Workload Management Challenges Identified at the Salt Lake City, Utah, Fiduciary Hub
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Executive Summary

The Veterans Benefits Administration’s (VBA) Fiduciary Program provides oversight for VA beneficiaries unable to manage their own benefits. This inability may be due to injury, disease, advanced age, or youth. Upon appointment by VA, fiduciaries are authorized to receive direct payment of beneficiaries’ VA benefits and disburse funds for the care, support, welfare, and needs of those beneficiaries. When choosing a fiduciary, VA considers multiple factors including a beneficiary’s preference, such as appointment of a spouse.

VBA administers and oversees its Fiduciary Program at six fiduciary hubs where managers are responsible for an assigned geographic region. In October 2018, the VA Office of Inspector General (OIG) received an anonymous complaint about the Salt Lake City, Utah, Fiduciary Hub. The complainant made three allegations:

1. The fiduciary hub had hundreds of overdue fiduciary accountings (written reports of fiduciaries’ management of beneficiaries’ income and assets that must be reviewed by fiduciary hub staff and submitted annually when certain conditions are met, such as when managed VA funds exceed $10,000).
2. There were a significant number of pending electronic tasks associated with “action” mail (forms and letters received from outside sources that require VBA staff response or other action).
3. Fiduciary hub managers hid the inventory of accountings pending review by fiduciary hub staff to create the appearance that this work was completed more quickly.

Fiduciaries are expected to make financial decisions in their beneficiaries’ best interest. Because there can be unscrupulous fiduciaries and beneficiaries are a vulnerable population, there is the potential for the misuse of beneficiaries’ funds. Fiduciary hub staff must, therefore, provide appropriate oversight in a timely manner to prevent, when possible, any undue hardship to beneficiaries. For example, if a fiduciary does not submit a beneficiary’s rent or mortgage payment on time or at all, the beneficiary may be evicted. As a result, fiduciary hub staff must

1 The six fiduciary hub locations are Columbia, South Carolina; Indianapolis, Indiana; Lincoln, Nebraska; Louisville, Kentucky; Milwaukee, Wisconsin; and Salt Lake City, Utah.
2 Fiduciary accountings have specific processing goals. For example, the fiscal year (FY) 2018 goal was to begin the review of pending accountings within 14 days of receipt, and any accountings that took fiduciary hub staff longer to begin reviewing would be considered overdue.
3 For this review, the OIG focused on action mail associated with accountings and misuse of funds, for example documentation received related to a beneficiary’s income or expenses or a letter from a veteran alleging that a fiduciary embezzled all or a portion of a beneficiary’s VA funds.
4 38 U.S.C. § 6106 states misuse occurs when a fiduciary uses a beneficiary’s benefit payments for a use other than the use and benefit of the beneficiary or the beneficiary’s dependents.
perform critical oversight activities such as completing accountings and action mail tasks promptly, which reduces the likelihood of inappropriate use of beneficiaries’ funds.

**What the Review Found**

The OIG analyzed data from January 2018 through April 2019 for pending fiduciary accounting reports that fiduciary hub staff had not completed, and data for pending electronic tasks associated with action mail from August 2018 through March 2019.

The OIG substantiated that as of August 1, 2018, there were more than 1,500 overdue accountings that were pending review for an average of 87 days. Prior to the OIG’s review, fiduciary hub managers became aware that the number of overdue accountings had been increasing significantly during the first half of calendar year 2018. In response to this growing inventory, the fiduciary hub hired additional staff in April 2018. However, new staff required training. As a result, the hub did not experience a downward trend in the number of pending accountings until September 2018. In August 2018, hub managers conducted an analysis of operations and recommended staff cross-training to increase the capabilities of existing employees. As of April 2019, the inventory of pending accountings at the hub had been reduced to less than 100, of which the majority had been pending for less than 45 days. Because managers adequately reduced the number of pending accountings, the OIG did not make any recommendations for improvement in this area.

The OIG also substantiated that there were more than 3,000 pending action mail tasks as of February 2019. Fiduciary hub managers stated that they did not resolve the large inventory of action mail tasks because they focused on other program priorities, such as reviewing pending fiduciary accountings. Managers also cited duplicate tasks as possibly adding to the inventory of pending action mail tasks. The OIG review team found the fiduciary hub’s workload management plan did not specify how to prioritize action mail tasks, and national Fiduciary Program managers had not established a nationwide timeliness goal for completing these tasks. In addition, the plan did not include a requirement for reviewing and resolving duplicate action mail tasks. Action mail is generally time-sensitive and could affect recipients’ benefits. Therefore, when fiduciary hub staff do not promptly complete required actions for mail tasks, it reduces their ability to protect beneficiaries’ funds.

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5 The Fiduciary Program Manual, chapter 9, “Program Oversight,” requires fiduciary hub managers to annually prepare formal written analyses of various organizational elements and operational functions of the fiduciary hub, to include staffing assessments.

6 The FY 2019 nationwide Fiduciary Program goal was changed to complete the processing of pending fiduciary accountings within 45 days, to include requesting and obtaining additional documentation from fiduciaries. According to a VBA Office of Field Operations supervisory program analyst and an assistant director of VBA’s Pension and Fiduciary Service, this change was implemented to establish targets that were more in line with Fiduciary Program goals and desired outcomes.
Several factors contributed to a spike in the number of pending accountings and action mail tasks. According to fiduciary hub managers, mail scanning delays and fiduciary hub staff efforts to reduce the mail scanning inventory were among them. In short, when the mail scanning productivity increased, the number of associated electronic tasks also increased. The OIG made no recommendations related to mail scanning delays because fiduciary hub managers addressed the delays by hiring additional employees and establishing a plan for maintaining sufficient staffing to reduce the delays in mail scanning.

The OIG did not substantiate that fiduciary hub managers manipulated workload to hide its inventory of pending accountings from the Salt Lake City VA Regional Office director and VBA senior management officials. Fiduciary hub managers use electronic workload queues to monitor inventories and distribute work to fiduciary hub staff. Some pending accountings were assigned to a queue intended for a different type of workload rather than being assigned to individual fiduciary hub staff in order to manage the workload so that staff were not assigned more than they could promptly handle. Although the accountings were not assigned to hub staff, they were correctly categorized as pending accountings. Furthermore, this pending workload was included in briefings to regional office managers and in reports generated from the Beneficiary Fiduciary Field System showing the number of pending accountings, which was available to VBA senior management personnel. Therefore, the OIG did not make recommendations for improving workload visibility and transparency.

What the OIG Recommended

The OIG recommended that the Salt Lake City VA Regional Office director ensure the fiduciary hub workload management plan establishes timeliness goals for various action mail tasks and that fiduciary hub managers measure performance and monitor adherence to those established timeliness goals. The OIG also recommended the director ensure the fiduciary hub workload management plan establishes a requirement for routinely reviewing and resolving duplicate action mail tasks.
Management Comments

The director of the Salt Lake City VA Regional Office concurred with all three recommendations. The director’s comments and corrective actions for Recommendations 1 through 3 are acceptable and responsive to the intent of the recommendations. The fiduciary hub’s workload management plan has been updated to include requirements that address all three recommendations. The OIG considers Recommendations 1 and 3 closed. Recommendation 2 will remain open until the VA Regional Office provides supporting evidence for the weekly action mail reports cited in the updated workload management plan.

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Abbreviations

BFFS   Beneficiary Fiduciary Field System
FY     fiscal year
OIG    Office of Inspector General
VBA    Veterans Benefits Administration
Introduction

The Veterans Benefits Administration’s (VBA) Fiduciary Program oversees VA beneficiaries who are unable to manage their own benefits due to injury, disease, advanced age, or youth. Under the program, VA appoints fiduciaries who are authorized to receive direct payment of beneficiaries’ VA benefits and distribute funds for their care, support, and welfare. When choosing a fiduciary, VA considers multiple factors including a beneficiary’s preference, such as appointment of a spouse.

The VA Office of Inspector General (OIG) conducted this review to assess three allegations received in October 2018 from an anonymous complainant concerning the management of pending workload at the fiduciary hub in Salt Lake City, Utah:

1. The fiduciary hub had hundreds of overdue fiduciary accountings (written reports of fiduciaries’ management of beneficiaries’ income and assets that must be reviewed by fiduciary hub staff).

2. There were a significant number of pending electronic tasks associated with “action” mail (forms and letters received at the fiduciary hub from outside sources requiring staff action or response).

3. Fiduciary hub managers hid their inventory of accountings pending review by fiduciary hub staff to create the appearance that work was completed more promptly.

Program fiduciaries are responsible for making financial decisions in the beneficiaries’ best interest. Fiduciaries receive and disburse VA benefits on behalf of program beneficiaries. Because there are some unscrupulous fiduciaries and their assigned beneficiaries are a particularly vulnerable population, there is the heightened potential for the misuse of beneficiaries’ funds.7 Fiduciary hub staff must provide appropriate oversight in a timely manner to prevent, when possible, any undue hardship to beneficiaries. For example, if a fiduciary does not submit a beneficiary’s rent or mortgage payment on time or at all, the beneficiary may be evicted. Completing fiduciary accountings and action mail tasks in a timely manner are critical activities performed by fiduciary hub staff that help reduce the likelihood of inappropriate use of beneficiaries’ funds.

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7 38 U.S.C. § 6106 states misuse occurs when a fiduciary uses a beneficiary’s benefit payments for a use other than the use and benefit of the beneficiary or the beneficiary’s dependents.
Fiduciary Program

According to VBA’s Annual Benefits Report for Fiscal Year (FY) 2018, the Fiduciary Program served more than 190,000 beneficiaries who received more than $3.6 billion in VA benefits. The VBA Pension and Fiduciary Service is responsible for oversight of the Fiduciary Program. The Fiduciary Program uses the Beneficiary Fiduciary Field System (BFFS), an electronic database and diary system, to administer the program. Program managers use BFFS workload queues to monitor and distribute pending work inventories.

Salt Lake City Fiduciary Hub

The Salt Lake City Fiduciary Hub is one of six fiduciary hub locations. Each fiduciary hub is responsible for overseeing the program in an assigned geographic region. The Salt Lake City hub is responsible for the following states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The fiduciary hub’s management team consists of a fiduciary hub manager, two assistant fiduciary hub managers, and several supervisors. The fiduciary hub manager reports to the Salt Lake City VA Regional Office director.

Mail is delivered to the fiduciary hub daily. Figure 1 illustrates the processing of incoming mail by fiduciary hub staff.

![Figure 1. Mail processing](source)

Source: Salt Lake City Fiduciary Hub standard operating procedures for mail flow, Salt Lake City Fiduciary Hub standard operating procedures for mail processing, Salt Lake City Fiduciary Hub workload management plan, and the BFFS User Guide

Accountings

A fiduciary accounting is a written report outlining the management of a beneficiary’s income and assets for a specified time period. VA-appointed fiduciaries must submit annual accounting reports when certain conditions are met, such as when the amount of VA funds managed exceeds

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8 The remaining five fiduciary hub locations are Columbia, South Carolina; Indianapolis, Indiana; Lincoln, Nebraska; Louisville, Kentucky; and Milwaukee, Wisconsin.
$10,000. There are exceptions to the accounting requirement, such as when the VA-appointed fiduciary is the beneficiary’s spouse.

Fiduciary Program responsibilities include protecting a beneficiary’s assets from loss or theft. The accounting review process is a critical control activity for fulfilling this responsibility. As part of the accounting reviews, the fiduciary hub staff

- Verify income and expenses,
- Examine fiduciary fees,
- Review administration of VA and other managed funds, and
- Look for indicators of inappropriate fiduciary use of beneficiary funds.

**Action Mail**

VBA defines action mail as forms and letters received from outside sources requiring action or a response from VA. Upon receiving and reviewing action mail, fiduciary hub staff create electronic “tasks” in the BFFS and assign them to specific categories that provide a brief description of the action needed. Fiduciary hub staff are required to review the tasks and take appropriate action.

The OIG team focused on action mail associated with accountings and misuse of funds because these types of action mail were specifically identified in the allegations. An example of accountings action mail would be documentation related to a corporate surety bond that a fiduciary must obtain. An example of misuse of funds action mail would be a letter alleging that a fiduciary embezzled all or a portion of a beneficiary’s VA funds. Along with reviewing fiduciary accountings, completing action mail tasks in a timely manner is a critical control activity for fulfilling the Fiduciary Program’s responsibility to protect a beneficiary’s assets from loss or diversion. Table 1 describes action mail task categories for accountings and misuse of funds.

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**Footnotes:**

9 For readability, when this report refers to action mail, the OIG is referring to action mail associated with accountings and misuse of funds.

10 38 C.F.R. § 13.230 requires a fiduciary to furnish a surety bond in any case in which the VA benefit funds under management for a beneficiary exceed $25,000.
Table 1. Accountings and Misuse of Funds Action Mail Task Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successor fund transfers</td>
<td>Transfer of beneficiary funds from a prior VA fiduciary to the current VA fiduciary</td>
</tr>
<tr>
<td>Process review and action</td>
<td>General file examination, which may include multiple review elements and require fiduciary hub staff action or response</td>
</tr>
<tr>
<td>Corporate surety bonds</td>
<td>Agreement whereby an insurance company becomes liable for beneficiary funds misused by a fiduciary</td>
</tr>
<tr>
<td>Expenses</td>
<td>Documentation related to expenses paid from the funds that the fiduciary manages for the beneficiary</td>
</tr>
<tr>
<td>Returned mail</td>
<td>Correspondence sent to a beneficiary or fiduciary that is subsequently returned to VA by a postal service because the correspondence was undeliverable</td>
</tr>
<tr>
<td>Fiduciary requests and responses</td>
<td>Correspondence related to VA requests for information or documentation, such as evidence that a fiduciary obtained a corporate surety bond</td>
</tr>
<tr>
<td>Other*</td>
<td>This included items such as change of address or direct deposit information</td>
</tr>
<tr>
<td>Misuse of funds</td>
<td>Correspondence or task associated with allegations of misuse, its investigation, or the determination process ¹¹</td>
</tr>
</tbody>
</table>

Source: VA OIG analysis of Salt Lake City Fiduciary Hub subject titles assigned to pending tasks associated with accountings and misuse of funds action mail as of March 4, 2019

* The OIG team categorized mail tasks as “other” when less than 10 records of similar type were identified.

11 As defined by 38 U.S.C. § 6106, misuse occurs when a fiduciary receives payment of benefits for the use and benefit of a beneficiary and the beneficiary's dependents, if any, and uses any part of such payment for a use other than the intended purpose.
Results and Recommendations

Finding 1: Fiduciary Hub Managers Have Taken Steps to Reduce the Number of Fiduciary Accountings Awaiting Review by Hub Staff

The OIG substantiated the allegation that the Salt Lake City Fiduciary Hub had hundreds of overdue fiduciary accountings. The fiduciary hub had an inventory of approximately 1,900 pending accountings as of August 1, 2018. Of the 1,900, more than 1,500 (82 percent) had been pending for longer than 14 days, VBA’s timeliness goal to begin the review of these reports. The fiduciary hub’s timeliness for FY 2018 (through September 27, 2018) was better than what the hub experienced in August 2018, with hub staff completing 59 percent of fiduciary-submitted accountings within the 14-day standard.

When fiduciary accountings are received at the hub, staff scan the documents and establish electronic tasks in the BFFS, which are then reflected in the fiduciary hub’s pending accountings inventory. According to fiduciary hub managers, the increase in the number of pending accountings occurred as the result of focusing staff efforts on reducing the mail scanning inventory. As a result, as the mail scanning inventory decreased, the number of pending accountings increased.12

As of April 2019, the OIG team found fiduciary hub managers had significantly reduced the number of pending accountings to less than 100. An assistant fiduciary hub manager stated they accomplished this by assigning additional staff to conduct these reviews. Additionally, a hub supervisor attributed improvement to prioritizing this workload. Although hub staff did not consistently and timely review fiduciary accountings, hub managers had taken actions that adequately reduced the pending accountings inventory. Therefore, the OIG did not make any recommendations for improvement in this area.

12 As of March 2018, according to a Salt Lake City Fiduciary Hub analysis, fiduciary hub managers had resolved the current causes of mail scanning delays. In October 2018, managers implemented a plan to ensure sufficient staffing for minimizing possible future mail scanning delays.
What the OIG Did

The review team analyzed Salt Lake City Fiduciary Hub data for pending fiduciary accountings from January 2, 2018, through April 5, 2019. The OIG team used the BFFS to review relevant documentation required to assess workload status and timeliness. The OIG team also interviewed managers and staff at the fiduciary hub. Appendix A provides additional details on the scope of work and the methodology used.

Inventory of Fiduciary Accountings

The OIG team identified a growing inventory of fiduciary accountings during the first eight months of calendar year 2018, from about 400 pending in January to about 1,900 by August 2018, a more than fourfold increase. This large influx of accountings likely led to delayed reviews of those pending. Any accountings that took fiduciary hub staff longer than 14 days to begin reviewing were considered overdue. Of the 1,900 pending accountings, more than 1,500 exceeded the FY 2018 timeliness goal to begin the review of fiduciary-submitted accounting reports. The 1,500 accountings had been pending an average of 87 days.

An assistant fiduciary hub manager and a hub supervisor stated that fiduciary hub managers introduced several changes to reduce the growing inventory of pending accountings. These changes were implemented prior to the OIG’s review and included increasing staff assigned to work pending accountings and cross-training to ensure all employees tasked with maintaining fiduciary accounts were able to process accountings. By early April 2018, the fiduciary hub had hired additional staff. However, new staff required training. As a result, the hub did not experience a downward trend in the number of pending accountings until September 2018. In August 2018, hub managers conducted an analysis of operations and recommended staff cross-training to increase the capabilities of existing employees. Ultimately, these steps resulted in a reduction in the overall number of pending accountings from about 1,900 in August 2018, to about 500 as of February 2019. As of April 5, 2019, the inventory of pending accountings had been further reduced to 97, of which a majority had been pending for less than the new FY 2019 goal of 45 days.

13 The Fiduciary Program Manual, chapter 9, “Program Oversight,” requires fiduciary hub managers to annually prepare formal written analyses of various organizational elements and operational functions of the fiduciary hub, to include staffing assessments.

14 The new FY 2019 goal was to complete the reviews of accountings within 45 days, as opposed to the FY 2018 goal of starting the review of accountings within 14 days. According to a VBA Office of Field Operations supervisory program analyst and an assistant director of VBA’s Pension and Fiduciary Service, this change was implemented to establish targets that were more in line with Fiduciary Program goals and desired outcomes.
Figure 2 shows the increase and subsequent decrease in pending fiduciary accountings from January 2018 to April 2019.

![Inventory of Pending Accountings](image)

**Figure 2. Inventory of pending accountings**

*Source: VA OIG analysis of Salt Lake City Fiduciary Hub pending fiduciary accountings workload data from the BFFS for the period January 2, 2018, through April 5, 2019*

Based on the April 2019 data, the OIG made no recommendation for improvement related to this allegation because the fiduciary hub was generally meeting timeliness goals for accountings review and had taken actions that adequately reduced the pending accountings inventory.

**Conclusion**

Although there was a significant inventory discovered during the review period, fiduciary hub managers had taken actions that significantly reduced the number of pending accountings as of April 2019, so the OIG did not make any recommendations for improvement in this area.
Finding 2: Action Mail Tasks Were Not Completed Promptly

The OIG substantiated the allegation that the fiduciary hub had a significant number of pending electronic tasks associated with accountings and misuse of funds. Action mail is generally time-sensitive and could affect beneficiaries’ benefits. The OIG team found that pending tasks associated with action mail increased from approximately 2,000 in August 2018 to about 3,300 in February 2019. Having a large inventory of pending action mail tasks could delay required action by fiduciary hub staff, which risks negatively affecting beneficiaries’ funds.

When action mail is received at the fiduciary hub, employees scan the mail and establish electronic tasks in the BFFS, which are then reflected in the fiduciary hub’s pending action mail inventory. According to fiduciary hub managers, the increase in the number of pending action mail tasks occurred as the result of focusing fiduciary hub staff efforts on reducing the mail scanning inventory. As a result, as the mail scanning inventory decreased, the number of associated tasks created increased. Additionally, hub managers prioritized reducing the number of pending fiduciary accountings over reducing the number of pending action mail tasks. If the mail scanning and pending fiduciary accountings inventories remain stabilized, hub resources should be able to allocate more time for processing pending action mail tasks.

The review team also found that a significant number of action mail tasks remained pending as of February 2019 because the hub’s workload management plan did not include specific instructions for prioritizing the processing of this work. Without timeliness goals and monitoring of action mail tasks, this workload and commensurate delays are vulnerable to spikes or other increases.

What the OIG Did

The review team analyzed Salt Lake City Fiduciary Hub data for pending action mail tasks from August 14, 2018, through March 4, 2019. The review period for pending action mail tasks starts later than the review period for pending fiduciary accountings because the fiduciary hub did not begin to separately report action mail tasks until August 2018. The OIG team used the BFFS to review relevant documentation required to assess workload status and timeliness. The OIG team also interviewed managers and staff at the fiduciary hub. Appendix A provides additional details on the scope of work and the methodology used.

Inventory of Action Mail Tasks

The fiduciary hub had a large inventory of pending action mail tasks associated with accountings and misuse of funds. An example of accountings action mail would be documentation related to a corporate surety bond. Misuse of funds action mail could include a letter alleging that a fiduciary embezzled all or a portion of a beneficiary’s VA funds. The OIG team identified an increase from approximately 2,000 pending accountings and misuse of funds action mail tasks in August 2018 to approximately 3,300 in February 2019, which represented a 65 percent increase.
Because the fiduciary hub did not begin separately reporting action mail tasks until August 2018, the review team could not determine whether the number of pending tasks was a longstanding concern.

Figure 3 shows the increase in action mail tasks from August 2018 to March 2019.

![Inventory of Pending Accountings and Misuse of Funds Action Mail Tasks](image)

**Figure 3.** Inventory of pending accountings and misuse of funds action mail tasks
*Source: VA OIG analysis of Salt Lake City Fiduciary Hub pending tasks associated with accountings and misuse of funds action mail from August 14, 2018, through March 4, 2019*

The OIG team determined the fiduciary hub still had a significant number of pending action mail tasks as of March 2019, with more than 2,800 tasks that had not been processed. Processing action mail tasks ranged from four to 482 days, with an average of 127 days.

To show a breakdown of pending tasks, Table 2 sums the fiduciary hub’s unprocessed action mail tasks by days pending and type as of March 2019.
Table 2. Unprocessed Accountings and Misuse of Funds Action Mail Tasks

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Range of days pending</th>
<th>Average days pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successor fund transfers</td>
<td>882</td>
<td>4–397</td>
<td>132</td>
</tr>
<tr>
<td>Process review and action</td>
<td>788</td>
<td>4–424</td>
<td>141</td>
</tr>
<tr>
<td>Corporate surety bonds</td>
<td>510</td>
<td>4–371</td>
<td>85</td>
</tr>
<tr>
<td>Expense request</td>
<td>249</td>
<td>13–416</td>
<td>117</td>
</tr>
<tr>
<td>Returned mail</td>
<td>223</td>
<td>4–401</td>
<td>141</td>
</tr>
<tr>
<td>Fiduciary requests and responses</td>
<td>113</td>
<td>12–384</td>
<td>166</td>
</tr>
<tr>
<td>Other</td>
<td>62</td>
<td>13–482</td>
<td>139</td>
</tr>
<tr>
<td>Misuse of funds</td>
<td>16</td>
<td>11–158</td>
<td>83</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2,843</strong></td>
<td><strong>4–482</strong></td>
<td><strong>127</strong></td>
</tr>
</tbody>
</table>

Source: VA OIG analysis of Salt Lake City Fiduciary Hub action mail tasks associated with accountings and misuse of funds pending as of March 4, 2019

Types of action mail tasks the OIG team reviewed included those tasks related to corporate surety bonds and misuse of VA beneficiary funds. Per VA regulations, a fiduciary is required to furnish a surety bond in any case in which “the accumulation over time of VA benefit funds under management by a fiduciary exceeds $25,000.”\(^\text{15}\) A surety bond is a promissory document from an insurance bonding agency that covers the value of the VA benefit funds under management. If the fiduciary does not fulfill his or her responsibilities, the surety company is financially liable. VA is responsible for reissuing misused funds in any case in which there was VA negligence in investigating or monitoring a fiduciary that results in the misuse of benefits by the fiduciary. VA negligence occurs, for example, when VA is notified of allegations of misuse but does not remove the fiduciary within 60 days of notification.\(^\text{16}\) Examples of delays for both of these action mail tasks are described below.

**Example 1: Corporate Surety Bonds**

On September 21, 2018, a Salt Lake City Fiduciary Hub employee created a BFFS task after the hub received correspondence from the fiduciary showing the beneficiary had an estate value of approximately $577,000. Documentation showed that the fiduciary had been authorized by the court to purchase a surety bond in the amount of $10,000, which was well below the estate value. According to VA’s Fiduciary Program Manual, 30 days

\(^{15}\) 38 C.F.R. § 13.230; Protection of beneficiary funds.

\(^{16}\) 38 U.S.C. § 6107; Reissuance of benefits also states negligence occurs in cases in which the VA fails to review fiduciaries’ accountings within 60 days of the date on which the accountings are scheduled for review, and in any other cases in which actual negligence is identified.
after requesting a surety bond, VA staff should contact the fiduciary to determine if the fiduciary has proof of the surety bond. The Fiduciary Program Manual also states that if a surety bond cannot be verified, fiduciary hub staff must take steps to appoint a replacement fiduciary for the beneficiary. A review of the file showed no indication that a 30-day follow up occurred or that staff had begun the process of appointing a new fiduciary. As of June 12, 2019, the Salt Lake City Fiduciary Hub still had not received proof that the fiduciary had acquired a surety bond to cover $600,000. Because fiduciary hub staff did not act in a timely manner to ensure a sufficient surety bond had been obtained, the beneficiary’s funds were at risk, and VA could be liable for any potential fiduciary mismanagement of the beneficiary’s fund not covered by a surety bond.

Example 2: Misuse of VA Beneficiary Funds

On December 20, 2018, a Salt Lake City Fiduciary Hub employee created a BFFS task after receiving correspondence, in October 2018, alleging that a fiduciary was misusing a VA beneficiary’s benefits. On March 28, 2019, fiduciary hub staff established an electronic record to initiate a potential misuse review and, on April 15, 2019, took steps to assess the merits of the allegation. As of June 11, 2019, the fiduciary was still in place and continued to receive a monthly payment of $1,645.81 on the VA beneficiary’s behalf. Until fiduciary hub staff complete their review and determine whether fiduciary misuse occurred, the beneficiary’s funds may be at risk of loss or diversion. As a result of the delay in finalizing a determination, if misuse is found, VA could be responsible for reissuing benefits.

Fiduciary hub managers said they did not resolve the large inventory of action mail tasks because they focused on other program priorities, such as reviewing pending fiduciary accountings. In the absence of a nationwide timeliness goal for completing action mail tasks, fiduciary hub managers should have established local targets to ensure the completion of this critical workload. The OIG team found the fiduciary hub’s workload management plan did not establish timeliness goals for the various categories of action mail tasks or how to prioritize these tasks. A fiduciary hub manager also reported some tasks were finalized by staff and not marked as completed in the BFFS. Once timeliness goals are established and this workload is prioritized, hub staff and managers should be able to promptly identify and resolve tasks that were finalized but not marked as completed.

Fiduciary hub managers cited potential duplicate tasks within the BFFS as also contributing to the large number of pending action mail tasks. The OIG team’s analysis of the action mail tasks

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17 A workload management plan is a written process used to control how work moves through the fiduciary hub. Fiduciary Program Manual, chapter 9, section D, “Workload Management Plans” requires fiduciary hubs to maintain written plans for the flow of work, such as mail routing procedures from the time mail arrives through delivery across all workload processing functions of the fiduciary hub.
Pending in March 2019 showed 211 potential duplicate tasks affecting 97 beneficiaries. For example, the review team identified cases in which BFFS tasks had already been established for action mail items, yet staff created another task for the same or similar action. The review team found that the workload management plan did not establish a requirement for reviewing and resolving duplicate action mail tasks. The fiduciary hub’s workload management plan established a requirement for reviewing and resolving duplicates associated with other electronic BFFS records. Establishing a similar requirement for reviewing and resolving duplicate action mail tasks could help reduce the number of pending tasks.

Conclusion

The completion of action mail tasks continued to be an issue, with some tasks pending for more than a year. If these tasks are not addressed in a timely manner, fiduciary hub managers put recipient benefits at risk. The delays in processing fiduciary hub workload increases the potential for undetected misuse of beneficiaries’ funds. Including timeliness goals and a requirement for routinely reviewing and resolving duplicate action mail tasks in the fiduciary hub’s workload management plan could help reduce the number of pending action mail tasks.

Recommendations 1–3

The OIG recommended the Salt Lake City VA Regional Office director

1. Ensure the fiduciary hub workload management plan establishes timeliness goals for the various action mail tasks,

2. Make certain fiduciary hub managers measure performance and monitor adherence to timeliness goals for action mail tasks once established, and

3. Establish a requirement within the fiduciary hub workload management plan for routinely reviewing and resolving duplicate action mail tasks.

Management Comments

The director of the Salt Lake City VA Regional Office concurred with all three recommendations. In response to Recommendations 1 through 3, the director provided an updated workload management plan dated August 30, 2019. In addition, in response to Recommendation 2, the director stated that compliance with established timeliness goals will be included as part of the VA Regional Office’s internal controls assessments.

Appendix B provides the full text of the director’s comments.
**OIG Response**

The Salt Lake City VA Regional Office director’s comments and corrective actions for Recommendations 1 through 3 are acceptable and responsive to the intent of the recommendations. The fiduciary hub’s workload management plan has been updated to include requirements that address all three recommendations. The OIG considers Recommendations 1 and 3 closed. Regarding Recommendation 2, it will remain open until the VA Regional Office provides supporting evidence showing that the weekly action mail reports cited in the updated workload management plan are being generated and reviewed.
Finding 3: Fiduciary Hub Managers Did Not Hide Pending Accountings to Create the Appearance That This Work Was Completed More Quickly

The OIG did not substantiate the allegation that Salt Lake City Fiduciary Hub management hid part of the inventory of fiduciary accountings to create the appearance that this work was accomplished more quickly. The team confirmed that this workload was included in a BFFS-generated report showing the number of pending accountings.

What the OIG Did

The review team analyzed fiduciary hub data for pending fiduciary accountings from January 2, 2018, through April 5, 2019. The OIG team used the BFFS to review relevant documentation required to assess workload status and timeliness. The OIG team also interviewed managers and staff at the fiduciary hub. Appendix A provides additional details on the scope of work and the methodology used.

Workload Visibility and Transparency

Fiduciary hub managers use electronic workload queues to oversee inventories and distribute work to fiduciary hub staff. In August 2018, at the peak of the pending accountings inventory, more than 1,600 of the approximately 1,900 pending accountings were assigned to a repository workload queue rather than being assigned to individual fiduciary hub staff. Hub managers explained this workload queue was used for unassigned pending accountings before being distributed to staff. Managers stated that they did this to ensure staff were not assigned more work than they could complete in a timely manner. Although the pending accountings were not assigned to hub staff, they were correctly categorized. This pending workload was included in briefings to Salt Lake City VA Regional Office management. In addition, this workload was reflected in the BFFS as part of the hub’s pending overdue accountings. Therefore, the OIG made no recommendations related to workload visibility and transparency.

Conclusion

The OIG found no indication that fiduciary hub managers hid their inventory of pending accountings awaiting review to create the appearance that this work was completed more quickly. An alternative pending workload queue was used to manage individual workload and managers were fully transparent in reporting the additional workload queue inventory.
Appendix A: Scope and Methodology

Scope

The review team conducted its work from February 2019 through August 2019. The OIG assessed the merits of complainant allegations related to pending workload management at the Salt Lake City, Utah, Fiduciary Hub. Specifically, the review team analyzed data for fiduciary accountings from January 2, 2018, through April 5, 2019, and pending action mail tasks from August 14, 2018, through March 4, 2019.

Methodology

To accomplish the review objective, the review team performed the following tasks:

- Identified and reviewed applicable laws, regulations, VA policies, operating procedures, and guidelines related to the Fiduciary Program
- Conducted a site visit to the fiduciary hub in February 2019
- Interviewed fiduciary hub employees including the hub manager and assistant managers, supervisors, management analyst, and other fiduciary hub staff
- Used the BFFS to review relevant documentation required to assess workload and timeliness
- Discussed the findings with Salt Lake City VA Regional Office and VBA officials and included their comments where appropriate

Fraud Assessment

The OIG assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this review. The OIG exercised due diligence in staying alert to fraud indicators. The OIG did not identify any instances of fraud or potential fraud during this review.

Data Reliability

To test the reliability of data, the review team determined whether any data generated from the BFFS were missing from key fields, included any calculation errors, or were outside the timeframe requested. The review team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements.

Testing disclosed the data was sufficiently reliable for the review objectives. Comparison of BFFS data obtained by the review team to source documentation contained in VBA electronic systems did not disclose any significant issues with data reliability. Accordingly, the review team
believes the computer-generated data in the BFFS is sufficiently reliable to support the project objectives, conclusion, and recommendations.

**Government Standards**

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation.*
Appendix B: Management Comments

Department of Veterans Affairs

MEMORANDUM

Date: August 30, 2019
From: Director, Salt Lake City Regional Office
Subj: OIG Draft Report – Workload Management Challenges Identified at the Salt Lake City, Utah, Fiduciary Hub (Project No. 2019-06565-BI-0002)
To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached is the Salt Lake City Fiduciary Hub’s response to the OIG Draft Report: Workload Management Challenges Identified at the Salt Lake City, Utah, Fiduciary Hub

2. Questions may be referred to Amanda French, 801-708-8102

/s/
Jack Kammerer
Director
Attachment
Salt Lake City Fiduciary Hub

Comments on OIG Draft Report

Workload Management Challenges Identified at the Salt Lake City, Utah, Fiduciary Hub

Salt Lake City Fiduciary Hub provides the following response to the OIG recommendations:

**Recommendation 1:** The Director of the Salt Lake City Regional Office ensures the Fiduciary Hub workload management plan establishes timeliness goals for the various action mail tasks.

**Salt Lake City Fiduciary Hub Response: Concur**

The Salt Lake City Fiduciary Hub updated the Fiduciary Hub workload management plan with a matrix identifying timeliness goals/suspenses for all action mail tasks.

**Recommendation 2:** The Director of the Salt Lake City Regional Office makes certain fiduciary hub managers measure performance and monitor adherence to timeliness goals for action mail tasks once established.

**Salt Lake City Fiduciary Hub Response: Concur**

The Salt Lake City Fiduciary Hub updated the Fiduciary Hub workload management plan to include the preparation of weekly reporting by the management analysts to the Fiduciary Hub coaches based on areas of responsibility. The Fiduciary Hub manager will routinely monitor these reports for effective actions taken by the coaching staff as assigned. Additionally, the Internal Controls SAO will now include this area as part of the analysis to ensure compliance with established timeliness goals.

**Recommendation 3:** The Director of the Salt Lake City Regional Office establishes a requirement within the Fiduciary Hub workload management plan for routinely reviewing and resolving duplicate action mail tasks.

**Salt Lake City Fiduciary Hub Response: Concur**

The Salt Lake City Fiduciary Hub updated the Fiduciary Hub workload management plan to include the preparation of weekly duplicate task reporting by the management analysts to the Fiduciary Hub coaches based on areas of responsibility. The Fiduciary Hub manager will routinely monitor these reports for effective actions taken by the coaching staff as assigned.

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_for accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended._
**OIG Contact and Staff Acknowledgments**

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