



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Management and Administration

Budget Request for
Fiscal Year 2019

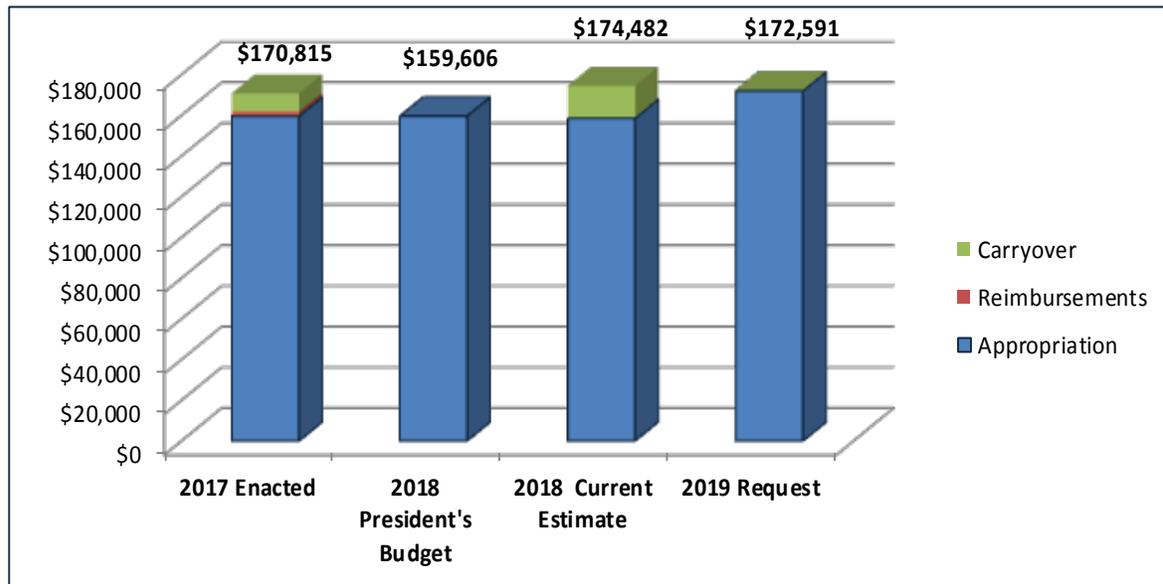
Budget Request Contents

Summary of Budget Request	395
Appropriations Language	396
Mission, Vision, Values	396
Strategic Plan and Goals	398
Performance Measures	399
Stakeholders and Partners	399
Program Description	399
Inspector General Accomplishments	401
Budget Highlights	406
Budget Submission Requirements of the IG Act	408
Net Change and Employment Tables	411
Other Requirements	414



Office Of Inspector General

Summary of Budgetary Resources – Inspector General (Dollars in Thousands)



Summary of Budget Request

(Dollars in Thousands)	2018	FTE	2019	FTE
Office of Inspector General				
Budget Authority	<u>\$158,522</u>	<u>855</u>	<u>\$172,054</u>	<u>827</u>
Carryover	<u>\$15,960</u>		<u>\$537</u>	
Total Budgetary Resources	\$174,482	855	\$172,591	827

The 2019 budget request for the Office of Inspector General (OIG) is \$172,054,000 and provides an anticipated 827 FTE to fulfill statutory requirements. Although the 2019 budget supports fewer FTE than the current year, the OIG will manage hiring within existing resources and continue to maximize internal efficiencies to fulfill its mission.

The OIG acknowledges that in terms of budget authority, the 2019 request provides a significant increase above the current estimate for 2018. However, due

to delayed execution of funding received in 2017 as part of ongoing efforts to “right size” the office relative to the size and complexity of the VA, it is important to note that OIG's current operating budget is effectively \$174.4 million (sum of the 2018 mark of \$158.5 million and \$15.9 million in 2017 carryover). Because payroll comprises over 80 percent of operational costs, funds provided in 2019 must cover salaries and benefits for all employees. This includes additional staff hired in late 2017 and 2018, particularly law enforcement officers, physicians, and other hard-to-recruit specialized positions that come at notably higher costs. In order to balance payroll with fixed requirements for space, contracts, and mission-essential travel, OIG will need to reduce staffing levels through attrition in 2019 to stay within appropriated funding limits while sustaining priority operations.

During 2017, the OIG focused on hiring and placing additional health care inspectors, physicians, criminal investigators, analysts, and auditors in the field at locations nationwide, especially near facilities where a more significant presence was needed or there was increased demand for oversight work. These professionals are strengthening OIG’s capacity to meet strategic goals. Similarly, OIG will continue to review higher-risk VA programs including care in the community, information technology, procurement, benefits processing and determinations, access to quality health care, and construction. In addition, OIG will enhance proactive initiatives such as the Comprehensive Health Care Inspection Program (CHIP), joint agency investigations of fraud and embezzlement, and new efforts related to data analytics and assessments of leadership competencies at VA facilities. Additional information on the 2019 request appears in the Budget Highlights section below.

Appropriation Language

For necessary expenses of the Office of Inspector General, to include information technology, in carrying out the provisions of the Inspector General Act of 1978, \$172,054,000 [\$158,522,000] of which not to exceed 10 percent shall remain available until September 30, 2020 [2019].

Inspector General Mission, Vision, and Values

As authorized by the *Inspector General Act of 1978* and other enacted legislation, the Inspector General is responsible for conducting and supervising audits, investigations, and making recommendations to promote economy, efficiency, and effectiveness. The OIG is authorized to inquire into all VA programs and activities, including health care programs as well as VA-related contracts, grants, and other agreements. The OIG is required to report to Congress on activities and outcomes every six months. These semiannual reports (SARs) keep stakeholders informed about the challenges VA is experiencing and promote transparency for OIG’s operations.

The Inspector General made a number of relatively recent enhancements to the office's practices, policies, and operations. Several of these initiatives represent concerted OIG efforts to focus on higher-risk areas throughout VA in order to provide more proactive oversight. OIG's Mission, Vision, and Values inform these efforts.

Mission. To serve veterans and the public by conducting effective oversight of the programs and operations of VA through independent audits, inspections, and investigations.

Vision. To enhance the trust and confidence of veterans and their families, Veterans Service Organizations (VSOs), Congress, VA employees, and the public we must:

- Ensure that our work is independent and avoid any appearance of impairment to our independence.
- Prevent and detect fraud, waste, and abuse in VA programs and operations.
- Be proactive and strategic in identifying impactful issues.
- Produce reports that are accurate, timely, fair, objective, and thorough.
- Make meaningful recommendations that drive economy, efficiency, and effectiveness throughout VA programs and operations.
- Be fully transparent by promptly releasing reports that are not otherwise prohibited from disclosure.
- Promote accountability of VA employees if they fail to perform as expected.
- Attract, develop, and retain the highest quality staff in the OIG.
- Treat whistleblowers and others who provide information to the OIG with respect and dignity and protect their identities if they so desire.

Values. OIG conduct will be guided and informed by adherence to the following:

- Meet the highest standards of professionalism, character, ethics, and integrity.
- Work as one organization by encouraging teamwork and collaboration across directorates and offices.
- Establish a positive and engaging work environment.
- Promote diversity, individual perspectives, and equal opportunity throughout the OIG.
- Respect the role and expertise that each staff member brings to the OIG.
- Continually improve our performance.
- Ensure equitable opportunities for professional growth and development.
- Accept responsibility for our behavior and performance.

Strategic Plan and Goals

The OIG's *Strategic Plan 2016–2020* includes six goals that address the major programmatic challenges VA will face in the next few years, while providing the OIG with the necessary flexibility to be responsive to emerging and exigent issues.

- **Strategic Goal 1 – Health Care Delivery.** Improve veterans' access to high-quality health care by identifying opportunities to improve the management and efficiency of VA's health care delivery systems, and by detecting, investigating, and deterring fraud and other criminal activity.
- **Strategic Goal 2 – Benefits Processing.** Improve the delivery of benefits and services by identifying opportunities to improve the quality, timeliness, and accuracy of benefits processing, while reducing criminal activity in the delivery of benefits through proactive and targeted audits and investigative efforts.
- **Strategic Goal 3 – Financial Management.** Assist VA in achieving its financial management mission of providing all VA activities with accurate, reliable, and timely information for sound oversight and decision making while identifying opportunities to improve the quality, management, and efficiency of VA's financial management systems.
- **Strategic Goal 4 – Procurement Practices.** Ensure that VA's acquisition programs support our Nation's veterans, other government entities, and the taxpayer by providing customers with quality products, services, and expertise delivered in a timely fashion, at a reasonable price and to the right place.
- **Strategic Goal 5 – Information Management.** Assess information systems and policies within VA to ensure that they protect information security and integrity, are cost-effective, meet the needs of the user, and are used in a lawful and ethical manner, while investigating fraud and other computer-related crimes against VA.
- **Strategic Goal 6 – Workforce Investment.** Recruit, retain, and empower a diverse workforce. Foster a work environment that enhances productivity, innovation, excellence, and employee satisfaction by leveraging technology and tools to maximize the impact of OIG work.

The OIG is reviewing its Strategic Plan as part of a continuous improvement process that ensures staff priorities are aligned with the mission and goals, as well as emerging issues. Modifications or enhancements will be made as needed.

Performance Measures

The OIG's performance measures tie directly to the oversight mission and six strategic goals, and ensure that critical linkages are made between staff work and its impact on the VA and veteran community. Because the OIG's oversight activities encompass all aspects of VA programs and operations, the performance measures and accomplishments are necessarily broad in scope and cross-cutting in nature. Current performance measures include

- Number of reports (audit, inspection, evaluation, contract review, CHIP (formerly known as Combined Assessment Program), and Community Based Outpatient Clinic (CBOC) reports) issued that identify opportunities for improvement and provide recommendations for corrective action;
- Number of arrests, indictments, convictions, criminal complaints, pretrial diversions, administrative sanctions, and corrective actions;
- Monetary benefits (dollar amounts in millions) from audits, investigations, contract reviews, inspections, and other evaluations;
- Return on investment (monetary benefits divided by cost of operations in dollars);
- Percentage of recommendations implemented within one year to improve efficiencies in operations through legislative, regulatory, policy, practices, and procedural changes in VA;
- Percentage of recommended recoveries achieved from postaward contract reviews; and
- Percentage of full cases that result in criminal, civil, or administrative actions.

Stakeholders and Partners

The OIG's oversight work encompasses all VA programs and operations, services, functions, and funding. As such, its stakeholders include the Secretary, VA managers and staff, Congress, VSOs, beneficiaries, taxpayers, affiliated health care and educational institutions, contractors, other Federal agencies, law enforcement organizations, and other OIGs. Much of the OIG's work depends on the cooperation and coordination of these stakeholders, making them partners in some capacity for important improvement and oversight efforts.

Program Description

The Inspector General provides executive leadership and sets strategic direction for staff nationwide. The OIG comprises the Immediate Office of the Inspector General; four operational offices, each headed by an Assistant Inspector General; and the Office of Contract Review (OCR), directed by the Counselor to the Inspector General.

Immediate Office of the Inspector General. The Immediate Office of the Inspector General is the primary point of contact for the Office of the VA Secretary, Members of Congress and their staffs, VSOs, Government Accountability Office, the media, Federal Inspector General organizations, and other Federal agencies. The office coordinates all executive correspondence, congressional testimony, and required external reports. This office is responsible for the OIG's Senior Executive Service human resources program. Also included is the Office of Counselor, which provides independent legal advice and representation on issues arising from OIG activities and directs *Freedom of Information Act* and *Privacy Act* activities.

Office of Audits and Evaluations. The Office of Audits and Evaluations (OAE) conducts performance and financial audits and other evaluations of VA health care, benefits, financial management, procurement, and information management programs. These audits and evaluations provide useful and practical recommendations to improve the economy, efficiency, and effectiveness of VA management, programs, services, operations, and systems. OAE also conducts inspections of benefits processing activities at VA regional offices. Additionally, OAE oversees the following congressionally mandated annual reviews:

- Consolidated financial statement audit that assesses VA's financial management systems and information under the requirements of the *Chief Financial Officers Act of 1990*
- Evaluation of VA's information security programs and controls required by the *Federal Information Security Management Act of 2002 (FISMA)*
- Evaluation of requirements under the *Digital Accountability and Transparency Act of 2014 (DATA)*
- Review of VA's compliance with the *Improper Payments Elimination and Recovery Act (IPERA)*

Office of Healthcare Inspections. The Office of Healthcare Inspections (OHI) conducts oversight aimed at enhancing the safety, effectiveness, and quality of VA health care programs and promotes continuous quality improvement. In performing its assigned functions, OHI inspects individual health care cases, completes cyclical reviews of medical facility operations, evaluates nationwide health care programs, and provides clinical consultations to support criminal investigations. OHI has a recently established Rapid Response Team to improve consistency and timeliness of responses to allegations that involve the highest risk of adverse clinical outcomes to veterans and impediments to proper patient care. OHI's oversight efforts advance national mandates for creating a more efficient, less costly government. OHI also conducts an annual determination of occupational staffing shortages across the VA, as required by the *Veterans Access, Choice, and Accountability Act*. Inherent in every OHI effort are the principles of continuous quality improvement, a focus on helping VHA to strengthen day-to-

day operations, and an emphasis on caring customer service and positive patient outcomes.

Office of Investigations. The Office of Investigations (OI) conducts criminal and administrative investigations of wrongdoing within VA programs and operations. Criminal investigations focus on activities such as fraud against VA committed by beneficiaries, fiduciaries, contractors, and employees, and theft and diversion of drugs by employees and others. Administrative investigations examine potential misuse of government resources, abuse of authority, and travel irregularities by senior VA officials. Through criminal prosecutions, administrative sanctions, and monetary recoveries, OIG's criminal and administrative investigations promote integrity, patient safety, efficiency, security, and accountability in VA.

Office of Management and Administration. The Office of Management and Administration (OMA) provides a wide range of administrative and operational support functions to OIG offices and employees. Information technology teams nationwide provide a broad array of support and security services, as well as data gathering and analysis support for audits, inspections, and investigations. OMA also facilitates follow-up work on OIG report recommendations and provides administrative, human resources, reporting, logistics, budget, and fiscal services for the entire OIG organization. OMA operates the OIG Hotline, providing the means for VA employees and the public to report allegations of fraud, waste, and abuse to the OIG. The Hotline also coordinates whistleblower protection services by providing education and information about how to file complaints and the prohibitions against reprisals for doing so.

Office of Contract Review. The Office of Contract Review (OCR) provides pre-award, postaward, and other reviews of VA vendor proposals and contracts. Its work is overseen by the Counselor to the Inspector General. OCR addresses a broad range of procurement issues that can negatively impact VA programs and operations.

Inspector General Accomplishments

The OIG is proud to serve veterans and the public through a variety of independent, proactive, and principled investigation, audit, and inspection programs. Its work is designed to promote efficiency and quality in the administration of VA programs, operations, and services. In order to demonstrate the positive impact the OIG's efforts yield to both veterans and taxpayers, recent performance metrics and work examples follow. Internal improvements are also discussed to highlight initiatives that address management challenges and better engage and develop highly skilled employees who can fulfill the office's mission.

Key Statistics and Related Performance Measures. The OIG consistently meets or exceeds the performance targets conveyed with the annual budget request, as reflected in VA's *Annual Performance Plan and Report*. The OIG's SAR, including issues 77 and 78 which cover the period of October 1, 2016 to September 30, 2017, further support that the OIG sustained a high level of performance and published a volume of noteworthy and impactful reports.

Reports Issued. The OIG issued 293 reports during the past two SAR reporting periods, as summarized in the table below. OIG investigations, audits, and inspections focus on impactful, higher-risk programs and operations across VA. OIG's reports include recommendations that, if implemented, will yield measurable financial benefits as well as program and operational improvements. In addition to publishing reports to a public website, the OIG engaged key stakeholders through social and digital media to disseminate further the report findings. For example, in 2017, the OIG published 255 tweets largely focused on reports that resulted in nearly a quarter of a million impressions. During the same period, followers of the OIG's Twitter feed increased by 966 to 4,036. In 2017, the Inspector General or OIG senior staff testified at 10 congressional hearings. These hearings dealt with issues that were addressed in the OIG's reports and ongoing work, or drew on staff expertise and experience, including implementation of the Choice Program; the operations of the Veterans Crisis Line; VA's hiring practices, such as background investigations, recruitment, retention and relocation programs; VA's reporting of improper payments; and issues associated with drug use and diversion.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Total Reports Issued	107	186	293
Audits and Peer Reviews	23	24	47
Benefits Inspections	0	16	16
National Healthcare Reviews	5	8	13
Hotline Healthcare Inspections	13	49	62
CAP Reviews ^a	10	20	30
CBOC Reviews ^a	0	0	0
Administrative Investigations	1	4	5
Preaward Contract Reviews	39	56	95
Postaward Contract Reviews	15	9	24
Claims Reviews	1	0	1
Congressional Testimonies	6	4	10

^a Starting in October 2016, the OIG discontinued publishing CAP and CBOC Reviews. Those reviews were replaced by CHIP reviews that include a number of enhancements, including a focus on the effectiveness of leadership at individual medical centers.

Monetary Benefits. During the past two SAR reporting periods, OIG identified a monetary benefit of \$10 billion. This was a return of about \$73 for every dollar invested in the OIG, and included the following work:

- Identified potential cost-savings of \$5.3 billion over a 10-year contract term through a preaward review of a proposal to supply drugs used to treat chronic Hepatitis C, finding that VA should have negotiated the price recommended by the OIG with a drug manufacturer that was based on a fair and reasonable price analysis;
- Questioned an estimated \$158.7 million in VA spending and projected approximately \$3.9 million in repayment liabilities due to inadequate internal controls over recruitment, relocation, and retention incentives;
- Assisted in actions that led to a \$350 million civil *False Claims Act* settlement agreement following an inter-agency investigation of a vendor's inappropriate financial inducements to VA and Medicare physicians;
- Determined that VHA paid higher prices for an estimated \$256.7 million in prosthetics purchases during FY 2015 by not establishing contracts for commonly used prosthetics; and
- Concluded that VBA improperly authorized about \$2.8 million in automated burial payments from August 2014 through January 2015, and projected that VBA would authorize about \$5.6 million such payments annually unless the lack of controls, policies, procedures, and quality assurance reviews are addressed.

The table below summarizes additional information about monetary benefits of the OIG's work.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Monetary Benefits (in millions)	\$974.2	\$9,050.6	\$10,024.9
Better Use of Funds	\$167.9	\$2,603.7	\$2,771.6
Fines, Penalties, Restitutions and Judgments	\$151.3	\$39.6	\$191.0
Fugitive Felon Program	\$120.8	\$115.0	\$235.8
Savings and Costs Avoidances	\$466.2	\$5,737.5	\$6,203.7
Questioned Costs	\$38.5	\$538.8	\$577.3
Dollar Recoveries	\$29.5	\$16.1	\$45.6
Cost of Operations	\$69.8	\$67.7	\$137.5
Return on Investment	14:1	134:1	73:1
Contract Review Only - Monetary Benefits	\$483.0	\$5,677.4	\$6,160.4
Preaward Potential Savings	\$447.3	\$5,663.3	\$6,110.6
Postaward Recoveries	\$25.8	\$14.1	\$39.9
Claims Reviews	\$9.9	\$0.0	\$9.9

Program Benefits. In addition to monetary benefits, OIG investigations, audits, and inspections identified valuable opportunities to improve VA programs and

services. For example, staff's work on the Veterans Choice Program prompted VHA to take steps that would

- Bolster participation in the Choice program, including streamlining procedures for accessing care, reducing providers' administrative burdens, and ensuring provider payments are timely; and
- Address significant risks for patients prescribed opioid prescriptions outside of VA, including requiring non-VA providers to submit opioid prescriptions directly to a VA pharmacy for dispensing and recording in the VA electronic health record.

The OIG's work pertaining to crisis and mental health services led to

- VHA improving suicide prevention and crisis intervention services by addressing major deficiencies in Veterans Crisis Line governance, operations, and quality assurance functions; and
- VA facility leaders taking measures in a residential treatment program to provide a safer therapeutic environment by consistently conducting and documenting rounds, maintaining physical presence and engagement with patients in the unit, and conducting contraband checks.

Other OIG work involving VA health care resulted in VHA taking action to

- Improve colon cancer screening for veterans by expanding the required medical documentation and certainty of screening-related recommendations;
- Safeguard patients by making several programmatic changes, including ensuring that staff at VA facilities enter all patient safety incidents into VHA's database, complete required reviews of those incidents, and take appropriate corrective actions;
- Implement operational controls to ensure the effectiveness of the Patient Advocacy Program and reliability of patient complaint data; and
- Address longstanding deficiencies in basic hospital management, including supply chain management, at a large VA medical facility.

Investigative Actions. The OIG's criminal and administrative investigations led to 240 indictments, 299 convictions, and 561 administrative sanctions, during the past two SAR reporting periods. For example, the OIG's work, alone and in collaboration with other Federal agencies, led to the

- Conviction and sentencing of two managing officials who were found guilty at trial of conspiracy, health care fraud, wire fraud, and money laundering— one for 25 years' incarceration and 3 years' probation, and the other to 10 years' incarceration and 3 years' probation. The defendants were also ordered to pay restitution - \$13,365,525 for the first defendant and \$14,537,548 for the second defendant.

- Conviction and sentencing to 2 months' home detention and 5 years' probation of a licensed chiropractor who assisted in performing fraudulent VA disability examinations. Along with other defendants, the chiropractor was ordered to pay VA a share of \$39,155 in restitution.
- Convictions (with sentencing) of a beauty college owner and his spouse for rarely, if ever providing instruction despite being paid \$4,526,653 in tuition funds and over \$10.5 million to cover housing costs and other educational expenses by VA. The defendants were also ordered to be jointly and severally liable for restitution of \$4,526,653.

The table below summarizes additional information about the OIG's investigative actions.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Investigative Actions			
Arrests	144	161	305
Fugitive Felon Arrests (OIG only)	6	1	7
Indictments	125	115	240
Criminal Complaints	33	38	71
Convictions	160	139	299
Pretrial Conversions / Deferred Prosecutions	21	13	34
Case Referrals to the Department of Justice	226	254	480
Administrative Sanctions / Corrective Actions (excludes Hotline)	198	363	561

Hotline Actions. The OIG's Hotline has continued to serve as the key conduit for allegations and information about potential wrongdoing such as fraud, waste, and abuse by operating a toll-free telephone service. Staff also reviews web submissions, letters, and faxes. Hotline staff received and processed over 37,000 contacts from sources concerning VA programs and operations during the most recent SAR reporting periods, as summarized in the table below. The OIG opened over 2,000 cases in response to Hotline contacts, substantiated 37 percent of related allegations, and prompted over 1,200 administrative sanctions.

Measure	Semiannual Report (SAR) Summary		
	Issue 77	Issue 78	Combined
Contacts	17,251	20,204	37,455
Cases Opened	929	1,240	2,169
Cases Closed	643	1,021	1,664
Substantiation Rate	39.0%	35.0%	37.0%
Administrative Sanctions (Hotline)	534	760	1,294

Internal Improvements. Performance during the most recent SAR periods indicated that OIG staff produces high-quality work. To build on that strong

foundation, and in keeping with continuous improvement efforts, the Inspector General enhanced efforts in 2017 to improve report timeliness that would increase the value of the information to the field. Examples of these efforts included developing and leveraging internal dashboards on project timeliness, and revising key internal performance standards that rewarded timeliness without sacrificing quality.

Also in 2017, the OIG expanded its training and workforce investment. To that end, the OIG implemented a number of internal training initiatives that seek to promote the values and vision necessary to help VA provide veterans the care they deserve. This includes mandatory leadership training for OIG's managers, and an OIG-wide mentorship program.

The OIG's managers are committed to facilitating employee engagement to make the OIG an employer of choice. Therefore, management works closely with the Employee Advisory Council and actively and regularly solicits employee feedback through internal surveys and other means. The Inspector General also facilitates ongoing, open communication through weekly updates and quarterly town hall meetings.

Budget Highlights

The budget request provides the OIG \$172.1 million in new budget authority and supports an anticipated 827 FTE in 2019. Although the 2019 request is \$13.5 million more than the anticipated appropriation for 2018, it is less than the current resources available to the OIG of \$174.4 million and cannot support the same level of FTE next fiscal year. The OIG's annualized requirements reflect a number of investments and operational changes that have occurred during the past two years that will need to be adjusted going forward. These changes are explained below.

First, the OIG increased its staff strength significantly in recent years as part of its public effort to "right-size" the office relative to the size and demand for stronger oversight of VA programs and services, which have expanded greatly in recent years. Although actual execution of hiring plans has bridged fiscal years, in part because of the recent hiring freeze and delayed appropriation actions, the OIG has delivered on promises to recruit additional staff and strengthen oversight of critical VA operations nationwide. The OIG grew by more than 100 FTE between 2014 (641 FTE) and 2017 (746 FTE), and reached 845 staff in December 2017. To support this growth, the OIG is currently expanding operations in Denver, CO; Kansas City, MO; Buffalo, NY; Minneapolis, MN; and Trenton, NJ; and will open a new office in Salt Lake City, UT in 2018. The OIG will adjust staffing plans at these locations and other sites across the country in line with 2019 resources.

Second, the 2019 request continues direct support for OCR with OIG appropriations. Until last year, OCR's 31 FTE had been supported through an annual reimbursable agreement with VA. The OIG terminated this reimbursable agreement in mid-2017 to allay misperceptions that OCR lacked independence and allow OCR to expand the types of contracts it reviewed. The OIG absorbed annual costs of \$4.3 million to support OCR in 2018 using appropriated funds, and is only requesting an inflationary increase to support OCR staff in 2019.

Third, although the 2019 budget assumes a pay freeze, the OIG expects to incur significant cost increases in salaries and benefits. The OIG employs a large number of criminal investigators—who receive law enforcement availability pay and higher retirement contributions compared to other OIG employees—and physicians, who receive a comparability allowance. The OIG must also offer competitive salaries and incentives to recruit specialized health care professionals such as psychiatrists, who travel frequently to conduct inspections and reviews. Agency costs for health care premiums are also anticipated to increase in 2019 on average for all employees.

Finally, the OIG's 2019 budget request reflects closer alignment of operational costs to annualized funding, and a departure from having to rely on carryover to support current year requirements. Although our FTE has increased steadily under our expansion effort, growth has overlapped fiscal years and generated a significant level of unobligated funds at the end of 2017, albeit within statutory limits. Because many staff gains were in the second half of the year, the OIG did not experience the full budgetary impact of those hiring efforts until early 2018. The OIG plans to fully execute carryover funding in 2018 and adjust hiring plans to match the 2019 resource request.

The 2019 request will also support continuation of the OIG's work to fulfill its statutory mission to identify waste, fraud, and abuse and make recommendations that help VA provide care and benefits to a growing cohort of veterans with increasingly complex needs. It provides for the continuation of a number of special focus activities that will help VA provide better quality services to veterans and their dependents. These focused efforts will include:

- Improving the quality and scope of veterans health care through enhanced CHIP reviews, quick turnaround reviews by OHI's Rapid Response Team, and additional inspections and audits of VA facilities;
- Increasing the number of Hotline cases completed by OIG staff to decrease the number of external case referrals to VA, thus yielding greater numbers of OIG investigative actions and published reports of inspections, reviews, and audits;

- Detecting and deterring criminal activity related to identity theft, procurement fraud, fiduciary and workers compensation fraud, drug diversion, and other instances of emergent criminal activity; and
- Strengthening the integrity of VA benefit programs and support services through a concomitant increase in audits and reviews of VA contracts, construction projects, medical care payment collections, information technology projects, prosthetics, and research activities.

The 2019 personal services estimate reflects salary and benefits for 827 FTE, which is a reduction of 28 FTE from the planned 2018 staffing level. This includes funds to cover the costs of anticipated career ladder advancements and scheduled within-grade increases, agency contributions for retirement, health care insurance, transit benefits, Social Security and Medicare, and translocation. It also includes funding for special pay components such as Law Enforcement Availability Pay and Physician's Comparability Allowances. The non-personnel services estimate reflects requirements and inflation adjustments for travel, transportation, rent, contractual services, training, communications, OIG technology requirements, supplies, and equipment.

Budget Submission Requirements of the *Inspector General Act*

This budget request was prepared in accordance with Section 6(g)(1) of the *Inspector General Act of 1978* as amended.

The OIG's 2019 budget request to VA was for \$181,231,000 and up to 875 FTE, fully \$9,177,000 more than the amount reflected in the 2019 President's Budget. The OIG is concerned that the \$172,054,000 request included in the 2019 President's Budget presents a shortfall that will undermine progress achieved to "right size" the OIG oversight capacity to the growth and demands of VA's new initiatives, increased funding environment, and ongoing work on behalf of veterans. Congress and the previous Administration recognized the need for robust oversight of VA by generously supporting the OIG's expansion effort with budget increases in FYs 2015, 2016, and 2017. These increases were made in recognition of VA's planned increases in spending on large, new initiatives, such as improved electronic health records and financial systems, and ongoing efforts that require close monitoring, including community care for veterans. At the proposed level of funding, the OIG would be required to reduce its oversight staffing by almost 30 FTE, undercutting a significant portion of staff growth achieved over the past 24 months.

The reduced funding level for 2019 would limit the OIG's ability to support VA's work by providing a breadth of recommendations to address high-risk areas, identifying financial savings, and ensuring that criminal activity is halted. It

could limit the OIG's capacity to conduct comparable numbers of reviews related to veterans' quality of health care, timely and appropriate receipt of benefits, and critical responses. The budget as proposed will delay a number of OIG initiatives to enhance internal operations and improve responsiveness to stakeholders. These include

- Fully staffing a new operational office to address exigent, complex, and particularly time-sensitive allegations of wrongdoing;
- Expanding data analytics capabilities to identify and target high-risk programs vulnerable to fraud, waste, and abuse; and
- Providing customized Hotline responses to veterans, the public, and employees who report allegations of criminal activity and mismanagement of VA programs.

This 2019 President's Budget request of \$172,054,000 includes \$430,000 as OIG's estimated allocation to support the Council of Inspectors General on Integrity and Efficiency (CIGIE), and up to \$1,800,000 for OIG employee training. The Inspector General certifies that the requested amounts will meet OIG's known 2019 requirements for CIGIE support and employee training. In addition, OIG requests that \$2,000,000 be set aside in the 2019 VA Minor Construction appropriation request to support projects to improve the efficiency and effectiveness of OIG's space utilization.

OIG continues to identify efficiencies and opportunities to reduce and control costs for employee travel, conferences, training, government vehicles, technology, and other areas as required by *Executive Order 13589, Promoting Efficient Spending*. However, as the Executive Order recognized, OIG employees must travel extensively to VA facilities across the country to perform its statutory oversight of VA programs. This means that opportunities to reduce travel costs are limited. OIG has reprogrammed identified efficiencies back into operations to sustain the level of oversight to the extent possible.

Summary of Employment and Obligations					
(Dollars in Thousands)					
	2017 Actual	2018		2019 Request	Increase (+) Decrease (-) from 2017
		Budget Estimate	Current Estimate		
Average employment:					
Headquarters functions	161	262	185	179	(6)
Operations functions	585	558	670	648	(22)
Total employment	746	820	855	827	(28)
Obligations:					
Personal services	\$123,124	\$137,033	\$145,504	\$142,287	(\$3,217)
Travel	\$6,418	\$6,445	\$6,698	\$6,028	(\$670)
Transportation of things	\$363	\$345	\$375	\$337	(\$38)
Rents, communications, and utilities	\$7,778	\$9,025	\$5,018	\$9,235	\$4,217
Printing and reproduction	\$30	\$33	\$30	\$27	(\$3)
Other services	\$14,248	\$12,708	\$12,843	\$11,548	(\$1,295)
Supplies and materials	\$511	\$575	\$480	\$432	(\$48)
Equipment	\$2,419	\$3,835	\$2,863	\$2,577	(\$286)
Insurance	\$197	\$0	\$134	\$120	(\$14)
Total obligations	\$155,088	\$170,000	\$173,945	\$172,591	(\$1,354)
Reimbursements	(\$2,210)				\$0
SOY Unobligated Balance (-)	(\$9,000)	(\$10,394)	(\$15,960)	(\$537)	\$15,423
EOY Unobligated Balance (+)	\$15,728		\$537	\$0	(\$537)
Total Budget Authority	\$159,606	\$159,606	\$158,522	\$172,054	\$13,532

Note: totals subject to rounding.

Net Change and Employment Tables

The following table summarizes the changes in resource requirements between the 2018 President's Request and the 2019 request.

Net Change – 2019 Summary of Resource Requirements (Dollars in Thousands)	
	Budget Authority
2018 Budget Authority (President's Request)	\$159,606
Enacted Rescission	(\$1,084)
2018 Budget Authority (Current Estimate)	\$158,522
2019 Increases/Decreases:	
Pay raise (0.0 %)	\$0
One day increase (261 v 260)	\$548
Career ladder promotions, scheduled within grade increases, and other staff composition adjustments	\$1,163
Required personnel benefits increases	\$438
Staff attrition (-28 FTE)	(\$4,820)
Net non-payroll inflation (1.7 %) and offsets	\$243
Execution of prior year carryover	\$15,960
Subtotal	\$13,532
Subtotal 2019 Current Request	\$172,054
2019 Total Budget Authority Request	\$172,054

The following tables present analyses of OIG employment levels by grade and by headquarters and operations functions.

Employment Summary—FTE by Grade				
Grade	2017	2018	2019	Incr./Decr.
	Actual	Estimate	Request	from 2018
IG/Senior Executive Service (SES)	14	16	16	0
Senior-Level (SL)	7	7	7	0
GS-15	80	92	89	-3
GS-14	134	153	148	-5
GS-13	393	452	439	-13
GS-12	48	55	53	-2
GS-11	24	27	26	-1
GS-10	0	0	0	0
GS-9	20	23	22	-1
GS-8	15	17	16	-1
GS-7	4	5	4	-1
GS-6	2	2	2	0
GS-5	4	5	4	-1
GS-1—4	1	1	1	0
Grand Total FTE	746	855	827	-28

Analysis of 2017 Actual FTE Distribution – Headquarters/Operations		
Grade	Headquarters	Operations
IG/SES	11	3
Senior-Level (SL)	2	5
GS-15	34	46
GS-14	39	95
GS-13	51	342
GS-12	9	39
GS-11	7	17
GS-10	0	0
GS-9	3	17
GS-8	1	14
GS-7	0	4
GS-6	0	2
GS-5	3	1
GS-1—4	1	0
Grand Total FTE	161	585

Other Requirements

The Office of Management and Budget directed that following information on the OIG's use of Physician Comparability Allowance (PCA) be included in this budget submission.

Physicians' Comparability Allowance (PCA) Worksheet

- 1) Department and component:

VA Office of Inspector General

- 2) Explain the recruitment and retention problem(s) justifying the need for the PCA pay authority.

(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)

The OIG utilizes PCA because its physician-employees are covered by Title 5, U.S. Code. This is different from the rest of VA, which employs physicians under Title 38. The difference in pay rates between Title 5 and Title 38 physicians can be substantial. Title 38 physicians receive significantly higher salaries than Title 5 physicians, even when PCA and performance bonuses are considered.

- 3-4) Please complete the table below with details of the PCA agreement for the following years:

	PY 2017 (Actual)	CY 2018 (Estimates)	BY 2019 (Estimates)
3a) Number of Physicians Receiving PCAs	14	16	16
3b) Number of Physicians with One-Year PCA Agreements	--	--	--
3c) Number of Physicians with Multi-Year PCA Agreements	14	16	16
4a) Average Annual PCA Physician Pay (without PCA payment)	\$167,430	\$168,021	\$168,021
4b) Average Annual PCA Payment	\$30,000	\$28,500	\$28,500

- 5) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)

Prior to OIG receiving approval to offer PCA, it was very difficult to recruit physicians which indicates why PCA is critical to OIG for recruiting and retaining Board-certified physicians. As a result of utilizing the PCA function, we were able to recruit 3 highly qualified physicians in FY17.

- 6) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

With a ceiling of just over 200 employees, the Office of Healthcare Inspections is the smallest of OIG operational offices. The retention of physicians is appropriate based upon OHI's mission of providing independent oversight of VHA, which is responsible for providing health care to more than 21 million veterans at hundreds of medical facilities with more than 379,000 employees. For 2017, VA operated under a \$180.5 billion budget, which maintains facilities in every state, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Republic of the Philippines, and the U.S. Virgin Islands.

Further, the Secretary of Veterans Affairs continues to support health care mandates, such as improving veteran mental health care, designing a veteran-centric health care model, and expanding health care access. In addition to these initiatives, the expansion of VHA health care services to accommodate the increasing numbers of veterans receiving care following service in Operations Enduring Freedom/Iraqi Freedom/New Dawn underscores the need and importance of OIG retaining the number of Board-certified physicians to ensure effective oversight of the quality of VA health care.