

AUDIT PROPOSAL

Reviewing Veterans' Claims Assistance Program Matching Requirements

SOURCE

This audit proposal was requested by Senator Virgil Peck.

BACKGROUND

Kansas veterans and their eligible dependents are entitled to a variety of federal benefits and services. This includes pension, life insurance, and health care benefits. The Kansas Commission on Veterans' Affairs (KCVA) and veteran service organizations help veterans to understand what benefits are available to them and to file claims for those benefits. Veteran service organizations include advocacy groups such as the American Legion and Veterans of Foreign Wars.

The Kansas Legislature created the Veterans' Claims Assistance Program (VCAP) in 2006. VCAP allows the KCVA to award grants to qualified veteran service organizations to provide services to veterans at federal veteran affairs hospitals. The American Legion and Veterans of Foreign Wars have participated in the program since its inception. The organizations use the grant funding to employ veteran service representatives who counsel veterans on available federal benefits and help them gather documentation and fill out the appropriate forms to submit benefits claims. The funding can also be used for training, equipment, and support staff for veteran service representatives.

VCAP is funded through an annual state grant to the KCVA. The KCVA then passes the grant funding to qualified veteran service organizations each month based on approved invoices and other reports. The organizations that receive VCAP grants must enter into a grant agreement with KCVA. Those agreements include numerous requirements for participating veteran service organizations. This includes a requirement that such organizations provide matching monetary and non-monetary support for the VCAP. An advisory board determines the size of the match. In fiscal year 2023, the state budgeted \$700,000 in grant funds for the VCAP (\$350,000 each to the American Legion and Veterans of Foreign Wars). The veteran service organizations were required to provide a 33% match.

Legislators have expressed concern about how the KCVA requires veteran service organizations to meet the VCAP grant's matching requirements. Legislators would like to know what the matching requirements are, whether and how service organizations are meeting them, and what KCVA does with any matching funds it receives.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objective listed below is the question we would answer through our audit work. The steps listed for the objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: How are veteran service organizations meeting the matching obligations of the Veterans' Claims Assistance Program? Our tentative methodology would include the following:

- Review state law, regulations, and veteran service organizations' VCAP contracts to identify the matching requirements in the last three years. This would include the size and type of matches organizations are required to provide.
- Interview participating veteran service organizations and KCVA officials to understand how the program's matching obligations work. This would include understanding how they determine, calculate, report, and monitor monetary and non-monetary matches, and which expenditures will comprise their matching obligations.
- Interview participating veteran service organizations and review relevant financial documentation to determine whether and how those organizations met the matching requirements during that three-year period. This would include reviewing any funding transfers or checks that veteran service organizations provided to KCVA.
- Interview KCVA officials and review relevant documentation to determine whether the KCVA received matching funding directly from veteran service organizations during the three-year period. Identify the amount of such funding and what KCVA did with those funds.
- Talk to KCVA and veteran service organizations about any identified issues to understand the reasons for them.

ESTIMATED RESOURCES

We estimate this audit would require a team of **3 auditors** for a total of **3 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).