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Highlights

Highlights of GAO-10-635T, a testimony before the Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives

April 22, 2010

VA'S FIDUCIARY PROGRAM

VA Plans to Improve Program Compliance and Policies, but Sustained Management Attention is Needed

Why GAO Did This Study

The Department of Veterans Affairs (VA) pays billions of dollars in compensation and pension benefits to disabled veterans and their dependents. For those beneficiaries who are unable to manage their own affairs, VA appoints a third party, called a fiduciary, to manage their VA funds. Congress, VA's Office of Inspector General (OIG) and GAO have noted that VA does not always have, or adhere to, effective policies for selecting and monitoring fiduciaries and therefore, does not fully safeguard the assets of beneficiaries in the Fiduciary Program.

GAO was asked to discuss the Fiduciary Program and possible ways that it could be improved to better serve veterans, their families, and survivors. This statement is based on GAO's February 2010 report (GAO-10-241), which examined (1) VA policies and procedures for monitoring fiduciaries and safeguarding beneficiary assets and (2) challenges VA faces in improving program performance and oversight. To conduct that work, GAO reviewed program policies and relevant federal laws and regulations, analyzed a nationally representative random sample of case files, interviewed Central Office managers and staff, and conducted three site visits to Fiduciary Program offices, which accounted for 25 percent of program beneficiaries.

View GAO-10-635T or key components.
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What GAO Found

Inconsistent staff compliance with some Fiduciary Program policies and weaknesses in others hinder VA's ability to effectively safeguard beneficiary assets; however, per GAO's recommendations, VA plans to take steps to improve the program. GAO found that VA did not always take required actions to monitor fiduciaries within established time frames or document in the beneficiary's case file that these actions were taken. Inconsistent staff compliance occurred in four areas: (1) initial visits to beneficiaries and fiduciaries, (2) follow-up visits to beneficiaries and fiduciaries, (3) follow up to obtain annual financial reports, and (4) oversight of surety bonds. For example, in about 18 percent of the cases GAO reviewed, VA was late in conducting required follow-up visits to monitor fiduciaries or did not provide sufficient documentation to show whether these visits were conducted. Similarly, while GAO estimated that about 39 percent of fiduciaries did not submit required annual financial reports on time, VA staff did not consistently follow-up with fiduciaries or failed to document actions that were taken. In addition to compliance issues, VA's policies for conducting on-site reviews of professional fiduciaries who manage funds for multiple beneficiaries do not ensure that these fiduciaries are effectively identified and monitored. For example, the agency's case management system uses the fiduciary's name – which may be entered inconsistently – to match them to beneficiaries, rather than requiring a unique identifier, such as a Social Security number. As a result, VA cannot always identify the fiduciaries that need to be reviewed. Moreover, VA does not have a nationwide quality review process to ensure that on-site reviews are conducted properly and consistently. Per GAO's February 2010 report recommendations, VA agreed to revise its Fiduciary program policies in an effort to enhance its oversight role, increase staff understanding and staff compliance, and better safeguard beneficiary assets.

Two key challenges hinder VA's ability to improve Fiduciary Program performance and oversight, but VA has plans to address these challenges. First, managers and staff said that limitations with VA's electronic fiduciary case management system hinder their ability to capture key information. Per GAO's recommendation, VA has established a work group to evaluate alternative system modifications to meet the program's case management needs. Second, managers and staff indicated that training may not be sufficient to ensure that they have the expertise to properly carry out program responsibilities, as many of them had less than 2 years of program experience. In its response to GAO's recommendations, VA stated that it would begin providing additional standardized training for managers and staff this year. VA is also piloting a consolidated Fiduciary Program unit covering 14 VA regional offices to improve program performance and oversight. VA encountered a number of challenges during the pilot's implementation and has not yet evaluated it, but per our recommendation, plans to do so by September of this year.