



# **Department of Veterans Affairs Office of Inspector General**

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## **Summary Report of Combined Assessment Program Reviews at the Veterans Benefits Administration Regional Offices June 2000 through September 2002**

## **Office of Inspector General Combined Assessment Program Reviews**

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are 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 medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Conduct fraud and integrity awareness training for facility staff.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

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**DEPARTMENT OF VETERANS AFFAIRS**  
**Office of Inspector General**  
**Washington DC 20420**

**Memorandum to:**

**Secretary (00)**  
**Under Secretary for Benefits (20)**

**Summary Report of Combined Assessment Program Reviews at Veterans Benefits Administration Regional Offices June 2000 Through September 2002**

1. This report summarizes recommendations and suggestions made in reports of Combined Assessment Program (CAP) reviews at Department of Veterans Affairs (VA) Veterans Benefits Administration (VBA) regional offices published during the period June 2000 through September 2002.

2. In the period covered by this summary, the OIG issued 19 reports of CAP reviews of VA regional offices (VAROs). The purpose of these reviews was to evaluate regional office claims processing and selected financial and administrative controls. We also provided fraud and integrity awareness training for about 2,300 VA employees, and in specific instances, examined issues or allegations referred to the OIG by employees, veterans, beneficiaries, Members of Congress, or others.

3. Each of the 16 conditions discussed in this summary report was found at more than 1 regional office. We noted that the following areas were identified most frequently as in need of significant improvement:

- Compensation and Pension Claims Processing - Deficiencies were found at 15 of 18 regional offices in which claims processing was reviewed.
- Hospital Adjustments - Deficiencies were found at 11 of 13 regional offices in which hospital adjustments were reviewed.
- Automated Information System and Benefits Delivery Network Security - Deficiencies were found at 18 of 19 regional offices in which information security was reviewed.
- Government Purchase Cards - Deficiencies were found at 9 of 11 regional offices in which the use of purchase cards was reviewed.

4. This report is provided to help ensure that VBA top management, and Area and VARO Directors address the issues identified. We may continue to review the issues reported here in future CAP reviews as well as covering new areas of inquiry.

A handwritten signature in black ink, reading "Richard J. Griffin". The signature is written in a cursive, flowing style with a large initial "R".

RICHARD J. GRIFFIN  
Inspector General

# Introduction

## Background

During the period June 2000 through September 2002, 19 reports were issued on CAP reviews completed at VAROs. Generally, the CAP reviews were conducted during 1-week site visits.

## Scope of CAP Reviews

The scope of the CAP reviews at each of the regional offices visited included some of the areas listed below. The CAP team leaders selected the areas reviewed at each regional office. This report summarizes the issues for which recommendations or suggestions were made in the selected areas of coverage that were reported in more than one CAP report.

- Compensation and Pension Claims Processing
- Hospital Adjustments
- One-Time Retroactive Payments
- Vocational Rehabilitation and Employment Claims Processing
- Responses to System Notices and Messages
- Overpayment Controls
- Returned Mail and Checks
- Compensation and Pension Medical Examinations
- Automated Information System and Benefits Delivery Network Security
- Employee Locked Files
- Physical Security of Claim Files
- Fiduciary and Field Examinations
- Loan Administration
- Vocational Rehabilitation and Employment Program
- Government Purchase Cards
- Regional Office Management Controls

Fraud and integrity awareness briefings were also conducted during CAP reviews and about 2,300 VBA employees received the briefings. The briefings included a film on the types of fraud that can occur in VA programs, discussions of the OIG's role in investigating criminal activity, and question and answer sessions.

### CAP Reports Issued

The following are the 19 VBA CAP reports issued during the period of June 2000 through September 2002.

<b>Report Title</b>	<b>Area</b>	<b>Report Number</b>	<b>Issue Date</b>
Combined Assessment Program Review, VA Medical and Regional Office Center, White River Junction, VT	Eastern	00-01062-84	6/5/2000
Combined Assessment Program Review, VA Regional Office, Boston, MA	Eastern	00-02560-028	2/2/2001
Combined Assessment Program Review, VA Medical and Regional Office Center, Wilmington, DE	Eastern	01-00222-7	10/5/2001
Combined Assessment Program Review, VA Regional Office, Cleveland, OH	Eastern	02-01165-111	6/7/2002
Combined Assessment Program Review, VA Regional Office, Manchester, NH	Eastern	01-02639-115	6/12/2002
Combined Assessment Program Review, VA Regional Office, New York, NY	Eastern	01-02104-116	6/12/2002
Combined Assessment Program Review, VA Regional Office, Newark, NJ	Eastern	02-01259-148	8/6/2002
Combined Assessment Program Review, VA Regional Office, Roanoke, VA	Southern	02-01929-156	9/3/2002
Combined Assessment Program Review, Royal C. Johnson Memorial VA Medical and Regional Office Center, Sioux Falls, SD	Central	00-02096-125	7/24/2001
Combined Assessment Program Review, VA Regional Office, New Orleans, LA	Central	01-02213-31	1/28/2002
Combined Assessment Program Review, VA Regional Office, Waco, TX	Central	02-00970-122	6/21/2002



<b>Report Title</b>	<b>Area</b>	<b>Report Number</b>	<b>Issue Date</b>
Combined Assessment Program Review, VA Medical and Regional Office Center, Fargo, ND	Central	00-01219-134	7/10/2002
Combined Assessment Program Review, VA Regional Office, Des Moines, IA	Central	02-01168-144	7/25/2002
Combined Assessment Program Review of the VA Montana Healthcare System and Regional Office	Western	00-01222-11	12/20/2000
Combined Assessment Program Review, VA Regional Office Phoenix, AZ	Western	01-00272-84	6/25/2001
Combined Assessment Program Review of the Spark M. Matsunaga VA Medical and Regional Office Center, Honolulu, HI	Western	01-01254-10	10/9/2001
Combined Assessment Program Review of the Alaska VA Healthcare System and Regional Office	Western	01-02016-13	10/15/2001
Combined Assessment Program Review, VA Regional Office Oakland, CA	Western	01-02124-71	3/21/2002
Combined Assessment Program Review, VA Regional Office, Denver, CO	Western	02-01766-171	9/30/2002

## CAP FINDINGS BY AREA OFFICE AND BY REGIONAL OFFICE JUNE 2000 THROUGH SEPTEMBER 2002

Veterans Benefits Administration Area Office																			
	Eastern							Southern	Central					Western					
CAP Findings	Medical and Regional Office Center (M&ROC) White River Junction, VT	Regional Office (RO) Boston, MA	M&ROC Wilmington, DE	RO Cleveland, OH	RO Manchester, NH	RO New York, NY	RO Newark, NJ	RO Roanoke, VA	M&ROC Sioux Falls, SD	RO New Orleans, LA	RO Waco, TX	M&ROC Fargo, ND	RO Des Moines, IA	Healthcare System & Regional Office (HCS&RO) Montana	RO Phoenix, AZ	M&ROC Honolulu, HI	HCS&RO Alaska	RO Oakland, CA	RO Denver, CO
Compensation and Pension Claims Processing		●	●	●	●	●	●	●		●	●	●	●		●		●	●	●
Hospital Adjustments	●		●		●	●	●			●	●		●		●			●	●
One-Time Retroactive Payments			●	●	●	●				●	●							●	●
Vocational Rehabilitation and Employment Claims Processing	●		●		●		●								●				
Responses to System Notices and Messages				●		●				●	●		●						●
Overpayment Controls		●	●												●				
Returned Mail and Checks		●							●		●				●				
Compensation and Pension Medical Examinations												●			●				
Automated Information System and Benefits Delivery Network Security	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●
Employee Locked Files		●				●				●						●		●	
Physical Security of Claim Files	●								●	●									
Fiduciary and Field Examinations			●		●	●	●	●	●	●			●		●			●	
Loan Administration				●	●														●
Vocational Rehabilitation and Employment Program				●	●	●	●			●	●				●			●	●
Government Purchase Cards		●			●		●	●			●	●	●			●			●
Regional Office Management Controls						●									●				

SHADED = AREA REVIEWED AT THIS SITE  
● = IMPROVEMENT NEEDED AT THIS SITE

## **Summary of CAP Findings**

The bullets under each of the following subjects represent recommendations and suggestions made in the 19 CAP reviews that this report summarizes.

<b>1. Compensation and Pension Claims Processing (findings at 15 of 18 regional offices)</b>
--

- Ensure that Veterans Benefits and Services Division (VBSD) staff improve claims processing timeliness by reducing avoidable delays.
- Improve monitoring of claims processing timeliness and aggressively follow up on processing delays.
- Ensure that Veterans Service Center (VSC) staff timely review incoming claims and timely initiate required development.
- Initiate processing of claims within 5 days of receipt, and initiate efforts to improve overall timeliness with respect to VBA goals and national averages.
- Ensure that VSC staff improve monitoring of claims processing and aggressively follow up on processing delays.
- Ensure that veteran service representative training includes emphasis on timeliness and accuracy of compensation and pension (C&P) claims processing in the specific areas identified by the OIG review.
- Provide VSC staff with training aimed at improving the development of claims.
- Provide VSC staff training that includes emphasis on timeliness and accuracy in processing C&P claims processing.
- Provide additional training to all VSC staff to facilitate the proper identification and analysis of claims-related mail to ensure that appropriate claims processing actions are taken.
- Make efforts to increase VSC staffing.
- Fill the two vacant rating veteran service representative positions.
- Send required correspondence to veterans at appropriate times during the processing of claims.

- Simultaneously process awards that involve both Benefits Delivery Network (BDN) and out-of-system processing, and provide proper advance notifications to beneficiaries.
- Promptly forward mail impacting benefits claims processing to VSC.
- Revise Beneficiary Identification Records Locator System records when veterans respond to VA inquiries with corrected Social Security numbers.
- Perform annual systematic analyses of operations (SAOs) for the C&P business line.

## **2. Hospital Adjustments (findings at 11 of 13 regional offices)**

- Provide refresher training on hospital adjustments to include how to access, run, and process the Automated Medical Information Exchange reports timely to prevent overpayments.
- Coordinate with the Veterans Integrated Service Network (VISN) to obtain information on veterans hospitalized at Government expense for 90 days or more.
- Strengthen controls over benefit adjustments for veterans maintained at VA expense and properly reduce benefits in the case identified.

## **3. One-Time Retroactive Payments (findings at 8 of 14 regional offices)**

- Ensure that VSC management reviews retroactive awards covering a period of more than 2 years to ensure validity and the required third-signature review.
- Direct Team Coaches to monitor all retroactive one-time payments that require third-party authorizations.
- Continue to closely monitor retroactive payments of benefits and ensure all required third-party authorization signatures are obtained.
- Provide all required data, including comments indicating that required signatures were missing and explanations for missing signatures, in reports submitted to VBA Headquarters.

**4. Vocational Rehabilitation and Employment Claims Processing (findings at 5 of 11 regional offices)**

- Process veterans' claims for Vocational Rehabilitation and Employment (VR&E) benefits in a timely manner.
- Continue to reduce avoidable processing delays and work towards the goal of processing VR&E applications within 60 days of receipt.
- Prioritize BDN input for VR&E re-applicants to minimize application date of claim errors in the system.

**5. Responses to System Notices and Messages (findings at 6 of 9 regional offices)**

- Provide VSC staff training with the aim of improving the processing of system-generated messages.
- Ensure that VBSD staff process system-generated messages that potentially impact on award accuracy within 30 days of receipt.

**6. Overpayment Controls (findings at 3 of 3 regional offices)**

- Timely process beneficiary notices of changes in entitlement status.

**7. Returned Mail and Checks (findings at 4 of 8 regional offices)**

- Ensure that appropriate action is taken when multiple benefit checks and mail are returned, or notification is received that a beneficiary is deceased.
- Ensure that VSC staff make reasonable efforts to obtain correct addresses when mail to beneficiaries is returned.

**8. Compensation and Pension Medical Examinations (findings at 2 of 5 regional offices)**

- Send requests for medical examinations timely to medical center staff.
- Ensure that timely reports of C&P examinations are provided to VARO staff.

- Provide training to clinicians conducting C&P examinations on VBA requirements and medical examination standards.

<b>9. Automated Information System and Benefits Delivery Network Security (findings at 18 of 19 regional offices)</b>
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- Ensure that the Information Security Officer (ISO) has the necessary independence to enforce security requirements.
- Require service chiefs to respond to the ISO as to what actions are taken concerning security violations and to provide justifications on a regular basis for employees with BDN access levels of 7 or higher.
- Appoint a full-time ISO.
- Appoint an ISO, properly trained in information technology (IT) security, to assist in developing and implementing an adequate IT security program.
- Assign the duties of BDN Security Officers and their alternates to individuals not directly involved with claims processing.
- Relieve the ISO of system administrator duties.
- Enter all claim numbers for employees in the BDN security file.
- Direct all staff to complete VA Form 70-4535 to identify employees and relatives receiving VA compensation so that those claims records can be electronically and physically locked.
- Ensure that employees are not assigned inappropriate combinations of claims processing commands.
- Ensure that veteran employees cannot process transactions for their own records by identifying those employees and ensuring that their claim file numbers are properly recorded.
- Give access to the claims authorization command (CAUT) only to GS-11 staff and higher.
- Assign each employee a single BDN user identification.
- Continuously monitor sensitivity levels to ensure that level 7 or higher access is limited to those who require it to perform job duties.
- Remove BDN access timely when an individual terminates employment.

- Continue to monitor the BDN User Identification (ID) file to identify and remove multiple and duplicate ID numbers.
- For VARO staff who commit BDN security violations, provide training, counseling, and disciplinary action, if necessary, to reduce future security violations.
- Test, document, and update the facility's disaster recovery and contingency plan on a regular basis.
- Update the Information Resources Management Contingency Plan to include a listing of current computer equipment.
- Test the Continuity of Operations Plan (COOP) and the disaster recovery plan, and update both as needed.
- Conduct a risk assessment on each automated information system (AIS) and issue any necessary security policies.
- Develop a formal agreement with the alternative processing facility to provide back-up AIS services in an emergency.
- Revise the Contingency Plan to include the name of the Emergency Preparedness Officer.
- Store data back-up files in a secure area off-site.
- Periodically test the facility's uninterruptible power supply (UPS) system under full load conditions.
- Test the UPS independently of the outside contractor.
- Limit access to the computer room to those individuals who require access.
- Secure the computer room and surrounding area.
- Provide initial and annual security awareness training to all users of VBA systems.
- Document AIS training in official personnel files.
- Complete action to remove unsecured dial-in modem connections.

- Require all users with access to information systems to use passwords that are at least eight characters in length and also include certain other characters that are not alphanumeric.
- Improve physical security of BDN terminals logged on to the BDN Shell.

#### **10. Employee Locked Files (findings at 5 of 7 regional offices)**

- Implement a control log that requires staff to sign out locked files and to return them at the end of the day.
- Physically inventory locked files during the semiannual reconciliation.
- Ensure that claims files for veteran-employees and their relatives are electronically locked.
- Ensure that VSC staff coordinate with the appropriate regional office of jurisdiction to obtain all employee-veterans' claim files for that office.
- Secure all employee-veterans' claim files in locked files.

#### **11. Physical Security of Claim Files (findings at 3 of 7 regional offices)**

- Improve the security of veterans' claim files by providing fire protection, securing the records room from unauthorized access, and ensuring that claim files are safeguarded in transit.

#### **12. Fiduciary and Field Examinations (findings at 10 of 18 regional offices)**

- Ensure that the fiduciary activity supervisor meets annually with appropriate personnel at the supporting VA medical centers to coordinate visits to veterans in nursing homes and residential care facilities.
- Ensure that Fiduciary and Field Examination (F&FE) staff follow up on delinquent fiduciary accountings.
- Ensure that fiduciary accountings are reviewed within 14 days of receipt and appropriate follow-up actions are taken when necessary.
- Ensure that field examiners: a) are notified of pertinent issues to be addressed during field examinations; b) conduct thorough field examinations; c) make



appropriate recommendations or referrals; and d) appropriately file and distribute field examination reports.

- Continue efforts to complete fiduciary accountings before fiduciary hearings.
- Ensure that F&FE staff meet with VA medical center staff to discuss and coordinate services provided to incompetent veterans.
- Advise OIG Investigators of incompetent veterans' abuse cases referred to Adult Protective Services.
- Ensure that field examiners conduct thorough field examinations and make appropriate recommendations or referrals.
- Provide enough staff to ensure that field examinations and fiduciary accountings are completed timely.
- Follow up on delinquent fiduciary accountings by letter, telephone, or personal contact.

<b>13. Loan Administration (findings at 3 of 5 regional offices)</b>
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- Maintain and update lender files and document any lender servicing deficiencies found.
- Consistently perform servicing for defaulted loans.
- Provide staff training on correctly computing interest cutoff dates for lender claims.
- Ensure that staff perform proper oversight of lender servicing activities, including follow-up actions taken and referrals made in relation to their oversight of lenders.
- Train staff in the use of the Loan Servicing and Claims System.
- Ensure that staff include essential documents in loan files as required, such as requests for liquidation appraisals, appraisal reports, cost analyses, bid letters, Notices of Default, and Notices of Intention to Foreclose.

**14. Vocational Rehabilitation and Employment Program (findings at 9 of 15 regional offices)**

- Ensure that veterans' status in the WINRS<sup>1</sup> and BDN systems agree with documentation in the veterans' Counseling, Evaluation and Rehabilitation (CER) folders.
- Accurately input dates of claim and claims-related data into BDN.
- Better document veterans' initial appointments and program eligibility.
- Regularly monitor veterans' VR&E case status.
- Verify the continued employment of veterans prior to declaring them rehabilitated.
- Randomly sample billed purchases each month to verify the goods or services were received.
- Ensure that VR&E case managers authorize, sign, and date education awards when necessary.
- Initiate discussions between senior VARO and medical center managers regarding providing health care services to VR&E participants as a One-VA initiative.
- Pursue clarification of VA policy with senior policy makers at VA Central Office concerning services to women veterans in the VR&E program.
- Ensure that CER folders contain documentation as to the veteran's notification of eligibility status, initial appointment dates, and decisions to grant benefits or change objectives.
- Consider conducting VR&E case management activities in-house.
- Document in CER folders that items purchased by VR&E were received by the veterans.
- Consider alternative methods to reduce the number of scheduled appointments missed by VR&E program participants.

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<sup>1</sup> WINRS is an information technology system used by VR&E field staff to manage their caseloads. The acronym was derived from the five VARO pilot test stations for the original program: Winston-Salem, Indianapolis, Newark, Roanoke, and Seattle.

- Verify subsistence allowances to school transcripts.
- Monitor VR&E case manager authorizations of supplies as part of VR&E's SAO.

**15. Government Purchase Cards (findings at 9 of 11 regional offices)**

- Implement controls to administer the Government purchase card program effectively.
- End the practice of purchase splitting.
- Evaluate purchase card spending limits and reduce where appropriate.
- Appoint and properly train Billing and Dispute Officers.
- Conduct all required program review and oversight functions.
- Designate six different persons as: Government Purchase Card Coordinator, Alternate Coordinator, Billing Officer, Alternate Billing Officer, Dispute Resolution Officer, and Alternate Dispute Resolution Officer to maximize separation of duties.
- Promote vendor competition to the maximum extent possible.

**16. Regional Office Management Controls (findings at 2 of 10 regional offices)**

- Continue to perform the Loan Guaranty Statistical Quality Reviews on Specially Adapted Housing.
- Update local policies and delegations of authority.
- Complete implementation of the Loan Guaranty Service Site Survey Report recommendations.
- Reduce or eliminate the \$1,200 agent cashier advance.
- Appoint a contracting officer to avoid using multiple convenience checks.
- Limit convenience check transactions to \$2,500.

## Report Distribution

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