

Department of Military and Veterans Affairs

Veterans Services

Performance Audit

September 2022

2170P

Public Report



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September 13, 2022

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of the Division of Veterans Affairs' and the Colorado Board of Veterans Affairs' oversight of veterans services. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government, and Section 2-7-204(5), C.R.S., which requires the State Auditor to annually conduct performance audits of one or more specific programs or services in at least two departments for purposes of the SMART Government Act. The report presents our findings, conclusions, and recommendations, and the responses of the Division of Veterans Affairs and the Colorado Board of Veterans Affairs.

Government Auditing Standards allow for information that is considered sensitive in nature, such as detailed information related to data security, to be omitted, if the omission is disclosed, because of the potential damage that could be caused by the misuse of this information. We consider the specific technical details of the Data Security finding, and the related recommendation and responses, to be sensitive in nature and not appropriate for public disclosure. We have provided the details of this finding, recommendation, and responses to management and to the Legislative Audit Committee in a separate, confidential report. The finding with omitted information includes a disclosure of the omission.

Kerri L. Hunter



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Report Highlights

Veterans Services

Department of Military and Veterans Affairs
Performance Audit • September 2022 • 2170P

OFFICE OF THE STATE AUDITOR

C O L O R A D O

Key Concern

The Division of Veterans Affairs (Division) and the Colorado Board of Veterans Affairs (Board) do not sufficiently plan for, supervise, and support veterans services, which are largely provided by county veterans service officers (VSOs).

Key Findings

- Federal and state laws require the Division to provide training to VSOs, but the Division's approach is inadequate. Roughly one-third of VSOs responding to our survey said their initial training was too complex, too late, or had gaps in the content. With training, VSOs can be accredited to represent veterans and directly submit their claims to the U.S. Department of Veterans Affairs (VA), thus helping veterans obtain the benefits they qualify for in a timely way.
- Sensitive veteran data may not be fully protected. We found that the Division does not ensure that users of its case management system, VetraSpec, have appropriate access to the system. For example, the Division does not regularly monitor access and we found that some users did not access the system for between 3 months and 7 years, so their access may not be needed. Also, the Division has not ensured that VetraSpec complies with Colorado Information Security Policies or submits the results of a System and Organization Controls (SOC) evaluation.
- The Division distributes semiannual payments to support county VSOs, but we found that 80 percent of the \$69,000 the Division approved to pay the 9 counties we sampled from July 2020 to December 2021 was not fully supported by county reports requesting the payments. Further, we found significant differences in the effective hourly rates counties receive for their VSOs, with rates ranging from \$8.65 to \$55.38 per hour.
- Some data indicate that the statutorily-intended uniformity in veterans services provided across the state is lacking. VSOs in one area told us that veterans often have to wait more than 2 weeks for assistance, while other areas had no wait times. Also, the ratios of veterans to state and county VSOs varies widely across the state, from 10,000:1 in the Denver Metro region to less than 3,000:1 in all other regions. The Division has not defined the concept of uniformity or designed policies or processes to accomplish it.
- The Division and Board lack strategic planning and processes to guide their operations, which could help them identify and pursue needed resources and fulfill their duties. Situations the Division may have addressed more quickly through planning processes include an unfulfilled 2009 statutory directive to create a clearinghouse of veterans service information and fulfilling resource needs for the Veterans Memorial Cemetery of Western Colorado (cemetery). For the Board, written policies and procedures could help it leverage its annual reports and fulfill its charge to make policy recommendations.

Background

- The first state program to assist veterans was created in 1947 and today resides within the Division, advised by the Board. The Division offers assistance through county- and state-employed VSOs who help veterans obtain the benefits they earned through their military service. The Division also has veteran-related grant programs and operates a veterans cemetery and resource center, both in Grand Junction.
- As of September 2021, there were about 388,000 veterans living in Colorado. The Division and Board report that, on average each year between 2019 and 2021, VSOs helped veterans file 10,500 benefit claims with the VA; the Division and Board awarded \$1.7 million in grants to about 55 veterans service organizations; and the cemetery interred 326 veterans and their family members.
- VSOs help veterans obtain various benefits, such as VA pensions, disability compensation, medical care, and education assistance, as well as other state benefits and resources.

Recommendations Made

27

Responses

Agree: 27

Partially Agree: 0

Disagree: 0



Chapter 1

Overview

Government assistance for U.S. military veterans dates back to the country's beginnings, with pensions for disabled soldiers who fought in the Revolutionary War; domiciliary and medical facilities for veterans in the early 1800s; insurance for veterans and disability compensation and vocational rehabilitation for the disabled after World War I; and educational assistance, unemployment pay, and loan guarantees after World War II. Today, veterans programs include various additional benefits, such as employment and training services, housing support, counseling, and burial assistance.

The Colorado General Assembly first created a state agency to assist veterans in 1947, establishing the Colorado Department of Veterans Affairs and the Colorado Board of Veterans Affairs (Board). The Department later became the Division of Veterans Affairs (Division) and, along with the Board, was housed in the Department of Human Services. In 2002, the Division and Board were relocated to the Department of Military and Veterans Affairs (Department), where they currently reside. The Division's and Board's main statutory duties are described below.

VSO Services. The responsibility to help veterans obtain the benefits they have earned through their service is shared between the counties and the State, as follows:

- County commissioners are charged with appointing veterans service officers (VSOs) in their counties [Section 28-5-801, C.R.S.]. VSOs must be veterans or inactive military [Section 28-5-802(1), C.R.S.] and they are assigned the duty “to assist any resident of the state of Colorado who is a veteran, or their surviving spouse, administrator, executor, guardian, conservator, or heir of any said veteran, or any other person who may have proper claim, by the filing of claims for insurance, pensions, compensation for disability, hospitalization, vocational training, or any other benefits which such person may be or may have been entitled to receive under the laws of the United States or the state of Colorado by reason of such service” [Section 28-5-803, C.R.S.]. A county VSO's term is 2 years and they can be reappointed without term limits [Section 28-5-802(2), C.R.S.]. As of May 2022, there were 88 county VSOs across the state.
- The Division has general responsibility for the “proper administration of” veterans services [Section 28-5-703(2), C.R.S.] and for supervising, directing, and supporting the county VSOs. Statute specifically directs the Division to, “Formulate, establish, and supervise a plan and standard procedures to further prompt and efficient service to all veterans in the state of Colorado on a uniform basis, whether by the division or by any county veterans service office” [Section 28-5-705(1)(a)(I), C.R.S.] In addition, statute charges the Division with advising county VSOs of the

plan and procedures; providing them with pertinent forms, manuals, and other materials, to assist them in performing their duties [Sections 28-5-705(1)(a)(II)–(VII), C.R.S.]; establishing a training and certification program for county VSOs [Section 28-5-705(1)(f), C.R.S.]; and providing financial support to the counties for their veterans service offices [Section 28-5-707, C.R.S.]. For Fiscal Year 2023, the Division was appropriated about \$1.3 million for county support payments.

Further, under Section 14.628 (d) of Title 38, Code of Federal Regulations, the Division is a federally recognized veterans service organization, which means its primary purpose is to provide services to veterans and it has the capability, and it is authorized, to assist veterans in the preparation, presentation, and prosecution of U.S. Department of Veterans Affairs (VA) benefit claims. Benefits available to veterans through the VA include pension and disability benefits, among others. The Division (and its predecessors) has been a federally recognized veterans service organization since 1947.

For Fiscal Year 2023, the Division was appropriated just under \$1.2 million and 13 FTE for its veterans service functions. Eight of these FTE are state VSOs; five serve as regional VSOs, working in regional offices around the state, directly assisting veterans to obtain benefits and providing training and guidance to county VSOs; one specializes in handling appeals when applications for VA benefits are denied; one provides “focused support to women veterans and other marginalized veteran groups to help meet their specific needs”— a new position starting in Fiscal Year 2023; and one supervises the Division’s VSO functions. The other five FTEs include the Division director, office manager, and other support staff.

- The Board’s responsibilities for veterans services are to “advise and consult with the division in the administration and enforcement” of veterans services programs [Section 28-5-702(1), C.R.S.], study veterans programs, annually report on the status of the programs to the Governor and General Assembly, and recommend changes to policies, procedures, or laws related to veterans’ programs, as it deems advisable or necessary [Sections 28-5-703(1), (2), and (3), C.R.S.]. The Board consists of seven members appointed by the Governor, all of whom must be veterans who have been honorably released or separated from the armed forces of the United States [Section 28-5-702(2), C.R.S.], and each of whom serves a term of 4 years. The Board serves without compensation but is reimbursed out of funds appropriated to the Division for expenses incurred in the performance of its official duties. The Board holds monthly meetings.

Grants for Veterans Support. The Board and the Division jointly administer two grant programs to support organizations that provide veterans assistance. First, the Board is directed to award grants from the Veterans Trust Fund for (1) capital improvements or amenities for the veterans community living centers operated by the Colorado Department of Human Services; (2) costs of the state veterans cemetery; and (3) veterans programs operated by nonprofit veterans organizations that meet criteria adopted by the Board [Section 28-5-709(1)(b), C.R.S.]. Second, the Board and Division are responsible for awarding veterans assistance grants to nonprofit organizations and governmental agencies that provide services to ensure the health and well-being of veterans who live in Colorado,

including but not limited to, mental health services, family counseling, job training, employment, and housing for homeless veterans [Section 28-5-712, C.R.S.].

For Fiscal Year 2023, the Division and Board were appropriated just over \$1 million and 0.5 FTE for the Veterans Assistance Grant Program and about \$832,000 for the Veterans Trust Fund.

Western Region One Source in Grand Junction. In 2018, the General Assembly created this facility under the Division's purview to provide a one-stop location where veterans, service members, and their families in the western portion of the state can access assistance and resources from government agencies, nonprofit and advocacy organizations, and other organizations in a central location [Section 28-5-713, C.R.S.]. Services offered include assistance in securing federal benefits by working with a VSO, counseling services, employment support, education, life skills, wellness support, and identification cards issued by the U.S. Department of Defense. The Western Region One Source (WROS) also provides space for community events such as support group meetings, conferences, classes, and coffees for veterans, their families, and their associates. For Fiscal Year 2023, the Division was appropriated about \$356,000 and 4.1 FTE for the WROS.

Veterans Memorial Cemetery of Western Colorado.

In accordance with Sections 28-5-705(1)(g) and 708(2)(a), C.R.S., the Division constructed, maintains, and operates a cemetery for the interment of Colorado residents who are active military, veterans, their spouses, and dependents. The cemetery is located in Grand Junction. The Board is responsible for consulting with the Department on rules to maintain the cemetery in compliance with applicable state and federal statutes and rules. For Fiscal Year 2023, the Division was appropriated about \$502,000 and 5.8 FTE for the cemetery.



Veterans Memorial Cemetery of Western Colorado
Photo Credit: Dana Berry

Funding

For Fiscal Year 2023, the Division was appropriated about \$5.2 million and 22.4 FTE in total. About 70 percent of the total appropriation is from the General Fund, with the remainder being cash funds from the Colorado State

Veterans Trust Fund, which receives monies from the Tobacco Master Settlement Agreement; the Veterans One-Stop Center Cash Fund, which receives money generated from the public or private use of the WROS; the Veterans Assistance Grant Program Cash Fund, which can receive gifts, grants, and donations, as well as appropriations from the General Assembly; and the Western Slope Military Veterans' Cemetery Fund, which can receive gifts, grants, contributions, and donations, as well as federal reimbursements for veteran burials, which totaled \$230,000 in Fiscal Year 2022, and monies appropriated by the General Assembly. About 60 percent of the Division's annual

appropriation is intended for distribution to other organizations for veterans services programs. For Fiscal Year 2023, this includes about \$1.3 million for payments to counties in support of their VSO functions and about \$1.8 million for Veterans Trust Fund and Veterans Assistance Grant program grants to other government entities and nonprofits.

Audit Purpose, Scope, and Methodology

We conducted this performance audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of the state government, and Section 2-7-204(5), C.R.S., the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act. Audit work was performed from December 2021 through September 2022. We appreciate the cooperation and assistance provided by the management and staff of the Division of Veterans Affairs, the Department of Military and Veterans Affairs, and members of the Colorado Board of Veterans Affairs during this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The focus of this audit was on the Division's oversight of VSO services. The key objectives of the audit were to (1) understand the types of veteran services provided by the Division, (2) evaluate the Division's processes for ensuring that VSO services are available uniformly in all areas of the state, (3) assess the Division's method for distributing the VSO support appropriation to counties, (4) evaluate the Division's controls for providing supervision of county VSOs, including processes to consistently train VSOs and ensure the security of veteran data, (5) determine whether the Division has effective processes for measuring and reporting on VSO accreditation, and (6) assess the Division's and Board's strategic planning and governance in overseeing veterans services.

The scope of the audit did not include reviewing the Veterans Trust Fund and Veterans Assistance Grant programs or the operations of the Western Region One Source or Veterans Memorial Cemetery of Western Colorado.

To accomplish our audit objectives, we performed the following audit work:

- Reviewed relevant statutes and federal laws, state and federal rules, the State's 1947 agreement with the federal government to file claims with the VA, the Division's available written procedures and guidance, the Division's 2021 reorganization plan, and the Department's SMART Government Act performance plans for Fiscal Years 2018 through 2023.

- Interviewed Department and Division management and staff, state and county VSOs, and Governor's Office of Information Technology staff, and conducted a site visit to the Western Region One Source and Veterans Memorial Cemetery of Western Colorado.
- Surveyed state and county VSOs to assess their perspectives on training, data security, wait times, and the customer experience survey, as well as to understand their veteran status, accreditation status, and the number of hours they work.
- Reviewed information reported through the Division's customer satisfaction survey from October 2019 to April 2022.
- Reviewed information from the Division on training it provided to state and county VSOs in September 2021 and to new state VSOs hired between November 2021 and February 2022, and requested any information the Division maintained for training provided to new county VSOs in Fiscal Year 2022.
- Reviewed the VA Form 21 accreditation applications the Division certified and submitted to the VA from January 2021 to April 2022, along with any supporting documentation, to determine what information the Division used as its basis for certifying that the individuals met the accreditation eligibility requirements.
- Reviewed the Division's May 2022 list of county VSOs to determine the number of VSOs in each county and accreditation status of each, and compared it to the federal VA Office of General Counsel's list of accredited VSOs in Colorado as of May 2022, to determine the accuracy of the Division's list, and to projected veteran population data prepared by the VA to gain an understanding of veteran access to VSOs.
- Reviewed the Department's SMART Government Act performance plan for Fiscal Year 2022 and information supporting the Division's SMART measure related to VSO accreditation.
- Reviewed user activity data from the State's case management system, VetraSpec, provided by the system vendor, as of May 2022.
- Reviewed the Division's county payment schedules for its payments to counties between July 2020 and December 2021 to assess consistency in the Division's approach to approving support payments.
- Analyzed indicators of service uniformity by reviewing information provided by state and county VSOs through surveys, feedback provided through the Division's customer satisfaction survey, and official veteran population estimates prepared by the VA's National Center for Veterans Analysis and Statistics.

- Observed 3 Board meetings, reviewed all Board meeting minutes from Fiscal Year 2022, reviewed 5 years of the Board’s annual reports and its 2018-2020 strategic plan, and interviewed the Board Chair.

We relied on nonstatistical sampling techniques to support our audit work as follows:

- A random sample of 9 counties—3 counties from each semiannual county veteran service office payment period between July 2020 and December 2021—to test whether the Division paid the proper full- or part-time rate based on the county reports submitted in those same periods.
- A random sample of 10 VSOs from the Division’s May 2022 county VSO roster to determine whether the Division maintained training records for county VSOs for Fiscal Years 2020 to 2022.

The results of our nonstatistical samples cannot be projected to the population. However, the sample results are valid for confirming whether the Division maintains records of VSO training and whether payments to counties align with the statutory intent and, along with the other audit work performed, provide sufficient, reliable evidence as the basis for our findings, conclusions, and recommendations.

As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives. Details about the audit work supporting our findings and conclusions, including any deficiencies in internal control that were significant to our audit objectives, are described in the remainder of this report. However, auditing standards allow for information that is considered sensitive in nature resulting in security concerns to be issued through “classified or limited use reports” because of the potential damage that could be caused by the misuse of this information. We consider some specific and technical aspects of one section of the report, along with the associated recommendations and responses, to be sensitive in nature and not appropriate for public disclosure. Therefore, some of the details of that section have been provided to the Department and Division in a separate, confidential report.

A draft of this report was reviewed by the Division and Board. We have incorporated the Division’s and Board’s comments into the report where relevant. The written responses to the recommendations and the related implementation dates are the sole responsibility of the Division and Board.

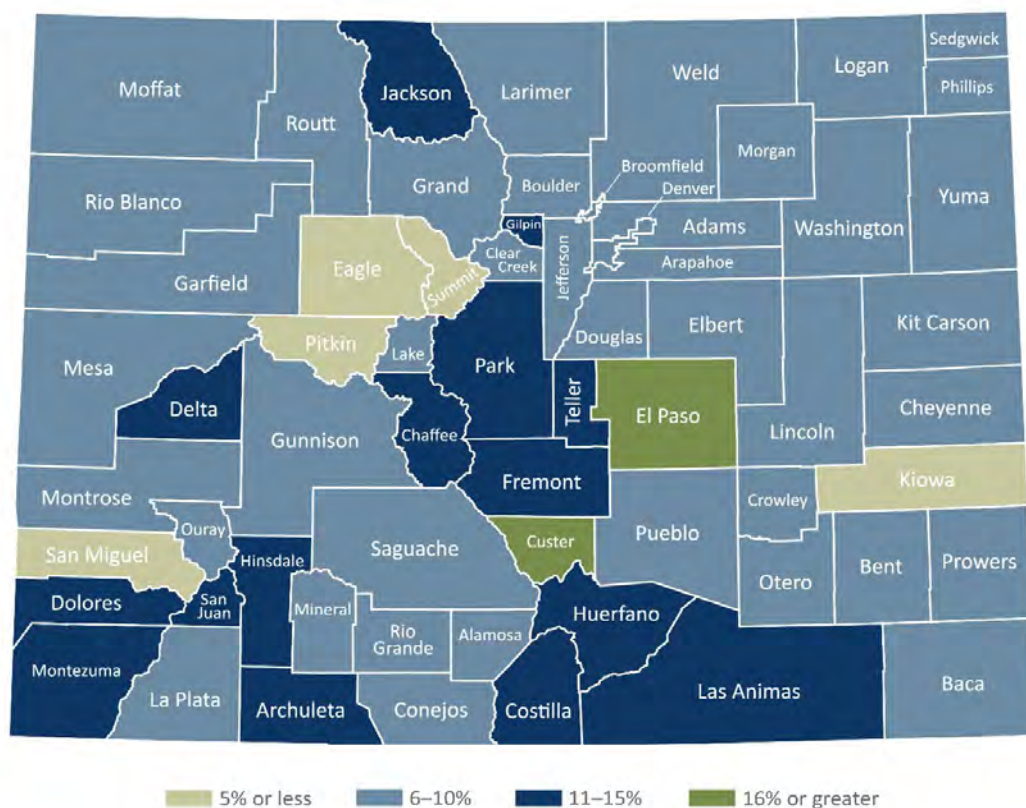
Veterans Services

According to official estimates prepared by the U.S. Department of Veterans Affairs (VA), National Center for Veterans Analysis and Statistics, as of September 2021, there were about 19 million veterans living in the United States. In Colorado, the estimated number is about 388,000—about 8.5 percent of all Colorado residents aged 18 and older. Of these Colorado veterans, nearly 60 percent are aged 65 or older, about 12 percent are female, and their periods of service range from pre-World War II to the present day.

Exhibit 2.1 shows the estimated number of veterans residing in each Colorado county as a percentage of the county's population aged 18 and older. Appendix A provides additional information about each county's veteran population.

Exhibit 2.1

Veteran Population as a Percentage of County Populations¹



Source: Office of the State Auditor analysis of U.S. Department of Veterans Affairs veteran population estimates for September 2021 and Colorado State Demographer data from October 2021.

¹ Data from the U.S. Department of Veterans Affairs (VA) veteran population estimates may undercount veterans in some areas; the VA's estimates are compiled using a variety of data sources and statistical techniques, but may undercount veterans who do not have a relationship with the VA and who served prior to 1970.

The Division of Veterans Affairs (Division) states as its mission, “To assist Veterans, their dependents, and their survivors obtain State and Federal benefits to which they are qualified for” and the mission of the Colorado Board of Veterans Affairs (Board) is to “advocate for veterans and their families to improve their quality of life throughout the state of Colorado.” The Division and Board reported providing a variety of assistance to Colorado veterans in support of their missions, including the following:

- State and county veterans service officers (VSOs) helped veterans file an average of 10,500 new benefit claims with the VA each year between 2019 and 2021. According to the VA, about \$4.2 billion was spent in Federal Fiscal Year 2021 to provide benefits to Colorado veterans. The Board also told us that outreach is a key function of VSOs, but neither the Board nor the Division routinely tracks or reports statistics on outreach efforts or accomplishments.
- The Board and Division awarded grants to about 55 veterans service organizations totaling an average of more than \$1.7 million annually between 2019 and 2021.
- The Veterans Memorial Cemetery of Western Colorado (Cemetery) interred an average of 326 veterans or family members each year between 2019 and 2021.
- The Western Region One Source (WROS) hosted more than 160 events attended by a total of more than 2,000 veterans, families, and community members between October 2021 and March 2022.

The primary focus of this audit was on VSO services, including the Board’s role in studying and reporting on veterans service programs and recommending rules, policies, and laws to improve the programs. We found weaknesses in the Division’s planning for, supervision of, and support for veterans services, which are largely provided by county VSOs. Throughout the audit, the Division told us it believes it is limited in its ability to supervise, direct, or establish requirements for county VSOs, mainly because they are employed by the counties—as required by statute—as well as because of the State’s tradition of local control. However, statute establishes clear authority and responsibility for the Division to supervise and direct county VSOs. Our findings and recommendations were developed in light of this authority and, in many cases, suggest the Division would be better positioned to fulfill its oversight responsibility by expanding its written rules, which currently address only the Cemetery, and developing written policies and procedures for VSO functions. Written plans, rules, policies, and procedures are often a foundation that other agencies establish in overseeing state-supervised, county-administered functions and a means of communicating expectations in a way that is clear, consistent, and efficient.

We also found areas where the Board has taken a narrow approach to studying, reporting on, and suggesting improvements to, veterans programs. This chapter contains the results of our audit work related to these functions of the Division and the Board.

Finding 1—VSO Training

The primary duty of state and county VSOs is to assist veterans and their families in filing claims with the VA. VSOs must learn about the variety of benefits provided by the VA, what qualifies veterans for each type of benefit, the documentation and processes required to file claims, and the skills necessary to effectively manage cases and assist veterans who may have health issues or are suffering from post-traumatic stress disorder. VSOs must also learn how to use and navigate the necessary information systems, such as VetraSpec, the Division's case management system, and Veterans Benefit Management System (VBMS), the VA's claims system, and keep veterans' sensitive information protected from cyber security threats or unauthorized disclosure. Veteran benefits frequently change – and threats to data security are fast-evolving, so continual learning and information sharing are important to ensure that veterans receive good and consistent service.

In order to fulfill their duties, state and county VSOs receive training from a variety of sources, including the VA, Division staff, experienced county VSOs, and professional organizations such as the National Association of County Veterans Service Officers (NACVSO). Trainings take place at conferences, in veteran service offices across the state, online, and through live webinars. During the COVID-19 pandemic, the Division also began hosting weekly virtual meetings to facilitate information sharing among state and county VSOs.

What audit work was performed and what was the purpose?

To understand how the Division provides training to state and county VSOs, we reviewed information from the Division on the training it provided to new state VSOs hired between November 2021 and February 2022 and the training it provided as VSO continuing education at the Division's September 2021 training conference. We requested any information the Division maintained about the training provided to new county VSOs by other entities, such as other county VSOs, for Fiscal Year 2022, and training records from Fiscal Years 2020 to 2022 for a random sample of 10 VSOs from the Division's May 2022 county VSO roster. We interviewed Division management and staff about their processes for training new VSOs, providing VSO continuing education, and maintaining records of trainings. We also interviewed and surveyed state and county VSOs to obtain their perspectives on the training that they have received from the Division, then analyzed the survey results.

The purpose of our audit work was to assess whether the Division has effective processes in place to ensure that it provides consistent training to all state and county VSOs that meets state and federal requirements, and that it maintains documentation of all VSO training that is provided.

How were the results of the audit work measured?

The Division should ensure the uniformity and consistency of training provided to state and county VSOs. The Division's primary statutory charge requires it to "supervise a plan and standard procedures to further prompt and efficient service to all veterans in the state of Colorado on a uniform basis, whether by the division or by any county veterans service office" [Section 28-5-705(1)(a), C.R.S.]. Additionally, federal regulations require the Division to have a training program in place as a condition of its status as a recognized organization—an organization that is certified by the VA to prepare, present, and prosecute claims for VA benefits—with the VA. Specifically, 38 CFR 14.628(d)(1)(v) and 629(a)(2)(iii) require the Division to "take affirmative action, including training and monitoring accredited representatives, to ensure the proper handling of claims..." and "certify that the [accredited representatives]...will receive either regular supervision and monitoring or annual training to assure continued qualification as a representative in the claim process..." In order to fulfill its statutory and regulatory responsibilities, we would expect the Division to carry out training of VSOs, as follows:

- **The Division should have a training and certification program for new VSOs, approved by the Colorado Board of Veterans Affairs.** Section 28-5-705(1)(f), C.R.S., requires the Division to, "Establish a training and certification program for newly appointed county veterans service officers. Such program shall be presented to the board [of Veterans Affairs] for approval prior to implementation or modification." Although not specified in statute, we would expect that a training and certification program for new county VSOs would include elements such as training content and the materials that should be provided, timeframes and benchmarks for completing training elements, information about who provides training and who is required to complete the training, and processes for what is required for the Division to certify a VSO's successful completion of the program. Additionally, since statute provides that state and county VSOs are expected to provide uniform service to veterans, we would expect that a new VSO training and certification program would apply to both state and county VSOs. In addition, Section 28-5-705(1)(f), C.R.S., specifies that the new VSO training program "shall be presented to the board [of Veterans Affairs] for approval prior to implementation or modification."
- **The Division should ensure the uniformity and consistency of ongoing training for VSOs.** While statute does not explicitly require the Division to establish an ongoing training program for county VSOs (like is required of the Division for *new* county VSOs), both statute and federal regulations imply this responsibility for the Division. In addition to the federal regulations noted above, statute requires the Division to carry out several tasks akin to ongoing training, including, "Establish and maintain liaison with all county veteran service officers and advise them of such plan and procedures; ...Provide all county veterans service officers with pertinent information, suggestions, forms, rulings, and other material in such form and in such manner as the division may deem appropriate to assist all county veterans service officers in the performance of their duties; Distribute to such county veterans service officers any available

bulletins, manuals, pamphlets, or other appropriate material, prepared either by the division or elsewhere, for the purposes stated in this section; and Do such additional things, including the holding of conferences, whenever advisable, with the county veterans service officers either in their counties or in the office of the division or elsewhere and either singly or in groups, as the division may deem advisable to assist such officers in the proper performance of their duties and to keep them properly advised of current developments in the veterans' field..." [Section 28-5-705(1)(a), C.R.S.] and "provide satisfactory supervision, direction, and assistance to all county veterans service officers..." [Section 28-5-707(1)(a), C.R.S.].

- **The Division should track the training it provides to VSOs.** Since the Division is required to provide training to new and experienced VSOs, we would expect that the Division tracks training for new state and county VSOs and ongoing continuing education provided to VSOs, including the dates and content of training, and who provided the training.

What problems did the audit work identify and why did they occur?

We found that the Division is not ensuring that VSOs receive effective, timely training, and it is not sufficiently documenting the training that has been provided. Specifically, we found the following.

The Division's approach to new VSO training is inadequate. First, the Division has not formalized its approach to training new VSOs by establishing a training and certification program or seeking Board approval of the program—both of which are required by statute. Division management told us that in October 2021, they began requiring new VSOs to complete the VA's Training, Responsibility, Involvement, and Preparation of Claims (TRIP) training program, an online course that focuses on the federal policies and procedures for claims processing is required to access VA systems, such as VBMS, and they consider this to be their new VSO training program. However, the Division has not formalized this requirement in writing. The Division also told us that it considers its fall and spring semi-annual conferences to be part of the new VSO training plan and on-the-job instruction VSOs receive from their state or county employers to be part of their new VSO training plan. However, the Division has not formalized any of these expectations or approaches in writing, or presented them to the Board for approval. For example, the Division has not formalized information such as the content that the new VSO training should include, a timeframe in which VSOs should be trained (i.e., how soon after appointment/hire and how long should be allowed for completion), who should provide training, who is required to complete the training, what training materials should be provided to the VSO, or the Division's processes for certifying that a VSO has completed the program. Division management, which has experienced turnover in recent years, could not speak to why a formal training program has not been in place, but told us that they plan to create a training plan for new hires using the regionalized state VSOs to train the county VSOs.

Second, we found indications that the Division's approach to new VSO training is not effective or timely. Through the surveys and interviews we conducted with county and state VSOs, we heard concerns about the following:

- TRIP training is too complex to serve as new staff training. VSOs told us in interviews that due to the complexity of the VA's TRIP training, it is more suitable for VSOs who already have some training or experience with the claims process.
- There are gaps in training content. Of the 17 county VSOs hired since 2019 who responded to our survey, 6 (35 percent) reported gaps in their training, including not having received any training on topics such as how to safeguard veteran data; how to use and navigate VetrSpec; state benefits available to veterans; techniques for effective case management; and the "Battle Book," which the Division considers to be the standard operating procedures for VSOs and serves as a quick reference guide for county VSOs. In addition, similar to what county VSOs reported, 3 of the 6 state VSOs reported in the survey that they had not received training on topics such as using VetrSpec and effective case management techniques, and either had not or were not sure if they had completed the new hire training for their position.
- New VSOs may not receive timely training. Not all county VSOs are receiving training upon appointment or hire. Of the 17 county VSOs hired since 2019 who responded to the survey, 5 (30 percent) did not receive new VSO training until at least 2 months after starting their jobs. Of the 6 new state VSOs hired for their positions between November 2021 and February 2022, 3 reported they had not yet completed (or are not sure if they have completed) their new hire training, while the other 3 reported completing their new hire training 1 month or more after starting their jobs.

The Division has not established continuing education training requirements to ensure that VSOs' ongoing training is consistent and uniform in content and quality. The Division has not established an ongoing continuing education training requirement for VSOs such as in policies, rules, or as a condition of payment to counties. Specifically, although it is important for VSOs to receive training on a regular basis as they continue in their positions to ensure they are knowledgeable of changes to veteran benefits and current on VA requirements and processes for claims, the Division has not established a requirement that VSOs attend training each year. For example, the Division could consider requiring county VSOs to complete a minimum number of hours of continuing education training as a condition of payment to counties. The Division also does not have a plan for continuing education to address the uniformity and consistency of ongoing training that VSOs do receive. Division staff told us that its primary offering for continuing education is its semi-annual conferences, and they develop the content based on issues Division staff identify when claim decisions are appealed and from questions it receives from county VSOs. The Division also hosts weekly virtual meetings with state and county VSOs to discuss issues they encounter and updates to veteran services. However, Division management told us that it does not require VSO attendance at the semi-annual training conferences, the weekly virtual meetings, or

training opportunities provided by other organizations, such as NACVSO, but plans to implement such a requirement. If it proceeds with this plan, it will be important to have an effective process in place to accurately track VSO compliance with the requirement.

The Division has not established procedures or a database to track new VSO and continuing education training. The Division does not maintain sufficient data about the trainings that individual VSOs have completed and trainings the Division has provided. We requested training records from Fiscal Years 2020 to 2022 for a random sample of 10 VSOs from the Division's May 2022 county VSO roster, but the Division could not provide any documentation to support that these VSOs completed any training—either new VSO or continuing education training—during the review period. The Division also did not have any information about what specific training new county VSOs hired in Fiscal Year 2022 have received.

We also reviewed information the Division maintained from training provided to VSOs at the Division's September 2021 conference. While the Division was able to provide a draft agenda, the test administered at the end of the conference, a list of in-person conference attendees, and a list of VSOs who committed to attending virtually, the Division was not able to provide information about which VSOs actually attended the conference virtually, and which VSOs completed the conference and passed the exam. The Division told us it provided certificates to VSOs who completed its September 2021 training conference, but did not maintain hard copies of the certificates and the electronic copies were lost when the Division migrated from a local server to a web-based file management system. Overall, the Division has not established standard procedures or a mechanism, such as a database, for tracking information about the training it provides to VSOs and which VSOs have successfully achieved credentials from the Division's trainings. VSOs may also participate in continuing education provided by NACVSO; however, the Division does not track such attendance or the content of these trainings either.

Why do these problems matter?

When the Division does not have an established training program and process to track VSO training, it is not able to ensure that state and county VSOs receive all of the necessary training to fulfill their responsibility to provide uniform services to all Colorado veterans. Veterans and their families rely on VSO expertise to help them understand which benefits they qualify for and to properly handle their claims. In its most recent annual report, the Board reported that state and county VSOs helped veterans file 9,600 claims between November 2020 and October 2021. These claims can be complex and have financial significance, not only to individual veterans and their families but also to the State's economy as well. For example, according to VA data, in Federal Fiscal Year 2021, Colorado veterans collectively received more than \$4.2 billion in compensation and benefits from the VA. Although that amount is for all veterans living in Colorado, and not just those assisted by state and county VSOs, if the Division does not ensure state and county VSOs are properly trained, then the Colorado veterans they serve may not receive the maximum

compensation and benefits earned through their service, and it could jeopardize the timeliness of veterans receiving their benefits.

Additionally, Division management told us that in periods when it has been short staffed, such as in 2021 when it experienced a 73 percent turnover in VSOs due to the Division's reorganization, it has relied on county VSOs to help train other state and county VSOs. A training program could help ensure that the Division is able to continue to provide uniform and consistent training to VSOs should it experience significant turnover again in the future.

Recommendation 1

The Division of Veterans Affairs (Division) should ensure that veterans service officers (VSOs) receive effective and timely training by:

- A. Establishing a written training program for certifying new VSOs that outlines the content that new VSO training should cover, the timeframe in which VSOs should be trained, who should provide training, who is required to complete the training, what training materials should be provided to the VSOs, and the Division's processes for certifying completion of the training, and then presenting the training program to the Colorado Board of Veterans Affairs for approval.
- B. Implementing a continuing education training requirement for VSOs either in written policies, rules, or as a condition of its payments to counties.
- C. Implementing written procedures and a standard mechanism, such as a database, for tracking VSOs' new and continuing training, including information such as the dates training is provided and completed, training content, and who provided the training.

Response

Division of Veterans Affairs

- A. Agree

Implementation Date: February 2023

The Division has created a comprehensive training plan for newly appointed VSOs that will be completed within 180 days of appointment and tracked by state VSOs in their respective regions. The training content includes foundational VSO tasks required to assist veterans in submitting their claims. The initial plan has been presented to the Colorado Board of Veterans Affairs for feedback and will be returned to that Board for approval in September 2022. The goal is to create a training and certification officer within the Division who will manage the VSO certification program via a learning management system beginning in February of 2023.

B. Agree

Implementation Date: March 2023

The Division will implement a continuing education program based on the industry standard established by the National Association of County Veterans Service Officers which will be included in the VSO operations handbook. This will require 16 hours of continuing education per calendar year for any VSO to retain certification by and/or accreditation under the Division. Those hours will be offered as 16 hours at the annual fall training conference and/or eight hours at the spring training session, with a minimum of additional eight hours provided at established weekly VSO virtual meetings. Preliminary tracking will be done within regions by state veterans service officers. The plan may modify with the anticipated hire of a state veterans service officer who will specialize in training (position description currently in development).

C. Agree

Implementation Date: March 2023

The Division will use a newly established Learning Management System to track training details and progress. The VSO Operations handbook will outline the procedures for documenting the training for newly appointed VSOs and their continuing annual education. Individual VSOs will be responsible for updating their records with oversight from the Regional VSOs.

Finding 2—Accreditation

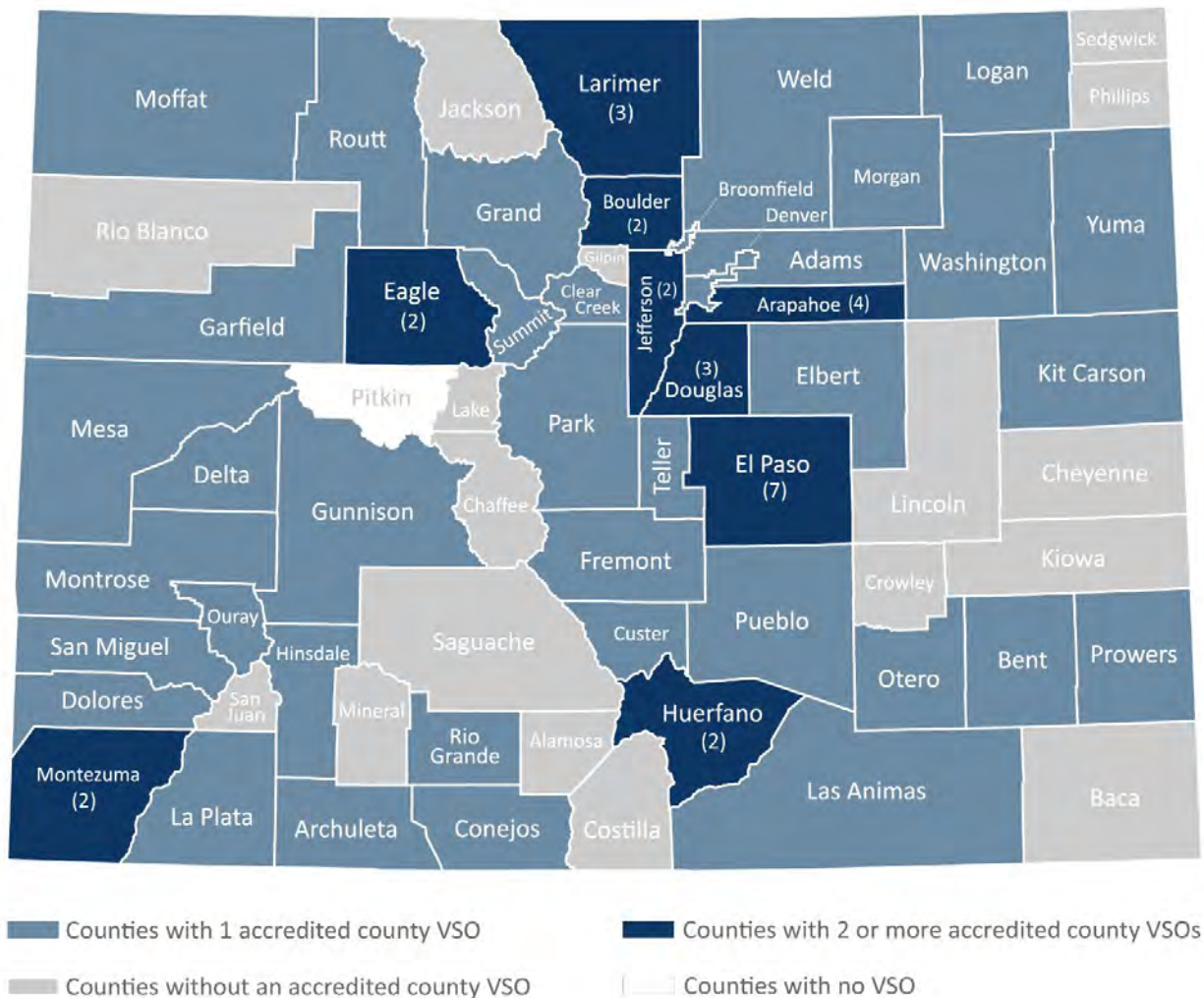
The VA relies on recognized veterans service organizations, including state governments and nonprofits throughout the United States, to help veterans and their families understand and apply for VA benefits. These recognized veterans service organizations, such as the Division, operate under a Power of Attorney with the VA, which allows them to (1) represent veterans through the claims process and (2) access and submit claims through the VA's VBMS. The VA provides accreditation for qualified representatives of recognized veterans service organizations. As Division representatives, state and county VSOs and administrative staff can qualify for VA accreditation, allowing them to represent Colorado veterans and directly access VBMS. VSOs and administrative staff seeking accreditation must submit an application for accreditation to the Division for the Division Director to sign off on certifying that the VSO meets eligibility criteria. The Division then sends the signed application to the VA for final approval. An individual's accreditation is good for 5 years, at which point the Division has to approve their recertification to the VA.

The Division views accreditation as important to providing high quality veteran services in an efficient and timely manner. All state VSOs and some Division administrative staff are required by the Division to obtain accreditation as part of their job duties. County VSOs are not required by the Division to be accredited, but many of them—as well as some county administrative staff—pursue accreditation. County VSOs who are not accredited must transfer their claims to state VSOs who

will submit the claims through VBMS. As of May 2022, 63 county staff (61 county VSOs and two county administrative staff) and 10 Division staff (five state VSOs, the state VSO supervisor, and four state administrative staff), were accredited. Most of these individuals were certified for accreditation by the Division, and three of them were certified for accreditation by NACVSO, meaning that NACVSO certified their qualifications for accreditation.

Because of the importance accreditation plays in allowing the Division to provide high quality, efficient services to veterans, the Division began measuring the percentage of county VSOs who are accredited as part of its SMART Government performance plan in Fiscal Year 2021. At that time, the Division reported that 35 percent of county VSOs were accredited. For Fiscal Year 2022, the Division modified this goal to include both state and county VSOs, with a goal of increasing the percentage of accredited VSOs to 77 percent by June 2022 to “ensure...the Division of Veterans Affairs will be providing the highest quality service to the state’s Veterans and their families.” The Department reports these performance measure results on the Governor’s Dashboard, the Governor’s Office website for reporting on high-priority policy areas. As of May 2022, 85 percent of VSOs who were eligible for accreditation, including the county VSOs for 46 of the 64 counties, were accredited. The Division has continued its goal related to accreditation for Fiscal Year 2023. Exhibit 2.2 shows which counties had one or more accredited VSOs as of May 2022.

Exhibit 2.2
VSO Accreditation by County



Source: Office of the State Auditor analysis of information provided by the Division of Veterans Affairs as of May 2022.

What audit work was performed and what was the purpose?

We reviewed the list of accredited VSOs in Colorado as of May 2022, as reported on the VA Office of General Counsel’s website, and compared it to the Division’s May 2022 accreditation list to determine whether the lists included the same individuals. We also reviewed the VA Form 21 accreditation applications the Division certified and submitted to the VA from January 2021 to April 2022, along with any supporting documentation, to determine what information the Division used as its basis for certifying that the individuals met the accreditation eligibility requirements, and interviewed Division management about their process for certifying individuals for accreditation. Finally, we interviewed Division management on their methodology for collecting data and reporting results for the Governor’s Dashboard, and reviewed and analyzed the Division’s available

data and reported results for the Department's Fiscal Year 2022 SMART performance measures related to VSO accreditation.

The purpose of the work was to determine whether the accredited VSOs meet the established eligibility criteria, and whether the Division is reporting accurate and valid results for the performance measure in its SMART Government Act performance plan.

How were the results of the audit work measured?

Accreditation Eligibility Criteria. The Division is required to sign all accreditation applications certifying to the VA that the individual meets the following eligibility criteria established by the VA:

- The individual must be “of good character and reputation...” [38 CFR 14.629(a)(1)]. The federal rules do not define what constitutes “good character and reputation” but rely on the recognized veterans service organization—the Division—to make this determination.
- The individual must work at least 1,000 hours annually. An accredited representative of the Division should be “a paid employee of such organization working for it not less than 1,000 hours annually...” or “a paid employee of the county or tribal government working for it not less than 1,000 hours annually...” [38 CFR 14.629(a)(2)].
- The individual “has successfully completed a course of training and an examination...” and “will receive either regular supervision and monitoring or annual training to assure continued qualification as a representative in the claim process...” [38 CFR 14.629(a)(2)].

SMART Government Act Requirements. The SMART Government Act requires state agencies to have performance measures, which are defined by Section 2-7-202(18), C.R.S., as “quantitative indicator[s] used to assess the operational performance of a department...and should demonstrate the department's efficiency and effectiveness in delivering goods or services to customers and taxpayers.” Statute provides for the State Auditor to review “the integrity of performance measures audited; [and] the accuracy and validity of reported results” [Section 2-7-204(5), C.R.S.].

The Division told us that its methodology for measuring accreditation for its Fiscal Year 2022 SMART measure consisted of measuring the total number of VSOs—both county and state VSOs—who are *eligible* for accreditation and the total of those VSOs who are accredited, each quarter of Fiscal Year 2022. For the purposes of the SMART measure, the Division did not include accredited administrative staff, focusing on VSOs specifically, but it did count the three VSOs who were certified for accreditation through NACVSO. The Department collects information from the Division and reports results on this SMART measure quarterly through the Governor's Dashboard.

What problems did the audit work identify and why did they occur?

Overall, we found that the Division does not have adequate processes to ensure individuals it certifies for accreditation meet the VA's eligibility criteria. Furthermore, the Division does not appear to be reporting accurate and valid results for its SMART measure.

The Division's processes for ensuring eligibility of individuals it certifies for accreditation could be improved, as follows:

- **Good Character and Reputation Requirement.** We found that the Division could not provide any information to demonstrate how it had determined that the 25 individuals who applied and were certified for accreditation by the Division between January 2021 and April 2022 were of good character and reputation. According to the Division, it has not established a formal process for determining whether an applicant meets this requirement. Division management stated that they assume applicants meet this qualification because they presume that county officials screen county staff for good character prior to hiring and appointing them to their statutory 2-year VSO terms. However, the Division does not require counties to follow specific processes when hiring VSOs or administrative staff or appointing/re-appointing VSOs to their statutory 2-year terms, and the Division does not inquire of the counties what steps the counties took during the hiring or appointment process, if any, to make this assessment. For example, the Division does not ask counties to confirm that a background check was conducted or collect information about the individual, to ensure that they do not have a criminal history that would indicate a lack of good character. In addition, the Division does not verify with the county as part of the accreditation process or the biannual appointment process that the individual is performing well and that they do not have a history of receiving complaints from veterans whom they have served. Instead, Division management stated that they assume an applicant is of good character and reputation if they have not heard anything negative about the individual.

In addition, statute requires the Division to “recommend education and experience qualifications” for county VSOs [Section 28-5-802(1), C.R.S.]; however, the Division has not provided this recommendation to counties. The Division could consider what is needed to attain assurance on an accreditation applicant's good character and reputation as part of determining and recommending what education and experience qualifications VSOs should have broadly.

- **Minimum Work Requirement.** The Division reported that it relies on applicants self-attesting on their VA Form 21 that they work 1,000 hours per year; the Division does not have other processes to verify hours worked or inquire about a change in hours worked for accredited individuals. For example, the Division did not conduct any verification of hours worked for any of the 25 individuals who had submitted an accreditation application between January 2021 and

April 2022, such as asking their employing counties to verify employment status. The Division also did not have a process for these individuals to inform the Division of any change in their work status after attesting on their applications. During the audit, we did see evidence that the number of hours VSOs work can fluctuate, so having a method to ensure that accredited individuals work the minimum number of hours each year is relevant to ensuring continued eligibility.

- **Training Requirement.** We found that the Division could not demonstrate whether 20 of the 25 individuals who were newly accredited between January 2021 and April 2022 had received the required training. Specifically, we reviewed the accreditation applications that the Division submitted to the VA for this period, and while all 25 individuals attested to qualifying for accreditation by completing required training, the Division did not have training records, such as certificates of completion for the VA's TRIP training program, for 20 individuals (80 percent) to show that they had completed training to qualify them for accreditation. The Division also does not track ongoing training for accredited individuals, and could not provide training records for Calendar Years 2020 through 2022 as evidence that accredited individuals are receiving ongoing training for continued qualification for accreditation. Overall, the Division has not established how it will consistently track and document training to determine whether a VSO or administrative staff has completed training to qualify them for accreditation. Division management told us that, prior to October 2021, the Division did not require applicants to submit any documentation to substantiate that they received training to qualify them for accreditation, but in October 2021 it began requiring applicants to provide a certificate showing TRIP training completion as part of the accreditation application. However, we reviewed 9 accreditation applications dated between November 2021 and April 2022 that the Division submitted to the VA, and found that 7 (78 percent) did not include certificates of completion for TRIP training. As discussed in Finding 1, the Division has not established procedures or a database to track the training that VSOs complete.

In addition, the Division has not established how it will either provide accredited VSOs and administrative staff with regular supervision and monitoring, or annual training, nor does it track whether any of this occurred. The Division also has not established whether it should take responsibility for individuals who are accredited through other recognized organizations, to ensure that they met and will continue to meet accreditation requirements.

The data that the Division reports for its SMART measure may not be accurate. We found that the Division does not maintain information about VSO appointment and accreditation dates and hours worked annually, which are needed to report on the percentage of VSOs accredited as of certain dates. Specifically, we found:

- **County VSO Appointment and Employment Separation Dates.** The Division had a list of county VSOs as of May 2022, but the Division's list was missing 2 individuals, did not have documented dates of when any of the county VSOs were appointed, and did not have historical

information about past county VSOs and their dates of separation from VSO duties. As a result, we could not verify which county VSOs were appointed/employed during a particular timeframe, which is needed to calculate the percentage of VSOs who were accredited as of a certain date. The Division lacks systematic methods to obtain appointment and employment information from counties; staff report they typically obtain this information informally through conversations with or emails from the new or outgoing county VSOs.

- **Accreditation Status and Dates.** The Division also does not record the dates that VSOs are accredited or when accreditation expires, so there is no historical record to show which VSOs were accredited in a particular timeframe. The Division's list of 58 accredited county VSOs as of May 2022, which the Division used to calculate its SMART measure results, also appears to be incomplete. We compared this list to the VA's accredited VSO data from May 2022 and found two VSOs who are not on the Division's accreditation list, but were certified for accreditation by the Division, according to the VA, and currently serve as county VSOs, according to the Division's VSO roster and their respective counties' websites. We also found inconsistency in whether the Division includes county VSOs who were accredited by other recognized organizations. Specifically, of the three county VSOs that have their VA accreditation through NACVSO, 2 were included in the Division's May 2022 accreditation list, but 1 was not. The Division told us that the 3 VSOs who were not on the May 2022 accreditation list had been overlooked when staff pulled the list of accredited VSOs from the VA website.
- **Minimum Hours Worked to Measure Eligibility for Accreditation.** The Division does not record the number of hours that VSOs work annually, so there is no historical record to show which VSOs met the minimum-hours requirement and, therefore, were eligible for accreditation in a particular timeframe. We found that the Division could not demonstrate that the 70 county VSOs it noted as eligible for accreditation on its May 2022 list, including the 58 who were accredited, worked at least 1,000 hours annually. The Division's list of the current county VSOs as of May 2022 notes which county VSOs are eligible and ineligible for accreditation based on whether they understand the VSO to work fewer than 20 hours per week. However, Division staff told us that their understanding of the number of hours worked by each VSO is an estimate—based primarily off of the VSO's office hours—and not on information reported by the county VSOs, and they do not keep a record of these estimates. The Division collects information from county VSOs via monthly reports, including whether the county's appointed VSO works at least 35 hours per week; this information is used for determining whether the county receives the full-time or part-time pay rate, as discussed in Finding 4. However, these monthly reports do not collect information about whether the county's VSO(s) work at least 20 hours per week or whether there has been a change in the VSO's eligibility for accreditation.

The Division has not clearly defined in writing which accredited individuals, such as those with accreditation through NACVSO, should be included in the performance measure. It also has not implemented a review process for the performance measure data and calculations to ensure the

results, which are reported on the Governor’s Office website and in the Department’s annual performance plan, are accurate and complete.

Why do these problems matter?

- The Division stresses the importance of accreditation as a means of providing highly qualified and trained VSOs to serve Colorado’s veterans. If the Division does not have the information and processes in place to ensure that VSOs are qualified and trained—and remain qualified and trained—then it cannot ensure that veterans are receiving the highest quality service in a prompt and efficient manner.
- When the Division does not have the data and processes in place to support its attestations to the VA that the VSOs and other individuals it recommends for accreditation are of “good character and reputation,” work at least 1,000 hours annually, have received required initial training, and will continue to receive training or regular supervision and monitoring, then their attestation lacks basis and the Division risks the VA canceling the individuals’ accreditation for not complying with the qualifications in 38 CFR 14.629(a), which could result in a disruption or delay in any claims the VSO is working on.
- When the Division does not have processes in place to obtain and document reliable data to inform and calculate its performance measure results, then it is not able to ensure the integrity of its performance measures and limits its operational transparency. The use of reliable data will help the Division to ensure the intent of the SMART Government Act is fulfilled by allowing “the general public, the general assembly, the governor, and state departments to assess departments’ progress in achieving performance goals...[and] lead to improvements in services rendered and increased efficiency in program administration, as well as transparency...” [Section 2-7-201(1)(c), C.R.S.].

Recommendation 2

The Division of Veterans Affairs (Division) should ensure that individuals applying for accreditation meet eligibility requirements by:

- A. Defining in written policies, procedures, and/or rules what qualifies veterans service officers (VSOs) and administrative staff, as applicable, for accreditation, including (1) how the Division will assess good character and reputation, measure the hours worked annually, and assess whether training requirements have been met, and (2) how and at what times the Division will obtain information on qualifications (e.g., from applicants directly when they apply for accreditation, from counties when they appoint or re-appoint a VSO, annually from information maintained in a Division training database, etc.).

- B. Establishing in written policies, procedures, and/or rules to what extent it will take responsibility for VSOs or administrative staff who were accredited through another recognized organization to ensure they met and continue to meet the qualifications.
- C. Establishing written policies, procedures, and/or rules for recommending education and experience qualifications for county VSOs, as required by statute.

Response

Division of Veterans Affairs

- A. Agree

Implementation Date: March 2023

The Division will publish a written policy detailing what qualifies a veteran service officer for accreditation and request that counties affirm that appointed VSOs are of good character. The monthly Colorado Veterans Affairs CVA 26 report will track that statutory requirements for county VSOs have been met. With assistance from the Learning Management System (LMS) state veterans service officers will assess that county VSOs in their regions meet the qualifications for certification and/or accreditation, including working the minimum number of hours annually for VA certification and meeting training requirements. The division shall additionally recommend education and experience qualifications for the position of county veteran service office; however, not administrative/clerical staff which is under the purview of county offices. The Division no longer plans to certify county administrative staff for VA accreditation.

- B. Agree

Implementation Date: March 2023

The Division's position is that valid accreditation from an organization recognized by VA's Office of General Counsel suffices for initial certification and/or accreditation under the Division and will publish this in written policy. The Division does not plan to take responsibility for tracking initial or continuing accreditation eligibility for those VSOs and administrative staff who obtained their accreditation through another organization.

- C. Agree

Implementation Date: March 2023

The Division will establish its standards in the VSO Operations Handbook for both certification and accreditation of county veterans service officer for distribution to Boards of County Commissioners. The Division shall additionally recommend education and experience qualifications for the position of county veteran service office; however, not administrative/clerical staff which is under the purview of county offices.

Recommendation 3

The Division of Veterans Affairs should ensure that it reports accurate information as part of its SMART Government Act performance measure on accreditation by:

- A. Establishing a database for storing key information about state and county veterans service officers (VSOs) and any relevant administrative staff, including their appointment/employment dates, separation dates, number of hours worked annually, accreditation status, and accreditation effective and expiration dates.
- B. Establishing written policies, procedures, and/or rules for regularly collecting and updating the data maintained as part of Recommendation 3A.
- C. Defining in writing the population of individuals who are included in the measure, including whether individuals accredited through other recognized organizations and non-VSO administrative staff will be included in the measure.
- D. Implementing a review process for ensuring the reported results are based on accurate and complete information.

Response

Division of Veterans Affairs

- A. Agree

Implementation Date: December 2022

State veterans service officers will track and recurrently report key information about county veterans service officers as recommended, and key information regarding state veterans service officer will be tracked congruently by the respective VSO, with oversight from the Regional VSOs and training certification officer. State veterans service officers will also track the dates of any access granted to a claims management system or accreditation of county VSOs. The Division will establish a database for storing this information.

- B. Agree

Implementation Date: January 2023

The division's training and certification officer will have the additional responsibility for regularly collecting, updating, and reporting SMART Government Act performance per written policies established by the division.

C. Agree

Implementation Date: November 2022

The Division will define the population used for the SMART Government Act performance measure of accreditation and will exclude from the population county administrative/clerical staff who are accredited.

D. Agree

Implementation Date: March 2023

This division will establish a database, define who will be counted and review on an ongoing basis. The process will be managed by the training and certification officer with oversight from the state veterans service officer supervisor.

Government Auditing Standards allow for information that is considered sensitive in nature resulting in security concerns to be issued through “classified or limited use reports” because of the potential damage that could be caused by the misuse of this information. We consider some specific and technical aspects of this finding, along with the recommendations and responses, to be sensitive in nature and not appropriate for public disclosure. Therefore, some of the details of this section have been provided to the Department and Division in a separate, confidential report.

Finding 3—Data Security

VSOs help veterans apply for federal VA benefits, answer questions about their eligibility for benefits and services, and connect veterans to the services they need from state, county, and other sources. In order to do this, VSOs work with sensitive information about veterans and their dependents, as well as veterans’ financial information, health and medical care information, and details about their military service and discharge.

The Division uses a web-based claims management system, VetraSpec, which stores information on veterans assisted by VSOs, and interfaces electronically with the VA’s VBMS. VetraSpec stores sensitive data for veterans assisted by state and county VSOs. According to the Division, the records in VetraSpec date back to 2010 when the Division started using the system.

As of May 2022, there were 97 user accounts under the State’s VetraSpec license. VetraSpec is available for counties to use, but they are not required to use it.

What work was performed and what was the purpose?

We reviewed the Division’s policies and procedures to understand the controls the Division has in place to keep veteran information secured, including the requirements and procedures the Division

has established for state and county staff to access VetraSpec and protect the data in the system. We also reviewed the State's Acceptable Use of State Data and IT Resources Policy (Acceptable Use Policy) and other Colorado Information Security Policies, rules related to the Colorado Information Security Act, statutes, and federal VA security policies. To gain an understanding of the data security procedures the VSOs follow, we surveyed county and state VSOs on whether they are trained to safeguard sensitive information, and their level of awareness of the requirements of the State's security policies. We also interviewed county VSOs to learn more about the security measures they use. Finally, we compared the list of current VetraSpec users and last system activity, according to the system vendor, with the Division's list of county and state VSOs and other staff with VetraSpec access to determine if the lists were the same and accurately reflected current users.

The purpose of the audit work was to evaluate the Division's controls for ensuring the security of veteran data.

What problems did the audit work identify and how were the results of the audit work measured?

Overall, we found that the Division has not effectively managed the security of veteran data that VSOs work with in the course of their duties. Specifically, we found:

The Division does not ensure that VetraSpec users have the appropriate access to the system. Section 24-37.5-105.2(4), C.R.S., specifies that state agencies are responsible for user access to state information technology systems for their employees, contractors, subcontractors, and other users. In managing such access, Colorado Information Security Policies (CISP) require state agencies to employ the principle of "least privilege," where users only possess the minimum access to information systems and files that is "absolutely necessary to perform their assigned duties or functions" [CISP-001, 9.5]. As such, the Division is responsible for managing and determining appropriate levels of user access to VetraSpec, including for Division employees and county employees who access VetraSpec.

We reviewed levels of access and last system activity according to information from the vendor, as of May 2022, for the 97 VetraSpec accounts and found indicators that the Division is not fully adhering to the "least privilege" principle, as follows:

- It is not clear that the access levels limit access to what is "absolutely necessary" for the user to perform their assigned duties. VetraSpec has different levels of user access, which determines what records within the system a given user can access. For example, Level 5 users have restricted access and are able to access and modify only those records they have input; Level 6 users can access and modify all non-confidential records in the state; and Level 8 users can access, modify, and delete any records, even any records designated in the system as confidential. We found that the Division does not have sufficient internal controls in place to effectively assign access levels to VetraSpec users.

- User access is not monitored regularly. We found that Division staff do not have procedures in place to regularly communicate with the vendor about user access.
- Lack of activity in the system may indicate that some approved users have access they do not need. We found that some of the user accounts belonged to individuals who were current state or county staff but who were not clearly active in the system at any point during the first 3 months of 2022, including one person whose last activity was in 2015, according to information from the vendor. The vendor did not have data related to users' last login dates and instead provided us with users' last dates of activity as of May 2022.

The Division does not ensure that county VetraSpec users are aware of the State's

Acceptable Use Policy. The State's Acceptable Use Policy, which applies to all authorized users of state IT resources, such as VetraSpec, provides direction for users of state IT systems, and states that "This policy must be accepted by Users at the start of employment and no less than annually thereafter" [CISP-018, 17.1]. We found the Division lacks controls to ensure that county users of VetraSpec are aware of, understand, and will comply with the State's Acceptable Use Policy, or any equivalent local policies. Specifically, the Division did not have documentation that any of the 86 county VetraSpec users had signed an acknowledgement of the State's Acceptable Use Policy, nor has the Division established any expectations that counties have acceptable use policies that align with the State's policy. Of the 38 county VSOs who responded to our survey question about the existence of county-level acceptable use policies, 33 (87 percent) indicated the county had such a policy; 4 (10 percent) did not know; and 1 (3 percent) indicated that their county does not have such a policy.

The Division does not ensure that state and county VSOs and other VetraSpec users receive training on acceptable use and data security. State rules related to the Colorado Information Security Act require state agencies to have a plan "for delivering Initial and Refresher [cyber security] Training to staff" [8 CCR 1501-5, R 24-37.5-403.5]. Federal regulations further require the Division, as a recognized veterans service organization of the VA, to train staff who handle VA claims to ensure the proper handling of claims [Title 38, Part 14, Sections 628(d)(1)(v)]. However, the Division could not provide documentation of any data security or acceptable use training it had offered to VSOs or VetraSpec users. Furthermore, in survey responses, some VSOs reported that they had not received training, and other Division staff reported not having received such training. Specifically:

- State Staff—Half of the state VSOs we surveyed were not confident about their understanding of the State's Acceptable Use Policy. One of the 6 state VSOs specifically reported in our survey that they were not aware of and did not receive training on the policy; 1 was aware of the policy, but had not received training on it; and a third was aware of the policy, but was not sure whether they had received any training on it. Another Division staff person told us that while Division staff annually sign an acknowledgement of the State's Acceptable Use Policy, they have not received training on the policy.

- County Staff—We also surveyed county VSOs on the usefulness of training topics they may have received from the Division, including any training on safeguarding veterans’ sensitive information, with results indicating the current training may not be sufficient.

The Division’s agreement with the VetraSpec vendor does not include OIT. Statutes require that OIT be involved when any state agency contracts for IT services. Specifically, Section 24-37.5-105.2(5), C.R.S., states “a state agency shall include the [Office of Information Technology] as a party to all contracts or agreements for information technology goods, services, or systems” and Section 24-37.5-105(6), C.R.S., requires that “state agency initiated contracts must be done in consultation with the [Office of Information Technology], and must include provisions allowing the office to enforce technology and security standards or conduct due diligence or audits of the contractors.”

- OIT was not a party to the Division’s agreement with the VetraSpec vendor. The Division’s agreement in place with the VetraSpec vendor at the time of our audit was a Purchase Order agreement—not OIT’s standard vendor agreement—and OIT was not a party or signatory on the agreement. In addition, the extent of OIT’s awareness of the agreement is unclear. OIT staff reported that the Division reached out for advice during the procurement process, and the Division provided an email exchange discussing initial plans for the agreement in which OIT staff was included, but it is not clear that OIT was aware the Division was pursuing a procurement using a Purchase Order.
- The Division’s agreement does not require the vendor to comply with Colorado policies or undergo a periodic evaluation. Under OIT’s standard vendor agreement, vendors can either agree to comply with the CISP or submit the results of a System and Organization Controls (SOC) evaluation, which are conducted by independent auditors to assess IT service providers’ systems of internal controls. The Division’s agreement with VetraSpec required no submission of SOC evaluations, and the Division was not aware whether the vendor had undergone a SOC evaluation.

The Division does not ensure compliance with federal and state directives and policies. Both federal and State directives and policies specify how data should be transmitted by Division and county staff.

Why did these problems occur?

The Division has no written rules, policies, procedures, or guidance related to data security. Specifically, the Division does not have policies that address:

- How user access to VetraSpec will be managed and by whom. This includes no policies for assigning the appropriate access level based on users’ job duties or limiting access to the system

in accordance with the “least privilege” principle. In addition, the Division does not have written policies or procedures outlining change management processes for ensuring timely addition and removal of access to VetraSpec. There are three Division employees who can request that the vendor add users to the system, or delete them, but the Division does not maintain documentation of such requests or when the additions or deletions are completed. In addition, the Division does not have any policies or processes related to maintaining an accurate and current list of county VSOs or to learn about staff additions to or departures from the county veterans service offices.

- How the Division will inform VetraSpec users about acceptable use and security of the system. The Division does not share information with counties about state or federal requirements for data security. Further, the Division does not require that county users document their awareness and understanding of data security processes, such as by providing periodic acknowledgements to the Division.
- Expectations for counties with regard to ensuring data is handled securely by VSOs. For example, the Division does not ensure counties provide VSOs with resources to ensure VSOs conduct their responsibilities securely.
- Requirements or procedures for training state and county staff on protecting sensitive data. The Division does not have a training plan or any other written protocols to ensure staff understand how to handle sensitive data. Specifically, the Division has not documented the elements such training should cover, such as applicable data security policies, security practices that are specific to use of VetraSpec, or methods of protecting sensitive data outside of VetraSpec (such as when exchanging information with veterans, the Division, or the VA). Further, there are no requirements that Division or county staff obtain training on an established schedule in order for them to maintain access to sensitive data and to VetraSpec. Finally, the Division has not defined or communicated counties’ responsibilities for providing security awareness training to their staff. The Division reported that it provides information in its “Battle Book,” a guide that helps VSOs understand how to file claims, but that resource lacks specifics on how VSOs should protect and handle data. The Division could not provide specific training or written guidance to county VSOs focusing on how to keep veterans’ data secure.
- Requirements or directions to Division staff on working with OIT to properly procure information security services. While Division staff initially worked with OIT staff in renewing the data system license in place during our audit period, Division staff did not follow through on OIT’s recommended additional consultation on the procurement. Division staff reported having time pressure to get an agreement renewal in place to keep the system online and available to VSOs, and therefore executed a Purchase Order agreement rather than a normal contract.

Why do these problems matter?

According to the legislative declaration for the Colorado Information Security Act, “State government has a duty to Colorado’s citizens to ensure that the information the citizens have entrusted to public agencies is safe, secure, and protected from unauthorized access, unauthorized use, or destruction” [Section 24-37.5-401(1)(b), C.R.S.]. Due to the problems we found with the Division’s controls over veterans’ data, the Division is not fulfilling this duty. Instead, the lack of user access controls; the failure to ensure that all VetraSpec users are aware of, understand, and will comply with data security policies; the absence of any guidance for counties on ensuring their staff can securely communicate sensitive data; all create a risk that such data may be accessed, used, and disclosed improperly. Further, by not including OIT in contracting for IT vendor services and ensuring its agreement with its information security vendor aligns with OIT requirements, the Division increases the risk that data handled or stored by a vendor will not be adequately safeguarded, and lacks the contractual right for OIT to assess and enforce proper security measures.

Recommendation 4

The Division of Veterans Affairs (Division) should implement robust security measures to protect sensitive veteran data by establishing and enforcing written policies and procedures for:

- A. Improving internal controls as recommended in the confidential report.
- B. Informing county staff of policies that apply to data security and acceptable use of State IT resources, and ensuring county users’ understanding and acceptance of acceptable use policies.
- C. Improving internal controls as recommended in the confidential report.
- D. Ensuring Division and county staff who handle sensitive data are trained in data security protocols. This should include defining the frequency of training the Division will provide, the information the training will cover; and requirements for Division and county staff to attend such training on an established schedule.
- E. Adhering to requirements to involve the Office of Information Technology (OIT) in IT contracts and use OIT’s standard vendor agreement.

Response

Division of Veterans Affairs

A. Agree

Implementation Date: March 2023

The Division of Veterans Affairs will implement robust security measures to protect sensitive veteran data by establishing and enforcing written policies and procedures as identified in the Confidential Finding response.

B. Agree

Implementation Date: February 2023

The Division of Veterans Affairs (Division) will implement robust security measures to protect sensitive veteran data by establishing and enforcing written policies and procedures for informing county staff of policies that apply to data security and acceptable use of State IT resources, and ensuring county users' understanding and acceptance of acceptable use policies.

C. Agree

Implementation Date: February 2023

The Division of Veterans Affairs will implement robust security measures to protect sensitive veteran data by establishing and enforcing written policies and procedures as identified in the Confidential Finding response.

D. Agree

Implementation Date: December 2022

The Division of Veterans Affairs will implement robust security measures to protect sensitive veteran data by establishing and enforcing written policies and procedures as identified in the Confidential Finding response.

E. Agree

Implementation Date: June 2023

The Division will establish written policies and procedures for adhering to requirements for involving OIT in procuring data system contracts.

Finding 4—Support Payments to Counties

The Division and the counties have shared responsibility for assisting veterans in a uniform manner, regardless of whether the Division or one of the county VSOs provides the assistance. The Division has the statutory authority and duty to formulate plans and procedures to promote the prompt and efficient provision of services to veterans, regardless of where in Colorado they live [Section 28-5-705(1)(a), C.R.S.]. Counties have the statutory authority and duty to employ VSOs and cooperate with the Division’s plans and procedures [Sections 28-5-801 and 804, C.R.S.]. The Division is also responsible for providing supervision and support to the county VSOs [Section 28-5-707(1)(a), C.R.S.]. One form of such support is the distribution to counties of semi-annual payments from funds the General Assembly appropriates to the Division each year for this purpose [Section 28-5-707, C.R.S.]. Exhibit 2.3 shows the Division’s appropriation amounts for county payments for the current and past 2 fiscal years.

Exhibit 2.3

General Fund Appropriations to the Division of Veterans Affairs for County Veterans Service Officer Support Payments

Fiscal Year	Appropriation
2021	\$1,244,700
2022	\$1,275,800
2023	\$1,301,300

Source: Office of the State Auditor analysis of Long Bill appropriations.

The Division distributes payments to counties based on whether their VSO works part-time (defined as 34 hours per week or less) or full-time (defined as 35 hours per week or more). From July to December 2021, about one-third of the State’s 64 counties had full-time VSOs on staff and the other two-thirds had part-time VSOs. In addition, the Division’s practice is to only pay counties for a single VSO, even if the county employs more than one. As of May 2022, 16 counties employed more than one VSO.

The Division establishes full- and part-time annual county pay rates taking into consideration the number of counties with full- versus part-time VSOs. The Division makes adjustments to the rates as needed for each semiannual payment based on how much funding is available to use from the annual appropriation and the number of counties requesting assistance at the full-time and part-time rates. For example, the Division adjusted the rates for January to June 2021 because it used the appropriation to pay for counties’ VetraSpec licenses, thereby adjusting down how much was available to pay directly to counties for the second half of Fiscal Year 2021. Conversely, the Division may use less than planned if counties have a VSO vacancy for 1 or more months during the semi-annual pay period (counties do not receive payment for months when there is a VSO vacancy), or if

more counties had part-time rather than full-time VSOs than planned (reimbursement for a part-time VSO is less than for a full-time VSO). Exhibit 2.4 shows the standard part- and full-time semiannual payment rates established by the Division from July 2020 through December 2021.

Exhibit 2.4
County Veterans Service Officer Semiannual Payment Rates
July 2020 Through December 2021

Semiannual Payment Period	Employment Rate	Semiannual Payment Amount
July – December 2020	Part-time	\$6,901
	Full-time	\$14,251
January – June 2021	Part-time	\$6,427
	Full-time	\$13,777
July – December 2021	Part-time	\$7,200
	Full-time	\$14,280

Source: Office of the State Auditor analysis of information provided by the Division of Veterans Affairs

What audit work was performed and what was the purpose?

We reviewed semi-annual payments made by the Division for a sample of nine counties, three counties from each semiannual payment period covering July to December 2020, January to June 2021, and July to December 2021. We also reviewed the 54 monthly reports submitted by the nine counties to the Division during these payment periods to determine if the Division paid the proper full- or part-time rate based on the county reports. In addition, we reviewed the county payment schedules prepared by the Division for all the payments the Division approved to be paid to counties between July 2020 and December 2021 to assess consistency in the Division’s approach to approving support payments. Finally, we reviewed information provided by county VSOs through a survey we conducted in April 2022 about the hours they work and their veteran and accreditation status.

The purpose of the audit work was to determine if the Division distributes funds to the counties in accordance with specific statutory direction and in a manner that aligns with the statutory intent to promote uniform access to services across the state.

What problems did the audit work identify and how were the results measured?

We found several issues with the Division’s management of its county support appropriation. First, the Division has not followed some of the direction in statute for providing payments to the

counties. Second, the Division's practices for calculating and adjusting payment amounts do not appear to promote the statutory intent of uniform access to veterans services across the counties.

The Division's payments to counties are not always supported by county reports. Under statute, the Division is authorized to issue payments to counties only after a county submits an application to the Division [Section 28-5-707(2), C.R.S.]. In lieu of an annual or semiannual application, the Division uses the monthly reports as the counties' means of requesting semiannual payments, and requires the signature of a county commissioner or designee to certify the accuracy of the information provided in each monthly report. As such, we would expect the Division to require that *all* reports submitted for each semiannual period be complete (i.e., contain required information on the full- or part-time status of the VSO and the signature of a county commissioner or designee) as a basis for issuing payments. However, we found that the Division approved payments for six of the nine counties in our sample even though one or more of the monthly reports from the counties was not complete. In total, of the \$68,814 the Division approved in payments for our sample, \$55,012 (80 percent) was paid to counties with incomplete reports, as follows:

- The Division paid 1 county the part-time rate for the applicable period of \$6,901 even though the county's monthly reports did not indicate the full- or part-time status of the VSO for any month during the payment period, and none of the reports were signed by a county commissioner or designee.
- The Division paid 1 county the full-time rate for the applicable period of \$13,777 even though 2 of the county's 6 monthly reports did not indicate the full- or part-time status of the VSO.
- The Division paid 2 counties a combined total of \$21,480 even though one of the monthly reports from each county did not indicate the full- or part-time status of their VSOs. In addition, for 1 of the counties, none of the monthly reports were signed by a county commissioner or designee. The Division paid 1 county the full-time rate of \$14,280 and the other the part-time rate of \$7,200.
- The Division paid 2 counties a combined total of \$12,854 even though 1 of the monthly reports from each county was not signed by a county commissioner or designee.

We also found the Division issued payments to counties without supporting information—from the county reports or any other source—that the counties' VSOs are veterans, which is a statutory requirement for county VSOs. Statute requires, "The county veterans service officer or assistant at the time of appointment must ... have served in the United States Army, Air Force, Navy, Marine Corps, Space Force, or Coast Guard ... and have been honorably discharged therefrom or be a discharged LGBT veteran, or be an officer ... placed on inactive duty therein" [Section 28-5-802(1), C.R.S.]. The Division's practice is to withhold state payments from counties that do not comply with this requirement, and it did so for one of the nine counties in our sample, as well as for another county not in our sample, for July to December 2021, when the Division had only informally

learned that the VSOs were not veterans. Specifically, the Division learned that the VSOs in these counties were not veterans through meetings that did not relate to county payments or county compliance with statute. For all other county payments the Division issued, it did not know with certainty that the county was employing veterans as VSOs. From our county VSO survey, we found three additional counties that employ VSOs who are not veterans, although two of these counties have multiple VSOs, so other VSOs within the county might be veterans.

The Division did not follow consistent practices in issuing some payments to counties.

Statute charges the Division with disbursing funds to the counties [Section 28-5-707, C.R.S.] and we would expect the Division to use a consistent approach in determining the amount a county receives. However, we found an inconsistency in how the Division determined the semi-annual payments for two counties that reported their VSOs changed their work hours during the payment period. One county indicated on its monthly reports that the VSO's employment status changed from part-time to full-time half way through the semiannual payment period. The Division paid the county the part-time rate for the applicable period of \$6,427, rather than adjusting the payment in recognition of the VSO's change in hours. The Division told us that it does not adjust its payments if a county changes the employment status of the VSO during the pay period. In contrast, we noted an example outside our sample where the Division did adjust a county's payment for this reason; it reduced the county's payment from the full-time rate to the part-time rate because the VSO's hours changed from full- to part-time during the payment period.

The Division did not disburse all of the county support appropriation to counties. Statute [Section 28-5-707(1)(a), C.R.S.] states, "Out of any moneys appropriated by the general assembly to the division for support to county veterans service officers, the division is authorized to issue vouchers for the semiannual payment to the general fund of each county" Statute does not clearly allow for the Division using the appropriation in any way other than to disburse to counties. We found the Division uses about \$30,000 of the appropriation per year to pay the data system vendor for VetraSpec licenses. However, counties are not required to use the system, and we found that at least seven counties did not use the system during our audit period. The lack of universal use of the VetraSpec system raises questions not only about the best way to pay for the system, but also the system's overall usefulness if it does not contain complete data.

The Division's method for determining county support payments appears to be unrelated to the statutory charge that the Division promote uniform access to services. Other than stating, "The division shall annually establish the rate of state-funded payments for full-time and part-time county veterans service officers based on the available appropriation by the general assembly," statute does not provide specific direction on how the Division should calculate the semiannual payments to counties [Section 28-5-707(1)(a), C.R.S.]. However, statute does provide the Division a clear charge to support county VSOs to "further prompt and efficient service to all veterans in the state of Colorado on a uniform basis, whether by the division or by any county veterans service office" [Section 28-5-705(1)(a), C.R.S.], and we would expect the Division's method for establishing support payment amounts to counties to further these goals. The Division sets two payment rates

each year—one for full-time VSOs and one for part-time VSOs. However, the Division’s method for setting these rates leads to counties receiving divergent levels of state support that do not clearly promote uniform service provision because they do not relate to the actual hours a VSO works, the number of veterans that may need services in each county, or any other workload or strategic factors that influence uniformity of service. We found:

- Significant differences in the effective hourly payment rates the counties receive for their VSOs. For the 6-month period of July through December 2021, the Division’s standard payment amounts equaled \$7,200 for part-time VSOs who worked less than 35 hours per week and \$14,280 for full-time VSOs who worked 35 hours or more per week. As a result, if a VSO worked 34 hours per week—therefore qualifying for the part-time rate—the county would receive state support in the amount of \$8.14 per hour. But if that VSO worked 1 hour more per week—therefore qualifying for the full-time rate at 35 hours per week—the county would receive state support in the amount of \$15.69 per hour. We saw evidence of counties receiving disparate values in the effective hourly rate of financial support that they received when considering the number of hours that county VSOs reported working. Exhibit 2.5 provides examples of county VSOs’ reported weekly hours worked compared with the reimbursement the VSO’s county received for the prior semiannual period, and the resulting effective hourly rate. These examples show that the effective hourly rate of state financial support ranged from \$8.65 to \$55.38 per hour, depending on the county. The use of 2 flat payment amounts, each of which is associated with a range of work hours, and without accounting for any other factors that drive VSO costs, results in the State’s financial support being distributed in a manner that does not appear fair and that may not lead to uniform access across the state to services.

Exhibit 2.5

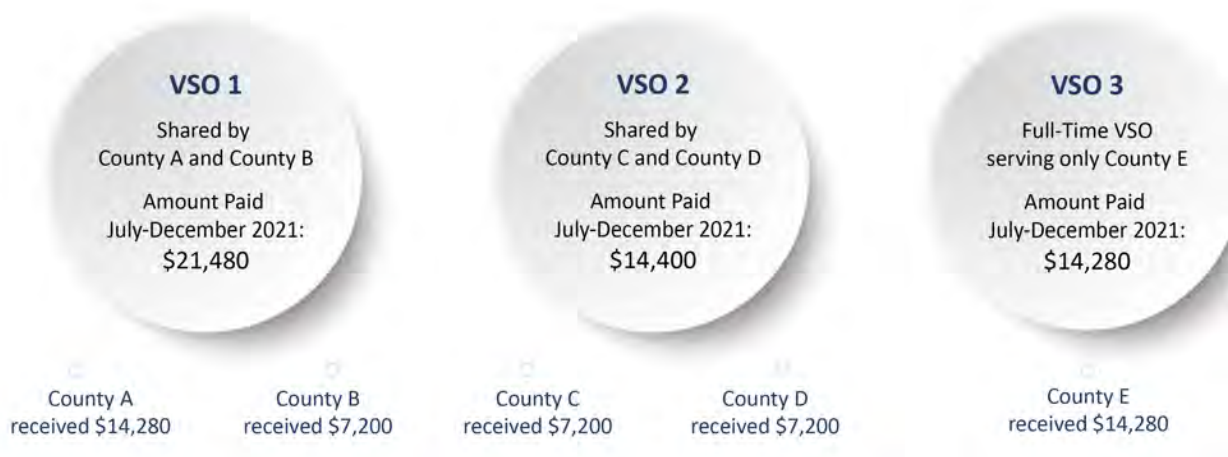
Examples of Effective Hourly Rates of Support Payments to Counties

County	<u>Survey Question:</u> Thinking about the last 2 months, approximately how many hours a week on average have you spent on your VSO duties?	Number of Hours in a Semiannual Pay Period (x 26 weeks)	County’s Reimbursement Rate July-Dec 2021	Effective Hourly Rate
County A	5-7	130-182 hours	\$7,200	\$39.56-\$55.38 per hour
County B	32	832 hours	\$7,200	\$8.65 per hour
County C	35	910 hours	\$14,280	\$15.69 per hour
County D	40	1,040 hours	\$14,280	\$13.73 per hour

Source: Office of the State Auditor analysis of survey responses provided by County VSOs, April 2022, and information provided by the Division of Veterans Affairs about amounts paid to counties for July to December 2021.

- Differences in the amounts the Division pays for shared VSOs (VSOs who provide assistance in two counties) and individual VSOs (VSOs who provide assistance in a single county). Statute allows adjacent counties to jointly employ a VSO as a shared resource between the counties. There were 2 shared VSOs during the period July through December 2021, and we found that the Division paid more to support these 2 shared VSOs than it would have paid if the VSO worked for only 1 county. For the period we reviewed, the most any county could receive during this time frame for a full-time VSO was \$14,280. However, the Division paid a combined total of \$21,480 to the 2 counties for one shared VSO and a combined total of \$14,400 to the 2 counties for the other shared VSO, as illustrated in Exhibit 2.6. Both totals exceeded the Division's full-time pay rate for the time period, and it is unclear why the 2 shared VSOs were supported at different rates from each other.

Exhibit 2.6 Different Payment Rates to Counties



Source: Office of the State Auditor analysis of information provided by the Division of Veterans Affairs about amounts paid to counties for July to December 2021.

The Division does not maintain information about actual number of hours VSOs work, so we were not able to assess how many hours shared VSOs worked for each county they served. However, the Division reported that County A in Exhibit 2.6 reported via its monthly reports that its shared VSO worked the minimum number of hours to receive the full-time rate (35 hours per week), and that is why County A received the full-time payment rate.

- Payment for only 1 VSO per county regardless of the number of VSOs a county needs or employs. According to Division data, as of May 2022, there were 16 counties that each employed more than 1 VSO, ranging from 2 to 7 per county. The Division's practice is to pay all counties as if they had only 1 VSO. Statute appears to contemplate a single VSO per county, so the Division's approach of providing financial support for just 1 VSO is understandable. However, the Division could work with the Board, and other stakeholders as appropriate, to evaluate this practice, along with the other areas noted here, and determine if statutory, rule, or

policy changes are needed to allocate these limited funds to best support county VSOs. While most counties with more than 1 VSO were paid the full-time rate during our audit period, some counties with multiple VSOs were paid the part-time rate. The Division reports that they received the part-time rate because none of their VSOs individually work the number of hours required for full-time payment.

- Lack of alignment between a county's demand for veterans services and its level of state support. We looked at two data points that provide an indication of a county's demand for services: the number of veterans residing in the county, all of whom may seek assistance from the county office, and the number of VSOs the county employs so that it can meet the demand. The county payments the Division issues do not vary in line with these indicators. For example, we found 1 county that has 2 VSOs and a population of 81 veterans, according to the U.S. Department of Veterans Affairs' veteran population projections for September 2021. In Calendar Year 2021, this county received 2 semi-annual state support payments totaling \$13,627 (\$6,427 for January through June and \$7,200 for July through December). This represents annual state support of \$168 for each veteran living in the county. In contrast, another county that also received 2 part-time payments totaling \$13,627 in state support, has 1 VSO, but has more than 4,700 resident veterans. This represents annual state support of less than \$3 for each veteran living in the county.
- Lack of consideration for whether a VSO is accredited. Accreditation by the VA allows Colorado's VSOs to represent veterans in the VA benefits claims process and directly access the VA's benefit management system. Having VSOs become accredited by the VA is a strategic priority for the Division because it views accreditation as important to providing high quality veterans services in an efficient and timely manner. The Division does not consider whether a county has an accredited VSO in establishing reimbursement rates. According to Division data, as of May 2022, there were 18 counties without an accredited VSO. Due to lack of historical data on which VSOs were accredited and the effective dates of their accreditation, as discussed in Finding 2, we were unable to calculate how much the Division distributed to counties with and without accredited VSOs for the semi-annual payments we audited. The Division reported to us that it would like to tie payments to whether a VSO is accredited, but it has not yet done so.

Why did these problems occur?

The Division does not manage the county support appropriation as a source of funding that it can allocate to counties in a manner that helps it achieve the statutory intent to promote uniform access to veterans services around the state. Instead, the Division essentially divides the appropriation among all counties, taking into account only whether the county's VSO works full- or part-time, and not other information related to a county's needs or resources. In addition, using the monthly

county reports as a basis for issuing county payments in place of an annual or semi-annual application results in the Division not treating the reports as applications for funding. In particular:

- The monthly report forms do not require information the Division needs to ensure compliance with some statutory provisions related to how the counties spend state financial support. Section 28-5-707(2), C.R.S., states that the county applications “shall state and certify the amount such county commissioners have authorized to be disbursed for [veterans assistance] out of other moneys in such county general fund for the period covered by the application.” There is no section of the monthly report forms where counties would provide this information. Additionally, Section 28-5-707(1)(a), C.R.S., authorizes the Division to issue the payments, which are to be disbursed by the county commissioners, “only for the purposes of [providing veterans assistance].” The monthly report form does not ask counties to provide any information about how they will spend the state payments or even attest that they will use the state support payments only for veterans services. The Division reports that it has traditionally interpreted statute as not allowing them to ask counties about how the counties spend state funds. However, this interpretation would be contrary to how many other state programs operate in providing support or grant funds to counties and requiring accountability for how those funds are spent. The Division reports that it has not sought legal guidance on this issue; rather, this has been the interpretation of statute by past Department leadership.
- The monthly report forms do not require information the Division needs to ensure compliance with the statutory requirement that VSOs are veterans. Section 28-5-802(1), C.R.S., requires that county VSOs be veterans or inactive military. This requirement relates to county payments because the Division’s practice is to deny payment to counties that are out of compliance with this requirement. However, the Division has no systematic means of knowing which county VSOs are veterans because it does not ask counties to indicate such on the monthly reports. The Division told us that as long as the “officially appointed” VSO in a county is a veteran, the Division will issue support payments to the county. However, the Division has no means of determining that each county employs at least one VSO who is a veteran, could not define for us what an “officially appointed” VSO is, and could not identify for us which VSOs it considers to be “officially appointed.”
- The Division provides no written guidance to counties on filling out the monthly reports. In contrast, the Division publishes instructions for an entity to apply for a Veterans Assistance Grant that include clear requirements, such as “Applications must be complete ... Incomplete applications will not be considered” and “Must include an original signature of the authorized representative.” Based on our audit work, the Division neither instructs counties on filling out the reports nor does it expect the reports to be complete in order to approve county payments.
- The Division has no written rules, policies, or procedures for managing the county support appropriation. This includes written directives or guidance on which Division staff are

responsible for ensuring that complete reports are submitted, or how to consistently treat uncommon situations, such as when a VSO moves from part- to full-time during the payment period.

Potential Approach. One option might be for the Division to use a quasi-grant approach to better adhere to statute and potentially target these limited funds to better support uniform access to services around the state. For example, the Division could create an application form for counties to annually request funds that asks the county to indicate its allocation of resources for veterans assistance provide information, or at least an attestation, that the funds will be used as intended by statute. The Division could then issue funds in response to such applications. One advantage of this approach is that it changes the character of the process, from one where the Division automatically issues payments to all counties, regardless of their need, to one where the Division would issue payments in response to counties proactively seeking financial support and articulating their need to the Division. This change might lead to counties with the financial capacity to fund veterans assistance not applying for funds, leaving more available for counties that have a greater need.

The Division reported that it has not historically viewed the payments as being a tool that can promote uniformity and that it issues the funds in line with the statutory direction to “annually establish the rate of state-funded payments for full-time and part-time county veterans service officers.” As a result, the Division has not conducted analyses, such as those we carried out in the audit, to determine if its approach helps further uniform access to veterans services. Such analyses could allow the Division to further assess and resolve some of the issues we found, including whether:

- An hourly rate that is paid based on actual VSO work hours would help resolve the variations we found in the effective hourly rates varying from county to county.
- There are other options to pay for VetraSpec licenses that could be more equitable to counties, such as covering the entire cost from other funds available to the Division. At a minimum, the Division could adjust the county payments in some manner so that only those counties using VetraSpec are effectively charged for it, such as by reducing the payments to a county that uses the system, but paying an unreduced amount to counties that do not. The Division should also look into whether the investment in VetraSpec is providing good value when only a limited number of counties use the system, and therefore, system data cannot be relied on to evaluate the effectiveness of statewide VSO services.
- There are ways to adjust payments if VSOs change work hours during a pay period.
- There are options to pay counties with shared VSOs that result in such payments being on par with the payments for counties with individual VSOs.

- Payments should account for the number of VSOs the county employs, rather than limit support to only one VSO per county, to better align with the goal of providing uniform access to services.
- The amount of support should be linked to whether the VSO is accredited.

This type of examination would likely also involve the Division reviewing statutes to determine the degree of flexibility to allow for managing the county supporting appropriation and determining payment amounts and assessing the need for statutory change based on the results of this review.

Why do these problems matter?

Statute is clear that counties have the responsibility to employ VSOs, and the county support payments are not intended to cover the counties' costs to fulfill this responsibility. However, the Division is charged with supporting and assisting county VSOs and the county support appropriation is a means by which the Division can fulfill this duty in a way that helps promote uniform access to services from county-to-county. The Division's current methodology for determining county support payments does not help promote such uniformity.

First, offering a single rate for a part-time VSO who works from 5 to 32 hours a week, resulting in an hourly rate ranging from \$55 to \$9, and another single rate for a full-time VSO who works from 35 to 40 hours a week, or more, may provide motivation that is counter to the goal of uniformity. For example, some counties may tend to maximize the value of the payment by hiring part-time VSOs, but limiting the hours they work, which could reduce the ability of veterans in those counties to access assistance in as timely a manner as in other counties. According to the Division, there are more part-time county VSOs because the county commissioners did not see the financial benefits of employing full-time county VSOs. Counties may also delay or avoid increasing a VSO's hours—even if workload dictates such an increase—because the Division does not adjust the payment for such changes. For the one county in our sample that increased its VSO's hours from part- to full-time during the pay period, we estimate that if the Division had adjusted the county's payment, the county would have received an additional \$3,675, for a total semi-annual payment of \$10,102 (half the part-time rate for the first half of the period and half of the part-time rate for the second half of the period). This differential may influence a county's decision on employing a full-time VSO. The current methodology also leads to higher state support being provided for shared VSOs, which might motivate counties to share a VSO to be eligible for higher payments, but without any concurrent increase in the quality of or access to services.

Second, using \$30,000 of the county support appropriation to pay for VetraSpec reduces the amount available for direct payments and effectively charges each county nearly \$500 a year for VetraSpec licenses. However, county use of the system is optional and our audit work indicated that some

counties do not use VetraSpec. Therefore, dividing the cost equally among all counties is inequitable and may reduce the funds the county has to directly assist veterans.

Third, by not considering whether and how accreditation should be factored in to the financial support paid to counties, the Division may be missing an opportunity to promote uniform quality of service throughout the state. Accreditation is a strategic priority for the Division because VSOs who are accredited can submit claims directly to the VA without the involvement of a state VSO and overall provide more efficient service to the veterans they serve. In our survey of county VSOs, two unaccredited VSOs reported that they had no barriers to becoming accredited, they just had not yet taken the steps. An incentive, such as a higher rate of reimbursement for accredited VSOs, could be an effective method for encouraging such VSOs to apply for and attain their accreditation. Another two unaccredited VSOs reported in our survey that they wanted to become accredited, but because they worked in small counties without the budget for them to work the minimum number of hours required by the VA for accreditation (1,000 per year), they could not become accredited. Financial assistance to counties to allow their VSOs to work the minimum number of hours required for accreditation could be another method for helping to achieve a higher rate of VSO accreditation and promote uniform quality of service.

Fourth, by not establishing an application process or form that fully aligns with statute, the Division may be distributing funds to counties that do not significantly benefit from the payments and minimizing funds available to counties that have a greater need. For example, some counties that received full-time payments may have sufficient funding from non-state sources to cover the cost of the VSO function, while other counties may rely entirely on the state payment to fund the function, due to having a small budget. Further, the Division may not be carrying out its responsibility for ensuring the proper use of state financial support by not asking counties about how they have used the funds.

Finally, the overall lack of written policies, procedures, or rules can create challenges in managing the county support appropriation in accordance with statutory direction and intent. For example, the lack of policies and directives may have contributed to some of the payment inconsistencies we found (e.g., adjusting the payment for one county where the VSO's employment status changed, but not for another), and it may inhibit the Division from fully enforcing expectations (such as for complete reports) because there is no official standard to support the enforcement. Written policies, procedures, or rules also (1) provide a documented basis for issuing guidance to counties on the steps they must take to receive payments, (2) inform the counties, legislators, and the public on how the payments are calculated (including the factors accounted for in the amounts), and (3) help to demonstrate compliance with statutory requirements.

Recommendation 5

The Division of Veterans Affairs (Division) should ensure that it distributes county support appropriation funds to counties in a manner that aligns with the statutory intent to promote uniform access to services across the state by:

- A. Developing an annual or semiannual application form for counties to request state payments and implementing written policies, procedures, instructions, and/or rules that require submission of a complete application that provides the information necessary to comply with statutory requirements as a basis for counties to receive state payments. This should include clarifying requirements around the statutory provision that veterans service officers (VSOs) be a veteran and requiring counties to report this information on the application.
- B. Seeking legal advice on the extent of the Division's ability and responsibility to request information from counties about their use of state payments, and based on that legal advice, designing the application developed as part of Recommendation 5A to address statutory requirements.
- C. Working with the Colorado Board of Veterans Affairs and other stakeholders, as needed, to evaluate how it distributes state payments to counties to determine if there are other options that would better promote uniformity of service statewide and ensure the Division is complying with statute, and implement any recommended changes. This should include considering options that (1) eliminate or reduce wide variations in the effective hourly rates provided for VSOs, which may include setting an hourly rate and adjusting payments when a VSO's full- or part-time employment status changes; (2) provide consistency in the amounts counties are paid for shared VSOs; (3) consider other factors that drive VSO costs, such as the veteran population in each county, to better use the county payments to promote uniform access to veterans services across the state; (4) consider other strategic factors such as the extent to which VSO accreditation should be a factor in the amount of financial support counties receive; and (5) whether there is a need for a required statewide case management system and how that system should be funded. The Division should pursue statutory changes as necessary to implement recommended changes.

Response

Division of Veterans Affairs

- A. Agree

Implementation Date: January 2023

The Division will develop a semi-annual application form for counties to request funds and implement written policies, procedures, instructions that require submission of a complete application. The Division will additionally clarify requirements around statutory provisions that

veterans service officers be a veteran and require counties to report this information on the application.

B. Agree

Implementation Date: January 2023

The division agrees that county support appropriation payments will be made in a manner that aligns with statute, i.e. part-time or full-time status and on a semi-annual basis. The Division will seek legal guidance on the extent of the Division's ability and responsibility to request information from counties about their use of state payments.

C. Agree

Implementation Date: March 2023

The Division contends that it is making county VSO payments in a manner that is consistent with statutory intent of part-time/full-time and on a semi-annual basis per CRS 28-5-707; however, the division will work with the CBVA to evaluate and consider all options to distribute county support appropriation funds to counties in alignment with statutory intent and legal advice.

Finding 5—Deploying Division Resources to Help Ensure Uniform Service

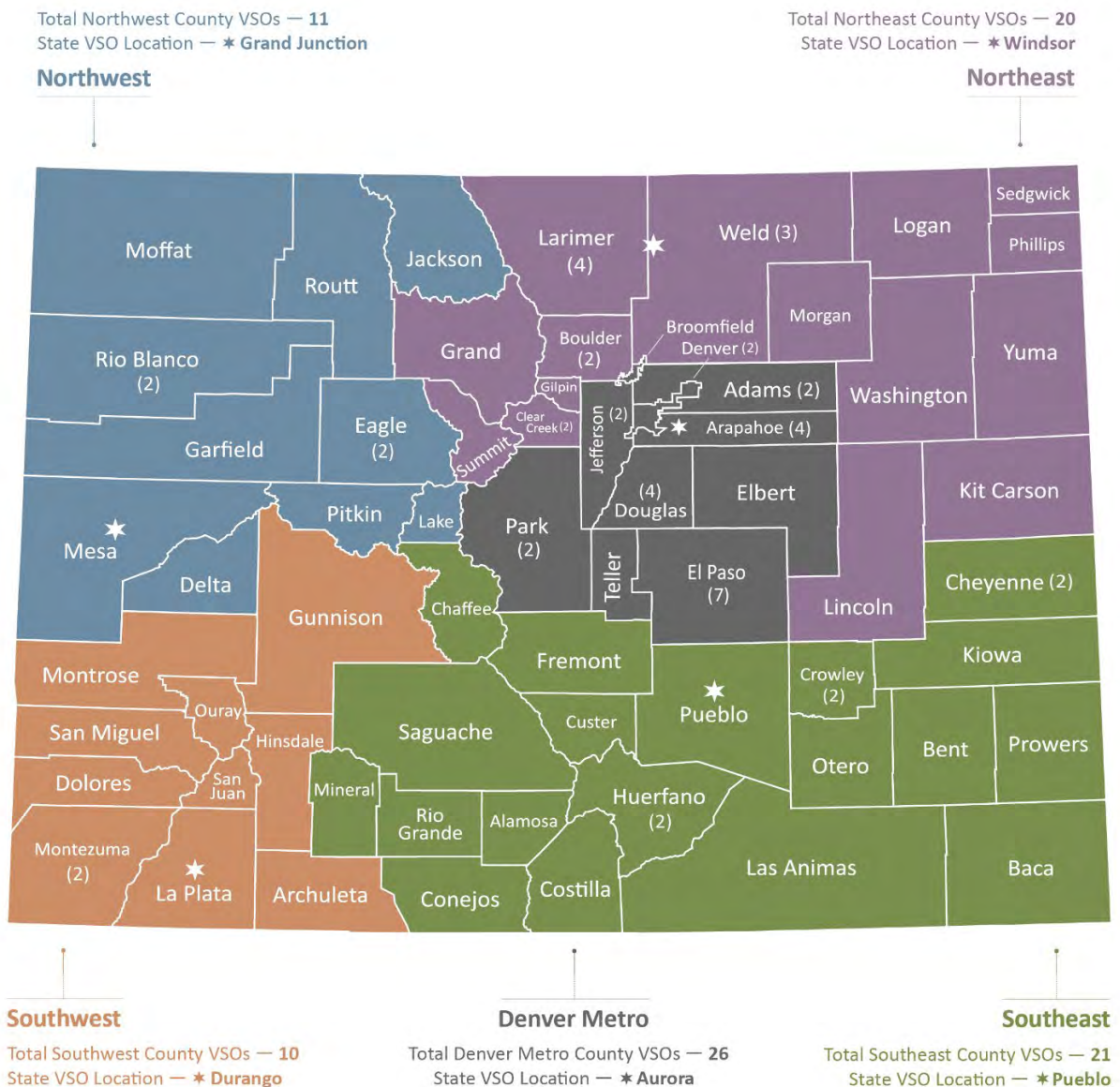
One of the intentions delineated in statute for providing services to Colorado's veterans is that the services be made available uniformly to all veterans in the state. Specifically, Section 28-5-705(1)(a)(I), C.R.S., states that the Division shall “formulate, establish, and supervise a plan and standard procedures to further prompt and efficient service to all veterans in the state of Colorado **on a uniform basis**, whether by the division or by any county veterans service office” (emphasis added), and Section 28-5-804, C.R.S., states that county VSOs shall “assist the division in every reasonable way, including the rendering of any reports requested by the division and the handling or processing of any veterans cases or other matters according to standard procedures established by the division in furtherance of efficient and prompt service to all veterans in the state of Colorado **on a uniform basis**” (emphases added).

Statutes give the counties the duty and authority to employ VSOs to help veterans access benefits, and the Division the responsibility to supervise and assist the county VSOs [Sections 28-5-705(1)(a) and 804, C.R.S.]. The Division provides this supervision and assistance through various means, such as offering training; organizing periodic conferences; allocating financial resources to support county VSO activities; and supplying a “Battle Book” with some guidance on how to provide VSO services and process claims with the VA. The Division has also allocated five of its staff to serve as state VSOs, one in each region, and employs a VSO supervisor who oversees the regional VSOs. The state regional VSOs not only assist veterans and family members to obtain federal and state benefits,

but also provide training and support to county VSOs. In addition, the Division employs an appeals specialist to handle all appeals for the state. Appeals occur when a veteran decides to challenge a claims decision made by the VA, such as the VA assigning a disability rating for a service-connected injury with which the veteran disagrees.

Exhibit 2.7 shows the counties where the state VSOs are located (denoted by stars) and which counties have more than one county VSO (with that number indicated in parentheses in the county), as of May 2022.

Exhibit 2.7 Number of County and State VSOs by Region¹



Source: Office of the State Auditor analysis of information provided by the Division of Veterans Affairs as of May 2022.

¹ The following counties shared VSOs in this time period: Grand and Summit, Montrose and Ouray, and Bent and Otero. In addition, Pitkin County had no VSO during this time period.

Starting in Fiscal Year 2023, the Division will have an additional VSO to “provide more direct and appropriate support to women veterans and other marginalized veteran groups,” as the Division described in its request for the additional position. According to the Division, women and minority veterans are less likely to seek benefits, such as mental and physical health care, so the Division’s intent in seeking an additional position was to help ensure these demographics receive the benefits to which they are entitled. In addition, the Division stated that it is planning to add another position specializing in training VSOs.

What audit work was performed and what was the purpose?

We reviewed information reported by county VSOs in a survey we conducted in April 2022 and information reported through the Division’s customer satisfaction survey from October 2019 to April 2022. We also used projected veteran population data prepared by the VA for September 2021. In addition, we reviewed user activity for VetraSpec provided by the system vendor, as of May 2022; reviewed information provided by the Division related to the number of VSOs in each county and interviewed Division staff regarding any guidance the Division provides to county VSOs.

The purpose of the audit work was to assess how well the Division ensures that veterans services are available uniformly throughout the state.

How were the results of the audit work measured?

The Division should plan, supervise, direct, and support the provision of services to veterans on a uniform basis. The Division is broadly charged with supervising county VSOs “to further prompt and efficient service to all veterans in the state of Colorado on a *uniform basis*, whether by the division or by any county veterans service office” [Section 28-5-705(1)(a), C.R.S.] (emphasis added). Statute also appears to connect this supervisory responsibility to the Division’s authority to distribute state funds to the counties, stating “The division shall provide satisfactory supervision, direction, and assistance to all county veterans service officers ... [and] is authorized to issue vouchers for the semiannual payment to the general fund of each county ... for the purposes of [assisting veterans]” [Section 28-5-707(1) (a), C.R.S.]. Statute enumerates tasks related to these duties, including supplying pertinent information and training to county VSOs.

What problems did the audit work identify and why do they matter?

Through our audit work, we were unable to definitively answer the question of whether veterans services are available uniformly throughout the state. Our ability to examine this question was limited because the Division has not defined what it means to deliver service to all veterans in the

state on a uniform basis or designed policies or processes specifically to accomplish this goal. We discuss these issues in the “Why Did These Problems Occur” section of the finding.

We did conduct simple analyses that provide some insights on uniformity. First, we compiled information from our survey of VSOs about the wait times in their offices as an indicator of whether veterans can uniformly access services in a timely manner. Second, we looked at the ratio of veterans to state and county VSOs in each region, along with the number of veterans county VSOs reported serving in our survey, as rough indices of VSO workloads, because varying workloads could mean veterans receive inconsistent services from one region to the next. Third, we reviewed data from the Division’s customer satisfaction survey for the period October 2019 to April 2022. The survey asks those who have worked with a VSO to rate their satisfaction with their experience on a scale of 1 to 10; significant variations in ratings might reflect that the quality of service is not uniform. In combination, our analyses suggest that the Division has not achieved a uniform system to provide veterans services statewide, as described below.

Variations in timely access to services. We surveyed county VSOs about the approximate wait time for a veteran to meet with them to discuss their needs for assistance. We received responses from 34 counties, including at least five of the counties in each region. We found varying degrees of availability, suggesting that veterans are not uniformly able to access timely services in all regions.

Exhibit 2.8
County VSOs’ Reported Availability¹ by Region
April 2022

Survey Question: Currently, what is the approximate wait time for a veteran to meet with you to discuss their needs for assistance?					
Region	Number of counties per region that responded.	Responses			
		No wait time. I can meet or speak with a veteran at their earliest convenience.	I have no availability in the next week.	I have no availability within the next 2-3 weeks.	I have no availability for 4 or more weeks.
Denver Metro	5 out of 10	40%	-	40%	20%
Northeast	7 out of 15	57%	29%	14%	-
Northwest	6 out of 10	50%	33%	-	17%
Southeast	9 out of 19	100%	-	-	-
Southwest	7 out of 10	100%	-	-	-

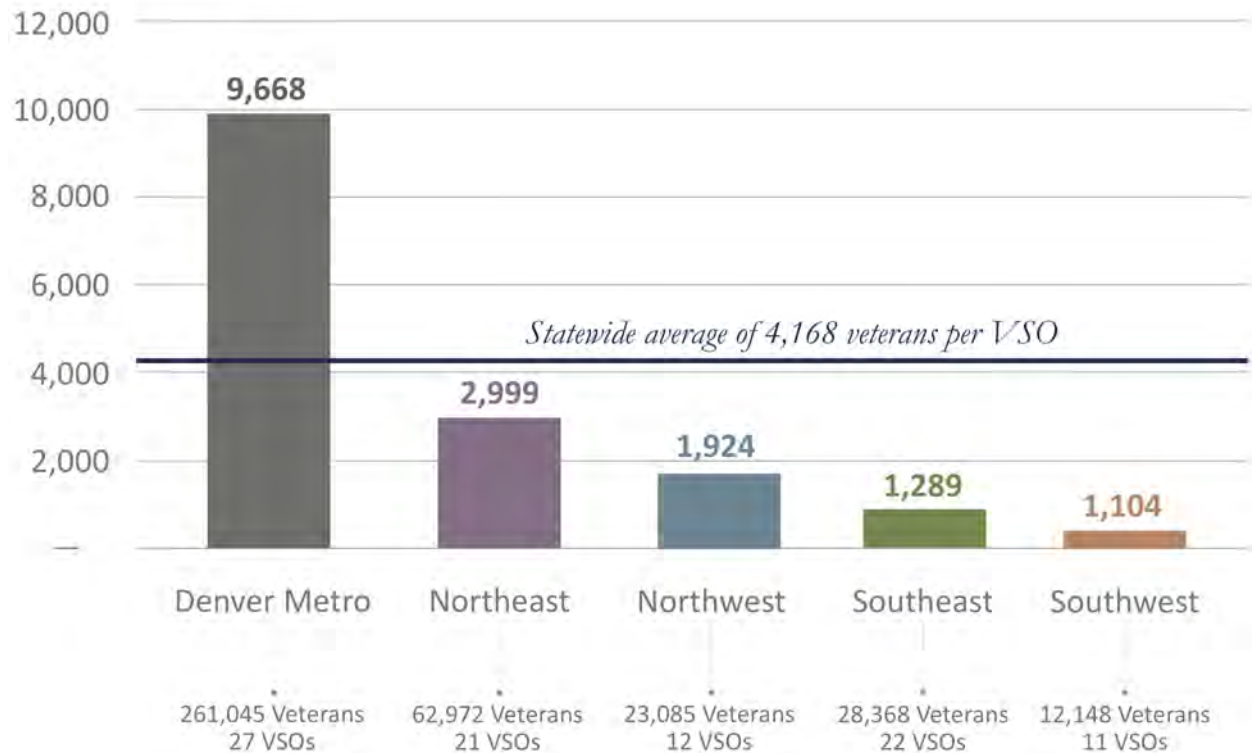
Source: Office of the State Auditor analysis of survey responses provided by county VSOs, April 2022.

¹The Division does not collect information on veterans wait times for services from VSOs. As a result, we used the only data available related to timeliness of services, which were the self-reported information we received from 34 of the 64 counties. Neither we nor the Division had any means to verify these data.

Disparity in the ratio of veterans to state and county VSOs. We used data from the VA on the projected number of veterans living in Colorado, by county, as of September 2021, to calculate the average ratio of veterans to each state and county VSO. We determined that the average number of veterans per state or county VSO across the state is about 4,260, but the ratio differs significantly from region to region, as shown in Exhibit 2.9.

Exhibit 2.9

Number of Veterans per VSO by Region¹



Source: Office of the State Auditor analysis of the U.S. Department of Veterans Affairs' population data for veterans residing in Colorado for 2021 and information provided by the Division of Veterans Affairs.

¹ The VSO counts include both state and county VSOs for the regions. They do not include VSOs employed by non-government agencies, such as the American Legion and the Disabled American Veterans, who also provide assistance to Colorado veterans.

Our veteran-to-state or county VSO analysis is consistent with the wait-time data above, suggesting that veterans in the Denver Metro region likely to have to wait for services, at least in part, because the region's state and county VSOs may carry workloads that are difficult to effectively manage.

This finding appears to also be true when considering that many county VSOs work part-time. To more precisely analyze the state- and county-employed manpower available to assist the veterans in each region, we conducted an additional analysis in which we converted the 93 individual VSOs (88 county VSOs and 5 state VSOs serving the regions, as of May 2022) into full-time equivalent VSOs (FTE) based on whether the county had been paid at the full-time or part-time VSO rate during the

period July to December 2021. The Division does not maintain information about how many hours individual county VSOs work, so the method of approximating FTE was basic, assigning .5 FTE to VSOs in a county that had been paid the part-time rate and 1 FTE to the state VSOs and VSOs in a county that had been paid the full-time rate. The 93 individual VSOs converted into 66.5 FTE. We then recalculated the ratios using 66.5 FTE for the state, and found similar results in terms of the Denver Metro region having the highest ratio of 10,877 veterans per FTE, ranging down to about 1,400 veterans per FTE in the Southwest region, and the other three regions falling in between. Only Denver exceeded the statewide average of about 5,400 veterans per FTE.

Although the data presented in Exhibit 2.9 can provide general insight into the uniformity of service available to veterans throughout the Division's regions, there are also limitations to the conclusions that can be drawn, requiring further study and consideration by the Division, as follows:

- Variation within Regions. Although the ratio of veterans to state or county VSOs for each county tends to align with the regional ratios, there are wide variations within some regions. For example, in the Denver Metro region, the ratio of veterans to state or county VSOs is the lowest in Park County, at about 800, and highest in Jefferson and Denver counties, at about 19,000 and 16,000 veterans per VSO, respectively.
- Additional resources are available to veterans. State and county VSOs are not the only individuals available to help veterans obtain benefits; nonprofits such as the American Legion and the Disabled Veterans of America also employ VSOs, and there are attorneys who help veterans with claims, usually for a fee. We were only able to include state and county VSOs in this analysis because there is no comprehensive list or count of other people who offer assistance to Colorado veterans. It is possible that veterans in certain regions, such as the Denver Metro region, are able to more easily access other resources, thereby lessening the reliance on state and county VSOs. The Division told us it considered the number of nonprofit VSOs available to veterans in the Denver Metro region when establishing the regional boundaries, but it could not provide details or documentation of the numbers it used.

Variety in workloads across counties. We surveyed county VSOs about the number of veterans they were assisting as of April 2022. We received responses from 31 counties, including at least five of the counties in each region. The results, in Exhibit 2.10, show that the Denver Metro region served, on average, more veterans than the other regions. These averages are consistent with the veteran populations in each region, as shown above.

Exhibit 2.10
County VSOs' Reported Workloads¹ by Region
April 2022

Survey Question: Currently, how many veterans are you assisting? This would include working to file one or more claims for a veteran or their family and monitoring pending claims.			
Region	Number of counties per region included in the survey response.	Veterans Being Assisted by Individual VSOs, Range of Responses for the Region	Veterans Being Assisted by Individual VSOs, Average for the Region
Denver Metro	5 out of 10	20-1,000	396
Northeast	7 out of 15	4-60	22
Northwest	5 out of 10	1-250	71
Southeast	9 out of 19	4-426	61
Southwest	5 out of 10	5-120	38

Source: Office of the State Auditor analysis of survey responses provided by County VSOs, April 2022.

¹The Division does not collect consistent or comprehensive information on VSO workloads. As a result, we asked county VSOs about the number of veterans they serve at a point in time. The responses in this table represent the information that was self-reported by VSOs in 31 counties who responded to our survey. Neither we nor the Division had any means to verify these data.

The variations in workload across the counties may indicate inconsistency in veterans' ability to access services, although they may also be driven by factors that do not affect uniform access. For example, low workload figures in a region could simply reflect a low demand for services during the period we audited.

Experience Survey Results. According to information from the Division, about 400 individuals completed the survey between October 2019 and April 2022. Of these, about 85 percent indicated a high level of satisfaction with their most recent VSO experience (at least 8 on a 10-point scale) and about 10 percent indicated a low level of satisfaction (between 0 and 2 on the 10-point scale). As discussed later, there are substantial flaws in the survey design and application, so the results must be used with caution. However, the range of ratings is a further indicator that veterans' experiences with VSOs may not be uniformly satisfactory.

The statistics on wait times, workloads, and satisfaction are useful for gaining a sense of whether services are provided uniformly across the state. However, without targets, measures, data collection, and data analysis procedures established by the Division, neither we nor the Division can provide a clear answer as to whether veterans have uniform access to needed services throughout the state. Further, the Division does not have reliable information to identify and implement strategies to maintain or improve uniformity. For example, Division staff told us about their understanding that one particular county in the Denver Metro region is "significantly understaffed." This comment is not surprising given the veteran population and workload statistics we saw for the region. However, the information is anecdotal and not sufficient or reliable for the Division to use to make policy or

resource decisions. However, the Division does not have solid information to determine if it should redirect financial or staff resources among the counties or regions.

Why did these problems occur?

We found the Division lacks a comprehensive strategy to assess and promote uniformity of services across the state. The Division told us it views training as the primary means by which it can further uniformity, because when VSOs know their jobs, they can offer consistent and appropriate assistance to veterans. The Division also noted that assigning regional VSOs improved the uniformity of services because the state regional VSOs help guide the county VSOs to provide the same types of services to veterans, regardless of the region. However, to date, these elements have not been part of a broader, deliberative, strategy to promote uniform services, as described below.

The Division has not defined the concept of uniform access to services. The Division has not established a written, official, interpretation of the statutory directive to “further prompt and efficient service to all veterans in the state of Colorado on a uniform basis,” or the respective duties of the Division and the counties in promoting such uniformity. As a result, the Division has not established benchmarks or measures to gauge uniformity. Since veterans assistance is a joint effort between the Division and counties, the Division is not solely responsible for defining or ensuring uniformity, and there are challenges in establishing reasonable standards of uniform service, given the variability inherent in 64 geographically dispersed county veterans service offices providing help to veterans of different ages and military experiences, with diverse needs, and with different access to other resources. However, the Division could work with the counties to establish targets that relate to uniformity, such as a recommended range or limit of wait times or a range or limit of cases a VSO should carry at any time; or a minimum number or type of service the VSOs should be providing. For example, the Division told us that Denver county offers much more comprehensive and intensive services than many other counties but only employs two VSOs, which limits the number of veterans it can help in any given period and leads to wait times for veterans to get any assistance. Establishing and communicating standard expectations around caseloads, wait times, and services could become part of the Division’s supervision of counties, and could inform training, allocation of state VSOs, and distribution of state funds.

The Division does not collect or analyze reliable data on uniformity. The Division has not established policies or processes to collect complete, accurate, and consistent information to evaluate the degree to which veterans services are uniformly available around the state. Although the Division has existing methods of gathering data on county VSO activities, we found problems that limit their usefulness, as follows:

- Monthly County Reports. These reports, which counties submit to the Division each month, include counts of different tasks the VSO carried out, such as phone calls, appointments/veteran contacts, forms completed, emails sent and received, and customer

experience surveys submitted, as well as the total number of veterans served. However, we found that these reports do not provide reliable or consistent information on the counties' workloads or accomplishments. First, counties do not all count and report numbers in the same way. For example, some counties summed the number of individual phone calls, appointments, and other activities to produce a "Total Served" figure for the month, but other counties reported "Total Served" numbers that appeared to be the number of unique individuals served or unique cases worked on during the month, regardless of how many phone calls and appointments the VSO engaged in.

Second, some counties submit monthly reports using outdated templates or varying formats, such as simply narrating activities without any sort of count. Third, based on our review of a sample of reports, it is unclear whether counties that employ multiple VSOs are reporting data for all of the VSOs, or only the one "officially appointed" VSO for the county.

The Division has not enforced use of the Division's official monthly report form or provided specific direction on what activities should be counted and recorded, such as whether counties should track and report every phone call the VSO made, accepted, or attempted, or only those phone calls with veterans. For the reports to be reliable and useful for evaluating the uniformity of services, the Division would need to revise the report form to track the activities or accomplishments it determines best reflect uniformity, define the activities or accomplishments to ensure consistency across the counties, require use of the revised report forms, and require that counties report the activities of all VSOs, so the Division has reliable data to analyze. The Division should also establish written rules, policies, procedures, and guidance, and provide them to the counties, to help ensure the data from these sources is accurate and consistent.

- VetraSpec Case Management System. Some county VSOs routinely enter information into VetraSpec about the veterans they assist, and some of the data entered may be used to help counties prepare their monthly reports (discussed in the previous bullet). The Division and the Board also rely on information from VetraSpec to report how many veterans are assisted each year by VSOs, and the information is reported in the Board's annual report. However, VetraSpec is not currently a comprehensive source of information about county activities, numbers of veterans served, or other measures that might help assess uniformity. First, when we analyzed case data recorded in VetraSpec for the period January through March 2022, we found at least seven counties that had not used the system over the period, which indicates either that some counties do not use the system at all, or that they do not enter information in a timely manner.

Second, although VetraSpec can capture a variety of information on veterans for whom benefits are being sought, it lacks a key field that would be needed for the Division to easily use the information in the system to assess the uniformity of services—the county in which the veteran was served. In addition, the Division has not provided guidance to VSOs about what types of information they should capture in the system. Currently, VetraSpec has the capability to maintain a variety of information on veterans being served. This includes not only system-required fields, such as the veteran's name and social security number, but also other relevant

data that VSOs have the option to enter, such as the progress of a claim, aspects of the veteran's condition (e.g., disability ratings), dates and nature of interactions with veterans (e.g., phone calls, office meetings, home visits), and the status of the VSO's requests for information (e.g., service treatment records from the VA Medical Center). However, without information on the county where the veteran is served, the Division cannot run reports by county or region. The Division would need to make changes to the system to capture this information, and establish written rules, policies, procedures, and guidance stipulating that counties enter data for all the veterans they serve on a timely basis and specify what kinds of data VSOs should consistently input into the system. Implementing these steps would also allow the Division to cross-check information between VetrSpec and other reports from the counties for consistency and accuracy and would allow the Division and Board to have a more reliable source of information on the number of veterans assisted by VSOs.

- Customer Experience Survey. In 2019, the Division instituted this survey with a goal of capturing veteran feedback on their satisfaction with the services provided by VSOs. The survey is available on the Division's website and VSOs may inform veterans of the survey by providing them a link to it or offering a hard copy that veterans can send to the Division. However, the survey has several flaws. First, it is very limited, asking only that respondents rate their satisfaction with their most recent VSO experience, on a scale of 1 to 10. Second, it can be completed by anyone with internet access (i.e., there are no functions to limit the survey to only those who have worked with a VSO). Third, it does not appear to be widely used; only about 400 surveys were completed over the 30-month period of October 2019, when the survey was first implemented, until April 2022. The Division could consider enhancing the survey as another means to gather information on access to services, such as by asking veterans about wait times and the VSO's knowledge of benefits. The Division would also need to implement controls so that only veterans that have worked with a VSO can complete the survey and find ways to promote use of the survey. From our survey of county VSOs, nearly half (17 out of 35 respondents) stated that they did not encourage clients to complete the survey. Seven of these respondents said they were not aware of the survey and the other 10 said they knew of the survey but do not ask their clients to complete it. The VSOs cited concerns that the survey is not relevant or updated, is not clear on what part of the process clients are being asked to rate (e.g., many clients are under the impression that they are being asked to rate the federal VA in how they handled the benefits claim), and the lack of feedback provided by the Division to counties about what clients are reporting.
- Other Data. Finally, the Division has not determined what other data it should collect to track uniformity, such as wait times at each VSO office or the range of time a VSO spends to help a veteran access different types of services.

The Division does not apply the notion of uniformity to some of its operations. According to the Division, when it reorganized in 2021 and established regional offices—each with an assigned state VSO—one of its goals was to promote uniform access to benefits around the state. However,

the Division does not carry out other forms of supervision, direction, or assistance with a specific goal of promoting uniform services for veterans. One reason for this may be that the Division interprets statute as limiting some of its options. First, the Division indicated that county VSOs have autonomy and the Division does not have the authority to dictate how they carry out their duties or enforce the Division's requests for information. However, statutes stipulate that county VSOs are to cooperate with the Division. Specifically, Section 28-5-804, C.R.S., states that "the county veterans service officer ***shall*** cooperate with the division ... in the performance of his or her duties... [and] shall assist the division in every reasonable way, including the rendering of any reports requested by the division and the handling or processing of any veterans cases or other matters according to standard procedures established by the division ***in furtherance of efficient and prompt service to all veterans in the state of Colorado on a uniform basis***" (emphasis added). Second, the Division believes that statute allows it no discretion in how it determines county support payments, as discussed in Finding 4. The Division has not sought legal guidance on these issues, which could help it clarify its authority to provide direction to county VSOs and to adjust its payment calculations, both with the goal of improving uniform services to veterans.

By establishing a written interpretation of the statutory directive related to uniform services, implementing methods to collect relevant data—including through requiring the use of VetraSpec if the Division determines it an effective way to collect data—and analyzing the data, the Division would be better positioned to put strategies in place and further align its operations to maintain or improve uniformity. One example of a strategy the Division could employ to promote uniform access to services is to modify how it allocates funding and/or staff among the counties and regions. This could include targeting more of the funds available for support payments to the counties to those where access to services is lagging and redeploying state VSOs to help equalize workloads and wait times.

Recommendation 6

The Division of Veterans Affairs (Division) should promote uniform access to the veterans services offered by veterans service officers (VSOs) by:

- A. Establishing a written interpretation in policies and/or rules of the statutory directive that the Division and the counties act to promote the provision of services to all veterans in the state on a uniform basis. This could include seeking legal guidance or statutory clarification, as needed.
- B. Developing written targets and measures for the activities state and county VSOs should conduct to promote uniform services, implementing methods to collect data related to those targets and measures, and providing direction to counties on how to track and report the requested data. This could include revising the monthly county reports; enhancing VetraSpec, the Division's web-based case management system, requiring its use and specifying what types of data should be entered into the system; improving the customer experience survey; and/or creating other methods to capture information related to the targets and measures.

- C. Establishing written policies, procedures, and/or rules requiring counties to report or enter data identified as part of Recommendation 6B, including how the data should be provided (e.g., in designated forms, through a case management system, etc.) and applicable deadlines or timelines (e.g., submitting forms by certain due dates or recording case data in a case management system within certain timeframes).
- D. Establishing written procedures that involve regularly examining the collected data, identifying gaps in uniformity, identifying and collecting any additional needed data not collected through other processes, identifying any strategies and tools needed to better ensure uniform access to veterans services, and working the Colorado Board of Veterans Affairs and other stakeholders as needed on any identified policy changes to improve or maintain uniformity.

Response

Division of Veterans Affairs

A. Agree

Implementation Date: December 2022

The division will establish a written interpretation for uniform service and seek legal advice on establishing this interpretation, if needed.

B. Agree

Implementation Date: January 2023

The Division will promote uniform access to veteran services offered by veterans service officers by (1) developing written targets and measures for the activities state and county VSOs should conduct to promote uniform services, (2) implementing methods to collect data related to those targets and measures, and (3) providing direction to counties on how to track and report the requested data.

C. Agree

Implementation Date: June 2023

The Division of Veterans Affairs (Division) will promote uniform access to the veterans services offered by veterans service officers (VSOs) by establishing written policies, procedures, and/or rules requiring counties to report or enter data identified as part of Recommendation 6B, including how the data should be provided (e.g., in designated forms, through a case management system, etc.) and applicable deadlines or timelines (e.g., submitting forms by certain due dates or recording case data in a case management system within certain timeframes).

D. Agree

Implementation Date: February 2023

The Division of Veterans Affairs (Division) will promote uniform access to the veterans services offered by veterans service officers (VSOs) by establishing written procedures that involve regularly examining the collected data, identifying gaps in uniformity, identifying and collecting any additional needed data not collected through other processes, identifying any strategies and tools needed to better ensure uniform access to veterans services, and working the Colorado Board of Veterans Affairs and other stakeholders as needed on any identified policy changes to improve or maintain uniformity.

Finding 6—Strategic Planning and Governance

Statutes charge the Division with administering veterans services [Section 28-5-701, et seq, C.R.S.], which includes overseeing state- and county-employed VSOs around the state; administering the Cemetery; operating the WROS; dispersing grants to veterans organizations; and maintaining a clearinghouse of information on resources available to veterans. Statutes charge the Board with advising and consulting with the Division to administer and govern these programs, studying the effectiveness of the programs, and recommending policies, procedures, rules, or changes to statute as needed [Sections 28-5-702 and 703, C.R.S.].

The Division and Board, together, are responsible for providing strategic direction and oversight to the programs they administer, which includes establishing goals to guide their efforts and identifying and fostering changes needed to best accomplish their goals. The Division and Board have articulated some goals. First, the Department’s SMART Government Act performance plans for Fiscal Years 2021, 2022, and 2023 include a Division goal to increase the number of accredited VSOs. Second, the Board’s annual reports cite various goals, including specific short-term goals such as filling staff vacancies in the Division (2021); broad, long term goals, such as providing “sufficient support and funding to meet the needs of veterans” (2021); and program-specific goals, such as administering the Veterans’ Trust Fund to assist “all veterans in need residing in the State” (2017 through 2021). Third, the Board has a strategic plan, the most recent being for Fiscal Years 2018 through 2020, that reflects goals and means to measure progress toward them.

What audit work was performed and what was the purpose?

We interviewed Division management and staff and the Board Chair and observed three Board meetings (in December 2021, February 2022, and June 2022). We reviewed the Department’s SMART Government Act performance plans for Fiscal Years 2018 through 2023, the Division’s available written guidance for VSOs, the Division’s 2021 reorganization plan, all Board meeting minutes from Fiscal Year 2022, and rules related to veterans services. We also comprehensively reviewed 5 years of annual reports produced by the Board, earlier annual reports in a more limited

manner for consistency of the report contents across years, and the Board’s 2018 – 2020 strategic plan to identify any policy recommendations the Board included in these documents.

Our work in this area was conducted to evaluate the practices of the Board and Division in light of the roles and responsibilities assigned to them in statute, as well as some of the key functions that are expected of oversight bodies and management according to the U.S. Government Accountability *Office Standards for Internal Control in the Federal Government*, also known as the Green Book (Green Book). The State Controller requires all state agencies to follow these standards, which provide criteria for designing, implementing, and operating effective policies and processes to help an entity achieve its mission, goals, objectives, and legal compliance.

How were the results of the audit work measured?

Strategic Planning. The Division has both broad and specific responsibilities to establish plans to carry out its duties. Broadly, Division management is responsible for strategic planning for its operations as part of the internal control system, according to the Green Book [Green Book, OV2.03]. Strategic planning includes establishing goals and objectives, which then guide the design of the internal control system. Internal controls comprise the plans, policies, and procedures management puts in place to use resources in an efficient manner to fulfill its mission, goals, objectives, and the requirements of laws and regulations [Green Book, OV1.03, OV2.16, and OV2.19]. More narrowly, statutes require the Division to, “Formulate, establish, and supervise a plan and standard procedures to further prompt and efficient service to all veterans in the state of Colorado on a uniform basis, whether by the Division or by any county veterans service office” [Section 28-5-705(1)(a)(I), C.R.S.].

Program Assessment and Policy. Statutes entrust the Board with a broad, strategic duty to help ensure that Colorado’s veterans receive the services they need. Statutes envision the Board fulfilling this duty largely through the study of existing programs and veterans’ needs, and the proposal of changes to programs, policies, or laws to help address those needs. Specifically:

- Section 28-5-703(1)(a), C.R.S., directs the Board to propose rules and regulations it deems necessary to govern the programs administered under Article 5 of Title 28 (which include VSO services, as well as the Cemetery, WROS, and clearinghouse).
- Section 28-5-703(2), C.R.S., directs the Board to make a continuing study of veterans services programs stating, “The Board shall study periodically the problems of veterans and based on such studies shall propose such program or statutory changes as it may deem advisable or necessary for veterans' assistance by the state of Colorado or political subdivisions thereof.” Statutes connect these duties to an annual reporting process, requiring the Board, with the assistance of the Division, to “report on the status of all programs providing services to the state’s veterans, including but not limited to, any recommendations for changes to policies,

procedures, or law” [Section 28-5-703(3), C.R.S.]. The annual reports are to be provided to the Governor and General Assembly. In combination, these responsibilities indicate an expectation that the Board will use the information it collects and compiles for its annual reports as a means of studying veterans services programs, identifying the extent to which they serve veterans’ needs, and recommending program or policy changes to address any problem areas.

What problems did the audit work identify and why did they occur?

We found the Division and Board could expand efforts to provide strategic direction, including written objectives, strategies, and procedures, to help ensure they operate effectively, efficiently, and in compliance with statute. These issues are discussed below.

The Division lacks clear written plans, procedures, and strategic goals. The Division has not developed a written plan with comprehensive goals, objectives, procedures, or resource allocation plans to strategically guide its activities, in line with Green Book standards, nor has it established a written plan for administering veterans services programs, as required by statute. We found the following situations where strategic, documented planning could help the Division identify and pursue needed resources and ensure compliance with legal requirements.

- Operating a Veterans Resource Information Clearinghouse. The requirement for the Division to create a clearinghouse of information on support, services, and other assistance available to veterans from various governments and nonprofit service organizations, was established in 2009 [Section 28-5-711, C.R.S.] but, to date, the Division has not established the clearinghouse or developed plans to do so. According to the fiscal note for House Bill 09-1291, the bill that enacted the requirement, no funding was needed for Fiscal year 2010 because the Division anticipated covering the costs of establishing an implementation plan for the clearinghouse using existing appropriations. The fiscal note also stated “State expenditures in FY 2010-11 depend on the implementation plan for the clearinghouse.... Future costs are primarily dependent on the modes of communication used to disseminate information to veterans This fiscal note assumes that these costs will be addressed through the annual budget process after determining the scope and requirements of the clearinghouse.” The Division told us it has asked the Department to include requests for funding for the clearinghouse in past budgets, but the requests have not had sufficient priority among other Department needs to become part of the Department’s final budget submissions. Last session, the General Assembly considered House Bill 22-1219, which would have allowed the Division to hire a vendor to create and manage an online portal providing access to a clearinghouse, as well as allowing veterans to maintain personal health records and access health care coordination tools. According to the fiscal note, the bill would have required an FTE for the Division and about \$450,000 in annual funding for the portal, but the fiscal note did not include funding to establish the information clearinghouse the portal would access. The Department did not take a position on this

legislation, and the bill did not advance. Currently, the Division is looking at the potential to use Veterans Trust Fund monies to support the establishment and maintenance of a clearinghouse.

- Ensuring Adequate Resources for Programs. The Division is not always timely in addressing resources needs. For example, since the WROS opened in 2019, the Division has not had sufficient funding from the Veterans One-Stop Center Cash Fund to pay for a designated, full-time FTE to staff the WROS front desk. The Division told us it had not originally anticipated the need for a full-time front desk position so it had not requested funding or FTE for it. According to the Division, it has used a portion of its Veterans Trust Fund appropriation to pay for the position, but it plans to request General Fund monies for the position. A strategic plan that evaluates the Division's allocation of existing resources across all programs and projects shortfalls might have helped the Division identify the need for the position sooner and prompted an earlier request for appropriate funding.

In another example, the Division may be addressing resource needs of the Cemetery on a just-in-time or lagging basis. First, the Cemetery has consistently reported to the Board that it is understaffed. In 2016 the Cemetery was appropriated 5.5 FTE; beginning with the 2017 update to the Board, the Cemetery annually identified needs for more staff, including 1 FTE for grounds work and another 0.5 FTE for the Cemetery office, due to increases in interments and the addition of new responsibilities over the years. The Department was appropriated an additional 0.3 FTE for the Cemetery for Fiscal Year 2023. Second, although the Cemetery received funding for four new columbaria (structures containing niches for cremated remains) in Fiscal Year 2015 and another eight in Fiscal Year 2019, it appears that columbaria are not always constructed before space runs out. For example, in June 2014, the Cemetery's existing columbaria reached full capacity, causing families to wait as long as 6 months to inter remains, until a new structure was completed in January 2015, and when additional columbaria were completed in April 2021, the cemetery began using them the same month because all other niches had been filled.

Further, Cemetery staff told us that more columbaria will be needed in the coming decade, but the Division has not begun planning to meet this need. By developing a strategic plan that includes the Cemetery, the Division could analyze relevant data (e.g., the number of annual interments, which has doubled since the Cemetery opened in 2002, and changes in the veteran population in the state), to



Veterans internment ceremony at the Cemetery
Photo Credit: Dana Berry

forecast future needs and better ensure the Cemetery receives timely resources to operate efficiently and effectively.

- Supervising, Training, and Supporting VSOs. The Division has not developed a written plan that would help ensure that it provides the direction and support needed for the VSOs to best serve veterans. The Division lacks written policies and procedures for administering the VSO program, as noted in other findings, including:
 - What functions VSOs are responsible for and what support the Division should provide to promote uniform access to services across the state.
 - Training requirements for VSOs (including the type, amount, and frequency of training each VSO is expected to complete).
 - How the Division will ensure that county VSOs meet qualification requirements.
 - Methods to ensure the VetraSpec system and veterans' data are secure.
 - The data needed to support VSO payments to counties and the Division's methodology for calculating the payments.

A written plan for providing VSO services could establish goals for these activities, along with strategies and standard procedures for effective use of resources toward achieving the goals.

The Board has not leveraged the annual report as a means to clearly communicate the status of veterans programs or recommended program or policy changes. The annual Board reports we reviewed are primarily compilations of information provided to the Board by state agencies that offer veterans services, including from: (1) the Division, about VSO services, the Veterans Trust Fund, the Veterans Assistance Grant Program, and the Cemetery; (2) the Department of Labor and Employment, about its workforce development program; (3) the Department of Local Affairs, about the veterans property tax exemption and housing assistance programs; and (4) the Department of Revenue, about its tax exemption and license plate programs. The reports also included a cover letter from the Board that briefly cited its activities during the year, some of the Division's programs, and veterans' concerns that came to its attention. The reports do not indicate that the Board evaluated the information reported as a means of "studying" the programs nor do they clearly spell out recommendations for program, policy, or statutory changes.

The Board told us that they view the annual report as a review of accomplishments of veterans programs, not as a means to communicate recommendations; the Board does not have any written policies or procedures to help define how to maximize the value of the report. The Board also pointed out that it is a voluntary body and must rely on the Division to assist and support any significant work efforts, such as reviewing copious data or conducting analyses on the information included in the annual report. We identified the following areas where written policies and

procedures could enhance the value of the reporting process as a means to study veterans programs and recommend program, process, or policy changes, as intended by statute.

- What Programs to Report on. As noted above, the annual reports we reviewed for 2017 through 2021 included information from several state departments that administer veterans services, but not others. In particular, the reports did not include two programs statutorily assigned to the Division—the WROS and the Veterans’ Resource Information Clearinghouse. Other state programs that are not included are the Department of Natural Resources’ programs for veterans to obtain hunting and fishing licenses and access state parks—which were included in the 2014 report—the Department of Human Services’ veterans living centers, and the Department of Public Health and Environment’s suicide prevention programs for veterans. Some of these other state programs, like the veterans living centers and suicide prevention programs, have their own separate reporting requirements to the General Assembly, but the Board has not assessed and defined which state programs it should report on, or how its reporting relates to the programs’ other reporting requirements.

The annual reports also do not reference county-offered programs, or services offered by other organizations, such as Volunteers of America or the American Legion. Reporting on all non-state programs may not be feasible since there are many services and programs available to veterans through non-profit and other governmental sources. However, the Board could assess which state, county, and nonprofit programs it should include in and exclude from its reports to help it best fulfill the General Assembly’s intent, and document its determination in policy and procedures.

- What Type of Data to Include. The annual reports do not contain consistent types of information about veterans programs. For example, the Cemetery provides a comprehensive annual update of operations, challenges, and needs, including statistics such as the number of interments per month compared to prior periods, all of which is included in the annual report. In contrast, the Department of Revenue provides a list of veterans services it offers, such as the various types of military license plates available, but no data on use of the services. Other departments provide a variety of statistics on veteran participation and the fiscal impact of programs such as workforce development, property tax exemption, and rental assistance. The Board should determine the types of data it finds most useful for reviewing veterans programs and develop written policies and procedures that include requesting such types of data from the programs it includes in its annual reports.
- How to Identify Issues for Study and Policy Direction. Policies and procedures for the annual report could help the Board determine what issues to study and take action on. For example, we noted two statutory requirements that were outside the scope of our audit that appear to create some challenges for the counties and the Division, and therefore may be appropriate for the Board’s attention:

- Background Requirements for VSOs. Section 28-5-802(1), C.R.S., states that, “The county veterans service officer ... must...have served in the United States Army, Air Force, Navy, Marine Corps, Space Force, or Coast Guard ... [and] been honorably discharged therefrom or be a discharged LGBT veteran, or be an officer ... placed on inactive duty therein.” The Division has no systematic or comprehensive method of knowing whether county VSO are veterans, and through our audit work we learned of five county VSOs who are not veterans. In contrast to Colorado’s statute, the VA does not require VSOs to be veterans in order to be accredited. As part of its charge to study veterans services programs and veterans’ needs, and recommend policy changes when necessary or advisable, the Board could weigh the pros and cons of the statutory requirement, and determine if recommendations for statutory change or rules are warranted.

Section 28-5-802(1), C.R.S., also states that the Division “shall recommend education and experience qualifications for the position of county veterans service officer.” The Division has not provided any such recommendations, although Division staff told us they share the position description for state VSOs if requested by a county. The Division told us it has refrained from providing recommendations for education and experience qualifications of county VSOs due to a history of “tension and distrust” from the counties toward the Division. The Board may be well positioned to consider the value of the Division recommending qualifications for county VSOs and either support the Division in fulfilling the mandate or recommend a change in statute.

- Equitable Payments to Counties for VSO Services. In reviewing the Division’s management of the annual appropriation for county support payments, we noted areas where the Board could work with the Division to better ensure that statutory intent is met, including the potential to recommend changes to statute. In Finding 4 we note issues with these payments, including that:
 1. The Division does not enforce the statutory requirement for county commissioners to certify to the Division, in an application for financial support, the amount the county has allocated for veterans services out of its own general fund [Section 28-5-707(2), C.R.S.].
 2. The Division’s application of the statutory requirement to “annually establish the rate of state-funded payments for full-time and part-time county veterans service officers” [Section 28-5-707(1)(a), C.R.S.] leads to counties receiving hourly rates for their VSOs that range from about \$9 to \$55 per hour.
 3. The Division’s practice of only accounting for one VSO per county in calculating the payments, regardless of the number of VSOs the county may employ or need, may not align with the goal of uniformity across the state.

The appropriation provides a means for encouraging and supporting counties in offering VSO services. As such, establishing an equitable method for allocating the funds is an important policy decision. The Board could work with the Division to consider how to maximize the value of these funds for the counties while ensuring they are distributed in an equitable manner.

- How to Communicate the Board's Review of Data and Recommend Changes. Most of the annual reports we reviewed contained brief discussions of the concerns veterans expressed to the Board (consistently, a lack of accessible health care and housing), and references to the Board's efforts to promote needed changes. For example, the 2021 Annual Report noted "the need for a state women's veterans service officer, which this Board has discussed with the Division of Veterans Affairs." However, the reports do not include a designated section for the Board to note any overall conclusions from reviewing the data in the reports or discuss recommended changes. For example, none of the reports we reviewed included recommendations to the General Assembly, the Department, or the Division to address the lack of compliance with the statutory requirement to create an information clearinghouse. Statute established the annual report as a specific means for the Board to communicate the status of programs and its recommendations about them. While the Board reported that it has sent policy recommendations to Department leadership on matters in the past, developing policies and procedures for the reporting process could help the Board better use the annual reports as intended.

Why do these problems matter?

The lack of written plans may impede the Division's ability to efficiently deploy resources across its statutory functions, affect program quality, and prevent the provision of some services. For example:

- To date, the Division has not established the Veterans Resource Information Clearinghouse, which was authorized in 2009, so the information the clearinghouse was intended to provide may not be as easily accessible to veterans as the General Assembly intended. In creating the clearinghouse, the General Assembly wrote in its legislative declaration that veterans have unique medical, financial, educational, and other challenges resulting from their military service; that there are several governmental and nonprofit organizations available to assist, but veterans and their families often do not know about the services available to them; and that veterans and their families may lack information to know whether an organization is legitimate. Although the Division told us it has asked the Department to request funding for the clearinghouse, the Department has not requested such funding. The Division is only now considering whether the Veterans Trust Fund could be a source to fulfill this statutory goal. Pursuing a more deliberate planning approach for all of its functions might help the Division avert similar problems in the future.

- The Division may not consistently act expeditiously to address resource challenges. For example, if FTE shortages at the Cemetery keep recurring rather than being addressed through long-term planning, they could lead to staff burnout, turnover, and work slowdowns. Cemetery staff told us that they have regularly been working overtime (in some cases as much as 10 to 20 hours per week in overtime) so that families do not have to wait to inter their deceased loved ones. Delaying an interment can be costly to families if the remains are held at a funeral home that charges a fee for this service. Similarly, using Veterans Trust Fund administrative resources to staff the front desk at the WROS, rather than having a plan to seek FTE as needed, reduces the Veterans Trust Fund monies available for other purposes. Further, the Division has experienced high turnover in recent years, losing 73 percent of its staff during the reorganization in 2021 and four Division directors in the last 5 years. Without a written plan, there is a risk that the Division was more reactive in addressing the turnover than it would have been with a strategic plan in place.

The lack of written policies for the annual report may hamper the identification and communication of needed changes. By not fully using the annual reporting process as a means to assess programs and needs, and communicate policy and program changes, the Board is not promoting the prompt and efficient provision of services to veterans to the extent it could. This is demonstrated in the fact that the reports have not pointed out challenges in meeting statutory requirements—such as recommending qualifications for county VSOs. Further, the lack of policies and procedures established by the Board on the content and design of the annual report may impede the Board’s ability to provide the level of strategic guidance the General Assembly intended. For example, the Board has worked with the Division to evaluate ways to deal with the statutory requirement for the Division to create an information clearinghouse. The Division’s webpage has a link to the National Resource Directory (NRD.gov), a website that provides access to veterans services and resources at the national, state, and local levels. The website contains information from government agencies, as well as nonprofit and community-based organizations, that provide assistance to veterans, and may fulfill the same purpose as the statutorily-required clearinghouse. However, we found no evidence that the Board has worked with the Division to evaluate the extent to which NRD.gov provides the information the General Assembly intended to be offered through the clearinghouse, or made recommendations to change or repeal the statute, if appropriate.

Finally, if the Division were to prepare and maintain a comprehensive strategic plan, and the Board were to strengthen its use of the annual reporting process to identify where programs may need to be improved, the Division and Board would be able to connect the planning and reporting processes for an overall more strategic approach to operations. For example, the goals and objectives for veterans services that would be articulated in a Division strategic plan could help the Board decide which programs and types of information to include in its annual reports. At the same time, the information the Board collects and reviews, and any resulting recommendations for policy or program changes, could inform the need for changes to the Division’s strategic goals, strategies, or resource deployment.

Recommendation 7

The Division of Veterans Affairs (Division) should improve the strategic direction of its veterans services by:

- A. Developing a written strategic plan with goals, objectives, strategies, resource allocations, and processes related to all of the Division's key functions that addresses the recommendations in this report. This should include, or be supplemented by, a written plan for administering veterans services programs, and written policies and directives, as recommended throughout this report, and in accordance with statute.
- B. Developing written procedures for updating the Division's strategic plan to address any changes identified through the Colorado Board of Veterans Affairs' (Board) studies of programs and veterans' needs and the compilation of the Board's annual report.

Response

Division of Veterans Affairs

- A. Agree

Implementation Date: June 2023

The Division of Veterans Affairs (Division) will improve the strategic direction of its veterans services by developing a written strategic plan with goals, objectives, strategies, resource allocations, and processes related to all of the Division's key functions that addresses the recommendations in this report.

- B. Agree

Implementation Date: April 2023

The Division of Veterans Affairs (Division) will improve the strategic direction of its veterans services by developing written procedures for updating the Division's strategic plan to address any changes identified through the Colorado Board of Veterans Affairs' (Board) studies of programs and veterans' needs and the compilation of the Board's annual report.

Recommendation 8

The Colorado Board of Veterans Affairs (Board) should improve its governance over veterans services by:

- A. Establishing and implementing written policies and procedures for the content and design of the annual reports, including which veterans programs to report on, what types of information all

programs should provide, and adding a designated section for the Board's overall conclusions on the status of the programs and any recommended changes in programs, policies, rules, or statute.

- B. Establishing and implementing written policies and procedures for using the information collected and compiled for the annual report to identify recommended changes in policy, procedure, or law. For example, the Board could consider the need for any policy recommendations or Board action related to background requirements of veterans service officers (VSOs) and equitable payments to counties for VSO services, as discussed in the report.
- C. Establishing and implementing written policies and procedures for bringing any recommended policy changes identified to the attention of the Division of Veterans Affairs and/or the General Assembly, as needed.

Response

Colorado Board of Veterans Affairs

- A. Agree

Implementation Date: December 31, 2023

We agree with this recommendation and we will provide the information requested.

Due to the voluntary nature of this board and the voluntary outreach required by the numerous programs and state departments serving Veterans, the Colorado Board of Veterans Affairs plans to implement the new policies related to the annual report and will incorporate this information in the December 2023 annual report.

- B. Agree

Implementation Date: December 31, 2023

We agree with this recommendation and will improve governance over veterans services by establishing written policies and procedures for using the information collected and compiled for the annual report to identify recommended changes to policy, procedures, and laws.

- C. Agree

Implementation Date: December 31, 2023

We agree with this recommendation and will improve governance over veterans services by establishing and implementing written policies and procedures for bringing any recommended policy changes identified to the attention of the Division of Veterans Affairs and/or the General Assembly, as needed.

Appendix A

Veteran Population Data (2021)

County	Veteran Population (Estimate) ¹	County Population, Ages 18+	Veterans as Percentage of County Population	Veterans Ages 65+	Women Veterans	Total VA Benefits in \$000s
Adams	27,779	389,121	7%	11,296	2,828	\$ 273,932
Alamosa	884	12,160	7%	370	86	\$ 10,729
Arapahoe	40,514	504,813	8%	15,437	5,760	\$ 404,258
Archuleta	1,286	10,945	12%	795	139	\$ 12,226
Baca	231	2,733	8%	155	18	\$ 1,959
Bent	450	4,752	9%	255	38	\$ 5,944
Boulder	15,051	270,359	6%	7,458	1,723	\$ 91,060
Broomfield	3,972	58,699	7%	1,728	444	\$ 33,222
Chaffee	1,820	16,333	11%	1,126	198	\$ 12,426
Cheyenne	81	1,326	6%	35	9	\$ 1,281
Clear Creek	690	7,715	9%	348	50	\$ 4,940
Conejos	460	5,526	8%	274	45	\$ 6,421
Costilla	314	2,801	11%	187	24	\$ 5,332
Crowley	377	5,120	7%	226	37	\$ 3,746
Custer	694	4,037	17%	451	73	\$ 8,156
Delta	2,799	25,264	11%	1,844	244	\$ 37,775
Denver	32,520	582,252	6%	13,096	3,444	\$ 316,893
Dolores	185	1,676	11%	131	16	\$ 2,166
Douglas	18,725	279,067	7%	7,611	1,883	\$ 178,650
Eagle	1,530	44,426	3%	745	121	\$ 8,335
El Paso	92,891	558,205	17%	25,504	15,789	\$ 1,264,951
Elbert	2,088	20,992	10%	1,026	280	\$ 17,718
Fremont	4,747	40,987	12%	2,468	508	\$ 52,733
Garfield	2,984	47,378	6%	1,367	316	\$ 25,121
Gilpin	575	4,803	12%	372	100	\$ 4,022
Grand	1,104	12,764	9%	730	79	\$ 5,740
Gunnison	812	13,736	6%	420	76	\$ 5,186
Hinsdale	81	653	12%	62	16	\$ 636
Huerfano	734	5,706	13%	507	57	\$ 9,690
Jackson	129	1,130	11%	94	24	\$ 929
Jefferson	38,096	467,928	8%	19,057	3,634	\$ 322,023
Kiowa	61	1,152	5%	22	11	\$ 535
Kit Carson	537	5,468	10%	366	127	\$ 3,758
La Plata	3,469	44,985	8%	1,840	368	\$ 29,600
Lake	542	5,660	10%	254	47	\$ 4,504

County	Veteran Population (Estimate) ¹	County Population, Ages 18+	Veterans as Percentage of County Population	Veterans Ages 65+	Women Veterans	Total VA Benefits in \$000s
Larimer	22,334	286,914	8%	10,673	2,205	\$ 204,969
Las Animas	1,285	11,815	11%	694	143	\$ 14,499
Lincoln	357	4,518	8%	178	31	\$ 3,179
Logan	1,367	17,416	8%	771	154	\$ 9,615
Mesa	11,816	122,296	10%	5,883	1,023	\$ 224,629
Mineral	75	725	10%	49	9	\$ 639
Moffat	820	9,920	8%	377	62	\$ 11,567
Montezuma	2,142	20,230	11%	1,226	249	\$ 23,645
Montrose	3,331	33,831	10%	2,094	313	\$ 38,170
Morgan	1,355	21,357	6%	649	107	\$ 10,049
Otero	1,246	14,240	9%	603	146	\$ 23,030
Ouray	415	4,118	10%	281	42	\$ 2,918
Park	1,629	14,423	11%	870	138	\$ 16,448
Phillips	265	3,465	8%	164	19	\$ 1,790
Pitkin	724	14,928	5%	463	38	\$ 2,834
Prowers	586	8,867	7%	311	34	\$ 8,796
Pueblo	13,156	131,817	10%	5,838	1,238	\$ 199,464
Rio Blanco	423	5,024	8%	190	47	\$ 5,872
Rio Grande	788	8,873	9%	427	64	\$ 9,811
Routt	1,319	19,957	7%	777	131	\$ 5,852
Saguache	379	5,023	8%	252	23	\$ 3,638
San Juan	79	598	13%	51	16	\$ 470
San Miguel	348	6,451	5%	197	42	\$ 1,218
Sedgwick	195	1,937	10%	128	20	\$ 2,031
Summit	1,375	26,647	5%	717	159	\$ 5,682
Teller	2,830	20,517	14%	1,374	345	\$ 40,394
Washington	308	3,824	8%	182	23	\$ 2,485
Weld	16,852	246,841	7%	7,366	1,777	\$ 171,405
Yuma	608	7,345	8%	420	121	\$ 2,644
Total	387,618	4,534,583	9%	160,863	47,329	\$ 4,214,341

Source: Office of the State Auditor analysis of U.S. Department of Veterans Affairs (VA) veteran population estimates for September 2021, and VA benefit expenditures Federal Fiscal Year 2021; and Colorado State Demographer data for October 2021.

¹Data from the U.S. Department of Veterans Affairs (VA) veteran population estimates may undercount veterans in some areas; the VA's estimates are compiled using a variety of data sources and statistical techniques, but may undercount veterans who do not have a relationship with the VA and who served prior to 1970.





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