

# OFFICE OF AUDITS & ADVISORY SERVICES



## PERFORMANCE AUDIT OF THE OFFICE OF MILITARY & VETERANS AFFAIRS PROGRAMS

*FINAL REPORT*

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# County of San Diego

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**JUAN R. PEREZ**  
CHIEF OF AUDITS

June 25, 2021

TO: Wilfred P. Quintong, Director  
Office of Military & Veterans Affairs

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: PERFORMANCE AUDIT OF THE OFFICE OF MILITARY & VETERANS AFFAIRS PROGRAMS**

Enclosed is our report on the Performance Audit of the Office of Military & Veterans Affairs Programs. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ  
Chief of Audits

AUD:FDL:nb

Enclosure

c: Andrew Pease, Chief Operations Officer, Health and Human Services Agency  
Tracy Drager, Auditor and Controller  
Amy Thompson, Executive Finance Director, Health and Human Services Agency

## INTRODUCTION

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**Audit Objective** The Office of Audits & Advisory Services (OAAS) completed an audit of the Office of Military & Veterans Affairs (OMVA) Programs. The objective of the audit was to evaluate management controls in place to ensure effectiveness of operations.

**Background** County Veteran Service Offices (CVSO) across the state provide professional services for military veterans, their dependents, and their survivors. As the designated CVSO in the County of San Diego, the OMVA assists and advocates for clients obtaining benefits from federal, state, and local agencies administering programs for the veteran's community.

OMVA also collaborates with local, state, and national veteran support organizations including:

- California Association of County Veteran Service Officers (CACVSO)
- California Department of Veteran Affairs (CalVet)
- County Military and Veterans Committee
- National Association of County Veteran Services Officers
- National Association of Counties
- San Diego Veterans Coalition County
- Veteran Service Offices

CVSOs across the state are led by a County Veteran Service Officer and are staffed with Veteran Service Representatives (VSR) and support staff. All counties that appoint a CVSO are eligible to apply for state funding administered by CalVet.<sup>1</sup> The following group of funds are mandated by the California Legislature to reimburse counties for a portion of their costs:

- The Subvention Program reimburses counties for a portion of the costs of presenting and pursuing any claim the veteran may have against the United States Department of Veterans Affairs (USDVA).
- The Medi-Cal Cost Avoidance program is administered through sub-contracting with the Department of Health Care Services and provides federal monies that are paid to the counties for filing veteran claims for benefits that create cost savings to the Medi-Cal program.
- The State Veterans License Plate Fund program is a revenue fund generated through the sale of veteran license plates. A portion of the sales is allocated to the CVSO's.

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<sup>1</sup> The State of California statutory requirements related to the CVSO program are contained in the Military and Veterans Code (M&VC), Article 4, Sections 970 through 973, and the California Code of Regulations (CCR), Title 12, Sections 450 through 455. The USDVA statutory requirements related to the CVSO program are contained in Title 38, Code of Federal Regulations, Sections 1.503, 1.524, 1.525, and 14.626 through 14.633.

OMVA lobbies were closed due to state mandated COVID-19 protocols in July 2020. Services to veterans and family members continued via phone, online, and mail. Virtual counseling and interviewing enabled OMVA to assign VSR appointments regardless of location and where most needed.

**Audit Scope & Limitations**

The scope of the audit focused on OMVA management controls in place to ensure the effectiveness of operations. The period under review primarily included FY 2017-18 through FY 2019-20.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

**Methodology**

OAAS performed the audit using the following methods:

- Interviewed key personnel on policies, procedures, and processes relevant to the areas being reviewed.
- Assessed risks and controls related to OMVA administration independent of, and in coordination with, OMVA management.
- Reviewed the OMVA program documentation for the period under review.
- Conducted specific audit procedures on the following:
  - Assessed overall performance of the OMVA.
  - Assessed OMVA state funding sources to determine if an appropriate level of reimbursement has been, and continues to be, obtained from state sources.
  - Verified that OMVA is obtaining the required accreditation and education for its staff.
  - Ensured the OMVA user access list for the CalVet provided information system (Vet Pro) was appropriate.

**AUDIT RESULTS**

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**Summary**

Within the scope of the audit, there is reasonable assurance that controls over OMVA management practices ensure effective operations. The following is a summary of the performance review and an Observation.

### Performance Measures

OMVA Performance Measures as outlined in the County's annual Operational Plan are presented in Table 1:

**Table 1: Operational Plan OMVA Performance Measures**

Performance Measure	FY17-18	FY18-19	FY19-20
Veterans and dependents interviews for benefits counseling and referral services <i>(includes in office and phone claims, interviews, emails, benefits assist and referrals)</i>	22,648	22,900	24,258
Veterans' Compensation and Benefits Claims Processed	4,400	5,085	4,589

During the period reviewed:

- Veterans and dependents interviews for counseling and referral services increased year-over-year despite the COVID-19 pandemic. The effectiveness of OMVA adapting to virtual counseling and interviewing accounted for OMVA's increased numbers in FY 2019-20.
- Veterans' Compensation and Benefits Claims Processed spiked by 685 in FY 2018-19 with the addition of five VSRs to OMVA's budget.
- The uptrend in claims processed would likely have continued into FY 2019-20 if not for the pandemic. Claims processing was affected by office closures from not only the County, but federal and state agencies.

### Outreach Efforts

OMVA outreach efforts as recorded in VetPro are outlined in Table 2:

**Table 2: Networking, Advocacy and Outreach Efforts**

Fiscal Year	Outreach Events	Direct Contacts	Total Attended
2019-20	30	327	350
2018-19	76	4,427	850
2017-18	109	9,142	202,502

During the period reviewed:

- In FY 2019-20, OMVA shifted the focus of efforts from large events to more direct outreach with events such as Veterans Stand Downs, transition seminars, and veteran resource fairs.
- As noted in Table 1, interviews for benefits counseling and referral services substantially increased, showing that the adjusted approach has been effective.

**State Funding**

As outlined in Table 3, claims for state funds were correctly compiled and submitted according to their program requirements:

**Table 3: State Funding by Fiscal Year**

Program	FY17-18	FY18-19	FY19-20
Subvention	440,410	491,968	460,809
Medi-Cal Cost Avoidance	10,023	9,736	3,307
State Veterans License Plate Fund	52,447	47,970	28,848

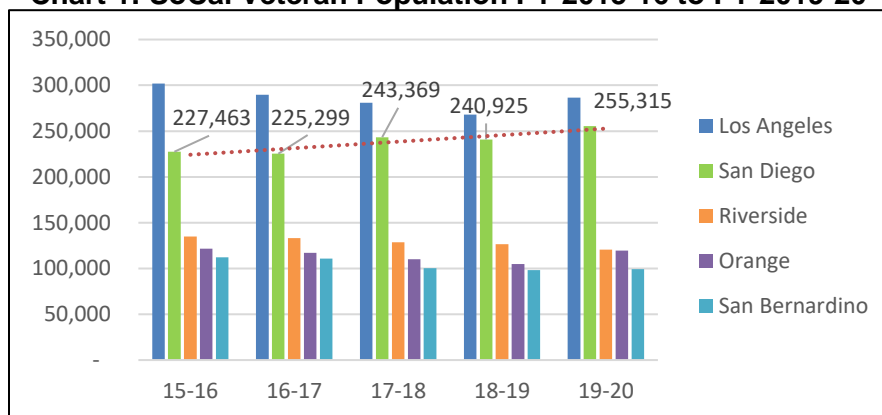
During the period reviewed:

- Funding from Subvention and Medi-Cal Cost Avoidance programs dipped in FY 2019-20 due to the pandemic. Under these programs, only by increasing processed claims relative to other CVSOs in the state could the County obtain more funding.
- As referenced under Table 1, the pre-pandemic projected uptrend would have been primarily attributable to the Subvention program.

**Observation I: OMVA Service Capacity**

The County of San Diego's veteran population increased by 12% (FY 2015-16 vs FY 2019-20) while veteran populations in other large Southern California (SoCal) counties decreased; see Chart 1. If the trend continues, the veteran population will increase by 13% to an estimated 288K veterans by FY 2024-25. Using the 37% utilization rate from Chart 5, this would result in an additional 106K veterans seeking benefits which could overextend OMVA staff.

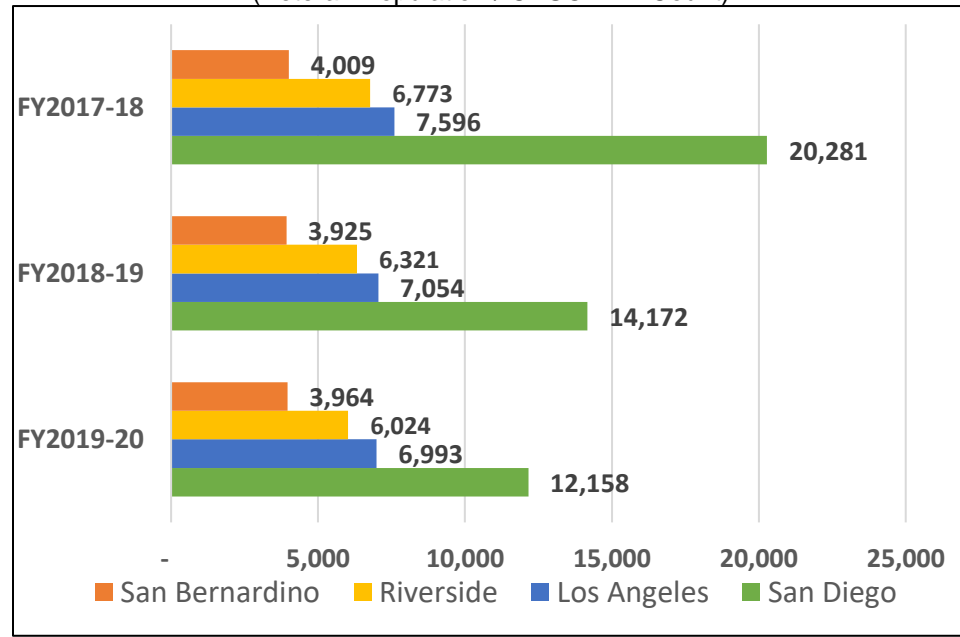
**Chart 1: SoCal Veteran Population FY 2015-16 to FY 2019-20<sup>2</sup>**



<sup>2</sup> As outlined in the CACVSO Annual Reports available at: <http://www.cacvso.org/annual-report/>

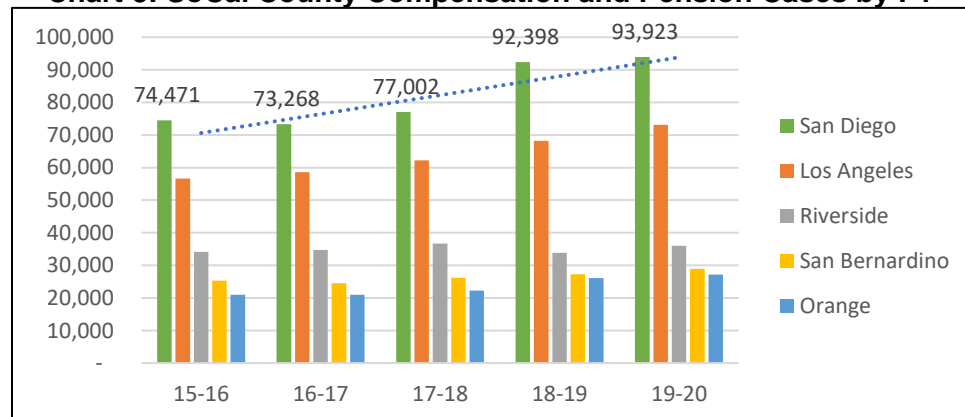
Chart 2 outlines the coverage each CVSO full time employee (FTE) has within the large SoCal counties, including supporting staff.<sup>3</sup> OMVA's staff coverage relative to the County's veteran population is generally at least twice the coverage of other large SoCal counties.

**Chart 2: Veteran Population CVSO Coverage per FTE**  
(Veteran Population / CVSO FTE Count)



However, despite OMVA being the least resourced office relative to its veteran population in the comparison, the County of San Diego substantially outperformed the claim activity of other large SoCal counties as outlined in Chart 3.

**Chart 3: SoCal County Compensation and Pension Cases by FY<sup>4</sup>**



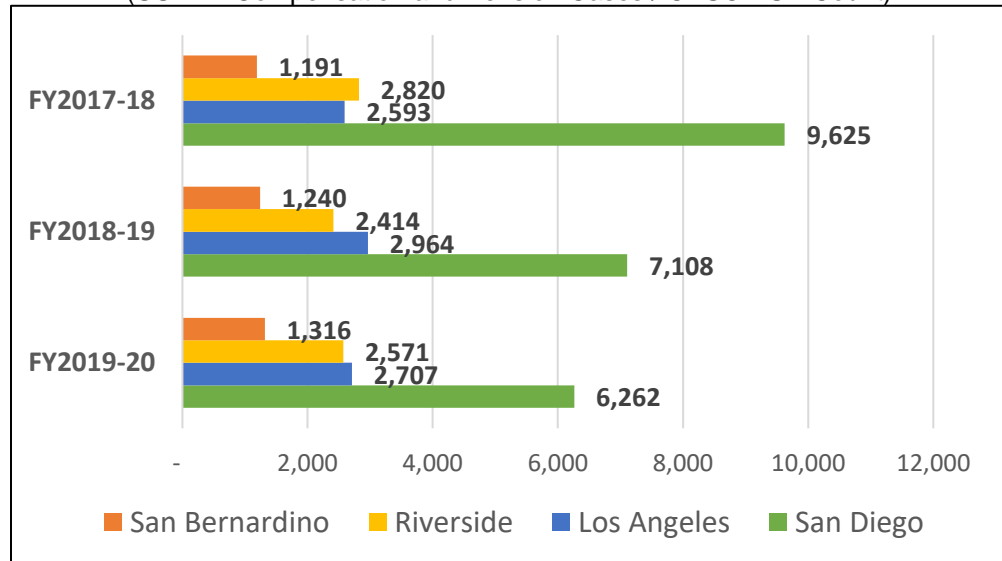
<sup>3</sup> Orange County CVSO FTE counts were not readily available at the time of the review. Personnel breakdowns for all other county CVSOs presented were obtained through their budget websites.

<sup>4</sup> As outlined in the CACVSO Annual Reports available at: <http://www.cacvso.org/annual-report/>



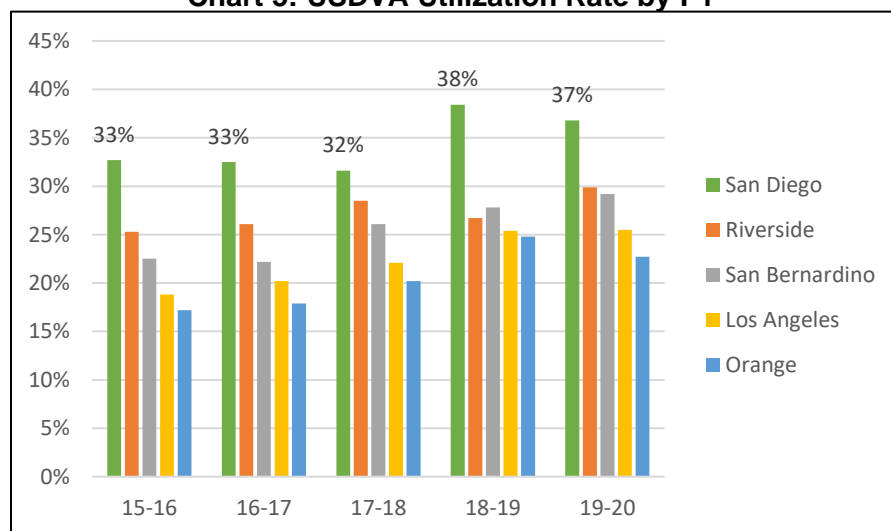
Chart 4 further showcases the coverage that VSRs in the County of San Diego have versus their peers. The chart highlights the total USDVA compensation and pension cases within each county divided by the total number of VSRs.

**Chart 4: USDVA Compensation and Pension Cases by County VSR**  
(USDVA Compensation and Pension Cases / CVSO VSR Count)



Finally, the County of San Diego also has the highest percent of veterans receiving compensation or pension benefits from the USDVA in SoCal as outlined in Chart 5. The pandemic stagnated expected growth and kept the utilization rate flat in FY 2019-20.

**Chart 5: USDVA Utilization Rate by FY<sup>5</sup>**



<sup>5</sup> As outlined in the CACVSO Annual Reports available at: <http://www.cacvso.org/annual-report/>

Relative to its veteran population, OMVA is not as well-resourced as neighboring SoCal counties. However, based on the above charts, OMVA is more effective at getting benefits to its veteran population compared to other SoCal counties. OMVA should continue to monitor the veteran population growth and ensure it is capable of servicing any increasing demand.

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