



Office of Inspector General

Combined Assessment Program Review VA Regional Office Boston, Massachusetts

**Report Number: 00-02560-028
Date: February 2, 2001**

**Office of Inspector General
Washington, DC 20420**

VA Office of Inspector General Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) effort to ensure that accurate and timely benefit delivery is provided to our nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA regional offices on a cyclical basis. CAP review teams perform independent and objective evaluations of key facility programs, activities, and controls:

- Healthcare inspectors review medical examinations that relate to disability determinations or vocational rehabilitation issues.
- Auditors review selected financial and administrative activities to ensure that management controls are effective.
- Investigators conduct fraud and integrity awareness briefings to improve employee awareness of fraudulent activities that can occur in VA programs.

In addition to this typical coverage, a CAP review may examine issues or allegations that have been referred to the OIG by facility employees, veterans, members of Congress, or others.

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Combined Assessment Program Review VA Regional Office Boston, Massachusetts

Executive Summary

Introduction. The Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the Department of Veterans Affairs Regional Office (VARO) Boston, MA during the week of August 28 – September 1, 2000. The purpose of the review was to evaluate selected VARO operations, focusing on administrative management and benefits delivery processing controls.

The VARO provides compensation and pension (C&P) benefits, and vocational rehabilitation services to eligible veterans, dependents, and survivors residing in most areas of the Commonwealth of Massachusetts. Education, insurance, and loan guaranty services are provided by VAROs Buffalo, NY; Philadelphia, PA; and Manchester, NH, respectively. VARO Boston serves a veteran population of approximately 499,000. During Fiscal Year (FY) 2000, about \$426 million in C&P benefits were paid to 72,000 beneficiaries. Vocational rehabilitation services were provided to about 1,400 beneficiaries. FY 2000 general operating expenses totaled about \$7 million and the VARO had a full-time equivalent employee level of 114.7.

Administrative Management and Benefits Processing Controls. The VARO's administrative activities were generally operating satisfactorily and management controls over benefits delivery were generally effective. To improve operations, we made recommendations in the areas of C&P claims processing, automated information system, and records security.

Fraud Prevention. Managers fully supported fraud prevention efforts. During the review, we provided fraud and integrity awareness training to 92 VARO employees. We also reviewed records in the compensation and benefits program in support of ongoing OIG proactive investigations.

Regional Office Director Comments. The Director concurred with the recommendations and provided acceptable implementation plans. We consider the issues resolved. The OIG may follow-up at a later date to evaluate corrective actions taken.

(Original signed by:)

RICHARD J. GRIFFIN
Inspector General

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Introduction

VA Regional Office Boston

The Department of Veterans Affairs Regional Office (VARO) Boston provides compensation and pension (C&P) benefits, and vocational rehabilitation services to eligible veterans, and their dependents and survivors residing in most areas of the Commonwealth of Massachusetts.¹ Education, insurance, and loan guaranty services are provided to Massachusetts residents by VAROs Buffalo, NY; Philadelphia, PA; and Manchester, NH; respectively. VARO Boston also has assigned staff facilitating veteran inquiries at seven outbased offices throughout Massachusetts. The VARO is one of eight regional offices in the Veteran Benefits Administration's (VBA) Service Delivery Network 1. VARO Boston serves a veteran population of approximately 499,000.

Resources. During fiscal year (FY) 2000 the VARO expended approximately \$7 million in general operating expenses with a full-time equivalent employee level of 114.7.

Workload. During FY 2000, about \$426 million in C&P benefits were paid to 72,000 beneficiaries. The VARO's C&P workload ranked 16th among all VAROs. Vocational rehabilitation services were provided to about 1,400 beneficiaries.

Notable Accomplishments. VARO Boston has been commended by The Secretary of Veterans Affairs for its commitment to the employment of people with disabilities. Of the approximately 115 persons employed by the VARO, slightly more than 25 percent are disabled veterans.

Pilot Projects. The VARO had been included in two Veterans Benefits Administration pilot projects. The Decision Review Officer (DRO) program, piloted at 12 sites, is designed to shorten, simplify, and improve the appeals process. The VARO's six DROs also provide their services to VAROs Manchester, NH and Providence, RI. The Contract C&P Examination Test Program, piloted at 10 sites, is designed to assess the quality of private practice medical disability examinations and to assess the cost, timeliness, quality, and customer satisfaction of these examinations compared to those given by Veterans Health Administration medical facilities.

Objectives and Scope of the Combined Assessment Program

The purpose of the Combined Assessment Program (CAP) review was to evaluate selected VARO operations, focusing on administrative operations and management controls over the benefits delivery process and to provide fraud and integrity awareness training to VARO employees.

¹ Massachusetts residents of certain towns within Bristol and Plymouth counties and all of Barnstable, Dukes, and Nantucket counties, are provided C&P and vocational rehabilitation services by VARO Providence, RI.

We reviewed selected administrative activities and the benefits delivery process, with the objective of evaluating the effectiveness of management controls. These controls are the policies, procedures, and information systems used to safeguard assets, prevent and detect errors and fraud, and to ensure that organizational goals and objectives are met. In performing the review, we interviewed managers and employees, and reviewed pertinent administrative, financial, and claim records. The review covered the following 15 administrative activities and controls, and benefits delivery:

Agent Cashier	C&P Retroactive Payment Controls
Finance Section Activities	Board of Veterans Appeals Remands
Fiduciary and Field Examination	C&P Medical Examinations
Section Activities	Timeliness and Accuracy of C&P
Vocational Rehabilitation and	Claims Processing
Employment Program	Returned Mail Processing Controls
Purchase Card Usage	C&P Benefit Overpayment Controls
Direct Deposit Payment Controls	Automated Information Systems
Status of C&P Beneficiaries Born	Security
Before 1901	Employee C&P Record Security

Scope of Review. The CAP review generally covered VARO operations for FY 2000. The review was done in accordance with the Inspector General's Standard Operating Procedures for Combined Assessment Program Reviews.

Results and Recommendations

Administrative Management and Benefits Processing Controls

Management Controls Were Generally Effective

VARO management established a positive internal control environment. The administrative activities reviewed were generally operating satisfactorily and management controls over the benefits delivery process were generally effective. We found no significant deficiencies in several of the activities reviewed, including: agent cashier functions; Finance Section activities; the Fiduciary and Field Examination program; the Vocational Rehabilitation and Employment program; purchase card usage; direct deposit payment controls; the status of C&P beneficiaries receiving benefits who were born prior to 1901; C&P retroactive payment controls; Board of Veterans Appeals remands; and C&P medical examinations. Areas reviewed which require greater management attention include: strengthening controls over C&P claims processing timeliness; processing of returned mail; C&P benefit overpayment prevention efforts; automated information systems; and veteran-employee records security.

Recommendations for Improving Management Controls

C&P Claims Processing Should Be Improved

Our evaluation of the VARO's Veterans Service Center (VSC) C&P claims processing identified several issues that require management attention. A discussion of these issues follows:

Timeliness of Claims Decisions

Timely processing of claims is one of a VARO's most important customer service responsibilities. The VSC is responsible for processing C&P claims. To evaluate the VSC's timeliness, we reviewed 20 original or reopened service-connected (SC) compensation or nonservice-connected (NSC) pension claims from the VSC's August 28, 2000, Work In Process (WIPP) system.

We identified 6 of 20 claims (30 percent) with avoidable processing delays. For example, the VARO received an original claim for compensation on April 10, 2000. However, the VARO did not request supporting medical evidence from the veteran for 75 days. In another instance, the VARO received a reopened claim for compensation on February 16, 2000, and the VSC did not request a C&P examination until May 17, 2000, creating about a 90-day avoidable delay in processing the claim. The C&P medical disability examination results for this claim were received on June 8, 2000, and a rating decision granting the veteran increased compensation was completed on August 28, 2000.

We concluded that VARO management could improve C&P claims processing timeliness by avoiding unnecessary delays.

Returned Mail Processing

VA Manual M21-1, Part IV, Section 9.04b stipulates that when mail is returned as undeliverable, action should be taken to verify and correct the address. This is important, because a change in address could indicate a change in the beneficiaries' entitlement for VA benefits for various reasons (e.g., death, incarceration, or long-term care at a VA facility). When mail intended for those claimants who receive VA benefits by direct deposit is returned, a VARO letter should be sent to the financial institution requesting a current mailing address. VA may request this information under the authority of Section 1113 of the Right to Financial Privacy Act of 1978, as amended by Public Law 102-568. To evaluate how the VARO was processing returned mail; we reviewed 70 pieces of drop mail that were dated July 21, 2000. The term "drop mail" refers to mail that is placed in a claim file without any action being taken.

We found 9 of 70 (13 percent) pieces of drop mail were VARO information letters to beneficiaries that had been returned to the VARO as undeliverable. The VARO had not attempted to determine a current address in any of the 9 cases. The following illustrates an instance in which the VSC should have attempted to determine a current address:

A letter documenting that the veteran was evaluated at the 100-percent SC compensation rate had been returned due to a bad address. Review of the veteran's claims file disclosed the veteran was 85 years old and was evaluated at the 100-percent rate for a psychiatric disability. Further, VARO mail to this veteran had been returned as undeliverable for the past 6 years. The veteran received benefit payments by direct deposit. VSC employees had not attempted to determine the veteran's correct address at any time. VSC management informed us that in direct deposit cases, management believed financial institutions did not feel obligated to cooperate with regard to beneficiaries' address information. However, financial institutions are required to provide VA with addresses for VA beneficiaries.

VSC management advised us that VSC employees sometimes had difficulty in identifying returned mail that required action. We suggested, and VSC management agreed, that a checklist could help identify returned mail requiring additional action.

We concluded that management needed to improve their processing of returned mail. This is especially true given the widespread use of direct deposit. Many beneficiaries may not see a need to keep the VARO advised of their address. However, correcting bad addresses and maintaining contact with beneficiaries will help prevent payment errors due to changes in entitlement, and under certain circumstances, could help prevent fraud or possible diversion of benefits.

C&P Benefit Overpayment Processing

C&P benefit overpayments occur when beneficiaries receive money to which they are not entitled, generally as a result of changes in their entitlement status (e.g., death, increased income, etc.) During the first quarter of FY 2000, the VSC established

186 overpayments, valued at about \$793,000, that remained outstanding as of the end of the quarter. To determine whether VSC could have prevented any of the overpayments, we reviewed a judgment sample of 13 overpayments valued at \$177,000.

We identified 4 of 13 overpayments (31 percent), valued at \$66,667 that could have been prevented if the VSC employees had timely and properly processed beneficiary status changes. In three instances, overpayments could have been prevented if the VSC had processed status changes in accordance with VA policy and procedures. The following example illustrates an overpayment that VSC employees could have prevented if they had properly processed the status change:

On November 10, 1992, a veteran was placed in a Medicaid-approved nursing home. On January 11, 1993, the VSC proposed to reduce the veteran's pension benefit to \$90 monthly due to his Medicaid status. No action was taken by the VSC to reduce the benefits or to monitor whether the veteran had been discharged from the nursing home. The veteran died in a nursing home on September 4, 1998. On November 16, 1999, the veteran's pension benefit was terminated, effective September 1, 1998, creating a \$6,120 overpayment. This overpayment had not been collected as of August 31, 2000. The actual overpayment may have been much greater, if the veteran was in fact, under Medicaid care, from November 1992. In any event, the likelihood of recovery of the overpayments is greatly diminished.

In addition to proper processing on the part of VSC, revisions of existing local policy and procedures would have resulted in the prevention of our fourth overpayment instance. Again, we noted and VSC management confirmed, a significant problem involving beneficiaries who receive benefit payments by direct deposit and fail to keep VAROs informed of their current addresses.

The VSC received a completed Dependency and Indemnity Compensation (DIC) widow's Dependency Questionnaire, on August 7, 1990. Subsequently, since at least January 1995, the widow's VARO mail had been returned with a "No Forward Order" message. The VSC had not attempted to determine a current address, nor did it take action to suspend the widow's DIC benefits, which were paid by direct deposit. On July 31, 1998, the VSC sent another Dependency Questionnaire that was returned on August 10, 1998, with a "No Forward Order." On September 29, 1999, the VSC terminated the widow's benefits, effective August 1, 1990, creating an overpayment of \$88,683. The effective date of termination was the first of the month in which the widow had last verified her entitlement status. This overpayment had not been collected as of August 31, 2000. In addition, the widow had not contacted the VARO to determine why her benefits had been terminated. This example demonstrates both processing timeliness and procedural problems. If VSC had attempted and been unable to determine the widow's whereabouts from January 1995, they could have suspended payments until she was located. This would have prevented about \$50,000 of the overpayment.

We concluded that management needed to improve their overpayment prevention efforts. Preventing C&P overpayments has been a VBA-wide problem for several years, and was previously addressed in OIG Report No. 7R1-B01-105, "Causes of C&P Overpayments," dated December 2, 1996. Stressing the importance of overpayment prevention to VSC employees should reduce overpayments of benefits.

Over the past several years, VBA has sought to improve C&P claims processing. One of VBA's primary initiatives in this area has been to implement a case management approach to claims processing. Case management is claimant oriented. Claims are reviewed as they are received to determine if the VARO has enough information to process the claim. If so, immediate action is taken. If not, the claimant is advised of necessary steps, including information the claimant needs to provide before a decision can be made on the claim. One of the critical elements of case management is that the claimant is kept advised of the status of his or her claim. Case management is being implemented in stages, a few VAROs at a time. VARO Boston is scheduled to implement case management in December 2001.

Recommendation 1. To improve C&P claims processing, the VARO Director should ensure that: a) VSC staff timely review incoming claims and initiate required development; b) VSC staff make reasonable efforts to determine proper addresses when VA mail sent to beneficiaries is returned as undeliverable; and c) overpayment prevention practices are implemented.

VARO Director Comments

[1] Timeliness of claims decisions

Concur - 6 of 20 claims with avoidable delays.

The commitment of time and resources required for Business Process Reengineering implementation and the forty percent of our Veteran Service Representatives (VSR) in trainee status diminished our productive capacity and thus timeliness performance. The FY 2001 Scorecard improvement plan emphasizes claim development and the priority processing of the oldest claim. This should improve processing timeliness. The TRIP, a training initiative, and the increasing proficiency of VSR's will also be a positive effect. To meet workload and succession requirements, we will be filling eight additional Rating Specialist positions. These positions will be filled by the end of January 2001 and should begin making a positive impact on our workload during the latter portion of the year. Reviewed the WIPP and workflow procedures to enhance the identification and processing of ready to rate cases.

[2] Returned mail policy

Concur - 9 of 70 pieces of drop mail required action.

The implementation of national initiatives and attrition in clerical staff has resulted in a reduced focus on this important area. The IG provided guidance on the exceptions to the Financial Privacy Act which clarified returned mail procedures for direct deposit

cases. Training was provided on this document and the relevant provisions of M21-1 and M23-1. All returned mail will be analyzed by a VSR. Returned mail processing will be a local category in all quality reviews.

[3] C&P benefit overpayment processing

Concur 4 of 13 overpayments could have been prevented.

The resource commitments required to implement national initiatives and performance goals has limited our productive capacity which resulted in a deferral of processing writeouts. The IG provided guidance on the exceptions to the Financial Privacy Act which clarified returned mail procedures for direct deposit cases. Local personal computer general letter (PCGL) will be developed to implement these provisions. The OIG report no. 7R1-B01-105 "Causes of C&P Overpayments" has been reviewed. Training has been conducted on these two documents plus M21-1 Part IV, Chapter 31 and other relevant manual provisions. The WIPP review and workflow has been revised to insure regular timely processing of writeouts and end product 600.

Office of Inspector General Comments

The Director's implementation plan is acceptable and we consider this issue resolved.

Automated Information System (AIS) and Physical Security Controls Should Be Strengthened

The VARO processes thousands of benefit awards valued at millions of dollars, annually. Nearly all of these awards are processed through the Benefits Delivery Network (BDN). The VARO is responsible for the safekeeping and integrity of extremely sensitive veterans' data maintained in the BDN, as well as their other automated systems. This responsibility should be one of the VARO's highest priorities. Our assessment of the VARO's AIS security disclosed several issues that required management attention. Discussions of these issues follow:

Risk Assessment

VA policy requires that a comprehensive high-level risk assessment be performed to identify all security threats and vulnerabilities. Once risks have been identified, management must then decide which risks to accept and which risks can be lessened through security controls. The VARO had not completed their risk assessment. The VARO had a draft of the risk assessment dated May 8, 2000, but it had not been completed. Management needs to complete and finalize their risk assessment and then take the appropriate measures to control any identified risks.

Security Awareness Training

VA policy requires that employees attend initial AIS security training before being granted access to VA systems or applications. All VA employees are required to

receive AIS security refresher training on an annual basis. We were informed that VARO Boston has not conducted any AIS security training within at least the past 18 months. We were also informed that the VARO had not provided employees with ethics training over the past 24 months. In light of recent fraudulent activities at VARO St. Petersburg, and given the nature of benefit claims processing duties, VARO employees should receive both ethics and security training on an annual basis.

Multiple BDN Access Controls

Proper security safeguards dictate that access to the BDN should be controlled and no one user should have the authority to establish, adjudicate, and authorize any one claim. The BDN system is programmed to prevent any one user from having all three authorities. However, the system cannot prevent individuals with multiple user identification numbers from attaining all three authorities. This vulnerability has been identified at other VAROs. Our review of multiple user access at VARO Boston disclosed three individuals had multiple user access identification numbers. It should be noted that none of these three individuals had all three authorities. However, VARO management acted to remove the multiple user identification numbers during our review.

BDN Terminals Left Unattended

On September 22, 1999, VBA management directed VAROs to use password-protected screen savers and to log off the BDN Shell when leaving their workstation unattended. Our review found that VARO employees had activated their password-protected screen savers. However, we observed several instances where users left their terminal unattended while logged on to the BDN Shell. This allows the users' command authorities to become vulnerable to unauthorized access.

Review of Security Logs

Review of daily security logs by the Information Security Officer (ISO) is a good means of monitoring the BDN system. Security logs are a record of security violations, such as an individual attempting to authorize a claim when the individual did not have the authority to do so. Such violations may also occur when an employee attempts to access the BDN and another user has already established an open session. We were provided evidence where such violations had occurred. Certain violations should be addressed with the employee and appropriate supervisor, while others may require disciplinary action. The VARO's security logs had not been reviewed since the ISO began extended sick leave, a period of about 6 weeks. VARO Boston's alternate ISO should review security logs in the absence of the ISO.

Access Controls for Information Security

Current VA policy requires the strengthening of access control (passwords) and certain other technical controls in computer systems. Overall, we found password controls at VARO Boston to be adequate. However, the Windows NT Enterprise Security Policy requires certain technical controls to be in place to further protect VA's information

security. We were informed that the default "Administrator" account found on the NT server had not yet been renamed, and the default "Guest" account also found on the NT server had not been disabled as required. These two accounts are popular targets for hackers because of their high level of permissions within the domain. VARO management corrected these issues during our review.

Security Over Sensitive Claim Files

VARO management needed to revise their claims file security procedures to comply with VBA instructions. VARO Boston is responsible for maintaining and adjudicating VA benefit claims of VA Medical and Regional Office Center (VAM&ROC) Togus, ME veteran-employees. On September 22, 1999, VBA management directed VAROs to take immediate action to hold veteran-employee claim files in a restricted-access locked file. Our review disclosed that VAM&ROC Togus veteran-employee claim files were being maintained in the general population of VARO Boston claims files. VARO Boston needs to identify and properly secure the claims files of all veteran-employees under their jurisdiction.

We concluded that several improvements were needed in the VARO's AIS and records security program. By completing the high-level risk assessment, implementing continuing security awareness and ethics training, improving BDN access and terminal security, ensuring that BDN security violations are reviewed, limiting access to the VARO network, developing an internet usage policy, and improving security over sensitive claims files, VARO management can provide greater assurance that sensitive data is safeguarded. As noted, VARO management corrected many of these areas during our review.

Recommendation 2. To improve AIS and records security, the VARO Director should ensure that: a) the high-level risk assessment is completed; b) security awareness and ethics training is conducted annually; c) BDN multiple user identification codes are eliminated; d) physical security over BDN terminals logged on to the BDN Shell is improved; e) BDN security logs are reviewed and when necessary, security violations are addressed; f) access to the station's NT server is controlled; and g) claims files of veteran-employees are identified and properly secured.

VARO Director Comments

We concur with the cited findings and will make every effort to improve our overall position with regards to AIS security issues.

a) We will continue to work with General Services Administration (GSA) and the Building Security Council to finalize the JFK Federal Building risk assessment inventory. Since the Regional Office occupies space in a GSA owned and managed building, the overall building risk assessment inventory is a critical component of the Regional Office's risk assessment tool.

b) Annual AIS training was completed on December 8, 2000 by all Regional Office employees and certificates of completed AIS training are on file. Additionally, we

agree that ethics training should be incorporated into the Regional Office culture, especially in light of recent documented situations and the importance that the Under Secretary for Benefits has given to ethical standards for all VBA employees. Therefore, we have requested VA Regional Counsel to conduct an all station employee ethics training class and anticipate completion of this training initiative on or before March 31, 2001.

c) BDN multiple user access codes are eliminated for users at the earliest possible time and when access series have been modified to allow employees information under one access code.

d) Physical security over BDN has been greatly enhanced with the station-wide implementation of VBA password protected screensavers. In addition, AIS training and management awareness has greatly reduced the risk of employees not logging out of BDN Shell when leaving their work area.

e) BDN Security Logs are being regularly reviewed and employees and management are notified of security incidents at the earliest possible opportunity.

f) Access to the station's computer room is controlled and restricted to IRM staff members and the Office of the Director. Corrective action was taken to the station's NT server accounts "Administrator," and "Guest" during the OIG visit. Strong passwords have been fully implemented.

g) Boston VARO employee and National Service Officer claim files are assigned to the RO of jurisdiction in accordance with M23-1 Part I Paragraph 13.07. VAM&ROC Togus employee claim files locally identified are under locked file security. While VBA Letter 20-99-68 announced a policy change which would require all VA employees' folders to be maintained as "locked files", no methodology exists for us to identify such folders as they are already within our file banks. Although VBA Letter 20-99-68 stated, "A list will be released shortly for each regional office identifying all veteran-employee claims folders", no listing of VHA or VAM&ROC Togus employees has been received to date. Thus, full implementation of this policy awaits further VACO action.

Office of Inspector General Comments

The Director's implementation plan is acceptable and we consider this issue resolved. However, with regard to recommendation 2g, VARO Boston should follow-up with VACO to obtain a listing of veteran employee claim folders held at Boston.

Fraud Prevention

Managers Fully Supported Fraud Prevention and Detection

VARO managers fully supported fraud prevention and detection efforts. They encouraged employees to report suspected fraud, waste, and abuse to the OIG, and they had personally made referrals to the Office of Investigations in a timely manner when circumstances required referral. The OIG's hotline referral number was posted for the information of employees, claimants, and visitors, and 92 VARO employees attended our 30-minute fraud and integrity awareness training sessions. Managers agreed to further improve communications by notifying the OIG when outside law enforcement agencies request assistance in an investigation, to avoid duplication of efforts.

While on site, we reviewed records in the compensation and benefits program area in support of ongoing proactive cases, as discussed below:

- **Death Match Cases.** In support of an ongoing death match proactive investigation, numerous claims files were reviewed. VARO cooperation and corrective action taken on 18 death match cases resulted in a dollar recovery exceeding \$100,000 and cost savings exceeding \$300,000. Continued liaison with the VARO concerning death match cases is anticipated.
- **Income Verification Match (IVM) Cases.** We were assisted by a VARO employee who helped review a selection of IVM cases that appeared at risk to fraud. It was determined that all cases were beyond the criminal statute of limitations, and in many cases, the VARO had decided no fraud was found. The VARO assistance in this matter was greatly appreciated.

Fraud and Integrity Awareness Briefings

As part of the CAP review, an Office of Investigations agent conducted four 90-minute Fraud and Integrity Awareness briefings, which included a discussion of the OIG's role in investigating criminal activity, and question and answer opportunities. In all, 92 VARO employees attended the briefings. The information presented in the briefings is summarized below.

Requirements for Reporting Suspected Wrongdoing. VA employees are encouraged, and in some circumstances, required to report suspected fraud, waste, or abuse to the OIG. VA Manual MP-1, Part 1, delineates VA employee responsibility for reporting suspected misconduct or criminal activity. Employees are encouraged to report such concerns to management, but reporting through the chain of command is not required. Employees can contact the OIG directly, either through the OIG's Hotline or by speaking with an auditor, investigator, or healthcare inspector. Managers are required to report allegations to the OIG once they become aware of them. The OIG depends on VA employees to report suspected fraud, waste, and abuse. All contacts with the OIG are kept confidential.

Referrals to the OIG. The Office of Investigations has two divisions that investigate allegations of wrongdoing. The Administrative Investigations Division is responsible for investigating allegations of employee misconduct that are not criminal in nature. An example of such misconduct would be misuse of a government vehicle by a senior VA official.

The Criminal Investigations Division (CID) is responsible for investigating alleged criminal activity. When an allegation is received, CID employees assess it and decide whether to open an official investigation. Not all referrals are accepted. An accepted referral is assigned to a case agent, who then conducts an investigation. If the investigation substantiates only misconduct, the matter is referred to the appropriate VA management official, who then determines whether administrative action, such as suspension or reprimand, is warranted.

If the investigation substantiates criminal activity, the matter is referred to the Department of Justice (DOJ), usually through the local U. S. Attorney. DOJ determines whether to accept the case for prosecution. DOJ does not accept all cases referred by the OIG. If DOJ accepts the case, an indictment or criminal information is used to charge an individual with a crime. The individual then must decide whether to plead guilty or to go to trial. If the individual pleads guilty or is found guilty by trial, the final step in the criminal prosecution process is sentencing.

Areas of Interest for OIG Investigations. The Criminal Investigations Division conducts investigations of a broad range of criminal activities that can occur in VA programs and operations. Areas of particular interest to the CID are procurement fraud, benefits program fraud, and healthcare-related crimes. Procurement fraud includes bid rigging, defective pricing, over billing, false claims, credit card fraud, and violations of

the Sherman Anti-Trust Act. Benefits-related fraud includes fiduciary fraud, compensation and pension fraud, equity skimming, and loan origination fraud. Healthcare-related crimes include homicide, assaults, sexual abuse, theft and diversion of pharmaceuticals, illegal receipt of medical services, fraudulent fee-basis billings, and conflicts of interest. Other areas of interest include workers' compensation fraud, travel voucher fraud, false statements by employees and beneficiaries, and other misconduct that involves employee integrity.

Important Information to Include in Referrals. When referring suspected misconduct or criminal activity to the OIG, it is very important to provide as much information as possible. The more information the OIG has before starting the investigation, the faster it can be completed. If possible, referrals should include the following five items of information:

- **Who** -- Names, position titles, connection with VA, and other identifiers.
- **What** -- The specific alleged misconduct or illegal activity.
- **When** -- Dates and times the activity occurred.
- **Where** -- Where the activity occurred.
- **Documents/Witnesses** -- Documents and witness names to substantiate the allegation.

Importance of Timeliness. It is important to promptly report allegations to the OIG. Many investigations rely heavily on witness testimony, and the more time between the occurrence of the crime and the interview of witnesses, the greater the likelihood that witnesses will not be able to recall important information. Over time, documentation may be misplaced or destroyed. In addition, most Federal crimes have a 5-year statute of limitations, which means that if a person is not charged with a crime within 5 years of its commission the person normally cannot be charged.

Monetary Benefits in Accordance With IG Act Amendments

Report Title: Combined Assessment Program Review of VA Regional Office,
Boston, Massachusetts

Project Number: 2000-02560-R1-0286

Recommendation Number	Category/Explanation of Benefits	Better Use of Funds
1	Better use of funds by preventing C&P overpayments through improved processing.	\$66,767

Regional Office Director Comments

**Department of
Veterans Affairs**

Memorandum

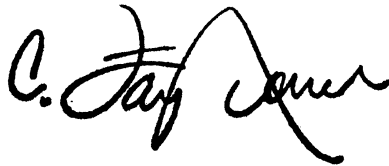
Date: February 2, 2001

From: Director (00), VARO Boston MA

Subj: Combined Assessment Program Review Draft Report

To: Director, Bedford Audit Operation Division (52BN)

1. Included in pertinent sections of the subject draft report are the VARO's responses to the OIG Team's observations and recommendations resulting from your visit, August 28 - September 1, 2000. We concur with the findings and recommendations and have provided specific implementation plans to address the issues raised.
2. If you have further questions, please have your staff call my office.

A handwritten signature in black ink, appearing to read "C. Fay Norred". The signature is fluid and cursive, with a large, sweeping "C" at the beginning and a long, trailing flourish at the end.

C. Fay Norred
Director

Final Report Distribution

VA Distribution

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Non-VA Distribution

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Ranking Member, Subcommittee on Oversight and Investigation, Committee on Veterans' Affairs, House of Representatives
Senator Edward M. Kennedy, United States Senate, Washington, DC
Senator John Forbes Kerry, United States Senate, Washington, DC
Congressman John Joseph Moakley, House of Representatives, Washington, DC

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