



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Detroit, Michigan

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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Executive Summary

Introduction

During the week of November 17–21, 2003, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Detroit, Michigan. The purpose of the review was to evaluate selected regional office operations, focusing on benefits claims processing and financial and administrative controls. During the review, we also provided fraud and integrity awareness training for 169 regional office employees.

The regional office provides Compensation and Pension (C&P), Vocational Rehabilitation and Employment (VR&E), and burial benefits to eligible veterans, dependents, and survivors residing in Michigan.

Results of Review

The CAP review focused on 10 areas. As indicated below there were no concerns identified in four of the areas. The remaining six areas resulted in recommendations or suggestions for improvement.

The VARO complied with selected standards in the following areas:

- Management Performance
- Retroactive Payments
- Benefits Delivery Network Security
- Government Purchase Cards and Convenience Checks

Based on our review of these four areas, the following organizational strengths were identified:

- Veterans Service Center staff effectively implemented controls to ensure that retroactive payments were appropriate.
- Regional office management took actions to improve performance when problem areas concerning field examinations were identified.

To improve operations, we recommended the following:

- Adjust C&P payments to hospitalized veterans and identify hospitalized veterans receiving C&P benefits to determine the appropriateness of their awards.

- Adjust C&P benefits, make clothing allowance determinations, and improve timeliness of system message processing.
- Strengthen accountability and physical security of locked files and transfer claims folders to the appropriate regional offices of jurisdiction.
- Reduce the backlog of Initial Appointments and field examinations, perform examinations more timely, and maintain appropriate documentation in veterans' files.
- Request background investigations, assign correct sensitivity levels for computer-related positions, and revise local security and contingency plans.

We also made the following suggestion:

- Work towards meeting the targeted VR&E rehabilitation rate and improve the accuracy of data in the VR&E electronic case system.

Regional Office Director Comments

The Regional Office Director agreed with the CAP review findings and provided acceptable improvement plans. (See Appendix A, pages 11-16, for the full text of the Director's comments.) We will follow up on the planned actions until they are completed. This report was prepared under the direction of Mr. Freddie Howell, Jr., Director, and Mr. Larry Chinn, CAP Coordinator, Chicago Audit Operations Division.

*(original signed by
Jon Wooditch, Deputy IG for:)*
RICHARD J. GRIFFIN
Inspector General

Introduction

Regional Office Profile

Organization and Programs. VARO Detroit provides C&P, VR&E, and burial benefits to eligible veterans, dependents, and survivors residing in Michigan. The regional office operates out-based offices in VA medical centers (VAMCs) located in Ann Arbor, Battle Creek, Detroit, Iron Mountain, and Saginaw, MI.

VA's Loan Guaranty program for veterans residing in Michigan is administered by the Regional Loan Center located at VARO Cleveland, OH. Education benefits are provided by the Regional Education Processing Center located at VARO St. Louis, MO. Staff at the Eastern Area Human Resources Center located at VARO Baltimore, MD provides Human Resources Management (HRM) support.

Resources. The regional office had a Fiscal Year (FY) 2003 operating budget of about \$13 million, and a staffing level of 198 full-time equivalent employees.

Workload. The regional office serves a veteran population of about 865,300 in the State of Michigan. In FY 2003, the regional office authorized and paid about \$533 million in C&P benefits to about 81,000 beneficiaries. During FY 2003, the regional office had 2,479 participants in the VR&E program and provided fiduciary oversight for 2,792 incompetent veterans and other beneficiaries.

Objectives and Scope of the CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA benefit services. The objectives of the CAP review program are to:

- Conduct recurring evaluations of selected regional office operations, focusing on benefits delivery, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and of the requirement to refer suspected criminal activity to the OIG.

Scope. We reviewed selected benefits claims processing and financial and administrative activities to evaluate the effectiveness of benefits delivery and management controls. Benefits delivery is the process of ensuring that veterans' claims and requests for benefits or services are processed promptly and accurately. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met.

In performing the review, we inspected work areas; interviewed managers and employees; and reviewed benefits, financial, and administrative records. The review covered regional office

operations for FYs 2001-2004 through November 2003, and was performed in accordance with OIG standard operating procedures for CAP reviews. The review covered the following activities:

Benefits Delivery Network Security	Locked Files
Fiduciary and Field Examinations	Management Performance
Government Purchase Cards and Convenience Checks	Retroactive Payments
Hospital Adjustments	System Messages
Information Technology Security	Vocational Rehabilitation and Employment

Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strengths section of the report (page 3). Activities needing improvement are discussed in the Opportunities for Improvement section of the report (pages 4–10). For these activities, we make recommendations and a suggestion. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. A suggestion pertains to an issue that should be monitored by regional office management until corrective action is completed. For the activities not discussed in the Organizational Strengths or Opportunities for Improvement sections, there were no reportable deficiencies.

During the review, we also presented 5 fraud and integrity awareness briefings that were attended by 169 regional office employees. The briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Results of Review

Organizational Strengths

Procedures For Reviewing Retroactive Payments Were Effective. Veterans Service Center (VSC) staff effectively implemented controls designed to ensure that retroactive payments under \$25,000 were appropriate. For retroactive payments of \$25,000 or greater, Veterans Benefits Administration (VBA) policy requires that the Regional Office Director reviews the payments to ensure they are appropriate and that related internal controls are operating effectively. The Regional Office Director documented reviews and approvals for 117 such payments authorized during FY 2003.

VARO Management Had Taken Action To Improve Performance. In July 2003, VBA Central Office management identified problem areas in the VSC. Regional office management implemented a performance plan and from August 2003 to February 2004, the number of fiduciary beneficiary field examinations exceeding 120 days decreased from 360 to 89. During the same period, the number of Initial Appointment (IA) field examinations exceeding 45 days decreased from 27 to 4. Management will continue to review pending field examinations to monitor levels of achievement.

Opportunities for Improvement

Hospital Adjustments – The Processing of Benefits Adjustments for Hospitalized Veterans Needed To Be Improved

Conditions Needing Improvement. C&P benefits were not properly adjusted for veterans hospitalized for extended periods at Government expense as required by Federal law. Payments to veterans receiving additional aid and attendance allowances must be reduced to the lower housebound rate if they are hospitalized at Government expense for periods exceeding a calendar month.

Overpayments and Underpayments. Payments to veterans who were hospitalized at Government expense for extended periods resulted in overpayments and underpayments. At our request, VAMCs Battle Creek, Iron Mountain, and Detroit provided us data identifying 211 veterans who had been hospitalized for 90 days or more as of September 2003. We reviewed a judgment sample of 21 of the 211 hospitalized veterans' claims folders. Eighteen of 21 (86 percent) veterans receiving C&P benefits should have had their benefits adjusted. Sixteen of these veterans were overpaid a total of \$351,812 and two were underpaid a total of \$2,046.

Identifying Hospitalized Veterans. VSC staff did not consistently identify hospitalized veterans whose C&P benefits required adjusting. Each month, the staff should review reports from VA's Automated Medical Information Exchange (AMIE) system that identifies veterans admitted to VA medical facilities or VA contract nursing homes. After reviewing the AMIE reports, VSC staff should promptly adjust veterans' C&P benefits, when necessary.

In 8 of the 18 sample cases above, the veterans' claims records contained documentation, such as AMIE reports, that should have allowed VSC staff to make the required adjustments. For the remaining 10 cases, the claims records contained no documentation that the veterans had been hospitalized. The following two examples illustrate the effects when there are no notifications of veterans' extended hospitalizations at Government expense:

- In September 2001, a veteran receiving VA special monthly compensation benefits was admitted to a VA nursing home care unit. There was no documentation in the veteran's claims folder of the hospitalization. The veteran was hospitalized at Government expense and was not entitled to the special monthly compensation portion of his C&P benefits from November 2001 through the time of our review in November 2003. The veteran was overpaid \$58,212.
- In February 2002, a veteran was admitted to a VA contract nursing home. There was no documentation in the veteran's claims folder concerning the nursing home admission. The veteran was not entitled to the special monthly compensation portion of his C&P benefits from April 2002 through the time of our review in November 2003. The veteran was overpaid \$46,476.

Recommended Improvement Actions 1. We recommended that the Regional Office Director ensure that VSC staff: (a) adjust benefits for the veterans identified by our review and initiate collection actions where necessary, and (b) review AMIE reports and identify hospitalized veterans receiving C&P benefits to determine whether their benefits require adjustments.

The Regional Office Director agreed with the recommendations and reported that Senior Veterans Service Representatives (VSRs) have pulled and screened the cases identified by our review for corrective action and cases were distributed to individuals to work. In most cases, they must provide 60-days due process to claimants before taking action. Before our CAP review, only one station employee had experience working with the AMIE reports. VSC management has implemented a schedule to regularly generate AMIE hospital admission reports, and have trained a second employee to assist in generating the AMIE reports. Once the AMIE reports are generated, VSRs on the Triage Team will analyze the reports and determine whether benefits adjustments are appropriate. The target completion date is May 31, 2004. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

System Messages – Processing of Benefits Delivery Network System Messages Needed To Be Improved

Condition Needing Improvement. C&P system messages were not processed timely and properly. The Benefits Delivery Network (BDN) system generates various system and diary messages indicating that adjustments of benefits or corrections to BDN records are necessary. VBA policy requires regional offices to take initial action on system messages within 5 days of receipt. Actions taken on system messages must be kept under automated control using the correct dates of claim and end product numbers. If no action is necessary on a message, VBA policy requires system messages to be annotated, dated, and initialed.

We reviewed a judgment sample of 47 of 256 BDN system messages that were generated on August 1, 2003. Delaying or failing to process system messages resulted in overpayments of \$17,778 and underpayments of \$2,512. VSC staff did not implement appropriate actions on 42 of 47 system messages. The following examples illustrate some of the effects of not taking timely and proper actions on system messages:

- An overpayment of \$15,768 resulted when no action was taken to reduce an incorrect rate to a veteran receiving service-connected disability compensation.
- An overpayment of \$2,010 resulted because prompt action was not taken to adjust the rate for a deceased veteran's helpless dependent when a widow reestablished her entitlement.
- Underpayments totaling \$2,512 resulted because actions were not taken on two burial claims for \$600 each and an accrued benefit of \$1,312.
- Three determinations of entitlement to clothing allowances of \$580 per veteran were not made. The claims folders for the three veterans did not document that their clothing allowance entitlements needed to be reviewed, or that any other actions had been taken.

- Nine claims folders contained original system messages. Only one had action taken, but the action was not completed.
- VSC staff averaged 97 days to process three system messages, and two others had not been processed at the time of our review.

Recommended Improvement Action 2. We recommended that the Regional Office Director ensure that VSC staff take action on the cases we identified to adjust benefits payments, initiate collection actions where necessary, make clothing allowance determinations, and improve the timeliness of BDN system message processing.

The Regional Office Director agreed with the recommendation and reported that they will review cases identified by our review and take the necessary actions after providing claimants with 60-days due process. To enhance individual accountability and ensure timelier processing of BDN system messages, VSC management has assigned terminal digits¹ to Post-Determination Team VSRs. The target completion date is May 31, 2004. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Locked Files – Claims Folders Security Needed To Be Improved

Conditions Needing Improvement. The BDN Security Officer ensured that employee-veteran files were electronically locked at the proper BDN sensitivity levels and employee-veteran claims folders were appropriately linked to their BDN access numbers to prevent employees from altering their own records. However, there were three areas where management could improve claims folder security.

Semiannual Audit of Sensitive and Locked Files. VBA policy requires that a semiannual audit of both sensitive and locked files be conducted and that any discrepancies are immediately resolved. There was no documentation that semiannual audits were performed in FYs 2002 or 2003. The BDN Security Officer began the semiannual audit of electronically locked and physically locked files during our CAP review.

Claims Folder Security. Access to file cabinets containing employee-veteran claims folders from VARO Cleveland, OH and other sensitive records was not properly controlled. Three locked file cabinets were being used by the VSC Manager to store VARO Cleveland employee-veteran claims folders and other sensitive records. The keys to those file cabinets were kept in an unlocked desk drawer that was accessible to unauthorized staff.

Jurisdiction of Claims Folders. VBA policy requires that employee-veteran claims folders be transferred to the regional offices of jurisdiction and that these folders be physically locked. We found three VBA employee-veteran claims folders in the general file population. One folder from VARO Cleveland should have been stored in one of the VSC Manager's file cabinets, and two other folders should have been transferred to the appropriate regional offices of jurisdiction.

¹ Regional office staff refers to the last two digits of a veteran's claim file number as terminal digits.

Recommended Improvement Actions 3. We recommended that the Regional Office Director ensure that the VSC Manager: (a) conducts semiannual audits of sensitive and locked files, (b) limits access to keys for locked claims folders to authorized staff, and (c) transfers claims folders for employee-veterans to the appropriate regional offices of jurisdiction.

The Regional Office Director agreed with the recommendations and reported that the BDN Security Officer and the regional office Information Security Officer (ISO) will conduct the next locked file semiannual audit in April 2004, and it will be incorporated in their Systematic Analyses of Operations. The target completion date is April 30, 2004. The locked file keys are secured in a cabinet in the VSC Manager's office, and there is an additional key secured by the BDN Security Officer. VSC management has transferred claim folders for employee-veterans identified by our review to the regional offices of jurisdiction. In addition, VSC management has implemented the Annual Certification of Veterans Status and Veteran-Relative request for all central area HRM Center employees to identify employee-veterans. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Fiduciary and Field Examinations – Examination Timeliness and File Documentation Needed To Be Improved

Conditions Needing Improvement. Regional office management needed to improve the timeliness of IAs and fiduciary-beneficiary field examinations. VBA policy requires an IA examination be conducted within 45 days of the date that Fiduciary and Field Examination (F&FE) staff receive notification that the veteran has been declared incompetent. The subsequent field examination must be completed within 120 days after the scheduled diary date. The diary date for the first field examination is 1 year from the date of the IA examination.

Timeliness of Initial Appointments and Field Examinations. As of October 16, 2003, *Work in Progress* reports in the Fiduciary-Beneficiary System (FBS) showed that pending workload for 12 of 27 (44 percent) IAs and 321 of 501 (64 percent) field examinations exceeded the timeliness standards for conducting examinations. The F&FE supervisor attributed the delays to staff turnover and four supervisory changes since June 2002.

File Documentation. We reviewed a judgment sample of 21 incompetent veteran principal guardianship folders selected from FBS reports that showed overdue field examinations. We found the following 18 errors in 14 of 21 folders:

- Ten folders did not include copies of the latest F&FE examinations. The F&FE supervisor stated that the original documentation was sent to the field examiners and that the current workload did not allow time for copying them.
- Five folders contained "Request for Appointment of a Fiduciary, Custodian, or Guardian" forms that were not properly date stamped.
- One folder did not contain a rating of incompetence.
- Two folders for deceased beneficiaries were still in a pending field examination status and had not been cleared from FBS.

Recommended Improvement Actions 4. We recommended that the Regional Office Director ensure that: (a) VSC management reduces the backlog and performs timely IAs and field examinations, and (b) F&FE staff maintain appropriate documentation in the files of incompetent veterans.

The Regional Office Director agreed with the recommendations and reported that a plan has been implemented to assist the F&FE Unit in improving the processing of IAs and field examinations. In July 2003, VA Central Office informed the regional office of their out-of-line pending workload. As a result, they made significant strides to reduce the number of overdue IAs and field examinations and are continuing their efforts to redistribute cases and realign territories to reduce the number of pending overdue examinations. The target completion date is October 1, 2004. In addition, management has implemented a procedure to ensure that copies of the latest F&FE examinations are maintained in the principal guardianship folders. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Information Technology Security – Certain Security Controls Needed To Be Improved

Conditions Needing Improvement. Information Technology (IT) security controls were adequate in the areas of security awareness training, virus protection, password controls, computer room security, and backup of essential data. However, there were three areas where management could enhance IT security.

Background Investigations. VBA policy requires appropriate background investigations for automated information systems (AIS) related positions based on the sensitivity and importance of information used by these staff. The type of investigation must match the sensitivity designation assigned to the position. Seven regional office employees held AIS-related positions, but required background investigations were not completed for three because HRM staff did not complete the sensitivity level designation forms.

Position Descriptions. VBA policy requires that staff holding AIS-related positions have information security clauses included in their position descriptions to describe their specific security responsibilities. Position descriptions for the Alternate ISO, the BDN Security Officer, and four Information Resources Management staff did not contain the required security clauses. In addition, the position descriptions did not indicate the appropriate sensitivity levels.

Security and Contingency Plans. Security and contingency plans did not comply with VA and VBA policies, which require detailed plans to help ensure the protection of essential automated data. The security plan did not provide an overview of security controls and did not define user responsibilities for IT security. The contingency plan did not address backup, retention, and restoration of data and software. In addition, it did not identify mission critical functions, business resumption, contingency planning strategies, and the sequence of tasks to be performed in the event of a disaster.

Recommended Improvement Actions 5. We recommended that the Regional Office Director take action to: (a) request appropriate background investigations for staff in AIS-related positions, (b) assign appropriate sensitivity levels and include appropriate information security clauses in position descriptions for AIS-related positions, and (c) revise security and contingency plans to comply with VA and VBA policies.

The Regional Office Director agreed with the recommendations and reported that the required background investigations for AIS-related positions would be completed by October 1, 2004. According to management, the issue relating to appropriateness of sensitivity levels is determined at a higher level outside the jurisdiction of the regional office. The decision to alter sensitivity levels or request higher-level background investigations for specific VBA positions is currently under review by VBA senior management officials. They have established a review committee to determine the impact the issue will have VBA-wide, and they anticipate it will have a major impact on VBA's budget. Therefore, before the decisions to change current practice in assigning sensitivity levels and background investigations, they must pass through multiple concurrence levels. As such, management estimated a completion date of October 1, 2004.

The Regional Office Director also reported that the HRM Center in Baltimore is aware of the requirement to add information security clauses to the AIS-related position descriptions and efforts are underway to effect the change. The target completion date is April 30, 2004. The Director also reported that their security plan and contingency plan would comply with VA and VBA policies by June 30, 2004. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Vocational Rehabilitation and Employment – Program Performance Needed To Be Improved

Conditions Needing Improvement. VR&E staff needed to improve program performance and the accuracy of the status of cases for the rehabilitation of disabled veterans. We reviewed a judgment sample of 20 cases selected from the *Active Case Workload Detail Report* dated November 14, 2003. Improvement was needed in the following areas.

Performance Measures. The regional office did not meet the VR&E target rehabilitation rate of 68 percent. The rate measures the proportion of rehabilitated veterans to all veterans who exit the program during the most recent 12-month period. Through FY 2003, VR&E achieved a rehabilitation rate of only 24 percent. According to the VR&E Chief, the low rehabilitation rate resulted from removing inactive cases where veterans did not continue in the program.

Accuracy of Case Status. VR&E staff entered inaccurate and inconsistent data in the case management system that tracks and manages workload. There were 21 errors in 15 of the 20 (75 percent) cases reviewed:

- In nine cases, the veterans' status as recorded in Corporate WINRS² (CWINRS) was not consistent with data recorded in BDN or in Counseling, Evaluation, and Rehabilitation (CER) files.
- In five cases, the correct application dates were not established in BDN and CWINRS to properly calculate timeliness.
- In four cases, the BDN and CWINRS status categories did not properly reflect that the veterans were removed from the program. VBA requires VR&E to update case status categories (using the date of change) no later than 2 workdays after the status change.
- In two cases, the veterans' status should have been changed based on documentation in their CER files.
- In one case, a veteran's application status had not changed in 588 days, and the case had not been assigned to a VR&E counselor.

VR&E needed to update case status categories to ensure that appropriate action is being taken at each step of the process. If the case status is not updated timely, services needed by a veteran can be impacted. The VR&E Chief attributed the inaccuracies to turnover and inexperienced VR&E counselors. Five of the 7 VR&E counselors had less than 2 years experience.

Suggested Improvement Actions. We suggested that the Regional Office Director take action to ensure that VR&E staff: (a) works towards meeting the targeted rehabilitation rate, and (b) reviews program data in CWINRS for accuracy, make corrections when necessary, and update veterans' case status more timely.

The Regional Office Director agreed with the suggestions and reported they were implementing monthly assessments of case management activities and instituting a system of rewards and recognition to encourage meeting the goal. In addition, they will perform quality control reviews of cases to ensure the accuracy of the CWINRS data. As to correcting past errors, they corrected data in BDN, but were unable to correct data in CWINRS. They will document in the CWINRS case notes any errors and corrected dates. The improvement plans are acceptable, and we consider the issues resolved.

² Corporate WINRS is a VR&E electronic case management system. The acronym was derived from the five VARO pilot test stations for the original program: Winston-Salem, Indianapolis, Newark, Roanoke, and Seattle.

Regional Office Director's Comments

**Department of
Veterans Affairs**

Memorandum

Date: March 1, 2004

From: Director, VA Regional Office, Detroit, MI

Subject: Combined Assessment Program Review of the VA Regional Office
Detroit, Michigan

To: Freddie Howell Jr., CGFM
Director
Chicago Audits Operations

Enclosed is the Detroit (RO) response to the CAP Draft Report dated February 3, 2004. The Detroit RO concurs with the recommendations/suggested improvement actions in the draft report. This enclosure will clarify the position taken on each recommended action and contain the specific corrective actions implemented or planned by the RO.

We appreciate the visit by the team of OIG inspectors in November 2003. The recommendations and comments we received from this team will be very beneficial in improving our operations.

If you have any questions regarding our reply, please feel free to contact me at (313) 471-3600.

/s/
KEITH J. THOMPSON
Director

VARO Director's Comments to Office of Inspector General's Report

The following Director's comments are submitted in response to the recommendation and suggestions in the Office of Inspector General Report:

OIG Recommendation(s)

Recommended Improvement Actions 1. We recommend that the regional office Director ensures that VSC staff:

- a) Adjust benefits for the veterans identified by our review and initiate collection actions where necessary.

Concur **Target Completion Date:** May 31, 2004

Cases have been pulled and screened for proper corrective action by Sr. VSRs and distributed to individuals to work. In most cases we must provide 60 day due process to claimants prior to taking our action. We will monitor for completion of necessary processing and advise when we have completed our actions.

- b) Review AMIE reports and identify hospitalized veterans receiving C&P benefits to determine whether their awards require adjustment.

Concur **Target Completion Date:** May 31, 2004

In preparation for training on the subject of hospital adjustments, it was discovered prior to the IG visit, that AMIE hospital admission reports were not being generated on a regular basis and that only one station employee had experience with such report access. Consequently, a reliable, systematic schedule was developed, and a second employee trained and regularly participates in, the generation of AMIE hospital admission reports. Veterans Service Representatives (VSRs) on the Triage Team analyze these reports to determine whether an award adjustment is probable. Hospital admission reports are then associated with the claims folder and delivered to the coach or assistant coach of the Post-Determination Team where the claim is assigned to a VSR for timely and appropriate action.

Furthermore, comprehensive hospital adjustment training was conducted by GS-12 Senior VSRs in early December 2003. This training was provided for all Service Center VSRs including the Senior VSRs. It incorporated all pertinent guidance from M21-1; Parts I, III, and IV; as well as 38 CFR Part 3.551-3.558; Fast Letter 00-90 and Fast Letter 02-10. An assortment of handouts and a Hospital Admission Processing Flow Chart were distributed.

Recommended Improvement Action 2. We recommend that the Regional Office Director ensure that VSC staff take action on the cases we identified to adjust benefits payments, initiate collection actions where necessary, make clothing allowance determinations, and improve the timeliness of system message processing.

Concur **Target Completion Date:** May 31, 2004

We are in the process of finding and reviewing the cases for necessary action. We will advise when completed. In most cases we must provide 60 day due process to claimants prior to taking our action.

In the past, there have been infrequent occasions in which C&P system messages were not generated or properly routed to the correct regional office. Upon recognition of these situations, such messages were regenerated and expedited to the appropriate office. Since the IG visit in November, terminal digits have been assigned to Post-Determination Team VSRs, which has enhanced individual accountability, thereby assuring more timely processing of C&P system messages. We have reduced the backlog of system messages that we were aware of before the time of the audit.

Recommended Improvement Actions 3. We recommend that the regional office Director ensures that the VSC Manager:

- a) Conduct semiannual audits of sensitive and locked files.

Target Completion Date: April 30, 2004

The next locked file review will be conducted in April 2004 by the BDN Security Officer and the station ISO. The division has also incorporated a semi-annual SAO on this topic into its SAO schedule. While a cursory review of Locked Files had been incorporated into the SAO on Quality of Correspondence and Files Activities, we agree that there is nothing substantive concerning this topic for FY 2002 or 2003.

- b) Limit access to keys for locked claims folders to authorized staff.

Concur **Completed:** February 19, 2004

The key for lock claims folders is in a locked cabinet in the Veterans Service Center Manager's office. An additional key has been made and is now secured under separate lock by the Station BDN Security Officer.

- c) Transfer claims folders for employee-veterans to the appropriate regional offices of jurisdiction.

Concur **Completed:** February 19, 2004

Three employee-veteran claims folders were immediately shipped to the appropriate stations of jurisdiction. Annual Certifications of Veteran Status and Veteran-Relatives are now required of all co-located central area HRM Center employees. This requirement could have prevented one of the instances.

Recommended Improvement Action(s) 4. We recommend that the regional office Director ensures that:

- a) VSC management reduces the backlog and performs timely IAs and field examinations.

Concur **Target Completion Date:** October 1, 2004, monitoring ongoing

We concur with the Office of Inspector General's (OIG) finding that aspects of Fiduciary and Field Examination (F&FE) operations need improvement. In July 2003, we were notified by VA Central Office of our out-of-line pending workload. A plan was implemented at that time to assist the F&FE Unit in improving. We have made positive strides since that time. On August 1, 2003, the Federal Beneficiary System showed 592 Federal Beneficiary Exams (FB) pending 360 (61%) over 120 days and 72 Initial Appointment (IA) with 27 (38%) over 45 days. Currently, there are 19 IA exams pending, of which 4 (21%) are over 45 days and 256 FB exams pending, of which 89 (35%) are over 120 days.

We will continue our efforts to redistribute cases and re-align territories in order to reduce the number of pending overdue exams. We continue to face challenges in this operational area as one of our Field Examiners retired on February 13, 2004.

- b) F&FE staff maintains appropriate documentation in the files of incompetent veterans.

Concur **Completed:** November 21, 2003

We agree that a copy of the latest F & FE examination should be maintained in the Principal Guardianship Folder. Effective November 2003, we began sending a photocopy of the previous exam to the Field Examiner.

Recommended Improvement Actions 5. We recommend that the regional office Director takes action to:

- a) Request appropriate background investigations for AIS-related positions.

Concur **Target Completion Date:** October 1, 2004

See explanation b) below.

- b) Assign correct sensitivity levels and include appropriate information security clauses in position descriptions for AIS related positions.

Concur **Target Completion Dates:**

October 1, 2004 - Sensitivity levels.

April 30, 2004 – Security clauses in position descriptions for AIS related positions.

Background investigations are completed appropriate to the sensitivity levels currently designated for the positions in question. Assignments of the sensitivity levels are determined at a higher level outside the jurisdiction of the Detroit Regional Office. We share the IG's concerns regarding appropriate sensitivity levels and the corresponding elevated background investigations for AIS-related positions and raised the issue to our senior management officials before the IG's visit. Documentation of this was presented to the IG during their November audit. At that time, the decision to alter sensitivity levels or order higher level background investigations for specific VBA positions was pending the review of a committee appointed by senior management to study the impact of this issue VBA-wide. At this time, the committee and the HR Centers have collaborated to develop a Standard Operating Procedure (SOP) that comprehensively addresses position sensitivity and the appropriate background investigation for each VBA position. The SOP along with a White Paper, which outlines resource issues associated with administering the recommended SOP, was submitted to the Area Directors in March 2004. The Area Directors will discuss the issues and submit a report with their recommendations to VBA senior management officials in headquarters. A decision on this matter will impact the organization VBA-wide and have a major impact on VBA's budget. Therefore, recommendations from the committee will need to be presented to and reviewed by several departments, (Office of Field Operations, Human Resources, Finance, Security, etc.) Decisions to change current practices in assigning sensitivity levels and background investigations must pass through multiple concurrence levels and therefore an optimistic completion date of October 1, 2004 is assigned to this finding.

Our servicing HR Center-Baltimore is aware of the requirement to add the information security clause to our local AIS related position descriptions and action is underway to effect this change for the positions in question. Although changes to nationwide position descriptions to include the online PD Library may take longer, all local AIS-related position descriptions will be revised by the completion date of April 30, 2004.

C Revise security and contingency plans to comply with VA and VBA policies.

Concur **Target Completion Date:** June 30, 2004

Our system security plan and contingency plan are being modified to comply with VA and VBA policies.

OIG Suggestion(s)

Suggested Improvement Action(s) 1. We suggest that the regional office Director takes action to ensure that VR&E staff:

- a) Work toward meeting the targeted rehabilitation rate.

Concur **Target Completion Date:** October 1, 2004, monitoring ongoing.

We have apprised the staff of this goal, are closely monitoring case management activity via monthly assessment of progress, and have implemented a system of rewards and recognition to encourage meeting the goal.

- b) Review program data in CWINRS for accuracy, make corrections when necessary, and update veterans' case status more timely.

Concur **Target Completion Date:** October 1, 2004, monitoring ongoing.

We have apprised the staff of this goal and are closely monitoring activity via quality control review of cases. Staffs requiring oversight in this area are managed accordingly.

As to correcting past errors, we can enter corrected data into BDN, but are unable to correct data in CWINRS. We will document in the CWINRS case notes any errors and corrected dates.

CWINRS was introduced in Detroit in approximately Fall of 2002. During the transitional data entry from WINRS to CWINRS, some data was lost and some erroneously copied. Additionally, some data is pre-WINRS and is no longer available

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1	Adjust payments to veterans hospitalized for a period exceeding a calendar month at Government expense and recoup inappropriate payments (\$351,812 - \$2,046).	\$349,766
2	Completing action on system messages would prevent overpayments and underpayments to beneficiaries (\$17,778 - \$2,512).	\$15,266
	Total	\$365,032

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