



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

JUN 3 0 1970

CIVIL DIVISION

092737 C.P.L.

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Dear Mr. Rhodes:

We have completed our review of the need for State Approving Agencies (SAAs) to visit accredited institutions of higher learning (IHLs) to approve courses and make supervisory and inspection visits.

Our review was made at the Veterans Administration (VA) Regional Offices in Los Angeles and San Francisco, California, and Waco, Texas; and at the VA Central Office in Washington, D. C. We reviewed the work performed by the SAAs in meeting the requirements of 38 U.S.C., chapter 36.

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We interviewed officials of (1) the Office of Education, Department of Health, Education, and Welfare, Washington, D. C., (2) the National Commission on Accrediting, Washington, D. C., (3) the SAAs in Austin, Texas, and Sacramento, California, (4) the VA Regional Offices in Los Angeles and San Francisco, California, and Waco, Texas, and (5) the VA Central Office, Washington, D. C. We also interviewed school officials and veterans clerks at certain accredited IHLs in California.

On June 23, 1969, we submitted to you a draft of our proposed report to the Congress entitled "Savings Available by Changing Procedures for Approving Courses of Study Under the Educational Assistance Programs of the Veterans Administration." We proposed that SAA visits to accredited IHLs be eliminated because we believed that (1) accreditation recognized by the Office of Education is a reliable indicator of the quality of education offered by an IHL and provides reasonable assurance that the school maintains adequate records and (2) VA's visits to IHLs could provide sufficient review of schools' reporting procedures and maintenance of records.

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In your letter of October 7, 1969, you commented:

"Based on demonstrated accomplishment, we are completely satisfied with the role of SAAs in the approval of courses and inspection of institutions of higher learning. These findings, however, have prompted us to question the need for VA compliance surveys of institutions of higher learning. As a result we will discontinue these surveys except in cases of demonstrated need disclosed by liaison visits, complaints, etc. This will accomplish most of the cost saving objectives of the report."

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Your comments were implemented by issuing, on November 14, 1969, change 4 to the Department of Veterans Benefits (DVB) Circular 20-66-36, Appendix K. Through this change VA directed that liaison visits and compliance surveys at IHLs be performed only when the Adjudication Officer determines that there is a specific need for one. Prior to this change liaison visits were required annually and compliance surveys were required if the liaison visit showed a need for a compliance survey.

In view of your comments on the proposed report and of the action taken, we have concluded that a report to the Congress on this matter is not warranted at this time. We believe, however, that improvements are needed in certain aspects of VA's management of the education program.

We believe that a significant number and amount of education accounts receivable resulting from improper payments to veterans could be reduced or avoided if VA better utilized the capabilities of its ADP system and the services of the SAAs.

VA's Report of Indebtedness showed that of 194,981 education accounts receivable totaling \$19.5 million, created during fiscal years 1967 through 1969, 171,404 accounts (about 88 percent) amounting to \$15.5 million resulted from IHLs' untimely reporting to VA of changes in veterans status. These changes would include termination of enrollment, change in workload, or increase in the number of dependents.

During our review, we requested the Data Processing Center, Hines, Illinois, to provide us with a computer listing showing the number and amount of accounts receivable owed by veterans attending each school in California. This listing enabled us to identify those schools in California whose veteran-students owed a large number of accounts receivable. The listing showed that about 9,000 veterans enrolled in 74 schools in the Los Angeles area owed VA accounts receivable totaling about \$1 million. Veterans at one school owed 517 accounts receivable amounting to \$73,776.

We visited several of the schools in the Los Angeles area whose veteran-students owed large numbers of accounts receivable and found that the veteran's clerks generally were unable to obtain timely information from school officials who had received notice of a change in status from the veteran. We noted that one school, however, required all male students to obtain clearance from the veteran's clerk before the administrative office would recognize any change.

During a conference with us on January 7, 1970, DVB officials agreed that the computer listings of accounts receivable by school would be beneficial in identifying schools which could benefit from assistance and guidance concerning their processing of veterans' education documents. They stated that such listings could be generated by the Data Processing Center and made available to the regional offices.

We noted that the SAA's only practicable means of obtaining a listing showing the number and amount of accounts receivable owed to VA by veterans attending each school in their State was through the VA.

The officials of the schools we visited in California informed us that they were unaware of the effect of their untimely processing of changes in veterans' status. Some school officials informed us that they had assumed their reporting system was adequate because they had not received any complaints.

One of the procedures followed by VA in its compliance surveys was comparing the VA's individual master record for individual veterans to the record maintained on the veteran by the school. This procedure should disclose, among other things, delays by the school in reporting changes in the veteran's status. With elimination of a substantial number of required VA compliance surveys at IHLs, this type of checking will be reduced. This procedure is not used by the SAAs.

We believe that there is a need for the VA to determine those schools that are late in reporting to VA changes in veterans' status and to direct the attention of the SAAs to these schools. We further believe that the SAAs can work with these schools to improve processing and reporting procedures which would (1) expedite veterans' initial payments and pay adjustments and (2) reduce overpayments to veterans who terminate training or reduce their academic workload. This would reduce the hardship on veterans, reduce the losses on uncollectible accounts receivable, and reduce VA's administrative costs.

Therefore, we recommend that action be taken to identify and assist those schools that are late in reporting to VA changes in veterans' status. In this regard, we believe that obtaining the above described computer listings for each SAA would be helpful in identifying schools in need of attention. By this procedure, the SAAs could concentrate their efforts on those schools in need of attention.

We wish to acknowledge the cooperation given to our representatives during this review. Your comments on any action taken or contemplated on the above matter would be appreciated.

Sincerely yours,

Max Hirschhorn  
Max Hirschhorn  
Associate Director

Mr. Fred B. Rhodes  
Deputy Administrator  
Veterans Administration

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