VETERANS AFFAIRS

Actions Needed to More Effectively Manage Outgoing Mail

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Why GAO Did This Study

VA sends hundreds of millions of pieces of mail to veterans and their dependents, including prescription medications and information about benefits or disability compensation. However, VA's reported mail volume and costs—$355 million in 2016—are among the highest in the federal government. GAO was asked to review VA's mail management practices.

This report examines the extent to which VA manages its outgoing mail effectively. GAO identified key elements of an effective mail management program from federal regulation and internal control standards; reviewed VA-reported mail expenditure and volume data for fiscal years 2015 and 2016; collected information on mailing practices at 10 VA facilities with the highest mail volume in fiscal year 2015; and interviewed representatives of VA, GSA, the U.S. Postal Service, VA's two primary mailing equipment vendors, and two of the nation's largest veterans service organizations.

What GAO Recommends

To manage its mail program more effectively, VA should develop and document a plan to improve how VA procures mailing equipment, update mail policy to include goals and performance measures, and determine and document the authority and responsibilities of the agency and administration-level mail managers to enable them to better manage and oversee mail operations. VA concurred with these recommendations.

What GAO Found

The Department of Veterans Affairs (VA) is not managing its outgoing mail effectively as it lacks key elements of an effective mail management program, including reliable data on mail volume and expenditures, agency-wide performance measures for mail operations, and mail managers with appropriate authority and responsibilities.

- *Reporting reliable mail expenditure and volume data*: The mail data VA reports to the General Services Administration (GSA) are unreliable, in part because VA's fragmented process for procuring mailing equipment prevents VA from tracking mail volume and expenditures consistently across facilities. Specifically, each fiscal year, hundreds of VA facilities individually enter their mail expenditure and volume data into a GSA database that collects mail data from federal agencies. These data are collected through inconsistent processes. For example, some facilities use mailing equipment and associated software that can automatically track volume and costs by service provider and mail class, while other facilities' equipment may be too old to have this capability or they use spreadsheets, bills, or receipts to track their costs. These processes are inconsistent because VA's different components and facilities contract for mailroom equipment independently of one another. VA lacks an overall plan to procure mailing equipment strategically. Through such procurement, VA could implement a system that would more consistently track data on mail expenditures and volume. This step would not only improve the reliability of these data but could also allow VA to take advantage of price discounts typically available under broader contracts.

- *Measuring performance*: VA is unable to evaluate the overall efficiency of its mail program because its mail management policy does not include agency-wide goals and performance measures for its mail operations, and it has inconsistent measures across its facilities. For example, of the 10 VA facilities GAO reviewed, some assessed performance using customer service, efficiency, volume, and cost, while others used annual expenditures, among other measures. Updating the policy to include agency-wide goals and performance measures would allow VA to track progress toward consistent goals and provide it with crucial performance information needed to make programmatic decisions.

- *Mail managers with appropriate authority and responsibilities*: VA's ability to oversee mailing practices across its facilities is limited because it has not provided its mail managers with appropriate authority and responsibilities, per federal internal control standards. The agency mail manager's responsibilities are limited to oversight of VA's mail policy, with no operational role in mail management. Additionally, mail managers for the Veterans Health Administration and Veterans Benefits Administration reported that they advise individual facilities on mail management but have no authority to direct their mail operations. Without determining appropriate authority and responsibilities for its mail managers, VA is unable to ensure that its facilities are managing their mail effectively.

United States Government Accountability Office

Contents

Abbreviations

CMOP	Consolidated Mail Outpatient Pharmacy
FMR	Federal Management Regulation
FMS	Financial Management System
GSA	General Services Administration
OMB	Office of Management and Budget
SMART	Simplified Mail Accountability Reporting Tool
UPS	United Parcel Service
USPS	U.S. Postal Service
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

July 31, 2017

The Honorable Phil Roe, M.D.
Chairman
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Chairman:

Each year, the Department of Veterans Affairs (VA) sends hundreds of millions of pieces of mail to veterans and their dependents, who rely on this mail for medications and critical information about medical appointments, disability compensation, pension benefits, and more. VA's reported mail volume and costs—approximately $355 million in 2016—are among the highest in the federal government. Moreover, VA's reported costs have nearly doubled since 2009. GAO has raised concerns about how VA identifies its resource needs and ensures that resources are efficiently used across the agency.[1] To the extent that VA's mail management is not cost- effective, VA is losing opportunities to better leverage resources to assist veterans and their families. Given the growth in reported mail costs, you asked us to review VA's mail management practices. This report examines the extent to which VA manages its outgoing mail effectively.

To perform this work, we identified key elements of an effective mail management program by reviewing federal mail management requirements in the *Federal Management Regulation* (*FMR*), which governs mailing activities in federal agencies.[2] The applicable elements from the *FMR* are: (1) reporting reliable mail data, (2) measuring performance, and (3) having mail managers with the authority to manage the program.[3] We also identified applicable federal internal control standards, including the control environment, control activities, and

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[1]GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

[2]41 C.F.R. pt. 102-192.

[3]The *FMR* also includes requirements for agency mail programs related to payment processes and finance systems and written mail security policies and plans. Financial and security requirements are not included in the scope of this review.

information and communications.[4] To determine the extent to which VA has effectively implemented these key elements and internal controls as part of its mail management program, we obtained and reviewed key documents, such as VA's mail management policy and contract documentation for the Veterans Health Administration's (VHA) Consolidated Mail Outpatient Pharmacy (CMOP) program. We also conducted interviews with management officials from the VA Central Office, the Veterans Benefits Administration (VBA), VHA, and the CMOP program on mail management practices in different components and facilities across the agency.[5] We also interviewed officials from the U.S. Postal Service (USPS) and VA's two primary mailing equipment providers, Neopost and Pitney Bowes. We reviewed the reliability of the mail expenditure and volume data VA reported to the General Services Administration's (GSA) Simplified Mail Accountability Reporting Tool (SMART) in fiscal years 2015 and 2016.[6] The SMART tool is used by GSA to collect mail data from federal agencies, as part of GSA's efforts to oversee federal mail practices and ensure that agencies are managing their mail operations efficiently and effectively. In an effort to assess the validity of VA's reported mail volume and costs, we reviewed VA's reported fiscal year 2015 and 2016 expenditure and volume data with its service providers, USPS, United Parcel Service (UPS), and FedEx.[7] To supplement our work at the national level, we collected information on the mail practices in place at the 10 VA facilities with the highest mail volume reported in SMART in fiscal year 2015.[8] We collected information from each facility including on their SMART-reporting process, their use of performance measures for mail operations, and the role of facility mail

[4]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

[5]We did not interview officials from the National Cemetery Administration based on the administration's low mail volume relative to VHA and VBA.

[6]SMART data are reported annually for the entire fiscal year, and therefore fiscal year 2016 data are the most current available.

[7]USPS noted that its revenue and volume data were not comparable to VA's SMART data for validation purposes.

[8]Although we found VA's SMART data to be generally unreliable, we used the data to select VA facilities because VA has no other centralized data that include mail expenditures and volume. The reliability of the mail expenditure and volume data is not material to our findings for the 10 facilities.

managers.[9] We observed mail operations and interviewed mailroom personnel at a VBA regional benefit office and a VHA medical center. While findings from these facilities are not generalizable to all VA facilities, they provide examples of VA's mailing practices. To obtain information on GSA's oversight of VA's mail management efforts, we interviewed officials responsible for mail management policy from GSA's Office of Government-Wide Policy. Finally, to learn about issues veterans may face in receiving mail from VA, we interviewed representatives of and obtained information from Disabled American Veterans and the American Legion. We selected these veterans service organizations because their memberships are among the highest in the country.
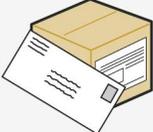
We conducted this performance audit from June 2016 to July 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA is comprised of several entities, including its Central Office in Washington, D.C., and three administrations —VHA, VBA, and the National Cemetery Administration. Because these entities each provide different services for veterans, they each handle different types of outgoing mail. See figure 1 for a description of the services each administration and their associated facilities provide, and examples of outgoing mail.

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[9]We initially planned to evaluate the 10 facilities against best practices for mail management but subsequently determined that these were not appropriate criteria to assess the state of VA's mail operations.

Figure 1: Department of Veterans Affairs' Administrations, Facilities, and Examples of Mail to Veterans

	Veterans Health Administration	Veterans Benefit Administration	National Cemetery Administration
Description of services	Medical services for veterans, including inpatient and outpatient services, home healthcare, prescribing medications, and extended care services, including nursing home and respite care.	Benefits to veterans and their families, including compensation, pension, fiduciary services, educational opportunities, vocational rehabilitation, employment services, home ownership promotion, and life insurance benefits.	Burial and memorial benefits—including burial at national cemeteries, cemetery grants, headstones and markers, and medallions—to veterans and their eligible family members, and maintenance of hundreds of national cemeteries across the country.
Facilities	Medical Centers: 170 Consolidated Mail Outpatient Pharmacies: 7 Clinics: 1,055 Vet Centers: 300 Residential and Extended Care Sites: 11	District Offices: 5 Regional Offices: 56	National Cemeteries: 135 National Veterans' Burial Ground: 1 Soldiers' Lots and Monument Sites: 33
Examples of outgoing mail	Prescription medications and correspondence related to medical appointments.	Correspondence related to benefits such as disability compensation.	Correspondence related to headstone, marker, or medallion requests.

Source: GAO analysis of Department of Veterans Affairs information. | GAO-17-581

VA sends hundreds of millions of pieces of mail annually as part of its mission to provide care and benefits to veterans and their dependents. For example, VBA mails correspondence related to compensation and copies of documents to veterans service organizations, and VHA mails prescription medications and letters to notify veterans of medical appointments. Within VHA, the CMOP program processes high-volume prescription mailings from medical centers using an automated dispensing system. The CMOP program includes seven facilities across the country that together mail 84 million parcels annually (filling approximately 80 percent of VA's total prescriptions each year).[10]

Within VA, each administration and local facility has discretion regarding how to handle outgoing mail. For example, a facility can use USPS as its service provider, or it can choose to use a different service provider, such as UPS or FedEx. SMART data indicate that most of VA's outgoing mail was sent via USPS in fiscal year 2016, although VA facilities also used UPS and FedEx. In addition to choosing service providers, VA facilities often have contracts to purchase or lease mailing equipment such as

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[10]The seven facilities are located in Leavenworth, Kansas; Tucson, Arizona; Chelmsford, Massachusetts; Dallas, Texas; Murfreesboro (Nashville), Tennessee; Hines (Chicago), Illinois; and Charleston, South Carolina.

postage meters.[11] As noted above, the CMOP program handles large-scale prescription mailings and contracts with a vendor that provides mail-manifesting services (i.e., the weighing and application of pre-paid postage or freight charges to parcels, and the delivery of parcels to USPS or a third-party carrier) for the seven CMOP facilities.

VA, as any other federal agency, is required to follow certain provisions in the *FMR* regulating mail management. Specifically, the *FMR* prescribes policy and requirements for the effective, economical, and secure management of incoming, internal, and outgoing mail and materials in federal agencies.[12] Among other things, the *FMR* includes reporting, performance measurement, and agency mail manager requirements.

- *Reporting Requirements*: Large federal agencies must provide annual mail management reports to GSA using the web-based SMART application.[13] The *FMR* requires large agencies to submit mail management reports to ensure agencies have the policies, procedures, and data to manage their mail operations efficiently and effectively.[14] Among other data, mail management reports must include: total expenditures paid to each mail service provider, total volume of mail pieces, volume and expenditures on mail that was undeliverable as addressed, number of full-time equivalent employees and contractors who have taken training to earn professional certifications, and expenses paid on additional contracts for mail services.[15] Each year on October 1, GSA opens SMART for agencies

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[11]Postage meters allow personnel to print postage indicia (postal markings) directly onto mail or onto a meter tape or label that is then affixed to mail.

[12]41 C.F.R. § 102-192.5.

[13]Large agencies are those whose collective total payments to all mail service providers equal or exceed $1 million per fiscal year. 41 C.F.R. §§ 102-192.35, 102-192.85.

[14]41 C.F.R § 102-192.95. GSA also requires agencies to submit an annual agency mail management report to ensure that appropriate security measures are in place, and allow GSA to fulfill its responsibilities under the Federal Records Act, especially with regard to sharing best practices, information on training, and promulgating standards, procedures, and guidelines.

[15]GSA guidance requires large agencies to report the number of full time equivalents and contractors who have achieved industry certifications such as the Mail Systems Management Association's Certified Mail and Distribution Systems Manager program, USPS's Executive Mail Center Manager and Mailpiece Design Professional programs, the International Publishing Management Association's Certified Mail Manager program, MAILCOM certification programs, and other mail-related certifications.

to manually input their data for the prior fiscal year. According to the manual for the SMART application, agencies are to enter annual expenditures and number of pieces mailed under each mail class and service provider, and the application calculates a cost per piece automatically. The agency mail manager is required to compile data from all offices or components and submit one report for the agency to GSA by December 1 each year.[16] Aggregating the SMART data at the agency level allows GSA to compare one agency to another on performance measures such as cost per piece. GSA officials said they review overall trends, training, whether mail piece counts are consistent with the expenditures, variances from the previous year, and whether the data suggest the need for any revisions to the *FMR*.

- *Performance Measurement Requirements*: All federal agencies must have performance measures for mail operations at the agency level and in all mail facilities and program levels. Performance measures are required so that the agency can gauge the success of agency mail management plans and processes by comparing performance over time and among organizations. Further, according to the *FMR*, performance measures enhance resource allocation and provide accountability.[17]

- *Agency Mail Manager Requirements*: Federal agencies are required to have an agency mail manager who should be at a managerial level that enables the official to speak for the agency on mail management.[18] The *FMR* enumerates general responsibilities that the agency mail manager should carry out including, among others, establishing written policies and procedures for timely and cost-effective dispatch and delivery of mail; ensuring agency-wide awareness and compliance with service provider standards and operational procedures, and promoting professional certification for mail managers and mail center employees.[19]

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[16]41 C.F.R. §§ 102-192.85, 102-192.105.

[17]41 C.F.R. §§ 102-192.110, 102-192.115.

[18]41 C.F.R. §§ 102-192.120, 102-192.125.

[19]41 C.F.R. § 102-192.130.

VA Is Not Managing Its Mail Program Effectively

VA is not managing its mail program effectively, as it lacks key elements of an effective mail management program, including having reliable data on mail volume and expenditures, agency-wide performance measures, and mail managers with appropriate authority and responsibilities. First, VA does not report reliable data to GSA because VA lacks a system to track mail volume and expenditures consistently and does not have an overall plan to source contracts for the mailing equipment that would provide this capability in a more strategic manner. Second, VA is unable to evaluate the overall efficiency of its mail program because its mail management guidance has not been updated to include agency-wide goals and performance measures for its mail operations. Finally, VA cannot ensure consistent mailing practices in its administrations and facilities because it has not provided mail managers with appropriate authority and responsibilities to oversee mail operations across the agency.

Fragmented Process for Procuring Mailing Equipment Has Contributed to VA's Inability to Track and Report Reliable Mail Cost and Volume Data

The mail data VA reports to GSA in its annual mail management report is unreliable, in part because VA's fragmented process for procuring mailing equipment prevents VA from tracking mail volume and expenditures consistently across facilities. Federal internal control standards call for agencies to obtain relevant data from reliable internal sources and communicate quality information—that is, information which is appropriate, current, complete, accurate, accessible, and provided on a timely basis—to external parties to achieve objectives.[20] We found problems in VA's fiscal year 2015 and 2016 SMART data related to unreported, incomplete, or questionable data, for example:

- *Unreported Data*: Mail data for the National Cemetery Administration—along with most of VA's 1,055 community-based outpatient clinics and 300 vet centers, as well as other VA facilities—were not accounted for in VA's SMART reports.

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[20]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

- *Incomplete Data*: Several facilities submitted incomplete data, such as for mail expenditures without accompanying mail volume or vice versa. Facilities also did not consistently report data on mail that was undeliverable as addressed. We found in 2015 that VBA did not keep data on its undeliverable mail, and in our review, VHA's mail manager could not confirm whether VHA facilities accurately track these data.[21] Additionally, according to VHA's mail manager, many medical centers do not account for their on-site pharmacies' outgoing mail in their SMART data.[22]

- *Anomalous Data*: Several facilities submitted data of questionable accuracy. For example, a regional benefit office reported spending $9,108 to mail 29 pieces of Priority Express Mail (equating to a cost of $314 per piece), and a medical center reported spending $507,000 to mail 13,000 pieces of USPS Business Reply Mail (equating to a cost of $39 per piece). According to VA, these and other figures were based on typographical errors by VA personnel in entering the expenditure and volume data.

We also provided VA's fiscal year 2015 and 2016 data to FedEx and UPS: neither could validate the information we obtained from SMART with their own records.[23]

To collect data for SMART reporting, VA relies on data submitted by its facilities, and these facilities use inconsistent processes for tracking the data. Specifically, according to VA officials, many facility mail rooms use mailing equipment like postage meters to track data on mail volume and expenditures. The types of mailing equipment that facilities use vary considerably in the capability to track mail volume and expenditure data. For example, VA officials reported that facilities with newer mailing equipment may have also purchased enhanced accounting software from the vendor that enables them to track mail expenditures and volume by service provider and individual classes of mail—such as Priority or First-

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[21]GAO, *Post-9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections*, GAO-16-42 (Washington, D.C.: Oct. 21, 2015).

[22]The outgoing mail from VHA on-site pharmacies could include controlled substances, such as some prescription medications. We recently reported that VHA's ability to detect diversion of controlled substances is limited because of weaknesses in the implementation of VHA's inspection programs. See GAO, *VA Health Care: Actions Needed to Ensure Medical Facility Controlled Substance Inspection Programs Meet Agency Requirements*, GAO-17-242 (Washington, D.C.: Feb. 15, 2017).

[23]Our review did not include an audit of VA's financial payment processes.

Class Mail. Conversely, other facilities' equipment may not be configured or may be too old to accept the accounting software to be able to track classes of mail separately. In addition, facilities may rely on manual-entry methods, such as Excel spreadsheets, or copies of bills and receipts from service providers to track mail volume and expenditure data. As a result, VA has no assurance that facilities are tracking their mail information consistently or completely.

The mail volume and expenditure data from roughly 200 VA facilities are individually entered into SMART by VA personnel. VA has no agency-wide system for tracking mail volume and expenditure data, and therefore VA's administration-level mail managers have limited ability to validate the data before the agency mail manager submits the mail management report to GSA.[24] VHA's and VBA's mail managers told us they look for anomalous entries, but they cannot verify the data's accuracy without individually contacting the personnel who input the data to check their sources (e.g., the mailing equipment, spreadsheets, or service provider bills and receipts). Neither VHA's nor VBA's mail manager could provide us assurance that the SMART data from their administration were accurate. They also reported that they lack the authority to compel facilities to report data to SMART. GSA officials reported that they check for data entries in SMART that vary by at least 10 percent from the previous year's entry and discuss questionable data with reporting agencies, but it is each agency's responsibility to report accurate information. GSA officials also told us the challenges VA has encountered in reporting to SMART are typical of other agencies. We reported in our 2015 High-Risk Series update that VHA oversight efforts are often impeded by its reliance on facilities' self-reported data—such as certification from medical centers that specialty care consultations have been completed— which lack independent validation and are often inaccurate or incomplete.[25]

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[24]VBA officials reported that VBA's online web-based systems track expenditures, but not mail volume or mail class information required in SMART. VA personnel also record mail expenditures in the agency's Financial Management System (FMS) accounting system; however, similarly, FMS includes no information on mail volume.

[25]Every two years at the start of a new Congress, GAO calls attention to agencies and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement, or are most in need of transformation. GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

VA's inconsistent processes for tracking mail data are in part the result of fragmented procurement practices for mailing equipment across the agency in which different components of VHA and VBA make contracting decisions for mailroom equipment independently. Specifically, VA does not strategically acquire equipment that allows facilities to consistently collect, track, validate, and report mail data. According to the Office of Management and Budget (OMB), strategic sourcing is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently.[26] For example, VBA reported that each of its 56 regional benefit offices negotiates and purchases its own contract with authorized vendors. VHA reported that the contracts for mailing equipment at its 170 medical centers are established at various levels —in some cases, medical centers may establish their own contracts, while in others, a Veterans Integrated Service Network (VISN) establishes a contract for all the medical centers within a region.[27]

Because of this procurement process, VA is missing opportunities to track mail expenditure and volume data consistently and facilitate the SMART-reporting process. Further, VA may be expending unnecessary additional funds on procuring mail equipment and missing opportunities to take advantage of its substantial buying power.[28] Strategic sourcing involves consolidating similar requirements to manage them collectively and reap cost savings and efficiency gains. If an organization has business units across many locations or functions, it is often most economical for a central office to negotiate procurement contracts on behalf of the entire organization. In the case of VA, it is likely that having facilities or other units individually negotiate contracts is not cost-effective because this

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[26]Office of Management and Budget, *Memorandum for Chief Acquisition Officers, Chief Financial Officers, and Chief Information Officers on Implementing Strategic Sourcing* (Washington, D.C.: 2005).

[27]Each of VHA's VISNs is responsible for overseeing medical centers within a specified geographic area.

[28]We have found in the past that the agency has not consistently taken advantage of its large size in its purchases. See GAO, *Veterans Affairs Contracting: Improvements in Policies and Processes Could Yield Cost Savings and Efficiency*, GAO-16-810 (Washington, D.C.: Sept. 16, 2016). In this report, we recommended that VA conduct a review of VISN-level strategic sourcing efforts, identify best practices, and, if needed, issue guidance to facilitate consolidation of similar requirements and leverage buying power across medical centers within VISNs. VA agreed with this recommendation, but has not yet implemented it.

practice does not take advantage of the extent of price discounts that might be available under procurement contracts covering much larger segments of the agency. In fact, representatives from VA's two primary mailing equipment providers told us that the agency lacks a consistent contracting approach to address its mailroom needs. Representatives from one provider estimated that it has about 3,000 contracts with VA facilities and said that if VA were to negotiate fewer contracts at higher levels of the department, VA would almost certainly reap cost savings. For example, representatives said that VHA's VISNs could negotiate contracts for multiple medical centers within a region, rather than each medical center purchasing its own standalone mailing equipment.

While VBA has taken preliminary steps to source its mailing equipment strategically, VA lacks an overall plan to source its contracts for mailing equipment in a more strategic manner. VBA officials told us in July 2016 that its administration and field operations offices were collaborating to establish a blanket purchase agreement for mailing equipment in 56 regional benefit offices across the country. According to VBA, the contract is intended to provide opportunities to negotiate improved discounts and leverage buying power through volume purchasing, among other things. Officials stated that they also intend to include software in the contract that would consolidate data across the regional benefit offices and allow centralized reporting to SMART through web-based accounting software linked to VBA Central Office. VBA initially targeted the end of fiscal year 2017 to finalize the contract; however, in February 2017, officials said that it will take several years to establish the contract because some regional benefit offices will not be able to join until their current contracts expire. VBA officials stated that they were interested in including VHA in the contract in order to obtain better prices. However, they said that VBA has not had any detailed discussions with VHA about the contract and told us that differences in the administrations' management structures could affect the process. Moreover, VHA's mail manager told us that he does not have the authority to coordinate VHA's involvement in the contract with VBA. By not contracting to procure more standardized equipment, VA is missing opportunities to track and report mail data more consistently and realize cost savings.

VA's Mail Policy Does Not Include Agency-Wide Goals and Performance Measures

VA's mail policy does not include agency-wide goals and performance measures for mail operations, and as a result, VA is unable to determine

the extent to which its mail operations are efficient and effective. We have previously found that results-oriented organizations set performance goals to clearly define desired program outcomes.[29] The *FMR* requires that federal agencies have performance measures for mail operations at the agency level and in all mail facilities and program levels.[30] We have previously found that measuring performance allows organizations to track progress toward goals and provides managers with the crucial performance data needed to make management decisions.[31] On its website, GSA suggests that federal agencies establish performance measures for outgoing mail that address elements of mail operations, such as cost per piece by mail class and the percentage of outgoing mail that is returned as undeliverable as addressed, as well as management measures such as the annual hours of training per full-time equivalent employee, and measures for contracts and service level agreements, such as the appropriate postage meter size for a mail center operation.

VA's mail policy includes no agency-wide goals or performance measures for mail operations; however, officials stated that performance measures may have been developed by individual facilities. At the 10 facilities we reviewed, we found that they were not using a consistent set of performance measures. These facilities reported using various performance measures for mail operations, such as metrics regarding customer service, efficiency, volume, cost, accuracy, and staff performance. For example, officials from one medical center said that they measure customer service, efficiency, safety, and security, while officials at another medical center said they measure annual expenditures from the prior fiscal year. Officials from two regional benefit offices indicated that they have implemented timeliness standards for their mail. VHA's CMOP program also has performance measures for delivery of prescription medications but these metrics are implemented for the program's vendor, not an on-site mail operation. The CMOP program outsources management of its prescription drug mail to a logistics vendor that is responsible for manifesting parcels and providing them to USPS or third-party providers for delivery. For example, the vendor must resolve delivery inquiries within 48 hours and transport parcels to arrive at USPS

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[29]GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, GAO/GGD-96-118 (Washington, D.C: June 1996).

[30]41 C.F.R. § 102-192.110.

[31]GAO, *Federal Protective Service: Preliminary Results on Efforts to Assess Facility Risks and Oversee Contract Guards*, GAO-12-943T (Washington, D.C.: July 24, 2012).

within 36 hours and return recalled or damaged parcels in the next available truck.

VA lacks agency-wide performance measures for mail operations because its mail management policy does not address the *FMR* performance measures requirement. Directive 6340—VA's 1996 mail management policy directive and handbook—predates current mail management regulations and has not been updated. In July 2016, VA officials told us that efforts to update the policy involving collaboration with GSA, the Centers for Medicare & Medicaid Services, and USPS were under way. However, in February 2017, VBA and VHA mail managers we spoke to said they were unaware of any such efforts. As of May 2017, VA had not provided documentation of this ongoing effort. The lack of an updated policy is not unique to VA's mail management. For example, we previously found that in 2016, almost 60 percent of VHA's policies had not been reviewed in at least 5 years to ensure they are up to date and still relevant.[32] Internal control standards call for agencies to update their policies to be consistent with changes in federal law and regulation.[33] Without an updated policy providing performance measures across the agency, VA's ability to evaluate the efficiency of its mail operations is limited.

VA Has Not Provided Mail Managers with Appropriate Authority and Responsibilities

Although VA has designated mail managers at the agency and administration levels, these mail managers have limited ability to oversee mail operations across the agency because VA has not provided them with appropriate authority and responsibilities. Federal internal control standards call for agencies to provide a framework for delegating authority and assigning responsibility to achieve objectives.[34] Specifically, management should consider the overall responsibilities of a program, establish the key roles needed to fulfill the program's assigned responsibilities, and determine the level of authority each key role needs

[32]GAO, *High-Risk Series: Progress on Many High-Risk Areas*, *While Substantial Efforts Needed on Others*, GAO-17-317 (Washington, D.C.: Feb. 15, 2017).

[33]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

[34]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

to fulfill a responsibility. The *FMR* requires agencies to have an agency mail manager and outlines the individual's recommended responsibilities, which, among others, include:

- establishing written policies and procedures to provide timely and cost-effective dispatch and delivery of mail and materials;

- ensuring agency-wide awareness and compliance with standards and operational procedures established by all service providers used by the agency; and

- ensuring that all facility- and program-level mail personnel receive appropriate training and certifications to successfully perform their assigned duties.

The agency and administration mail managers have limited authority to oversee mail operations because VA has not properly determined and documented their authorities and responsibilities. According to VA officials, the responsibilities of the agency mail manager position are limited to oversight of VA Directive 6340—the policy directive and handbook that cover the mail program—with no operational role in mail management. However, as stated previously, the VA directive was issued in 1996 and has not been updated to incorporate current mail management regulatory requirements. Additionally, according to the agency mail manager, mail operations in VHA and VBA facilities are the responsibility of the administration-level mail managers. However, the VHA and VBA mail managers reported that although they advise individual facilities on mail management, they have no authority to direct their mail operations. For example, VHA's mail manager told us that individual facilities pursue mailing discounts independently. Additionally, while VBA has broadly outlined the responsibilities of the VBA mail manager in a documented position description, the VHA mail manager has no documented responsibilities. Further, while the *FMR* recommends that the agency mail manager ensure that all facility- and mail-program level personnel receive appropriate training and certifications to perform their assigned duties,[35] the VHA mail manager said he has never been encouraged to attend any training, and both the VHA and VBA mail managers said that they do not have the authority to require mail management employees to attend training.[36] In addition, VA has not

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[35]41 C.F.R. § 102-192.130.

[36]We identified inadequate training for VA staff as an area of concern in our 2015 *High-Risk Series* update. See GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

assigned mail management as the primary duty for its mail managers. According to VA, most mail manager positions are secondary duties for the designated officials. VA has devolved responsibility for mail management to VA's three administrations and their hundreds of facilities, with varying degrees of autonomy. Officials from the 10 VA facilities we reviewed stated that they have personnel who are responsible for their respective mail operations, but most of them had other responsibilities, such as logistics, warehouse operations, and mailroom machine maintenance.

Because the agency and administration mail managers lack an appropriate level of authority and responsibilities, they play a limited role in assuring that mail operations across the agency are following consistent practices, and therefore, effective oversight of mail operations across facilities is hampered. For example, individual facilities are generally responsible for their own mail operations with limited direction or guidance, as we previously noted. VA risks being unable to ensure that its facilities are managing their mail costs as effectively as possible, including obtaining available discounts. VA officials told us the agency relies on a decentralized program because of its size, the volume of mail generated, and the unique nature of each administration's mission. According to officials, a more centralized mail management program would result in higher costs, more overhead, and less responsiveness to users. However, VA does not need to centralize its mail management program to have its mail managers provide leadership and oversight of facility mail operations to ensure greater consistency in mailing practices across the agency.

Conclusions

VA faces challenges in ensuring that its resources are effectively allocated across the agency. Because it lacks key elements of an effective mail management program, VA cannot provide assurance that facilities are managing their mail efficiently. First, because VA lacks a plan for how to source mailing equipment strategically, it cannot track mail costs accurately and may be losing opportunities for cost savings and efficiencies. Second, because VA has not updated its mail policy to establish agency-wide performance measures for mail operations, its ability to evaluate the mail program is limited. Setting goals and measuring performance allows organizations to track progress and provides managers with the crucial performance data needed to make management decisions. Finally, VA has not provided its mail managers

with appropriate authority and responsibilities to oversee mail operations across the agency. As a result, these officials play a limited role in overseeing the program and coordinating consistent mail management practices across administrations and facilities. By working to address these issues, VA could help assure the effective allocation of resources, thereby possibly allowing the reallocation of some resources to serve veterans in other ways.

Recommendations for Executive Action

To manage the mail program more effectively, the Secretary of Veterans Affairs should take the following three actions:

- Develop and document a plan to source contracts for mailing equipment in a more strategic manner. Such strategic contract sourcing should enable facilities to obtain equipment to track mail volume and expenditure data more consistently and to maximize cost savings.

- Update VA Directive 6340 to incorporate agency-wide goals and performance measures for mail operations.

- Determine and document the authority and responsibilities of the agency and administration-level mail managers to enable them to improve management and oversight of mail operations.

Agency Comments

We provided a draft of this report to VA and GSA for review and comment. VA concurred with our recommendations, and its response is reproduced in appendix I. GSA did not have any comments on the report.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of Veterans Affairs, the Administrator of the General Services Administration, the Postmaster General of the U.S. Postal Service, and other interested parties. In addition, the report will be available at no charge on GAO's website at http://www.gao.gov.

If you or members of your staff have questions about this report, please contact me at (202) 512-2834 or rectanusl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found

on the last page of this report. Major contributors to this report are listed in appendix II.

Sincerely yours,

Lori Rectanus
Director, Physical Infrastructure Issues

Appendix I: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

July 12, 2017

Ms. Lori Rectanus
Director
Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Rectanus:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, *"VETERANS AFFAIRS: Actions Needed to More Effectively Manage Outgoing Mail"* (GAO-17-581). VA generally agrees with GAO's conclusions and concurs with GAO's recommendations to the Department.

VA will provide the actions to be taken to address the GAO draft report recommendations in the 60-day update to the final report.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

Gina S. Farrisee
Deputy Chief of Staff

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Lori Rectanus, (202) 512-2834 or rectanusl@gao.gov

Staff Acknowledgments

In addition to the contact named above, Samer Abbas and Faye Morrison (Assistant Directors), Justin Reed (Analyst in Charge), Amy Abramowitz, Bonnie Pignatiello Leer, Malika Rice, Amy Rosewarne, Crystal Wesco, and Elizabeth Wood made key contributions to this report.

Appendix III: Accessible Data

Data Tables

Accessible Data for Figure 1: Department of Veterans Affairs' Administrations, Facilities, and Examples of Mail to Veterans			
	Veterans Health Administration	**Veterans Benefit Administration**	**National Cemetery Administration**
Description of services	Medical services for veterans, including inpatient and outpatient services, home healthcare, prescribing medications, and extended care services, including nursing home and respite care.	Benefits to veterans and their families, including compensation, pension, fiduciary services, educational opportunities, vocational rehabilitation, employment services, home ownership promotion, and life insurance benefits.	Burial and memorial benefits—including burial at national cemeteries, cemetery grants, headstones and markers, and medallions—to veterans and their eligible family members, and maintenance of hundreds of national cemeteries across the country.
Facilities	Medical Centers: 170 Consolidated Mail Outpatient Pharmacies: 7 Clinics: 1,055 Vet Centers: 300 Residential and Extended Care Sites: 11	District Offices: 5 Regional Offices: 56	National Cemeteries: 135 National Veterans' Burial Ground: 1 Soldiers' Lots and Monument Sites: 33
Examples of outgoing mail	Prescription medications and correspondence related to medical appointments.	Correspondence related to benefits such as disability compensation.	Correspondence related to headstone, marker, or medallion requests.

Source: GAO analysis of Department of Veterans Affairs information. | GAO-17-581

Agency Comment Letter

Accessible Text for Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS

WASHINGTON DC 20420

July 12, 2017

Ms. Lori Rectanus Director

Physical Infrastructure Issues

U.S. Government Accountabil ity Office

441 G Street, NW

Washington, DC 20548

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Gina S. Farrisee

Deputy Chief of Staff

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