently estimated for 2012; however, the new Post 9/11 Education Assistance Program described below may affect TEES' progress. In addition, Education Service has used standardized training materials for all field stations since 2004. The Training Performance Support System (TPSS), an on-line delivery and record-keeping system for training, is being implemented in phases beginning in 2008, and is expected to help improve claims processor performance in the future.

The Post 9/11 Education Assistance Program, signed into law in June 2008, adds an additional new program. This program is

more complex than any existing program. It includes three different types of payment to each claimant. Two of these payment types are made in advance of the student's attendance, increasing the possibility of mispayment. The program also includes sharply expanded opportunities for veterans to transfer a portion of their entitlement to their dependents. Many, if not most, claimants under the new program will have received benefits under other programs, requiring reconciliation of both payments and entitlement usage in order to correctly issue payment under the new program.

Processing of claims under the new program will require entirely new procedures, requiring extensive training of both experienced personnel and any new hires or contractor personnel. An entirely new information technology system will also be required to process claims and issue payments. Payments must be issued for courses pursued under the new program beginning August 1, 2009. Education Service is soliciting contractor assistance in developing this system, using funds provided in the authorizing legislation. Although Education Service will ensure that the new system uses a rules-based approach to achieve maximum automation of processing, the short lead time before the system must begin making payments is likely to limit the extent of automated processing in the near future. Issues regarding integration of the new system into the TEES project have not been determined. Manual processing is subject to more errors, especially in the light of the unfamiliarity and complexity of the new program.

### 3. Loan Guaranty

SAH grant payments have been found to be error-free. LGY will continue to conduct the 100 percent Final Accounting Review and second-level Central Office reviews of the SAH grant process through the recently-developed Statistical Quality Control (SQC) schedule. These methods provide additional opportunity for review of the grant process,



including grant payments.

Claims & Acquisition payments have been found to have very few errors (0.26 percent error rate for 2007). Since the error rate is so low, and the instances of error so minor in value, LGY will continue its procedures for first and second-level reviews prior to payment and will continue to perform all post-audit review of cases as per existing site visit and SQC schedules.

Portfolio loan servicing invoices are processed for payment by the Portfolio Loan Oversight Unit (PLOU) within the timeframe sanctioned by the Prompt Payment Act. Invoices are then post-audited by the PLOU staff for accuracy and correctness. LGY offsets claims submitted by holders for any overcharges/unallowable charges contained therein. If the claim for the specific account has already been processed, then LGY makes adjustments on future claims submitted by the holder.

In 2005, OIG conducted an audit of the Automated Loan Accounting Center (ALAC). The resulting audit report recommended that LGY Service and ALAC examine the Property Management invoice process to include the establishment and management of bills of collection. This review was conducted and has resulted in new policies and procedures, which will have a positive impact on erroneous payments.

VBA has established BOCs for any unsupported invoices to date. If, within 30 days, Ocwen still has not submitted proper documentation for invoices, future payments to Ocwen will be offset by the established BOC amount. This procedure will be continued in future years. Additionally, VBA will conduct annual reviews of the PMOU invoice/BOC process going forward. Invoice payments must be made to Ocwen when invoices are received, as required by

the Prompt Payment Act. However, the new BOC-offset policy will ensure that the Government is able to effectively recoup payments made under invoices which were determined, by the PMOU's invoice audit procedures, not to have appropriate supporting documentation.

#### **4. Non-VA Care Fee**

The most common self-reported cause for erroneous Non-VA Care Fee Program payments resulted from insufficient or lack of documentation (94.5 percent). Medical progress notes or clinical discharge summaries, laboratory results, or necessary reports, were missing or did not support the diagnostic medical codes on the vendors' invoices. Medical codes have cost reimbursement rates associated with them, and they are the underlying basis for the charges that are shown on invoices. Scanning and filings backlogs also resulted in facilities being unable to determine the appropriateness or accuracy of payments because the required documentation was not readily available. Other errors resulted from payments made for goods or services not received (2 percent), payments made in an incorrect amount (3 percent), and payments made to an ineligible recipient (less than 1 percent).

VHA has undertaken corrective measures to address medical documentation issues surrounding the processing of Fee claims. For instance, during 2006, VHA's Chief Business Office (CBO) issued a VHA-wide applicable memorandum clarifying the extent of medical documentation needed by Fee offices for payment of non-VA claims. The memorandum addresses those instances where medical documentation is needed for appropriate Fee claim adjudication. This encompasses scenarios involving preauthorized outpatient care, authorized inpatient care, and unauthorized outpatient and inpatient care that is later approved for payment.



VA Fee offices have been made aware of the importance of document management and many Fee offices are investing in document imaging equipment to assist in records management to reduce improper payments and improve the payment process. Training is also being provided to scanner clerks to reduce input errors.

VA implemented the use of “Claims Scrubber” software products in 2007. These tools are designed to validate medical-care claims coding submitted on billings of procedures and services. The claims scrubber applies certain rules based on Medicare’s National Correct Coding Initiatives for Part B claims. The tool is used before actual claims payment is made and provides alerts when medical documentation reviews are warranted. Additionally, VA is proposing changes to many of its current Fee claims payment regulations that will align with Medicare pricing schedules. These proposed regulatory changes are in the concurrence process in VA. Should these regulatory proposals become successful, VA will have access to established claims pricing tables that will result in less dependency for manual payment calculations.

In 2009, Non-VA Care Fee program will staff a finance specialist position to prepare specific risk mitigation guidance and direction to reduce improper payments and increase collections actions for improper Fee payments.

##### **5. CHAMPVA**

Improper payment errors for the CHAMPVA program resulted from paying an incorrect amount (82 percent), duplicate payments (13 percent), or payments made to an ineligible recipient (5 percent). These errors and corresponding correcting actions are identified below.

Payments made in the incorrect amount

were the most common error category, with manual input errors as the most common root cause for this category. Approximately 40 percent of CHAMPVA claims submissions are received in paper form. Standard health care paper claims are sent through the Optical Character Recognition (OCR) process, which eliminates some keying errors. Non-standard health care paper claims cannot utilize the OCR process and must be entered manually. Both paper processes require some manual keying of billing data, vendor data, and, when provided, primary insurance payment data. Errors resulted from data input errors or omissions or failure to follow established desk procedures to review insurance explanation of benefits documents and input appropriate data in primary insurance payment fields.

The HAC has undertaken several corrective measures to address the manual input errors. These efforts include establishment of recurring training sessions for claims processing staff focusing on the specific manual data input errors and omissions identified in the review, as well as training on established desk procedures for review and input of primary insurance payment data. Ongoing internal controls include a minimum 2 percent divisional pre-payment review of claims processed and quarterly claims reviews performed by internal audit staff with findings reported directly to executive leadership. Efforts are also underway to implement Medicare Crossover, which will enable the HAC to receive electronic claim submissions through the Centers for Medicare and Medicaid contractor for reimbursement to the medical provider for CHAMPVA’s payment responsibility as a secondary payer. This will further significantly reduce the requirement for manual input of claim data and, as a result, further reduce the potential for error. Additionally, a recurring data matching agreement with the Centers



for Medicare and Medicaid has been established that will generate Medicare enrollment data discrepancy reports, prompting review and adjustment of insurance records and eligibility status as appropriate and reducing improper payments due to lack of notification by the beneficiary.

Two improper payments identified in the sampled review were caused by duplicate electronic payment batch transmissions released to the Austin Information Technology Center in error. Upon discovery of the error, actions to recoup overpayments were initiated. All improper payments discovered in the review have been recovered. Corrective actions at the HAC and the Austin Information Technology Center were undertaken immediately upon discovery of the errors to prevent future occurrences. The HAC implemented automated duplicate checks during the batch return, batch process, and batch transmission phases, performing comparisons with previously transmitted data and flagging possible duplicate payments for review. Batches cannot be released until the manual review has been completed and the batch is cleared for transmission. These efforts are ongoing, and will continue indefinitely.

The third cause of error identified in the risk assessment resulted from a payment made to an ineligible recipient. The improper payment identified in this error category was due to payment of a claim for health care to a CHAMPVA beneficiary who had lost eligibility for the program prior to the date of service due to legal divorce from the CHAMPVA sponsor (veteran). Action has been taken to recover the improper payment. The HAC has undertaken corrective measures to prevent future occurrences of improper payments in this category. A recurring data match with VBA has been established to generate a discrepant data

report, identifying beneficiaries that may no longer be eligible for CHAMPVA benefits. The beneficiary records are reviewed, and appropriate action is taken. Ongoing internal controls include audit staff conducting monthly audits of eligibility records, and the eligibility division has a quality control program in place.

#### Detail IV

##### Program Improper Payment Reporting:

**A. The table below is required for each reporting agency. Agencies must include the following information: (1) all risk susceptible programs must be listed in this chart whether or not an error measurement is being reported; (2) where no measurement is provided, agency should indicate the date by which a measurement is expected; (3) if FY 2008 is the baseline measurement, indicate by either note or by “n/a” in the “FY 07 percent” column; (4) if any of the dollar amount(s) included in the estimate correspond to newly established measurement components in addition to previously established measurement components, separate the two amounts to the extent possible; (5) include outlay estimates for FY 2009-2011; and (6) agencies are expected to report on FY 08 activity, and if not feasible, then FY 07 activity is acceptable. (Beginning 2008 reporting year, future year outlay estimates should match the outlay estimates for those years as reported in the most recent President’s Budget.)**

**B. Discuss your agency’s recovery of improper payments, if applicable. Include in your discussion the dollar amount of cumulative recoveries collected beginning with FY 2004.**



**Improper Payment (IP) Reduction for FY 2008 (Based on FY 2007 data)**  
(\$ in millions)

Program	Outlays \$		Estimated IP%	Actual IP %	Estimated IP \$	Actual IP \$
	Estimated	Actual <sup>(1)</sup>				
Compensation <sup>(2)</sup>	34,193	33,727	<i>0.69</i>	<i>0.75</i>	<i>235.9</i>	<i>254.5</i>
			0.32	0.25	109.4	85.7
Pensions	3,645	3,663	<i>10.10</i>	<i>9.92</i>	<i>368.1</i>	<i>363.5</i>
			0.26	0.32	9.5	11.6
Education	3,007	2,856	<i>1.50</i>	<i>0.98</i>	<i>45.1</i>	<i>28.0</i>
			1.45	1.25	43.6	35.7
Loan Guaranty <sup>(3)</sup>	881	903	0.61	0.43	5.4	3.9
Non-VA Care Fee	1,757	1,941	6.00	1.28	105.4	24.8
CHAMPVA	<sup>(4)</sup>	538.7	<sup>(4)</sup>	3.18	<sup>(4)</sup>	17.1

**Notes to Improper Payment Reduction for FY 2008 Table (Based on FY 2007 data):**

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

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

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

<sup>4</sup> Estimated amounts are unavailable because it is the first year of reporting.

**Improper Payment Reduction Outlook FY 2007 – FY 2011 (Based on FY 2006 – FY 2010 data)**  
(\$ in millions)

Program	FY 2007 (Based on FY 2006 data)			FY 2008 (Based on FY 2007 data)			FY 2009 (Based on FY 2008 data)			FY 2010 (Based on FY 2009 data)			FY 2011 (Based on FY 2010 data)		
	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$
Compensation <sup>(2)</sup>	30,915	0.67	208.1	33,727	0.75	254.5	37,303	0.80	276	39,766	0.73	290.3	42,649	0.71	277.2
		0.11	32.7		0.25	85.7		0.31	115.6		0.29	119.3		0.28	127.9
Pensions	3,525	8.51	300.0	3,663	9.92	363.5	3,869	8.00	309.5	4,006	7.88	315.7	4,149	7.75	323.6
		0.11	3.9		0.32	11.6		0.31	12.0		0.28	12.0		0.27	11.2
Education	2,754	1.9	52.3	2,856	0.98	28.0	3,242	1.10	35.7	4,643	1.85	85.9	8,634	5.00	431.7
		1.77	48.7		1.25	35.7		1.10	35.7		1.85	85.9		5.00	431.7



Program	FY 2007 (Based on FY 2006 data)			FY 2008 (Based on FY 2007 data)			FY 2009 (Based on FY 2008 data)			FY 2010 (Based on FY 2009 data)			FY 2011 (Based on FY 2010 data)		
	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$	OUTLAYS \$ <sup>(1)</sup>	IP %	IP \$
Loan Guaranty <sup>(3)</sup>	876	0.54	4.7	903	0.43	3.9	1,053	0.40	4.2	1,228	0.38	4.7	1,432	0.36	5.2
Non-VA Care Fee	1,578	5.87	92.6	1,941	1.28	24.8	2,038	1.25	25.5	2,140	1.10	23.5	2,247	1.00	22.5
CHAMPVA	322.9	3.84	12.4 <sup>(4)</sup>	538.7	3.18	17.1	631.4	4.0 <sup>(5)</sup>	25.3	735.5	4.0	29.4	752.7	3.5	26.3

**Notes to Improper Payment Reduction Outlook FY 2007 – FY 2011 (Based on FY 2006 – FY 2010 data) Table:**

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

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

<sup>3</sup> 2006 was the first year VA reported Property Management improper payment information. The program is able to track and report on payment-level data. However, projection outlays are estimated since no historical data are yet available with which to accurately form projection models. VA will adjust projection estimates accordingly as data for a projection model become available.

<sup>4</sup> On September 28, 2007, VA's Office of Inspector General (OIG) issued an audit report on CHAMPVA. As part of the audit, the OIG performed a stratified statistical sampling of CHAMPVA payments greater than \$100 and made between July 2005 and June 2006, using a confidence level of 95 percent, a desired precision rate of 10 percent, and an expected error rate of 15 percent. Based on the sampling, the report estimated the error rate to be 10 percent and the absolute value of over and underpayments to be \$12.4 million.

<sup>5</sup> In 2008, the HAC hired many new voucher examiners to process invoices for payment. Due to the inexperienced staff, input errors may temporarily increase. Once staff is trained and the Medicare Crossover implementation is completed in 2009, the error rate is projected to drop.



**VA Recovery Targets for all Susceptible Programs FY 2008 – FY 2012**  
**(Based on FY 2007 – FY 2011 data)**  
 (\$ in millions)

Program	FY 2008 (Based on FY 2007 data)				FY 2009 (Based on FY 2008 data)		FY 2010 (Based on FY 2009 data)		FY 2011 (Based on FY 2010 data)		FY 2012 (Based on FY 2011 data)	
	Est. \$	Act. \$	Est. % <sup>(5)</sup>	Act. % <sup>(5)</sup>	\$	% <sup>(5)</sup>	\$	% <sup>(5)</sup>	\$	% <sup>(5)</sup>	\$	% <sup>(5)</sup>
Compensation & Pension <sup>(1)</sup>	384	381	27	27	345	25	348	24	351	23	419	25
Education & VR&E <sup>(2)</sup>	183	184	59	60	165	56	144	51	137	47	130	45
Loan Guaranty	1.5	1.5	63	63	1.4	63	1.4	63	1.4	63	1.4	63
Non-VA Care Fee	11.9	15.6	45	63	16.6	65	15.7	67	15.3	68	16.5	70
CHAMPVA <sup>(3)</sup>	<sup>(4)</sup>	15.0	<sup>(4)</sup>	88	22.1	87	25.7	87	23.0	88	25.4	88

**Notes to VA Recovery Targets for all Susceptible Programs FY 2008 – FY 2012 (Based on FY 2007 – FY 2011 data) Table:**

- <sup>1</sup> Compensation and Pension are two programs with collections shown as one figure.
- <sup>2</sup> Collections reported for Education are collections for both Education and Vocational Rehabilitation & Employment (VR&E).  
VR&E is exempt from 3 years of reporting until 2010.
- <sup>3</sup> Total CHAMPVA collections made by the HAC. Includes collections for other than recovery of improper payments. Collections related to improper payments are not accounted for with a unique accounting code. Collections each year are applied to current fiscal year and five prior fiscal years.
- <sup>4</sup> This number is not available because it is the first year of reporting.
- <sup>5</sup> The recovery estimate amount is based on historical data. The recovery actual amount is from VA's Standard General Ledger. The recovery estimate and actual percentages represent the amount of collections and/or offsets over the amount of debt receivable established.

**Detail V**

**Recovery Auditing Reporting:**

**A. Discuss recovery auditing effort, if applicable, including any contract types excluded from review and the justification for doing so; actions taken to recoup improper payments, and the business process changes and internal controls instituted and/or**

**strengthened to prevent further occurrences.**

**1. Financial Services Center (FSC), Austin, TX**

VA continued to gain efficiencies and improve performance through the centralization of e-vendor payment activities at the FSC. By centralizing vendor payment activities, VA



strengthened its focus on identifying and preventing vendor payment errors. The FSC also enhanced audit recovery efforts of improper/duplicate vendor payments. The FSC reviews VA vendor payments daily to systematically identify, prevent, and recover improper payments made to commercial vendors. Current payment files are matched to identify and, where possible, prevent duplicates prior to payment. Also, payments from prior fiscal years are matched to identify potential duplicate payments for further analysis, assessment, and, as appropriate, collection. The FSC also reviews vendor payments to identify and collect improper payments resulting from payment processing such as erroneous interest penalties, service charges, and sales taxes. This initiative has recovered over \$55,000 for reuse by VA entities during 2008. Overall, during 2008, collections of improper payments and the recovery of unapplied vendor statement credits totaled nearly \$2.6 million. Improved payment oversight also enabled VA to identify and cancel nearly \$15.3 million in potential improper payments prior to disbursement. Since the inception of the FSC's audit recovery effort in 2001, VA has recovered over \$23.9 million in improper payments and prevented the improper payment of another \$48.2 million.

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

Public Law 108-199 extended the mandate for VA to conduct, by contract, a recovery audit program of past payments for hospital care through 2006. The review includes the Non-VA Care Fee Program, CHAMPVA, and the Spina Bifida Program. As of July 29, 2008, the contract to review past

payments by VA's Health Administration Center for hospital care resulted in the contractor's identification of 9,298 receivables totaling \$39,843,062, of which VA has recovered \$22,750,469.

## **3. Supply Fund**

The VA Office of Acquisition and Logistics works with the OIG Office of Contract Review (OCR) to recover funds owed VA due to (1) defective pricing -- whether the prices for the items awarded were based on accurate, complete, and current disclosures by the offeror during contract negotiations; and (2) price reduction violations -- whether the contractor complied with the terms and conditions of the price reduction clause. As part of the OIG post-award contract reviews, staff also looks for and collects overcharges that were the result of the contractor charging more than the contract price. Other reviews conducted by OCR include health care resource proposals, claims, and other special purpose reviews. In 2008, this audit recovery program recovered over \$8 million.





**B. Audit Recovery Summary Table by Programs.**

**Audit Recovery Table  
(\$ in millions)**

Agency Component	Amount Subject to Review for FY 2008 Reporting	Actual Amount Reviewed and Reported FY 2008	Amounts Identified for Recovery FY 2008	Amounts Recovered FY 2008	Amounts Identified for Recovery FY 2005-2006	Amounts Recovered FY 2005-2006	Cumulative Amounts Identified for Recovery FY 2005-2007	Cumulative Amounts Recovered FY 2005-2007
FSC	16,251.66	15,962.15	3.29	2.64	19.87	14.39	23.16	17.03
HAC	390.53	133.37	15.23	9.36	49.68	27.28	64.91	36.64
Supply Fund <sup>1</sup>	5,865.88	5,702.26	25.89	8.81	59.89	56.04	85.78	64.85

<sup>1</sup> “The Amount Subject to Review represents contract sales of only those contracts reviewed, which resulted in a recovery. This amount includes a review of a large pharmaceutical contract that had sales of \$4.5 billion over a 10-year period ending December 31, 2007.”

**Detail VI**

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

The Under Secretary for Benefit’s continued emphasis on accountability and integrity at every level underscores his commitment to achieving the goals set forth in the FY 2002 Improper Payment Reduction Act. One of the President’s Management Agenda’s objectives is to secure the best performance and highest measure of accountability within the agencies of the federal government. VBA continues to report progress through the President’s Management Scorecard and through the Monthly Performance Reviews with the

Deputy Secretary. In addition to the monthly reviews, annual information is shared in the Performance and Accountability Report. It is a VBA-wide effort and commitment to reduce the occurrence of improper payments.

**1. Two Benefit Programs: Compensation and Pension**

VBA is committed to ensuring agency managers are held accountable for reducing and recovering improper payments. This is accomplished in a number of ways for the C&P business line. First, regional directors, service center managers, and all management personnel share the same performance standards with respect to the management of delivery of compensation and pension. Non-supervisory field staffs have performance standards that measure them against quality and timeliness standards. Within C&P



Service, management and staff are responsible for measuring quality, development of counter measures and training, and development of legislative and technological changes where possible to avoid, reduce, and recover overpayments.

## **2. Education**

Performance accountability measures, including payment accuracy, are set by VBA top management for directors of the offices that process Education claims, and set by the directors for subordinates. Education Service has developed standardized nationwide performance standards including payment accuracy for personnel who process claims. Performance award funds are available for stations that exceed requirements and achieve stretch goals.

## **3. Loan Guaranty**

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

## **4. Non-VA Care Fee**

VHA has implemented key elements of the IPIA with the focus being placed on the reduction of improper payments. VA's Monthly Performance Review (a process whereby senior VA management brief VA's Deputy Secretary on top VA issues) reports on improper payment recovery data.

During 2007, VA's Management Quality Assurance Service (MQAS), VA's primary quality assurance organization for financial, capital asset management, acquisition, and logistics activities, conducted Non-VA Care Fee program pilot reviews at three Fee sites. As a result of these reviews, MQAS developed a Fee review guide, which was used in their 2008 facility site reviews. Facility managers are responsible for responding to review recommendations and implementing corrective action plans as needed.

Furthermore, MQAS conducted Fee Basis reviews at 13 VAMCs in 2008 to assess the effectiveness and efficiency of program processes. Several systemic and limited occurrence conditions were found. In 2009, MQAS plans to visit 12 additional medical facilities as part of its ongoing Fee Basis review program.

In 2008, VA's Internal Controls Service conducted A-123 and A-127 reviews of Fee program. This included reviews of the Veterans Health Information Systems and Technology Architecture (VistA) Fee medical care authorization and claims processing software and the general business processes in Fee medical claims payment processing. Findings are being addressed in the submission of VistA Fee software functionality change requests. Business process findings and actions will be communicated and corrected through various methods.

## **5. CHAMPVA**

The Director of HAC officially established the new Office of Business Oversight in May 2008. This new office reports to the Director, and centralizes efforts to continually evaluate, audit, test, and improve internal controls and systems processes. Its responsibilities are delineated as standards in the HAC Director's 2008 performance plan, and



will result in the following:

- Identification, documentation, and testing of key controls.
- Developing action plans to strengthen key controls.

In 2008, the HAC Director established the Office of Business Oversight (OBO) to identify, inventory, document, and test key controls of HAC business processes. A new internal controls plan sets direction and a systematic approach toward establishing an effective compliance program, ensuring accountability and promoting continuous improvement, while minimizing and mitigating agency risk. The plan calls for identification/documentation of current key controls (which has begun), testing those controls, and then developing corrective action plans to strengthen them. With respect to internal controls and audits, OBO (and the newly-formed Internal Controls & Oversight Committee) will also coordinate implementation and adherence to policies and procedures. An inventory of all existing internal controls, including recommendations of the 2006 IG report, Grant Thornton A-123 findings, and 2008 IPIA Audit results, have been used to develop risk assessment worksheets for each Division. Additionally, the HAC's Annual Statement of Assurance assesses the effectiveness of internal controls and financial reporting based on results of these audits; based upon their results, the HAC can provide reasonable assurance that internal controls were operating effectively with no material weaknesses. Corrective plans for deficiencies were recorded and added to ongoing claims processing and business operation's internal controls to be tested throughout 2009.

Using multiple venues, HAC staff has been made aware of the importance of ethics in business. Supervisors have viewed the Integrated Ethics video. All

HAC employees received ethics training at Director's Call, using content specifically tailored for a business, rather than the less relevant clinical environment

FY 2008 audit results were reviewed monthly by managers and employees. Several system and business process improvements were implemented resulting in more accurate payments. (Examples, not for the report – dupe logic, cat cap cross year fix, AI tests for SXC, etc.) In 2009, audit processes and results will continue to be emphasized through appropriate HAC internal communications venues and performance plans for managers.

## Detail VII

### Agency Information Systems and Other Infrastructure:

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

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

The agency has information systems and infrastructure to reduce improper payments. BDN information systems utilized outdated technology and did not have the capability to prevent or reduce the size of overpayments, or characterize the reason for overpayment. VETSNET eliminates batch cycle processing and converts to real-time processing enabling us to discontinue payments as late as the day before payment issue. The system will be integrated so that the disability rating decision will be entered once, eliminating or substantially reducing errors due to data entry. The retroactive payment is calculated as the award is being prepared. This eliminates problems with



manual calculations for out-of-system payments. When three signatures are required, the system has internal control to ensure that this requirement is met. The ability to store more data improves the ability to identify the cause of the overpayment. VA is consolidating pension processing to PMCs. Quality has increased from 95 to 96 percent through the consolidation and specialization process.

## 2. Education

Education Service is developing a rules-based automated claims processing system. The goal of this system, when fully implemented (currently estimated for 2012), is to automatically process up to 90 percent of all enrollments and changes in enrollment. While the principal effect of implementation is to reduce processing times, it is also expected to reduce erroneous payments.

However, TEES as presently constituted is not capable of handling the Post 9/11 Education Assistance Program. An entirely new information technology system will be required to process claims and issue payments under this program, beginning August 1, 2009. Education Service is soliciting contractor assistance in developing this system, using funds provided in the authorizing legislation. Although Education Service will ensure that the new system uses a rules-based approach to achieve maximum automation of processing, the short lead time before the system must begin making payments is likely to limit the extent of automated processing in the near future. In addition, the TPSS, an on-line delivery and record-keeping system for training, is being implemented in phases beginning in 2008, and is expected to help improve claims processing performance in the future.

## 3. Non-VA Care Fee

In 2008, VHA will continue testing a Fee software solutions product that was

implemented in 2007 at 10 Fee sites. The product is now in production at 32 locations. Other products are beginning to be evaluated, specific to medical care claims processing, that enhance internal Fee schedules and do not require manual payment calculations or data entry. Some products will address limitations within the Vista Fee software to support reduction in improper payments.

In 2009, VA intends to pilot a new claims processing solution with VA's Financial Services Center involving different software products that will have rules-based functionality to trigger alerts for secondary reviews when certain payment information is outside of usual ranges. The pilot is currently limited to emergency medical care claims for treatment of non-service connected conditions processed under Title 38 USC 1725 (Section 111 of Public Law 106-117). By 2010, VA will have sufficient outcomes to determine if the pilot will become a permanent solution for VHA's Non-VA Care Fee program.

## 4. CHAMPVA

The HAC continues to make improvements to the claims processing system to ensure proper payments are made. Annual maintenance and operations funding is used for such improvements. However, the current legacy system requires substantial ongoing maintenance and correction of defects. The time expended for maintenance and correction of defects limits the availability of resources to effectively improve and enhance the system to reduce manual input. The HAC is exploring possible procurement of a commercial claims processing system that would further automate and increase the accuracy of payments.

**B. If the agency does not have such systems and infrastructure, describe the resources the agency requested in its most**



**recent budget submission to Congress to obtain the necessary information systems and infrastructure.**

Funding for TEES in the FY 2009 VA Budget (\$5.3 million) has been reallocated for other initiatives. Full implementation of TEES will be coordinated with the retirement of VBA's legacy system, BDN.

Funding for systems development for the Post 9/11 Education Assistance Program was provided in the authorizing legislation, and is available beginning in 2008.

**Detail VIII**

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

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

There are statutory and regulatory barriers that limit our corrective actions in reducing improper payments. Many of these barriers are in the Pension program. Under current governing legislation, adjustments to payments are effective the first of the month following the month of the change in income or net worth. Additionally, benefits are paid on a prospective basis based on the beneficiary's estimate of anticipated income.

Thus, an award adjustment due to changes in income is always after the fact and creates an overpayment. While this process does create overpayments, we believe it should not be changed since the program meets the requirement to provide income support for current need.

Likewise, the need to provide due process to claimants where adjustment or termination

of their award is needed results in continued payment at improper rates for approximately 90 days following discovery. When the award is done, however, adjustment is from the first of the month following the month in which the change in circumstance occurred. Again, we believe that the principles of due process are so important that these continued payments are a cost of administering the program.

The number and percent of total compensation overpayments significantly increased in 2007 due to concurrent receipt adjustments. It is anticipated that this will remain at higher levels because the adjustments are extraordinarily complex and error-prone.

As a result of the passage of the Defense Authorization Act of 2003 and 2004, the Defense Finance and Accounting Service (DFAS) is currently paying retirees retroactive retired pay. Combat Related Special Compensation (CRSC) is a benefit available from the Department of Defense (DoD) for certain military retirees with qualifying combat or combat-like disabilities. CRSC became effective June 1, 2003, and eligibility was broadened on January 1, 2004. Concurrent Retirement and Disability Pay (CRDP) is another DoD program that permits partial to total restoration of retired pay previously waived to receive VA compensation. CRDP became effective January 1, 2004. Both programs have added to VBA's workload. DoD Services permit those who are dual entitled to CRSC and CRDP to elect which program they wish to receive annually. Currently there are over 50,000 dual entitled DoD retirees. The Coast Guard allows members to switch at any time. We are working with the payment centers to allow VA access for a limited number of employees to determine which program has been elected.



The retirees of the Army, Navy, Marine Corps, Air Force (with their respective Guard and Reserve components), and National Oceanic and Atmospheric Administration began receiving retroactive payments in September 2006. Public Health Service (PHS) will begin submitting files to VA during 3<sup>rd</sup> quarter 2008. The Coast Guard had projected to inform VA by the 3<sup>rd</sup> quarter of 2008 of the number of retirees and amounts potentially owed; however, due to Coast Guard undergoing a major restructuring of their pay system, the date has been delayed.

There continues to be new and recurring retirees who are entitled to either CRSC or CRDP. There are approximately 41,000 CRSC and CRDP retirees still pending DFAS processing, and an unknown amount of those cases will come to VA for a pay adjustment. DFAS estimates they receive 6,750 new and reopened accounts for CRSC and CRDP on a monthly basis. The number of payments due from VA is unknown.

Effective January 1, 2008, the National Defense Authorization Act (NDAA) expanded CRSC eligibility to include anyone who retired under the Temporary Early Retirement Act. This retirement authority was used from 1993 through 2001 to offer early retirement to service-members with at least 15-19 years of service.

In addition, effective October 8, 2008, veterans who are evaluated at total disability under individual unemployability are entitled to full concurrent receipt of VA compensation and military retired pay, retroactive to January 1, 2005.

The net effect of these extraordinarily complex and overlapping programs requires complex analysis and calculations. Additionally, because veterans may request increased benefits at any time, Veteran Service Representatives (VSRs) must

frequently calculate entitlement where previous CRSC or CRDP payments have already been made. To add to this complexity, military retirees can establish entitlement retroactive for up to 6 years. The retroactive payment combined with the phase-in of CRDP will result in complex benefit calculations until at least 2020, unless Congress simplifies the laws.

On January 22, 2007, the C&P Service Procedures Staff posted Fast Letter 07-01. This fast letter addressed the issue of claims processing for military retirees entitled to CRSC or CRDP. Based upon information provided by DFAS, VA began making retroactive payments in October 2006. Normally, payments were automated; however, there were instances that required manual payments by VSRs. In these cases, Audit Error Worksheets (AEWs) were generated and provided to the respective VSC. Fast Letter 07-01 provides detailed procedures for processing AEWs.

As of July 1, 2008, 14,740 AEWs have been referred to VSCs for manual payments of retroactive CRSC and CRDP benefits. A random sample of 512 AEWs was selected for review of compliance with Fast Letter 07-01.

The review revealed that:

- 345 cases show no action taken.
- 93 cases show payments were made.
- 74 cases could not be determined.

This equates to:

- 67 percent of the cases are not in compliance.
- 19 percent of the cases are in compliance.
- 14 percent of the cases cannot be determined.



As of July 1, 2008, a total number of 14,740 AEWs have been sent to the VSCs. Given the percentages provided above, we can extrapolate that:

- 9,876 AEWs have not been processed.
- 2,800 AEWs have been processed.
- 2,064 AEWs are status unknown.

The conversion from the BDN to the VETSNET has caused a generation of approximately 10,000 AEWs listed as “Not Found.” These records are currently posted in Virtual VA waiting to be processed. The Procedures Staff has control of those 10,000 AEWs.

The total number of AEWs still needing processing by extrapolation is approximately 19,876 cases.

As previously mentioned, the Procedures Staff provided guidance in processing AEWs in Fast Letter 07-01. Subsequent guidance has been a continual process since January 22, 2007. This guidance has been readily available on the Procedures Staff Web page, including a CRDP calculator, an unaired Veterans Benefits Network broadcast transcript describing the programs, frequently asked questions and answers, and various scenarios for processing awards.

The need for VSCs to process all CRSC and CRDP cases in accordance with Fast Letter 07-01 was reiterated in a recent Veterans Service Center Managers conference call.

In August 2008, the Procedures Staff trained two VSRs from each VSC who were identified as VETSNET and CRSC/CRDP Super Users in the process of inputting AEWs into VETSNET.

We have requested programming changes in VETSNET to automatically calculate CRDP/CRSC payments. More extensive

programming to tag CRSC qualifying conditions has also been requested to assist in automatic calculations of that program. Currently, changes are not expected for at least a year.

The change in law allows retirees up to six years to file for a retroactive payment. As a result of the law change, VA does not expect improvement until 2011 when CRSC/CRDP is fully mature.

## **2. Two Health Care Programs: Non-VA Care Fee and CHAMPVA**

There are no statutory or regulatory impediments that would limit VHA’s corrective actions in reducing improper payments.

### **Detail IX**

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

No additional comments.



## Definitions—Key and Supporting Measures and Other Terms

### Definitions of Key Measures

**Please note:** Key Measures are also defined in the Key Measures Data Table (see page 228).

#### **Annual percent increase of non-institutional, long-term care average daily census using 2006 as the baseline.**

The percentage increase is based on the Average Daily Census (ADC) of veterans enrolled in Home and Community-Based Care programs (e.g., Community Residential Care, Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services). The percentage increase is also based on the number of veterans being cared for under the Care Coordination/Home Telehealth settings. (Medical Care)

#### **Average days to complete original and supplemental education claims**

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

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

This measure represents the average length of time (in days) it takes to process a Dependency and Indemnity Compensation (DIC) claim from the date the claim is received by VA to the date the claim is completed. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of claims completed. DIC actions are all Original Service Connected Death Claims (End Product 140) processed. (Compensation)

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

Traumatic Injury Protection Program (TSGLI) is a disability rider to the SGLI program that provides automatic traumatic injury coverage to all service members covered under the SGLI program who suffer losses due to traumatic injuries. TSGLI payments range from \$25,000 to a maximum of \$100,000 depending on the type and severity of

injury. Processing time, calculated as days, begins when the veteran's claim is complete and ends when the Internal Controls staff approves the disbursement. (Insurance)

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

The Clinical Practice Guidelines Index is a composite measure comprised of the evidence and outcomes-based measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of ischemic heart disease, hypertension, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators. As clinical indicators become high performers, they are replaced with more challenging indicators. The Index is now in Phase II. (Medical Care)

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

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

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

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

#### **National accuracy rate (Pension authorization work)**

This measure assesses claims processing accuracy for pension claims that normally do not require rating decisions (i.e., determinations and verifications of income as well as dependency and relationship matters). Review criteria include: correct decision, correct effective date, and correct payment date when applicable and Veterans Claims Assistance Act





(VCAA)-compliant development. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed. (Pension)

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

This measure represents the average length of time (in days) it takes to process a pension claim that does not require a rating decision from the date the claim is received by VA to the date the claim is completed. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of claims completed. Includes the end products (EPs): Disability and Death Dependency Claims (EP 130); Income, Estate and Election Issues (EP 150); Income Verification Match Cases (EP 154); Eligibility Verification Report Referrals (EP 155); and Original Death Pension Claims (EP 190). (Pension)

**Percent of graves in national cemeteries marked within 60 days of interment**

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

**Percent of new patient appointments completed within 30 days of desired date**

This measure tracks the number of days between the appointment request date and the day the appointment was completed for new patients in primary care and specialty clinics. The percent is calculated by dividing all new patient appointments scheduled within 30 days of the desired date (the numerator) into all new appointments posted in the scheduling system (the denominator). Wait times associated with clinic appointment cancellations are included in this calculation (appointments cancelled by patients are not included). (Medical Care)

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

Data are gathered for these measures via a VA survey that is applied to a representative sample of inpatients and a sample of outpatients. The denominator is the total number of patients sampled who answered the question, "Overall, how would you rate your quality of care?" The numerator is the number of patients

who respond 'very good' or 'excellent.' (Medical Care)

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

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

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

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

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

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

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

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



**Percent of unique patients waiting more than 30 days beyond the desired appointment date**

This measure tracks the number of new and established patients who are waiting to be seen. A patient is classified as “waiting” once the date that they want to be seen has passed. The percent is calculated by dividing all patient appointments scheduled beyond 30 days of the desired date (the numerator) by all appointments posted in the scheduling system (the denominator). When individual patients are waiting for more than one appointment, the calculation counts only the appointment with the longest wait time. (Medical Care)

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

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

**Prevention Index III**

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

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

Background: Clinical trials include in their construct, clear interim milestone achievements leading to the final phase or conclusion of the trial process. These

milestones mark a level of achievement and provide the researchers an opportunity to assess the progress to that point in achieving the end goal and completion of the trial.

PTSD is an anxiety disorder that can develop after a person has been exposed to a terrifying event or ordeal in which physical harm occurred or was threatened, as in the example of combat. PTSD related to combat exposure is a major concern in the health of the veteran population. The long-term goal of this research is to develop at least one new effective treatment for PTSD and publish the results by 2011. (Medical Research)

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

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

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

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



### Vocational Rehabilitation and Employment (VR&E) Rehabilitation Rate

The rehabilitation rate calculation is as follows:

(a) the number of disabled veterans who successfully complete VA's vocational rehabilitation program and acquire and maintain suitable employment and veterans with disabilities for which employment is infeasible but who obtain independence in their daily living with assistance from the program divided by  
(b) the total number leaving the program—both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals who benefited from but left the program and have been classified under one of three "maximum rehabilitation gain" categories: (1) the veteran accepted an employment position incompatible with disability limitations, (2) the veteran is employable but has informed VA that he/she is not interested in seeking employment, or (3) the veteran is not employed and not employable for medical or psychological reasons.

The results calculation for 2008 is shown below:

#### Base Data

Total number of rehabilitations: 11,066  
Discontinued: 5,103  
Maximum Rehabilitation Gains 1,550  
Discontinued (Excluding MRGs) 3,553

#### Results Calculation

$11,066 / (11,066 + 5,103 - 1,550) = 75.6\%$  rehab. rate.

Rehabilitation totals are provided below for the past 6 years:

Year	Employment	Independent Living	Total
2003	7,525	2,024	9,549
2004	8,392	2,737	11,129
2005	9,279	2,734	12,013
2006	9,225	2,892	12,117
2007	8,252	2,756	11,008
2008	8,274	2,792	11,066



## Definitions of Supporting Measures

### **Accuracy of decisions (Services)**

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

### **Accuracy of Vocational Rehabilitation program completion decisions**

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

### **Appeals decided per Veterans Law Judge**

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

### **Appeals resolution time (in days)**

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

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

This number represents the percentage of total dollars spent with service-disabled veteran-owned small businesses based on total dollars reported. Data are obtained from the Federal Procurement Data System-Next Generation (FPDS-NG), provided by the Federal Procurement Data Center at <https://www.fpds.gov>. Final data are based on the Small Business Administration (SBA) Goaling Report. "Service-disabled veteran-owned small business concern means a small business concern"— (1) Means a small business concern (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and (ii) The management and daily business operations of which are controlled by one or more

service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran. (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16). In addition, service-disabled veteran-owned small businesses participating in set-asides or subcontracts authorized by Veterans Affairs Acquisition Regulation (VAAR) 819.7001 must be listed as verified on the VetBiz.gov Vendor Information Pages (VIP) Database. (Departmental Management)

### **Average cost of placing participant in employment**

This performance measure is a Common Measure under the President's Management Agenda. The annual cost per participant represents the average cost of providing service to all who utilize federal resources allocated to the VR&E program per fiscal year. VA is working with the Departments of Labor, Education, and Health and Human Services to receive the first release of data in January 2008. (VR&E)

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

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

### **Average number of orders (prosthetics devices and batteries) processed annually per DALC employee (DALC = Denver Acquisition and Logistics Center)**

This performance measure addresses the efficiency and effectiveness of DALC procedures as they pertain to the processing of orders. It represents the number of orders processed per year divided by the number of actual employees. The data source for tracking the measure is DALC's automated Remote Order Entry System (ROES), which is programmed in M programming language. The data are transferred from ROES to a management information system that keeps a complete record of all transactions and provides an audit trail. (Departmental Management)



**BVA cycle time**

BVA cycle time measures the time a case spends at the Board, other than the time the case file is in the possession of a veterans service organization. (BVA)

**Conversion rate of disabled SGLI members to VGLI**

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

**Cost – Obligations per unique patient user**

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

**Cost per case**

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

**Cumulative percent of FTEs (compared to total planned) included in Management Analysis/Business Process Reengineering (MA/BPR) studies initiated**

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

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

A 20 percent energy consumption reduction in facilities is called for in the Energy Policy Act of 2005 by 2015 at a 2 percent per year consumption reduction rate starting in 2006. Traditional energy consumption includes electricity, fuel oil, natural gas, purchased steam, LPG/propane, coal, chilled water, and water. (Departmental Management)

**Customer satisfaction – high rating**

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

**Customer satisfaction (Survey)**

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

**Customer satisfaction survey scores**

Customer satisfaction scores (measured on a scale of one through five, with five being the highest possible score) are based on surveys returned to OIG by the principals impacted by investigations, audits, and healthcare inspections. In instances where customer surveys are returned with lower than anticipated ratings, management may follow up with survey participants to identify any issues that caused low ratings and possible solutions. (OIG)

**Deficiency-free decision rate**

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

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

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

**E-FATS Ratio**

This efficiency measure represents the ratio of dollars saved as a result of VA Loan Administration FTE successfully intervening on defaulted VA-guaranteed loans compared to the amount of dollars spent by VA on Loan Administration FTE who performed the intervention work. (Loan Guaranty)

**Gross Days Revenue Outstanding (GDRO) for third party collections**

GDRO compares cash flow and level of receivables. For VHA, it represents the number of days to collect



from Third Party payors measured from the Bill Authorization Date to Payment Date. GDRO is widely used in the healthcare industry as it specifically defines the age of outstanding receivables and the number of accounts receivable liquidation days. (Medical Care)

**Lender Satisfaction (Percent of lenders who indicate that they are satisfied with the VA Loan Guaranty Program)**

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

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

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

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

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

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

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

**National accuracy rate (Fiduciary work)**

This measure represents the national percentage of field examinations and account audits completed and determined to be technically accurate. The accuracy rate for the Nation is a compilation of the C&P Service’s review of a sampling of field examinations and account audits completed by the 57 regional

offices. Accuracy rate is determined by dividing the total number of cases with no errors by the number of cases reviewed. (Compensation and Pension)

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

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

**National Accuracy Rate for burial claims processed**

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

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

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

**Number of audit, inspection, and evaluation reports issued that identify opportunities for improvement and provide recommendations for corrective action**

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

**Number of audit qualifications identified in the auditor’s opinion on VA’s Consolidated Financial Statements**

Audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of OMB Bulletin No. 07-04, “*Audit Requirements for Federal Financial Statements.*” This measure reports how many audit qualifications



are identified each year in VA's consolidated financial statements. (Departmental Management)

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

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

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

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

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

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

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

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

**Number of new enrollees waiting to be scheduled for their first appointment (electronic waiting list)**

This measure represents the number of veterans that have recently enrolled with the VA healthcare system who have not been scheduled for their first appointment but who have requested an appointment and have been placed on an electronic waiting list

until they are scheduled for their first appointment. (Medical Care)

**Number of pilot, demonstration, and existing programs implemented by VA in which faith-based and community organizations participate**

This measure represents the number of VA pilot, demonstration, and existing programs for which faith-based and community organizations can participate and serve homeless, disabled, hospitalized, and returning veterans from Afghanistan and Iraq. (Departmental Management)

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

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

**Overall satisfaction rate (Compensation)**

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

**Overall satisfaction rate (Pension)**

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

**Payment accuracy rate**

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

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

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



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

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

**Percentage of prosecutions successfully completed**

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

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

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

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

VA's Office of Congressional and Legislative Affairs monitors on a monthly basis the timeliness of VA's responses to pre-and post-hearing questions received from Congress. (Departmental Management)

**Percentage of testimony submitted to Congress within the required timeframe**

VA's Office of Congressional and Legislative Affairs monitors on a monthly basis the timeliness of VA's submission of testimony to Congress. (Departmental Management)

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

VA's Office of Congressional and Legislative Affairs monitors on a monthly basis the timeliness of VA's submission of title 38 reports to Congress. (Departmental Management)

**Percentage of VA employees who are veterans**

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

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

This performance measure is a Common Measure under the President's Management Agenda. It measures the percentage change in earnings pre-registration to post-program. VA is working with the Department of Labor to receive the first release of data in December 2008. (VR&E)

**Percent Condition Index (owned buildings)**

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

**Percent of Admission notes by surgical residents that have a note from attending physician within one day of hospital admission to a surgery bed service**

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

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

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

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

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

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

This measure is being removed as it does not reflect the intent of the governing statute of the Compensation program. (Compensation)





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

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

**Percent of confirmed Successors to the Secretary who attend orientation and/or the annual update**

The actual number of successors who attended the training or annual update divided by the total number eligible to succeed the Secretary. (Departmental Management)

**Percent of contract awards (design development, construction documents, construction) that meet operating plan target dates within a 90-day variance**

This measure reflects the ability to design and construct facilities in accordance with schedules. The number of awards meeting the criteria is divided by the number of total planned awards for a set period. (Departmental Management)

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

This measure is being removed as it does not reflect the intent of the governing statute of the Compensation program. (Compensation)

**Percent of direct lease acquisitions that meet target dates**

This measure reflects the ability to execute leases to deliver health care within established timeframes. The number of leases meeting the criteria is divided by the number of total planned leases for a set period. (Departmental Management)

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

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

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

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

**Percent of headstone and marker applications from private cemeteries and funeral homes received electronically (Internet)**

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

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

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

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

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

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

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

**Percent of Montgomery GI Bill participants who successfully completed an education or training program**

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

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

This performance measure is a Common Measure under the President's Management Agenda. It measures the percentage of disabled veterans employed in the first quarter after VR&E program



exit. VA is working with the Department of Labor to receive the first release of data in December 2008. (VR&E)

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

This performance measure is a Common Measure under the President's Management Agenda. It measures the percentage of disabled veterans employed in the first quarter after VR&E program exit who were still employed in the second and third quarter after program exit. VA is working with the Department of Labor to receive the first release of data in December 2008. (VR&E)

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

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

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

This measure represents the national percentage of respondents to the C&P customer satisfaction survey who signified that the claims process was carried out in a courteous, compassionate, and respectful manner. (Includes both persons applying for and receiving pension.) (Pension)

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

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

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

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

**Percent of property acquisitions that meet target dates**

This measure reflects the ability to execute land acquisitions for projects and leases within established timeframes. The number of land acquisitions meeting the criteria is divided by the number of total planned land acquisitions for a set period. (Departmental Management)

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

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

**Percent of servicemembers covered by SGLI**

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

**Percent of severely-injured or ill OEF/OIF servicemembers/veterans who are contacted by their assigned VA case manager within 7 calendar days of notification of transfer to the VA system as an inpatient or outpatient**

This measure represents the percentage of OEF/OIF servicemembers that have been contacted by a VA case manager within 7 days of being notified of their transfer into the VA health care system. This measure provides a way for veterans and their families to navigate VA's system of health care and financial benefits and ensures a smooth transition for wounded servicemembers into VA health facilities in a timely and efficient manner. The percentage is calculated monthly and reported regionally on a quarterly basis. This provides a monitoring system to identify process and system issues that can then be resolved in a timely manner. (Medical Care)

**Percent of space criteria departmental updates that are not older than 3 years**

This measure reflects the ability to adapt to changing health care needs. As new treatments and programs are developed, it is important that space planning documents reflect them. The percent is determined by dividing the number of standards that are less than three years old by the total number of standards. (Departmental Management)



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

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

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

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

**Percent of total facility electricity consumption that is renewable**

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

**Percent of unclassified electronic DoD health records available electronically to VA clinicians for separated servicemembers**

VA supports one-way exchange of non-classified electronic health data. As servicemembers separate, their composite health care system (CHCS) records are extracted by DoD and sent to a shared repository where they are viewable by VA clinicians and VA benefits adjudicators. The number of records in the repository will continue to grow as servicemembers separate. (Medical Care)

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

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

**Percent of total procurement dollars awarded to veteran-owned small businesses**

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

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

This measure is being removed as it does not reflect the intent of the governing statute of the Compensation program. (Compensation)

**Percent of veterans returning from a combat zone who respond "yes completely" to survey questions on the following: if they believe that their VA provider listened to them and if they had trust and confidence in their VA provider**

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

**Productivity Index**

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



**Progress toward development of robot-assisted treatment/interventions for patients who have suffered neurological injury due to conditions such as spinal cord injury, stroke, multiple sclerosis, and traumatic brain injury**

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

The use of computer-assisted mechanical devices to assist patients in learning how to use their limbs shows a great deal of promise for veterans who are permanently or temporarily disabled due to disorders and diseases such as spinal cord injury, stroke, multiple sclerosis, and traumatic brain injury.

In rehabilitation therapy, robotic-assisted devices offer significant advantages, a few of which are the following: sensitive, continuous measures of motor recovery; delivery of well-controlled, repetitive sensorimotor stimulation at high intensity and reasonable cost; and treatment protocol standardization. (Medical Research)

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

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

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

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

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

**Rate of home ownership for veterans compared to that of the general population**

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

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

This measure represents the average length of time (in days) that pension claims requiring a rating decision are pending. The measure is calculated by counting the number of days for all currently pending pension claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Includes the end products (EPs): Original Disability Pension Claims (EP180) and Reopened Pension Claims (EP120). (Pension)

**Ratio of non-mission dependent assets to total assets**

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

**Ratio of operating costs per gross square foot**

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

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

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

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

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



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

The calculation of this measure occurs in two steps: (1) dividing \$400,000 (SGLI maximum coverage) by the average salary of the average enlisted service member, which yields the multiple of salary that SGLI covers and (2) then dividing that number by six, which is the multiple of salary that the private sector covers. (Insurance)

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

The calculation of this measure occurs in two steps: (1) dividing \$400,000 (SGLI maximum coverage) by the average salary of the average officer, which yields the multiple of salary that SGLI covers and (2) then dividing that number by six, which is the multiple of salary that the private sector covers. (Insurance)

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

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

**Serious Employment Handicap Rehabilitation Rate**

The serious employment handicap rehabilitation rate calculation is as follows: (a) the number of disabled veterans with a serious employment handicap who successfully complete VA's vocational rehabilitation program and acquire and maintain suitable employment and veterans with disabilities for which employment is infeasible but who obtain independence in their daily living with assistance from the program divided by (b) the total number of disabled veterans with a serious employment handicap leaving the program—both those rehabilitated plus discontinued cases with a plan developed in one of three case statuses (Independent Living, Rehabilitation to Employability, or Employment Services) minus those individuals with a serious employment handicap who benefited from but left the program and have been classified under one of three "maximum rehabilitation gain"

categories: (1) the veteran accepted a position incompatible with disability limitations, (2) the veteran is employable but has informed VA that he/she is not interested in seeking employment, or (3) the veteran is not employed and not employable for medical or psychological reasons. (VR&E)

**Specially Adapted Housing Independence (Percent of Specially Adapted Housing (SAH) grant recipients who indicate that grant-funded housing adaptations increased their independence)**

This measure represents the national percentage of SAH grant recipients who indicated via survey that adaptations made to their homes increased their independence of living. (Loan Guaranty)

**Speed of entitlement decisions in average days**

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

**Statistical quality index**

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

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

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

**The Alternative Dispute Resolution (ADR) participation rate in the Equal Employment Opportunity (EEO) complaint process**

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



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

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

**Veterans satisfaction level**

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



## Definitions of Financial and Other Terms

### Accounts payable

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

### Accounts receivable

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

### Allowance

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

### Apportionment

This term is defined as a distribution made by the Office of Management and Budget of amounts available for obligation in an appropriation or fund account. Apportionments divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred. (Financial)

### Appropriation

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

### Appropriation Authority

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

### Average daily census

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

### Balance sheet

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

### Baseline (Performance)

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

### Budget Authority

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



### **Budgetary resources**

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

### **CARES – Capital Asset Realignment for Enhanced Services**

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

### **Chief Financial Officers Act of 1990**

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

### **Exchange Revenue**

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

### **Federal Credit Reform Act of 1990**

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

### **Federal Financial Management Improvement Act (FFMIA)**

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

### **Federal Information Security Management Act of 2002 (FISMA)**

The purposes of this act are to:

- Provide a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support federal operations and assets.
- Recognize the highly networked nature of the current federal computing environment and

provide effective governmentwide management and oversight of the related information security risks, including coordination of information security efforts throughout the civilian, national security, and law enforcement communities.

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

### **Federal Information Systems Control Audit Manual (FISCAM)**

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

### **Federal Managers' Financial Integrity Act (FMFIA) of 1982**

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

### **Franchise Fund**

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





### **Fund Balance with the Treasury**

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

### **Government Management Reform Act of 1994**

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

### **Heritage Assets**

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

### **Intragovernmental assets**

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

### **Intragovernmental liabilities**

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

### **Inventory**

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

### **Management (or internal) controls**

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

### **Material weakness**

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

### **Memorial Service Network**

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

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

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

### **Net cost of operations**

Net cost of operations is the gross cost incurred by VA less any exchange revenue earned from its activities. The gross cost of a program consists of the full cost of the outputs produced by that program plus any non-production costs that can be assigned to the program. (Financial)

### **Net position**

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



### **Net program cost**

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

### **Notes to the Consolidated Financial Statements**

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

### **Obligations**

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

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

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

### **OMB Circular No. A-127**

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

### **OMB Circular No. A-130, Appendix III**

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

### **Outlay**

Outlay is the amount of checks, disbursement of cash, or electronic transfer of funds made to liquidate a Federal obligation. Outlays also occur when interest on the Treasury debt held by the public

accrues and when the Government issues bonds, notes, debentures, monetary credits, or other cash-equivalent instruments in order to liquidate obligations. (Financial)

### **Program evaluation**

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

### **Prompt Payment Act**

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

### **Property, Plant, and Equipment**

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

### **PTSD – Post-Traumatic Stress Disorder**

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

### **Research and Development**

Research and development investments are expenses included in the calculation of net costs to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new and improved



products and processes, with the expectation of maintaining or increasing national economic productivity capacity or yielding other future benefits. (Financial)

#### **Significant Deficiency**

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

#### **State Veterans Cemetery**

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

#### **Statement of Budgetary Resources**

This term is defined as a financial statement that provides assurance that the amounts obligated or spent did not exceed the available budget authority, obligations and outlays were for the purposes intended in the appropriations and authorizing legislation, other legal requirements pertaining to the account have been met, and the amounts are properly classified and accurately reported. (Financial)

#### **Statement of Changes in Net Position**

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

#### **Statement of Net Costs**

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

#### **Statement of Written Assurance**

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

#### **Status of Budgetary Resources**

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

#### **Stewardship Land**

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

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

This term is defined as assets whose physical properties resemble those of general PP&E that are traditionally capitalized in financial statements. However, due to the nature of these assets, (1) valuation would be difficult and (2) matching costs with specific periods would not be meaningful. Stewardship PP&E consists of heritage assets, national defense PP&E, and Stewardship Land. (Financial)

#### **Telehealth**

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

#### **Telemedicine**

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



**Unobligated Balances**

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

**VA Domiciliary**

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

**VA Hospital**

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

**VA National Cemetery**

A VA national cemetery provides gravesites for the interment of deceased veterans and their eligible family members. VA's 125 national cemeteries are national shrines that are important sites for patriotic and commemorative events. (Burial)

**VA Regional Office**

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

**Veterans Integrated Service Network (VISN)**

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



## Abbreviations and Acronyms

<b>ACSI</b> American Customer Satisfaction Index	<b>CIO</b> Chief Information Officer
<b>AFGE</b> American Federation of Government Employees	<b>COOP</b> Continuity of Operations Plan
<b>ALS</b> Amyotrophic Lateral Sclerosis	<b>COTS</b> Commercial Off-the-Shelf
<b>AMC</b> Appeals Management Center	<b>CPEP</b> Compensation and Pension Examination Program
<b>BDD</b> Benefits Delivery at Discharge	<b>CSRS</b> Civil Service Retirement System
<b>BDN</b> Benefits Delivery Network	<b>DMDC</b> Defense Manpower Data Center
<b>BHIE</b> Bi-Directional Health Information Exchange	<b>DIC</b> Dependency and Indemnity Compensation
<b>BPA</b> Blanket Purchase Agreement	<b>DOOR</b> Distribution of Operational Resources
<b>BVA</b> Board of Veterans' Appeals	<b>EA</b> Enterprise Architecture
<b>C&amp;A</b> Certification and Accreditation	<b>E-GOV</b> Electronic Government
<b>C&amp;P</b> Compensation and Pension	<b>EVM</b> Earned Value Management
<b>CAMS</b> Capital Asset Management System	<b>EVR</b> Eligibility Verification Reports
<b>CAP</b> Combined Assessment Program	<b>EWL</b> Electronic Wait List
<b>CARES</b> Capital Asset Realignment for Enhanced Services	<b>F&amp;FE</b> Fiduciary and Field Examination
<b>CBOC</b> Community-based Outpatient Clinic	<b>FASAB</b> Federal Accounting Standards Advisory Board
<b>CFS</b> Consolidated Financial Statements	<b>FASB</b> Financial Accounting Standards Board
<b>CHAMPVA</b> Civilian Health and Medical Program of the Department of Veterans Affairs	<b>FATS</b> Foreclosure avoidance through servicing
	<b>FECA</b> Federal Employees' Compensation Act



**FERS**

Federal Employees Retirement System

**FFMIA**

Federal Financial Management Improvement Act

**FHIE**

Federal Health Information Exchange

**FISMA**

Federal Information Security Management Act

**FLITE**

Financial and Logistics Integrated Technology Enterprise

**FMS**

Financial Management System

**FRPC**

Federal Real Property Council

**FSC**

Financial Services Center

**FTE**

Full-time Equivalent

**GAO**

Government Accountability Office

**GPRA**

Government Performance and Results Act

**GWOT**

Global War on Terror

**HAC**

Health Administration Center

**HIPAA**

Health Information Portability and Accountability Act

**HRPP**

Human Research Protection Program

**HIS**

Indian Health Service

**IPIA**

Improper Payments Information Act of 2002

**IVM**

Income Verification Match

**JFMIP**

Joint Financial Management Improvement Program

**LGY**

Loan Guaranty

**LTC**

Long-Term Care

**MCCF**

Medical Care Collections Fund

**MSN**

Memorial Service Network

**MTF**

Military Treatment Facility

**NAGE**

National Association of Government Employees

**NCA**

National Cemetery Administration

**NDMS**

National Disaster Medical System

**NRP**

National Response Plan

**OA&MM**

Office of Acquisition and Materiel Management

**OAI**

Organizational Assessment and Improvement

**OGC**

Office of General Counsel

**OIF/OEF**

Operation Iraqi Freedom/Operation Enduring Freedom

**OLCS**

On Line Certification System

**OWCP**

Office of Workers' Compensation Program

**P&F**

Program and Financing

**PAID**

Personnel and Accounting Integrated Data



**PAR**  
Performance and Accountability Report

**PART**  
Program Assessment Rating Tool

**PMA**  
President's Management Agenda

**PMC**  
Pension Maintenance Center

**PP&E**  
Property, Plant & Equipment

**PPA**  
Prompt Payment Act

**PTSD**  
Post-Traumatic Stress Disorder

**RPO**  
Regional Processing Office

**RVSR**  
Rating Veterans Service Representative

**SAH**  
Specially Adapted Housing

**SCI**  
Spinal Cord Injury

**SFFAS**  
Statement of Federal Financial Accounting  
Standards

**SGLI**  
Servicemembers' Group Life Insurance

**SMC**  
Strategic Management Council

**SSA**  
Social Security Administration

**STAR**  
Systematic Technical Accuracy Review

**TBI**  
Traumatic Brain Injury

**TOP**  
Treasury Offset Program

**TSGLI**  
Traumatic Injury Protection

**VAMC**  
VA Medical Center

**VARO**  
VA Regional Office

**VBA**  
Veterans Benefits Administration

**VETSNET**  
Veterans Services Network

**VHA**  
Veterans Health Administration



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