



Highlights of [GAO-10-241](#), a report to the Chairman, Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

Many individuals receiving monthly compensation and pension benefits from the Department of Veterans Affairs (VA) have mental impairments that prevent them from managing their finances. VA's Fiduciary Program selects and oversees third parties, called fiduciaries, to help manage and protect beneficiaries' funds. GAO examined (1) how effective program policies and procedures are in monitoring fiduciaries and safeguarding beneficiary assets, and (2) challenges VA faces in improving program performance and oversight. GAO reviewed program policies, 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. During these visits GAO interviewed regional office managers and staff and conducted 32 file reviews.

What GAO Recommends

GAO recommends that VA strengthen Fiduciary Program policies for monitoring fiduciaries; improve staff compliance with program policies; evaluate alternative approaches to meet electronic case management system needs; and evaluate the effectiveness of consolidating 14 western Fiduciary Program units. VA agreed with our recommendations and noted plans to address them.

View [GAO-10-241](#) or [key components](#). For more information, contact Daniel Bertoini at (202) 512-7215 or bertoinid@gao.gov.

VA'S FIDUCIARY PROGRAM

Improved Compliance and Policies Could Better Safeguard Veterans' Benefits

What GAO Found

VA's Fiduciary Program has policies in place that are intended to ensure that qualified fiduciaries are selected and regularly monitored; however, insufficient staff compliance with some policies and weaknesses in others hinder VA's ability to safeguard veterans' benefits. For example, VA was late in conducting required follow-up visits to monitor fiduciaries or provided insufficient documentation to show whether these visits were conducted in about 18 percent of the cases GAO reviewed. In addition, while GAO estimated that nearly 40 percent of fiduciaries who were required to submit financial reports to demonstrate how beneficiary funds are managed turned their reports in late, VA did not always take actions to obtain them on time or provide documentation that an attempt had been made, as required by VA policy. GAO also found that files did not always contain documentation that a bond was secured when required to safeguard beneficiary estates or that the requirement was waived. Fiduciary Program managers and staff said that they did not always comply with VA policies due, in part, to a lack of time, resources, and staff. In addition, VA's policies for conducting on-site reviews of professional fiduciaries who manage funds for multiple beneficiaries do not ensure these fiduciaries are effectively identified and monitored. For example, VA's policy may not ensure that all fiduciaries who need to be reviewed are identified because the agency's policy allows the use of 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. Moreover, VA does not have a nationwide quality review process to ensure that these reviews are conducted properly and consistently.

GAO identified two key challenges that hinder VA's ability to improve Fiduciary Program performance and oversight. First, managers and staff in the three regional offices visited said VA's electronic fiduciary case management system does not provide sufficient information and is cumbersome to use. For example, the system limits staff's ability to track multiple actions on a case or enter all needed information. Also, the system does not generate comprehensive management reports that would facilitate effective oversight. In addition, managers and staff indicated that available training may not be sufficient to ensure they have the necessary expertise to carry out program responsibilities. Moreover, many managers and staff had less than 2 years of program experience, and the lack of sufficient training may have contributed to inconsistent compliance with some program policies. VA is developing standardized training that it expects to implement some time in fiscal year 2010. VA is also piloting a consolidated Fiduciary Program unit covering 14 western units, in part, to address program challenges. While the pilot is intended to improve program performance and oversight, managers and staff noted that difficulties, such as not having resources in place and up-to-date case files, impeded effective implementation. VA has not yet evaluated the impact and effectiveness of this model.