

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Review of Pension
Management Centers*

March 30, 2011
10-00639-135

ACRONYMS AND ABBREVIATIONS

C&P	Compensation and Pension
DIC	Dependency and Indemnity Compensation
EVR	Eligibility Verification Report
IVM	Income Verification Match
OIG	Office of Inspector General
PAR	Performance and Accountability Report
PDIC	Parents' Dependency and Indemnity Compensation
PMC	Pension Management Center
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration

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Report Highlights: Review of Veterans Benefits Administration's Pension Management Centers

Why We Did This Review

We conducted this review to determine if the Veterans Benefits Administration's (VBA) Pension Management Centers (PMCs) ensure that pensioners receive timely benefit payments. We also assessed the implementation of recommendations from OIG's FY 2007 audit of VBA's Pension Maintenance Program. PMCs assumed processing responsibilities for live and death pension applications and Dependency and Indemnity Compensation in FY 2008 and 2009, respectively. This change increased the claims processing workload significantly at the PMCs.

What We Found

VBA did not process original death pension claim benefits timely because PMCs were not adequately prepared to process additional claims added to their workload from VA Regional Offices in FYs 2008 and 2009. In addition, VBA did not process Internal Revenue Service and Social Security Administration Income Verification Matches (IVM) timely, which resulted in overpayments. Lastly, VBA's PMC performance measures in the Performance and Accountability Report do not adequately measure all the work processed. VBA has taken sufficient measures to address prior OIG recommendations.

We identified an opportunity for VBA to ensure IVM actions are processed timely that can potentially save \$205 million in overpayments.

What We Recommended

We recommended establishment of an operational plan to ensure PMCs efficiently and effectively manage the workload. VBA also needs to establish timeliness performance standards for completing Income Verification Matches to reduce overpayments, and to modify the Performance and Accountability Report performance measures to reflect the current workload and ensure transparency over actual performance.

Agency Comments

The Acting Under Secretary for Benefits agreed with our report findings and recommendations. The Acting Under Secretary's planned actions were acceptable; we will follow up on their implementation.

(original signed by:)

BELINDA J. FINN

**Assistant Inspector General
for Audits and Evaluations**

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INTRODUCTION

Objective

We conducted this review to determine if the Veterans Benefits Administration's (VBA) Pension Management Centers (PMCs) ensure that pensioners receive timely benefit payments. We also assessed the implementation of prior recommendations from the OIG FY 2007 audit of VBA's Pension Management Program. The initial project objective was planned to determine if VBA controls ensure the timeliness and accuracy of payments. The initial project objective was changed to focus on timeliness and report on accuracy only as it relates to timeliness. VBA consolidated processing for Dependency and Indemnity Compensation (DIC) claims during the period from November 2008 through August 2009. This consolidation represented a significant business change in the PMCs workload and necessitated the change in our objective.

Roles and Responsibilities

VBA is responsible for the Compensation and Pension (C&P) program. PMCs manage two pension benefits programs and two compensation programs. These programs serve financially eligible veterans, dependents, and parents of veterans. Through the monthly monetary benefits provided by the C&P program, veterans and their families are able to sustain a level of financial well-being that would otherwise be challenging in the face of disabilities, diseases, or injuries incurred or aggravated during active military service.

While VBA's Associate Deputy Under Secretary for Field Operations provides oversight for the three PMCs, the local VA Regional Office (VARO) Director and PMC Manager are responsible for administration, direction, and control of the claims processing, and personal contact for all veteran and beneficiary recipients receiving pension benefits, DIC benefits, burial benefits, and accrued benefits. The three PMCs are located in Philadelphia, PA; Milwaukee, WI; and St. Paul, MN.

Veterans receiving pensions are referred to as "live" pensioners and eligible dependents (survivors) of deceased veterans receiving pensions are referred to as "death" pensioners. For this report, we referred to pensions with recurring payments as "active pensions" and pension applications as "original pensions." Following the initial award, original pensions become active pensions. These pensions are not service connected while DIC claims are service connected.

RESULTS AND RECOMMENDATIONS

Finding Claims Processing Timeliness Needs Improvement

VBA has taken sufficient measures to address prior OIG program recommendations. However, claims processing in the areas of original death pensions and Income Verification Matches (IVMs) need improvement. Further, the PMC-related performance metrics needs to be updated to bring transparency to how well VBA is processing all significant workload at its PMCs. VBA processed original live pension claims timely. However, VBA did not process original death pension claims timely which resulted in delayed benefits. This occurred because PMCs were not adequately prepared to manage workload increases. Further, VBA does not completely and transparently report the PMC-related performance measures in the PAR. For example, VBA did not update VA's PAR to reflect all changes in recent workload consolidation.

In addition, VBA did not process IVMs for active pensions timely, which resulted in delayed processing and overpayments. This occurred because VBA does not have a timeliness standard for completing IVMs, which are a lower priority claims processing action than other pension processing actions. Delays in processing IVM actions places active awards at greater risk for not being adjusted to reflect accurate amounts based on new information. This report identifies an opportunity for VBA to ensure IVM actions are processed timely that can potentially save \$205 million in overpayments. Appendix D outlines the information on the prior OIG recommendations and the corrective actions VBA implemented.

Improved Claims Processing Timeliness Needed

PMCs did not meet the original death pension claims processing timeliness goals in FY 2009 because PMCs were not adequately prepared to manage the increased workload. This increase was largely due to the addition of original pension claims, DIC claims, and other claims in FYs 2008 and 2009. PMC management told us that the downturn in the economy also contributed to the unexpected increase in original live and death pension claims. The total number of claims increased 108 percent from the end of FY 2007 (277,231 claims) to the end of FY 2009 (577,814 claims).

We reviewed 420 original pension claims completed in FY 2009. Our statistical sample included 204 original live pension claims (49 percent of total claims) and 216 original death pension claims (51 percent of total claims).

Based upon the 204 original live pension claims reviewed, we concluded that claim processing was timely. We found the average number of days to complete live pension claims was 79 days, while VBA's national goal was 90 days. However, VBA needs to strengthen controls to ensure timely processing of original death pension claims. We found the average number of days to complete a death pension claim was 110 days, while VBA's national goal was 65 days. We identified 151 (70 percent) of 216 original death pension claims that exceeded the timeliness goal of 65 days.

Processing time is measured from the date the claim is received to the award authorization date. VBA's *Policy and Procedure Manual M21-4*, "Claims and Appeals Processing Timeliness," requires program and local management to use "the average days to complete a claim" to monitor the general effectiveness of claims processing.

Although VBA had a plan to transfer original claims from VAROs to PMCs, the plan was not adequate to ensure all claims and work products were processed timely. PMC management told us that the addition of newly hired, inexperienced staff impacted processing timeliness. In addition, the FY 2009 PAR also reported that the addition of new staff impacted FY 2009 timeliness. PMC staffing increased approximately 97 percent from FY 2007 to FY 2009. As of May 2010, approximately 71 percent of Veterans Services Representatives at one of the three PMCs we visited had less than 2 years of experience working claims. To help reduce the increasing claims backlog, on May 25, 2010, VBA's Office of Field Operations notified Directors of VA Regional Offices that the responsibility for processing original death pension claims would temporarily be transferred back to VAROs for 4 months.

**PAR Performance
Measure Updates
Needed**

During our review of the PMCs' performance measures, we found that original live pension claim processing timeliness is separately reported in the FYs 2009 and 2010 PARs. Yet we determined original death pension claims are combined with four other end product codes under the pension non-rating performance measure in both the FYs 2009 and 2010 PARs. The pension non-rating performance measure represents the average days to process a pension claim that does not require a rating decision. The calculation is determined from the date the claim is received by VA to the date the claim is completed.

The measure includes:

- original death pensions
- disability and death dependency
- income, estate and election issues
- IVMs
- Eligibility Verification Report (EVR) Referrals

VBA does not completely and transparently report the PMC-related performance measures in the PAR. VBA did not update VA's PAR to reflect all changes in recent workload consolidation. Original death pensions and IVMs are significant processing actions and should be reported as separate performance measures. As a result, stakeholders cannot fully assess the PMCs' performance.

**Untimely IVMs
Results in
Overpayments**

PMCs use IVMs as a control to identify unreported income and are responsible for making any necessary adjustments to the active monthly pension payments when the income is verified. VBA's *Policy and Procedure Manual M21-IMR*, "Matching Programs," requires VBA to process IVMs with income records received from the Internal Revenue Service and the Social Security Administration. PMCs receive income data from both agencies approximately a year and a half after the applicable calendar year. For example, the 2007 income data was received in July 2009.

In a prior Government Accountability Office (GAO) report,^{*} VBA IVMs were cited as a major management control in detecting unreported income. However, our review determined that the processing of IVM actions was not adequate or timely, and thus, this key management control is not working as intended. As a result, overpayments were not identified timely and Government funds were unnecessarily expended.

We reviewed 420 active pension claims with recurring monthly pension awards in FY 2009. We found 12 (3 percent) of 420 claims with IVMs that were not processed, resulting in overpayments totaling \$124,287. The PMCs received just under 70,000 IVM matches for 2006 and 2007. At the time of our review, 19,821 IVMs were pending from 244 to 657 days.

Although the IVMs cannot prevent overpayments, delays in processing increase the value of the overpayment as monthly pension benefits continue

^{*} GAO-08-112, *Improved Management Would Improve VA's Pension Program*, February, 2008

to be paid at amounts higher than pensioner's benefit entitlements. Changes in pensioner's income levels are identifiable in the IVM match information and form the basis for VBA to make adjustments to pension benefits. In addition, as pension benefits are paid at higher amounts and the value of the overpayment increases and ages, the PMC's ability to collect on the debt is reduced.

The PMC received income data for 2006 wage income in August 2008. However, when the PMC did not process an IVM, the pensioner was potentially overpaid \$37,334 through June 2010. In another case, the PMC received 2007 income data in July 2009 that identified a pensioner had received \$1,200 income more than VA records showed. However, the PMC did not adjust the value of the pension based on the new information received. Thus, the pensioner was potentially overpaid.

We determined PMCs do not have a timeliness standard for completing the IVMs. In addition, PMC management and staff told us that processing IVMs is a lower priority when compared to other processing actions such as original pension claims. In fact, no dedicated staff or teams were assigned to process IVMs exclusively. This work is performed on an ad hoc basis when PMC staff is available.

**Monetary Effect of
Potential
Overpayments**

Although the 3 percent error rate is low, the financial impact associated with untimely processing of these actions can be high. To illustrate, VBA risks the potential for overpayments for unprocessed IVMs. We identified an average potential overpayment of \$10,357 (\$124,287 IVM overpayments divided by 12 unprocessed IVMs). Overpayments for the remaining 19,821 IVMs that were still pending at the time of our review could equal \$205 million (19,821 x \$10,357).

While the overall error rate found during our review was within an acceptable level, our testing identified IVMs as a specific area where VBA has opportunities to achieve significant cost savings through timely processing. Ensuring the timeliness of these actions minimizes potential overpayments and helps ensure the accuracy of pension payments.

Conclusion

VBA has taken sufficient measures to address prior OIG recommendations for the FY 2007 audit. We did not identify any significant issues directly related to the prior recommendations. However, additional controls to ensure that pensioners receive timely benefit payments need improvement. Although some efficiency was achieved by the initial PMC consolidation in FY 2002, PMCs were not prepared to process the significant addition of original pension claims, DIC claims, and other types of claims that were added to their workload in FYs 2008 and 2009. An increase in the overall number of claims, partly due to the failing economy, along with a significant

number of newly hired, inexperienced staff, has resulted in untimely claim processing and delayed identification and collection of overpayments.

VBA's decision that VAROs assist with reducing the backlog was a temporary measure; however, a workload management plan is needed. PMCs must establish procedures to efficiently and effectively manage the workload to ensure all pension claims are processed accurately and timely to minimize the risk of overpayments. IVMs are not prioritized and processed in the same expeditious manner as original claims, which have a performance goal. Although the error rate was generally low, delayed processing puts IVM actions at a greater risk for overpayments. In addition, if Internal Revenue Service and Social Security Administration income data could be received more timely, overpayments could be minimized. Finally, PAR performance measures should be designed to properly reflect the PMCs' performance on significant processing actions.

- Recommendations**
1. We recommend the Acting Under Secretary for Benefits establish an operational plan to ensure Pension Management Centers efficiently and effectively manage the workload to achieve timeliness standards.
 2. We recommend the Acting Under Secretary for Benefits modify the Performance and Accountability Report to provide separate performance measures for significant Pension Management Center processing actions, such as original death pensions and Income Verification Matches.
 3. We recommend the Acting Under Secretary for Benefits establish specific performance goals for Income Verification Matches and implement controls to ensure timely processing to reduce overpayments, including exploring alternative measures such as assigning a dedicated claims processor or team to process Income Verification Matches.
 4. We recommend the Acting Under Secretary for Benefits explore opportunities to obtain Internal Revenue Service and Social Security Administration data quicker to ensure Income Verification Matches are processed timely to reduce overpayments.

**Management
Comments and
OIG Response**

The Acting Under Secretary for Benefits agreed with the findings and recommendations contained in the draft report, and provided responsive implementation plans to address our recommendations. We will monitor VBA's progress and follow up on its implementation until all proposed actions are completed. Appendix F contains the full text of the Acting Under Secretary's comments.

Appendix A Background

Overview of Pension Program

VBA is responsible for the Compensation and Pension (C&P) program. Pension Management Centers (PMCs) manage two pension benefits programs and two compensation programs as detailed below.

- Disability Pension or “Live Pension”—a monthly benefit paid to wartime veterans who are permanently and totally disabled or age 65 or older and have limited income and net worth.
- Death Pension—a monthly benefit paid to eligible dependents (survivors) of wartime veterans. Basic eligibility is dependent on the veteran being discharged from service under other than dishonorable conditions and having served during wartime; the surviving spouse or unmarried child of a deceased veteran must have countable income and net worth below a limit set by Federal law.
- Dependency and Indemnity Compensation (DIC)—a monthly benefit to dependents for service-connected deaths.
- Parents’ Dependency and Indemnity Compensation (PDIC)—a monthly benefit paid to parents of a veteran based on the veteran’s service-connected death and the parents’ income limitations.

Prior Reviews

OIG conducted an audit of VBA’s Pension Management Program in FY 2007, the *Audit of Veterans Benefits Administration’s Pension Maintenance Program Administered by the Pension Maintenance Centers* report, published in March 2007. We reported that PMC controls to monitor the accuracy and timeliness of processing pension claims needed strengthening and the report made six recommendations. The Under Secretary for Benefits agreed with all six recommendations and improvement actions were completed in August 2007. Among items implemented in response to the recommendations were standardized training, revised procedures, and monitoring of VA’s local and national Systematic Technical Accuracy Review findings.

Pension, DIC, and PDIC Obligations

In FY 2009, pension, DIC, and PDIC programs had estimated obligations of about \$9 billion, which represented about 20 percent of the total C&P Service’s congressionally appropriated \$44 billion.

2002 Consolidation

Historically, the C&P program has encountered continual weaknesses in timeliness of claims decisions, primarily due to an extensive processing workload experienced at each VARO. In January 2002, VBA consolidated work related to active pension claims into three PMCs, located in Philadelphia, PA; St. Paul, MN; and Milwaukee, WI, to:

- centralize processing of all pension awards,

- achieve a more effective use of limited human resources,
- improve technical accuracy based on skills specialization and enhanced use of computer program edits, and
- allow VAROs to specialize in service-connected compensation claims processing.

***Additional
Responsibilities
Following the 2002
Consolidation***

VBA consolidated live and death pension claims applications (original pension claims) at the PMCs during the period from May 2008 through September 2008. VBA further consolidated processing for DIC claims during the period from November 2008 through August 2009. This consolidation represented a significant business change in the PMCs workload. The effect of this change doubled the payments PMCs processed and VBA temporarily redistributed some workload to its VA Regional Offices.

Appendix B Scope and Methodology

Overview

The original project scope included an assessment of the timeliness and accuracy of payments. It was modified to focus on the timeliness of original live and death pension claims, a subset of the total universe of payments that the PMCs are responsible for. We also focused on reporting accuracy, but only as it related to timeliness.

VBA consolidated processing for DIC claims during the period from November 2008 through August 2009. This consolidation represented a significant business change in PMC workload. The effect of this change doubled the payments processed by PMCs. In addition, on May 25, 2010, VBA's Office of Field Operations notified Directors of VA Regional Offices and PMCs that the responsibility for processing original death pension claims would temporarily be transferred to the originating VARO for 4 months. The combination of these business changes necessitated the change in our scope.

The scope of the audit included active pensioners who received recurring payments in FY 2009. The scope also included live or death pension applications completed in FY 2009.

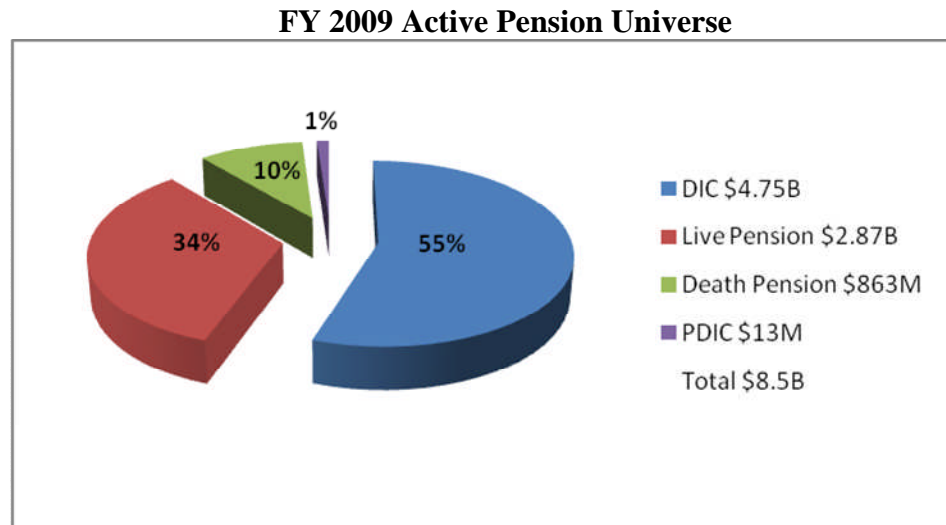
The universe of active pensions included just under 924,000 active pensions, DIC, and PDIC claims with payments valued at over \$8.5 billion that were processed during FY 2009. All payments as a result of these applications for benefits, except one-time special payments, were included in the \$8.5 billion payments in FY 2009. One-time special payments were excluded since we focused on VBA's processing of monthly recurring payments. The universe of original pensions included just over 83,300 pension applications for benefits that were completed during FY 2009.

Our review methodology included:

- a statistical sample of 420 original live and death pension claims to test application timeliness in accordance with VBA's performance standards and procedures. Our statistical sample included 204 original live pension claims (49 percent of total claims) and 216 original death pension claims (51 percent of total claims).
- a statistical sample of 420 active pensioners, DIC, and PDIC claims to determine if the related FY 2009 pension actions were processed in accordance with VBA's performance standards and procedures.

Pie Chart

The pie chart below identifies the FY 2009 active pension universe.



We did not include tests for payment timeliness associated with DIC because the responsibility for processing DIC payments transferred to PMC from November 2008 through August 2009. This represented a significant business change, and given the transfer, would not have encompassed the full fiscal year. Additionally, we did not include tests of the timeliness of PDIC payment actions because results from prior audits showed a low risk and any amounts found in the program would not or were not expected to be material.

Fraud Risk

The audit team addressed the risk that fraud, abuse, and violations of legal and regulatory requirements could occur. We identified potential risks including inadequate monitoring by management for compliance with policies, laws, and regulations. In addition, the audit team was alert for evidence of fraud including fictitious evidence, such as false signatures, and missing or nonexistent key documentation.

Matching programs are a control to detect and prevent fraud. One of the matching programs is IVM. PMCs use IVMs as a control to identify unreported income and are responsible for making any necessary adjustments to the active monthly pension payments if the income is verified. IVMs are composed of income data received from the Internal Revenue Service and Social Security Administration. During our statistical sampling and internal control assessment, nothing came to our attention that indicated a fraud occurred.

Data Reliability

We compared relevant VBA C&P Work-In-Progress and Master Record databases data with source documents, such as applications, awards, and

income data, in our sample. Our review showed that the data was reliable as it relates to our review objective. We believe that the data is sufficiently reliable and the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objective.

***Standards for
Inspection***

We conducted our review work from February through December 2010. Our assessment of internal controls focused on those related to our review objectives. The review was completed in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection.

Appendix C Statistical Sampling Methodology and Results

We sampled from two universes. One universe is of active beneficiaries, and the other is completed initial claims. The sampling objectives are detailed below.

Sampling Objectives

- 1) To determine if the pension actions during FY 2009 were processed timely based on VBA's performance standards.
- 2) To determine if completed original pension claims were processed timely based on VBA's performance standards.

Populations

- 1) VBA pensioners who received at least one payment in FY 2009. The active pension universe included just under 924,000 active pensions, DIC, and PDIC claims with payments valued at over \$8.5 billion that were processed during FY 2009.
- 2) Initial claims completed in FY 2009. The universe of original pensions included just over 83,300 pension applications for benefits that were completed during FY 2009.

Sampling Designs We selected simple random samples from our two universes.

- 1) A statistical sample of 420 active pensioners, DIC, and PDIC claims, and
- 2) A statistical sample of 420 original live and death pension claims. We separated the samples by PMC and reviewed the records onsite for timeliness.

Results

In the active pension universe sample, we found 12 (3 percent) of 420 claims valued at \$4.3 million with IVMs that were not processed timely. This resulted in overpayments totaling \$124,287. VBA risks the potential for overpayments for unprocessed IVMs. We identified an average potential overpayment of \$10,357 (\$124,287 IVM overpayments divided by 12 unprocessed IVMs) overpayments for the remaining 19,821 IVMs that were still pending at the time of our review. Overpayments for the remaining 19,821 IVMs that were still pending at the time of our review were valued at \$205 million (19,821 x \$10,357).

Appendix D Status of Prior Audit Recommendations—Report No. 05-03180-111

The Audit of Veterans Benefits Administration's Pension Maintenance Program Administered by the Pension Maintenance Center, issued in March 2007, made six recommendations that were addressed to the Under Secretary for Benefits.

1. Ensure Pension Management Centers use standardized procedures among the Pension Management Centers for processing income adjustments and Eligibility Verification Reports.
2. Develop and implement standardized monitoring procedures among the Pension Management Centers to ensure pension processing accuracy rates reflect actual processing performance.
3. Ensure standardized training among the three centers is provided to all Pension Management Center employees responsible for processing pension claims. For income adjustments, emphasis should be placed on the calculation of unreimbursed medical expenses, prospective medical expenses, and income calculation. For Eligibility Verification Reports, emphasis should be placed on income and expense calculation, dependency development, and required Eligibility Verification Report elements.
4. Develop procedures to reduce errors associated with the infrequent processing of specialized awards.
5. Develop and implement procedures to more timely process Compensation and Pension system messages associated with pension maintenance activities.
6. Develop procedures to ensure veterans' e-folders contain the required documents and ensure e-folders contain veteran-specific documents.

The Under Secretary for Benefits agreed with the recommendations and also reported that all improvement actions would be completed by September 2007. Documentation of implementation was sufficient to close recommendations 2, 3, 4 and 6 on April 2007, and recommendations 1 and 5 on August 2007.

Our interviews, research, and review of claims substantiated the implementation of these recommendations. Our review focused on the timeliness of original pension claims and IVMs.

Appendix E Potential Monetary Benefits in Accordance with IG Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
3	Estimate approximately \$205 million could be put to better use if IVM internal controls are improved.	\$205 million	
Total		\$205 million	

Appendix F Acting Under Secretary for Benefits Comments

Department of Veterans Affairs

Memorandum

Date: March 16, 2011

From: Acting Under Secretary for Benefits (20)

Subj: OIG Draft Report—Review of Pension Management Centers [Project No. 2010-00639-R4-0213]—VAIQ 7075169

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

1. Attached is VBA's response to the OIG's Draft Report: Review of Pension Management Centers.
2. Questions may be referred to Catherine Milano, Program Analyst, at 461-9216.

(Original signed)

Michael Walcoff

Attachment

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Review of Pension Management Centers**

As acknowledged in the OIG draft report, VBA has taken sufficient measures to address all prior OIG program recommendations. The report also showed that VBA successfully processes original live pension claims within VBA's 90-day national goal (specifically, within 79 days). The OIG noted only a 3 percent error rate (12 out of 420 claims) in untimely processing of Income Verification Matches (IVMs). VBA concurs with OIG's finding and continues to look for additional means of improving claims processing for our pensioners.

The following comments are submitted in response to the recommendations in the OIG Draft Report:

Recommendation 1: We recommend the Acting Under Secretary for Benefits establish an operational plan to ensure Pension Management Centers efficiently and effectively manage the workload to achieve timeliness standards.

VBA Response:

Concur.

To assist in reducing claims processing times, contractor assistance is being acquired to reengineer business processes at the Pension Management Centers (PMC). This project, known as the Pension Transformation Plan, will document the distinct workflows in place at the PMCs. The contractor will analyze these workflows, along with other inputs (stakeholder interests, policy, procedures, legislation, regulation), and produce a common, optimized, "to be" process that VBA will implement at all three PMCs.

The contract will be awarded by March 28, 2011 with a 90-day performance period. Implementation of the optimized, "to be" process will begin by August 31, 2011.

Target Completion Date: August 31, 2011

Recommendation 2: We recommend the Acting Under Secretary for Benefits modify the Performance and Accountability Report to provide separate performance measures for significant Pension Management Center processing actions, such as original death pensions and Income Verification Matches.

VBA Response:

Concur.

Performance measures in the Department of Veterans Affairs (VA) Performance and Accountability Report (PAR) originate from VBA's annual budget submissions. Changes to

VBA's existing performance measures must be approved by the Office of Management and Budget (OMB) during the budget formulation process.

The fiscal year 2013 budget formulation process begins in April 2011. During this process, VBA will provide separate measures for pension entitlement claims that capture original death pension claims, and for pension maintenance activities that capture IVM and other income-related adjustments processed at the PMCs. After the performance measures have been approved by OMB, VBA will work with the VA Office of Management to ensure these measures are included in the 2011 PAR that is published annually in November.

Target Completion Date: November 30, 2011

Recommendation 3: We recommend the Acting Under Secretary for Benefits establish specific performance goals for Income Verification Matches and implement controls to ensure timely processing to reduce overpayments, including exploring alternative measures such as assigning a dedicated claims processor or team to process Income Verification Matches.

VBA Response:

Concur.

The current VBA standard requires 95 percent of the IVM inventory be controlled or completed by the end of each fiscal year. VBA's Office of Field Operations is working in conjunction with the Area Offices to implement new performance goals that will measure IVM timeliness beginning in fiscal year 2012. This group will begin discussions in March 2011, with the goal of having finalized measures in place by fiscal year 2012.

Target Completion Date: October 1, 2011

Recommendation 4: We recommend the Acting Under Secretary for Benefits explore opportunities to obtain Internal Revenue Service and Social Security Administration data quicker to ensure Income Verification Matches are processed timely to reduce overpayments.

VBA Response:

Concur.

VBA agrees to explore the practicality of obtaining a more timely data exchange with the Internal Revenue Service and the Social Security Administration.

Target Completion Date: September 30, 2011

Appendix G **OIG Contact and Staff Acknowledgments**

OIG Contact	Cherie E. Palmer
Acknowledgments	Joseph M. DeAntonis David Lakoskey Alicia Castillo-Flores Larry Chinn Mary Ann Fitzgerald Dana Fuller Lee Giesbrecht Raymond A. Jurkiewicz

Appendix H Report Distribution

VA Distribution

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Non-VA Distribution

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Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
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Office of Management and Budget

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/publications/reports-list.asp>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.