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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
ROOM 204, 161 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30303



JUL 14 1970

Mr. Thomas Hurt, Director
Veterans Administration; Regional Office,
St. Petersburg, Florida, *1405867*

Dear Mr. Hurt:

We have examined into the policies, procedures, and practices of the Veterans Administration (VA) relating to its management of the flight training program. We interviewed knowledgeable officials, reviewed VA and flight school records, and examined into (1) the accuracy and propriety of payments made under this program and (2) VA's administrative controls over the program, including supervision of the State Approving Agency (SAA) which approves courses for enrollment of veterans.

Our work was performed in Florida at the VA Regional Office (VARO), St. Petersburg; the Florida State Approving Agency for Private Schools, Tallahassee; and three Florida flight schools.

At each of the three schools, we found that the schools had not retained records supporting the number of hours of ground instruction provided to veterans. In addition, at two of the schools we found differences between the number of flight training hours that had been certified to the VA as the basis for payments to the veterans and the number of hours recorded in the schools' records.

Based on the results of our review, we believe that improvements are needed in certain areas of VA's management of the flight training program. The areas are discussed below.

DEFICIENCIES IN FLIGHT SCHOOL RECORDS

Our review of records maintained by the three flight schools disclosed that (1) the number of ground instruction hours certified to VA could not be verified in many instances because the schools did not retain ground instruction records and (2) the number of flight training hours certified to the VA did not correspond to the number of flight training hours recorded on the schools' records.

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We found that about 1,126 ground instruction hours which had been certified to the VA for payment during calendar years 1968 and 1969, representing charges of about \$2,200 to the veterans, could not be supported by the schools because the ground school attendance records could not be located. Inasmuch as the VA reimburses the veterans for 90 percent of the charges for ground instruction, the unverified charges of \$2,200 could represent potential overpayments by the VA of \$1,980.

At each of the three flight schools visited, we requested the records supporting the number of ground instruction and flight training hours certified to the VA. We were informed by one school official that the ground school instructor had quit and had taken the records with him. An official of another school stated that he did not know how long records relating to veterans training were to be retained and that their missing ground instruction records had apparently been misplaced or discarded. An official of the third school informed us that ownership of the corporation had recently changed, and that their missing records were probably retained by the former owner.

In addition, we found at two of the schools differences of about 136 hours, representing charges of about \$2,550 to the veterans, between the number of hours of flight training certified to the VA for payment during calendar years 1968 and 1969 and the number of hours of flight training recorded for them on the schools' records.

Of the total discrepancy of \$2,550, about \$1,330 represents charges certified to the VA which were greater than the corresponding charges recorded in the schools' records, and about \$1,220 represents charges certified to the VA which were less than the corresponding charges recorded in the schools' records. Inasmuch as VA reimburses the veteran for 90 percent of the cost of flight training instruction, these discrepancies could represent potential overpayments of \$1,197 and potential underpayments of \$1,098.

VA officials at the St. Petersburg VARO informed us that they would examine the above situations and if they determined that overpayments or underpayments had been made they would initiate corrective action. They stated that the schools' failure to maintain records was in violation of 38 U.S.C. 1776 and could result in withdrawal of the schools' approval.

NEED FOR VA TO MAINTAIN A CLOSER
LIAISON WITH THE FLIGHT SCHOOLS

VA procedures (DVB Circular 20-66-36 Appendix K, part II, change 4) state that the VARO shall make at least one visit to a flight school each fiscal year for a compliance survey. The VARO is also expected to make a compliance survey when informed by the SAA of problems it finds at a school.

The purpose of the VARO compliance survey is to (1) determine that payments made by the VA to eligible students are in keeping with the law and (2) provide assistance to school officials in the preparation of required attendance certification by the school.

The SAA is responsible for inspecting and supervising flight schools within the borders of its State and for determining those courses which may be approved for the enrollment of eligible veterans and servicemen. The SAA is also responsible, in the course of its inspection reviews, for ascertaining whether a flight school which has had its courses approved continues to meet the established criteria relating to the course or courses which have been approved.

The specific criteria which an approved flight school must meet is contained in 38 U.S.C. 1776. It requires, in part, that the school keep adequate records to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct.

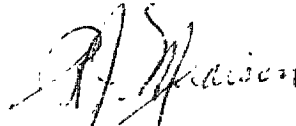
We found that the VARO had not made the required number of compliance surveys to flight schools in Florida during fiscal year 1969. Further, the effectiveness of the SAA reviews appears questionable because, during fiscal year 1969, the SAA visited each of the three schools we visited but did not report that (1) ground school attendance records could not be located or (2) differences between hours of flight training as certified to the VA and as recorded in the schools' records.

Officials of the flight schools we visited generally agreed that there is a need to improve maintenance of records, especially with regard to ground instruction. They expressed a desire for more help or suggestions from VA on how to set up and maintain the required records. One official suggested that VA or the SAA conduct seminars to explain VA requirements and show suggested ways to keep records.

We recommend that the VARO, St. Petersburg, (1) establish closer liaison with the flight schools and the SAA to assure that adequate records are maintained and accurate information is reported to VA and (2) perform the required annual compliance surveys at these schools.

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

Sincerely yours,



Regional Manager