



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Lincoln, Nebraska

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.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

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

**To Report Suspected Wrongdoing in VA Programs and Operations
Call the OIG Hotline – (800) 488-8244**

Contents

	Page
Executive Summary	i
Introduction	1
Facility Profile	1
Objectives and Scope of the CAP Review	1
Results of Review	3
Organizational Strengths	3
Opportunities for Improvement	4
Vocational Rehabilitation and Employment Program	4
Compensation and Pension Hospitalization Adjustments	7
Security of Sensitive Records	8
Information Technology Security	10
Compensation and Pension System Message Processing	10
Appendixes	
A. Central Area Director Comments	12
B. VARO Lincoln Director Comments	13
C. Monetary Benefits in Accordance with IG Act Amendments	18
D. OIG Contact and Staff Acknowledgments	19
E. Report Distribution	20

Executive Summary

Introduction

During the week of April 5-9, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Lincoln, Nebraska. 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 a fraud and integrity awareness briefing to 51 VARO Lincoln employees. VARO Lincoln is under the jurisdiction of the Veterans Benefits Administration's (VBA) Central Area.

VARO Lincoln provides compensation and pension (C&P), vocational rehabilitation and employment (VR&E), and burial benefits to eligible veterans, dependents, and survivors residing in Nebraska.

Results of Review

This CAP review focused on 11 areas. There were no concerns identified in the following six areas:

- Benefits Delivery Network (BDN) Controls
- Director's Reviews of One-Time C&P Payments Over \$25,000
- Fiduciary and Field Examination (F&FE)
- Government Purchase Card Program
- Payments to Incarcerated Veterans
- Retroactive One-Time Payments Under \$25,000

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

- BDN controls were appropriate.
- The Director's reviews of one-time C&P payments over \$25,000 were properly completed.
- Payments to incarcerated veterans were reviewed and payments were adjusted when required.

To improve operations, the following recommendations were made:

- Provide timely services to applicants for VR&E benefits, strengthen monitoring of the progress of program participants, properly document plans for independent living programs, and validate the accuracy of application dates and case status data entered into electronic record systems.

- Reduce C&P payments as appropriate for the veterans we identified who were hospitalized at Government expense for extended periods, provide refresher training for Veterans Service Center (VSC) staff at least annually concerning required reductions of C&P payments to hospitalized veterans, and improve compliance with requirements for notification when veterans are hospitalized for extended periods by consulting with appropriate staff of VA medical facilities serving Nebraska veterans.
- Conduct and document semiannual audits of sensitive records, transfer the claims folders of all participants in work-study programs at VARO Lincoln to VARO St. Louis, secure the claims folders of all participants in work-study programs at VARO St. Louis in locked files, correct the inventory listing of locked files, work with VARO St. Louis staff to reconcile both facilities' inventories of locked files with listings of secured electronic files, and transfer the claims folders of VARO St. Paul employees to VARO Sioux Falls.
- Revise the Information Technology (IT) contingency plan to include a current inventory of available computer equipment and a prioritized list of essential computer functions, and test the contingency plan at least annually.

We also made a suggestion to improve processing of system-generated messages by correcting specific deficiencies identified during our review and providing VSC staff refresher training concerning processing of system-generated messages.

Central Area Director and VARO Lincoln Director Comments

The Central Area and VARO Lincoln Directors agreed with the CAP review findings and provided acceptable improvement plans. (See Appendix A, page 12, for the full text of the Central Area Director's comments and Appendix B, beginning on page 13, for the full text of the VARO Lincoln Director's comments.) We will follow up on the implementation of recommended improvement actions until they are completed.

This report was prepared under the direction of Mr. Michael E. Guier, Director, and Ms. Joann Pritchard, CAP Review Coordinator, Dallas Audit Operations Division.

(original signed by:)
RICHARD J. GRIFFIN
Inspector General

Introduction

Facility Profile

Organization. VARO Lincoln provides C&P, VR&E, and burial benefits to eligible veterans, dependents, and beneficiaries residing in Nebraska. VARO Lincoln is part of the VBA's Central Area and serves a veteran population of about 162,800. VARO Lincoln operates out-based offices at Offut Air Force Base and at VA medical facilities in Omaha, Lincoln, Grand Island, and North Platte, Nebraska.

Resources. VARO Lincoln's fiscal year (FY) 2004 operating budget is about \$5 million. As of January 2004, the facility had 67 full-time equivalent employees.

Workload. In FY 2003, VARO Lincoln processed about 13,000 C&P claims and authorized payment of \$231 million in C&P benefits. As of February 2004, VARO Lincoln was providing VR&E services for 925 veterans and fiduciary oversight for 881 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 health care and benefits services. The objectives of the CAP review are to:

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

Scope. The review covered facility operations for the period from January 2003 through March 2004 and was done in accordance with OIG standard operating procedures for CAP reviews.

In performing the review, we interviewed managers and employees; reviewed beneficiary files and financial and administrative records; and inspected work areas. The review covered selected aspects of the following areas:

BDN Controls	IT Security
C&P Hospitalization Adjustments	Payments to Incarcerated Veterans
C&P System Message Processing	Retroactive One-Time Payments
Director's Reviews of One-Time	Under \$25,000
Payments Over \$25,000	Security of Sensitive Records
F&FE	VR&E Program
Government Purchase Card Program	

During the review, we also provided a fraud and integrity awareness briefing, which was attended by 51 VARO Lincoln employees. This briefing covered procedures for reporting suspected criminal activities to the OIG and included case specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

In this report we make recommendations and a suggestion for improvement. 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 Central Area and VARO Lincoln management until corrective action is completed. For activities not discussed in the Organizational Strengths or Opportunities for Improvement sections, there were no reportable deficiencies.

Results of Review

Organizational Strengths

BDN Controls Were Appropriate. Information Resources Management officials had established appropriate controls over the assignment of BDN passwords and C&P claims authorization commands to reduce the risk of fraudulent or improper use of BDN. Access to BDN required a strong password as defined by VBA policy, and the number of employees with the C&P authorization command was limited in accordance with applicable directives.

The Director's Reviews of One-Time C&P Payments Over \$25,000 Were Properly Completed. VBA policy requires the VARO Director to review all one-time C&P payments of \$25,000 or more. The purpose of this review is to ensure that the payments are appropriate and that the related internal controls are operating effectively. Three VSC employees, one of whom must be a supervisor or team coach, should approve each payment and sign the award document authorizing the payment. If the Director finds that the payment was released without meeting the three-signature requirement, the VSC Manager should personally review the payment to explain why the requirement was not met.

We verified that the Director had reviewed each of the nine payments exceeding \$25,000 during the first quarter of FY 2004. The Director completed and documented reviews of these payments timely, and all of the payments were supported by three signatures.

Payments to Incarcerated Veterans Were Reviewed and Payments Were Adjusted When Required. Federal law requires that compensation payments be reduced and pension payments be discontinued when veterans are incarcerated in Federal, State, or local penal institutions for periods exceeding 60 days. VBA provides VAROs monthly listings of matches between the C&P Master Record File and the Social Security Administration's State prisoner data. We reviewed the records of 25 veterans included on the monthly listings for July through December 2003 and concluded that VARO Lincoln staff had taken actions to reduce or discontinue payments when appropriate.

Opportunities for Improvement

Vocational Rehabilitation and Employment Program – Timeliness of Services, Monitoring of Veterans’ Progress, Documentation of Independent Living Programs, and Accuracy of Program Data Needed Improvement

Condition Needing Improvement. VR&E staff needed to improve the timeliness of services provided to veterans in applicant status, strengthen case management, document plans for independent living programs, and ensure that program data in IT systems are accurate.

The VR&E program provides services and assistance enabling veterans with service-connected disabilities to become employable and to obtain and maintain suitable employment. The VR&E program also helps certain veterans with service-connected disabilities achieve functional independence in daily activities. VR&E staff assign every program participant to a specific case status at each stage in the rehabilitation process. Generally, veterans pursuing higher education or other training should move sequentially from applicant status through evaluation and planning status, rehabilitation to the point of employability status, employment services status, and rehabilitated status. Veterans having difficulties functioning independently in family, community, or employment matters may qualify for vocational or rehabilitation services available under independent living programs. Veterans leaving the program before achieving rehabilitation should be placed in discontinued status. Veterans temporarily interrupting their training programs but planning to resume training in the near future should be placed in interrupted status.

To determine whether veterans received timely and appropriate VR&E services, we reviewed the Counseling, Evaluation, and Rehabilitation (CER) folders and IT system records of a judgment sample of 25 veterans selected from the *Chapter 31 Veterans in Open Case Status* report dated February 28, 2004. Of the 25 veterans selected, the report showed 5 were in applicant status, 5 in evaluation and planning status, 5 in rehabilitation to the point of employability status, 5 in independent living status, and 5 in interrupted status. We identified four issues requiring management attention.

Timeliness of Services. VR&E staff needed to improve the timeliness of services provided veterans in applicant status. Veterans are classified in applicant status from the dates their applications for VR&E benefits are received until their eligibility is determined and they attend an orientation session. VBA’s goal is to complete this process within 60 days. However, all five veterans in our judgment sample who were in applicant status experienced significant delays. Documentation in the veterans’ CER folders indicated VR&E staff did not initiate action for periods ranging from 97 to 231 days after the veterans’ applications were received.

Monitoring of Veterans' Progress. VR&E staff did not adequately monitor the progress of eight veterans in our sample. For example:

- VR&E staff placed one of the veterans in evaluation and planning status on March 20, 2003. There was no documentation of additional activity in the case until March 9, 2004, when the veteran was placed in interrupted status.
- The records of a veteran in rehabilitation to the point of employability status included no documentation of activity from February 24, 2003, to the date of our review in April 2004.
- VR&E staff placed another veteran in independent living status on May 15, 2002. The veteran's records contained no evidence of activity from August 4, 2002, to the date of our review in April 2004.

VR&E staff should maintain contact with program participants to ensure that the veterans' needs are being met and to help overcome any obstacles to accomplishment of the veterans' objectives.

Plans for Independent Living Programs. VR&E staff did not adequately document plans for independent living programs. An independent living program may include evaluation of independent living potential, training in independent living skills, identification of appropriate housing accommodations, or various other services intended to help the veteran live without the assistance of others or with a reduced level of assistance. At a minimum, plans for independent living programs should include measurable goals and descriptions of the specific services to be provided.

VR&E staff did not adequately document plans for independent living programs for three of the five veterans in independent living status:

- The CER folder of one veteran did not contain a written independent living plan.
- Independent living plans in the CER folders of two veterans were developed in FY 2001 and were not updated to reflect current needs.

Inadequate plans for independent living programs make it difficult to determine when the veterans' programs are completed or whether the veterans benefit from the services provided.

Accuracy of Program Data. VR&E staff use two separate IT systems, the Chapter 31 Case Status System and the Corporate WINRS (C-WINRS) System,¹ to manage their case workload and produce management reports. VBA designed the Chapter 31 Case

¹ Corporate WINRS is a VR&E electronic case management system. The acronym was derived from the five VA regional offices that were pilot test facilities for the original program: Winston-Salem, Indianapolis, Newark, Roanoke, and Seattle.

Status System to help VR&E staff track the status of each case in their workload, and VBA uses data in the system to measure performance. VR&E staff use the C-WINRS System to perform daily case management activities, such as scheduling appointments, generating letters, developing rehabilitation plans, and recording changes in case status.

Documentation in veterans' CER folders showed data in the IT systems were not accurate. For example:

- Application dates in the C-WINRS System were inaccurate for all five veterans in applicant status and three of the five veterans in evaluation and planning status. Inaccurate application dates in the C-WINRS System were 9 to 91 days later than the actual dates of receipt of the applications.
- The Chapter 31 Case Status System showed two veterans were in interrupted status while documentation in their CER folders and data in the C-WINRS System indicated they had been placed in discontinued status more than 3 years before our review.
- The Chapter 31 Case Status System showed one veteran had been in rehabilitation to the point of employability status continuously since December 29, 1998. Documentation in the veteran's CER folder and the C-WINRS System indicated the veteran was placed in rehabilitated status on January 19, 2001.

Inaccurate data in the IT systems hinder efforts to monitor veterans' progress in the VR&E program and may skew performance measures.

Recommended Improvement Action(s) 1. We recommended the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) provide timely services to applicants for VR&E benefits, (b) strengthen monitoring of the progress of program participants, (c) properly document plans for independent living programs, and (d) validate the accuracy of application dates and case status data entered into the Chapter 31 Case Status System and the C-WINRS System.

The Central Area and VARO Lincoln Directors agreed with the findings and recommendations. The VARO Lincoln Director stated that several improvement actions have been taken. To improve the timeliness of services to applicants, the VARO revised procedures, obtained assistance from another VARO, and sought funding to hire contractors. VR&E personnel have received training on monitoring the progress of program participants, documenting plans for independent living programs, and using the C-WINRS System. VR&E personnel are using reports from the IT systems to identify cases that need supervision. In addition, the VR&E Officer monitored new cases for a month to ensure that accurate data were entered into the IT systems. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Compensation and Pension Hospitalization Adjustments – Payments to Veterans Hospitalized at Government Expense Needed to Be Reduced

Condition Needing Improvement. VSC staff did not properly reduce C&P payments to certain veterans who were hospitalized for extended periods of time at Government expense. In certain situations, Federal law requires reduction of C&P payments to hospitalized veterans. For example, payments to veterans who are entitled to an aid and attendance allowance in addition to their regular disability pension or compensation benefits generally must be reduced to the lower housebound rate if the veterans are hospitalized at Government expense for periods exceeding 1 full calendar month.

At our request, the VA Eastern Colorado Health Care System, the VA Nebraska Western Iowa Health Care System, the VA Black Hills Health Care System, and the VA Medical Center Cheyenne, Wyoming, identified 423 veterans who had been continuously hospitalized at Government expense for 90 days or more as of March 11, 2004. We compared the information provided by the medical facilities with the C&P System records for the 423 veterans and identified 12 veterans whose C&P payments needed to be reduced. These veterans were overpaid a total of \$393,135 while hospitalized at Government expense. C&P payments to 8 of the 12 veterans had not been reduced because VSC staff overlooked relevant information in the veterans' claims folders regarding the veterans' hospitalizations. Payments to the other four veterans had not been reduced because the VA medical facilities failed to notify the VSC of the veterans' hospitalizations.

Prior to our review, VARO Lincoln managers realized that C&P payments to hospitalized veterans in their jurisdiction were not always appropriately reduced and initiated action to detect existing overpayments and prevent future overpayments.

- On November 18, 2003, VARO Lincoln staff asked VBA's Office of Performance Analysis and Integrity to provide a listing of Nebraska veterans receiving special monthly compensation subject to reduction when the veterans were hospitalized at Government expense. After receiving the listing on December 3, 2003, VSC staff began reviewing the veterans' records, sending the veterans due process notifications, and adjusting payments when appropriate.
- On December 18, 2003, and January 21, 2004, VSC staff received training concerning reductions of C&P payments to veterans hospitalized at Government expense.
- On January 27, 2004, the VARO Lincoln Director signed a Memorandum of Understanding with the VA Nebraska Western Iowa Health Care System Director concerning notifications when veterans receiving C&P payments are placed in non-VA medical facilities at Government expense.

Recommended Improvement Action(s) 2. We recommended the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) reduce C&P payments as appropriate for the veterans we identified who were hospitalized at Government expense for extended periods, (b) provide refresher training for VSC staff at least annually concerning required reductions of C&P payments to hospitalized veterans, and (c) improve compliance with requirements for notification when veterans are hospitalized for extended periods by consulting with appropriate staff of VA medical facilities serving Nebraska veterans.

The Central Area and VARO Lincoln Directors agreed with the findings and recommendations. The VARO Lincoln Director reported that the 12 cases requiring C&P payment reductions have been adjusted. Refresher training concerning C&P payments to hospitalized veterans was conducted in June 2004. Also, the VSC Manager will analyze listings of patients receiving contract nursing home care and beneficiaries receiving special monthly compensation as part of an annual analysis of C&P hospitalization adjustments. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Security of Sensitive Records – Management Controls Needed Improvement

Condition Needing Improvement. Management controls over sensitive records² needed improvement. VBA policy requires that sensitive hardcopy records be secured in locked files with access limited to division chiefs and designated alternates and that sensitive electronic records be secured through the Common Security User Manager (CSUM) application. Sensitive records must be secured at the designated offices of jurisdiction. VAROs Lincoln and St. Louis, Missouri, serve as each other's office of jurisdiction. The claims folders of employees and participants in work-study programs at VARO Lincoln should be stored in locked files at VARO St. Louis. The claims folders of employees and participants in work-study programs at VARO St. Louis should be stored in locked files at VARO Lincoln.

To ensure that sensitive records are securely maintained at the proper location, VBA policy requires semiannual audits of sensitive records. The semiannual audits should include inventories of locked files, comparisons of CSUM electronically secured file listings with inventories of locked files, and reconciliations of the inventory listings with the office of jurisdiction's listings.

² VBA designates the claims folders and electronic records of the following persons as sensitive records: all VBA employees, certain other VA employees, participants in VA work-study programs who work closely with VBA employees, relatives of VBA employees, Veterans Service Organization employees, and high profile or infamous veterans.

We evaluated the identification and handling of sensitive records and found the following deficiencies:

- VARO Lincoln could not provide documentation of prior semiannual audits of sensitive records. After receiving our request for copies of semiannual audits, VSC staff conducted an audit on March 26, 2004, and identified five claims folders that should have been secured in locked files but were not.
- The records of participants in work-study programs were not secured because VSC staff were unaware of the security requirements. The claims folders of eight participants in work-study programs at VARO Lincoln were improperly stored at VARO Lincoln and were not secured in locked files, and their electronic records were not secured through the CSUM application. The claims folders of seven participants in work-study programs at VARO St. Louis were appropriately located at VARO Lincoln but were not secured in locked files.
- The claims folders of nine VARO St. Louis employees were secured in locked files but were not on VARO Lincoln's inventory listing.
- The electronic records of 26 VARO St. Louis employees were not secured through the CSUM application.
- The claims folders of two VARO St. Paul, Minnesota, employees were improperly stored at VARO Lincoln. The claims folders should have been at VARO St. Paul's office of jurisdiction, VARO Sioux Falls, South Dakota.

Recommended Improvement Action(s) 3. We recommended the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) conduct and document semiannual audits of sensitive records, (b) transfer the claims folders of all participants in work-study programs at VARO Lincoln to VARO St. Louis, (c) secure the claims folders of all participants in work-study programs at VARO St. Louis in locked files, (d) correct the inventory listing of locked files, (e) work with VARO St. Louis staff to reconcile both facilities' inventories of locked files with listings of secured electronic files, and (f) transfer the claims folders of VARO St. Paul employees to VARO Sioux Falls.

The Central Area and VARO Lincoln Directors agreed with the findings and recommendations. The VARO Lincoln Director reported that a semiannual audit of sensitive records will be conducted in September 2004. Claims folders of participants in work-study programs at VARO Lincoln have been transferred to VARO St. Louis, and claims folders of participants in work-study programs at VARO St. Louis have been secured at VARO Lincoln. The VARO Lincoln locked file listing has been updated, and an updated listing of VARO St. Louis electronically secured files was reconciled with VARO Lincoln locked files in July 2004. Also, the VARO has initiated efforts to ensure claims folders of two VARO St. Paul employees are transferred to VARO Sioux Falls.

The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Information Technology Security – Contingency Planning Needed Improvement

Condition Needing Improvement. VA policy requires each facility to develop and maintain a current IT contingency plan documenting the specific methodology, structure, discipline, and procedures to be used for emergency response, backup operations, and post-disaster recovery. VBA policy requires the plan be tested annually. Preparation, updating, and testing of the plan helps ensure the availability of critical resources and facilitate continuity of operations in emergency situations.

VARO Lincoln staff had developed an IT contingency plan, but the plan needed to be expanded to include additional information essential for critical IT operations. The IT contingency plan did not include a current inventory of computer equipment and did not list the key computer functions, in order of priority, essential to sustain the most critical operations in an emergency. Also, the plan had not been tested annually, even on a limited basis, to determine whether contingency operations could be sustained without major interruptions.

Recommended Improvement Action(s) 4. We recommended the Central Area Director ensure that the VARO Lincoln Director: (a) revises the IT contingency plan to include a current inventory of available computer equipment and a prioritized list of essential computer functions, and (b) tests the contingency plan at least annually.

The Central Area and VARO Lincoln Directors agreed with the findings and recommendations. The VARO Lincoln Director reported that an appendix listing current computer equipment and prioritizing essential computer functions was added to the IT contingency plan, and a desktop test of the contingency plan will be conducted in August 2004. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Compensation and Pension System Message Processing – Processing of Messages Generated by the Benefits Delivery Network Needed Improvement

Condition Needing Improvement. VSC staff needed to improve processing of messages generated by BDN. BDN generates messages to advise field stations of the need to review beneficiaries' records. These system-generated messages are provided on two forms. VA Form 20-6560, *Notice of Benefit Payment Transaction*, is used to notify VAROs of changes made to C&P master records. These changes may be the result of processing future-date actions initiated by information stored within the system or certain transactions initiated by the VARO or VA data processing center, such as actions to

suspend or stop payments. VA Form 20-8270, *C&P Master Record-Audit Writeout*, is generated when an automated audit detects a potential error. The form provides a copy of the beneficiary's C&P master record and a message code with an explanation of the type of potential error detected.

We selected a judgment sample of 15 messages generated by BDN during December 2003 to determine whether VSC staff took appropriate actions. We found that VSC staff did not take appropriate actions on 4 of the 15 messages. For example, VSC staff received a VA Form 20-6560 indicating action was needed to determine whether a veteran who was in the active reserves wished to elect drill pay or VA disability compensation while on active duty for training. Our review of the veteran's records disclosed that no action had been taken in response to the system-generated message. Not taking appropriate actions on system-generated messages may result in inappropriate benefit payments and generate additional work for VSC staff.

Suggested Improvement Action(s) 1. We suggested the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) correct the specific deficiencies identified during our review, and (b) provide VSC staff refresher training concerning processing of system-generated messages.

The Central Area and VARO Lincoln Directors agreed with the findings and suggestions. The VARO Lincoln Director reported that corrective actions have been taken on the four specific deficiencies identified during our review, refresher training concerning processing of messages generated by BDN was conducted in June 2004, and a process has been implemented to log and spot check BDN messages to ensure they are processed timely and accurately. The improvement plans are acceptable.

Central Area Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: July 30, 2004

From: Director, Central Area (20F3)

Subject: **Combined Assessment Program Review of the
VA Regional Office Lincoln, Nebraska**

To: Michael E. Guier, Director, Dallas Audit Operations
Division

Central Area concurs with the Lincoln Regional Office's responses to Recommended Improvement Actions and is forwarding their report to you for review. Completion of Action items 3 and 4 is expected on or before August 27, 2004. Your office will be notified when these items are completed.

(original signed by:)

WILLIAM D. FILLMAN, JR.

VARO Lincoln Director Comments

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

The following Director's comments are submitted in response to the recommendations and suggestion in the Office of Inspector General's report:

OIG Recommendation(s)

Recommended Improvement Action(s) 1. We recommend the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) provide timely services to applicants for VR&E benefits, (b) strengthen monitoring of the progress of program participants, (c) properly document plans for independent living programs, and (d) validate the accuracy of application dates and case status data entered into the Chapter 31 Case Status System and the C-WINRS System.

Concur **Target Completion Date:** Done

a. The division has revised the intake process. The possibility of doing group orientations has been explored. The division worked with Central Office in order to obtain contracts and GOE funding to address this deficit. The division is brokering work to Des Moines for Eligibility Entitlement Decisions.

b. Training has been provided to VR&E personnel on this issue. A template was developed in order to insure that comprehensive supervisions were written. Staff has designated time to do dictation. CWINRS and the COIN TAR reports are being used to identify cases that need supervision. Staff has been trained on the use of CWINRS Alerts to use as scheduling tool. The use of a contracted case manager is being pursued. The division has implemented a motivational program in order to update cases that have not been supervised or contacted for a prolonged period.

c. The division has not maintained contact with resources in the community that can provide the necessary assessment. The division is attempting to identify these resources on a case by case basis. This process is impaired because of the remote location of the veteran, limited staff, and the need to have payment protocol. Central Office will be providing training on IL, cases and division personnel will be participating. Training on the use of the forms and procedures which were provided during the VREO Conference in June 2004 will be done during the July in-service training.

d. Training on GED processing with CWINRS was provided by the corporate WINRS designer. The VREO monitored new cases for one month and no out of line situations were noted. He remains available to assist staff with difficult cases.

Recommended Improvement Action(s) 2. We recommend the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) reduce C&P payments as appropriate for the veterans we identified who were hospitalized at Government expense for extended periods, (b) provide refresher training for VSC staff at least annually concerning required reductions of C&P payments to hospitalized veterans, and (c) improve compliance with requirements for notification when veterans are hospitalized for extended periods by consulting with appropriate staff of VA medical facilities serving Nebraska veterans.

Concur

Target Completion Date: Done

a. The 12 cases requiring reduction due to hospitalization have been adjusted.

b. Hospital refresher training for VSC staff was conducted on December 18, 2003, January 21, 2004, and June 17, 2004. Annual refresher training will be ongoing for VSC staff.

c. A Memorandum of Understanding with the VA Nebraska-Western Iowa Health Care System (NWIHCS) Director and VARO Lincoln Director was signed on January 27, 2004. NWIHCS will notify the Lincoln VARO each time a veteran is hospitalized and is in receipt of C&P benefits.

In the Annual Schedule for Systematic Analysis of Operation-Timeliness of Hospital Adjustment, the VSCM has added the following new elements to analyze:

(1) Contact appropriate staff at VAMC Omaha, Grand Island, Lincoln, Cheyenne, Denver, and Black Hills HCS for a listing of all veterans receiving contract nursing home care over the past year. Request this information two months prior to SAO due date.

(2) Review the station 2004 Special Monthly Compensation list received from the office of Performance Analysis and Integrity for potential hospital reduction during the past year. This list is stored locally in the supervisor folder on the H drive.

Recommended Improvement Action(s) 3. We recommend the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) conduct and document semiannual audits of sensitive records, (b) transfer the claims folders of all participants in work-study programs at VARO Lincoln to VARO St. Louis, (c) secure the claims folders of all participants in work-study programs at VARO St. Louis in locked files, (d) correct the inventory listing of locked files, (e) work with VARO St. Louis staff to reconcile both facilities' inventories of locked files with listings of secured electronic files, and (f) transfer the claims folders of VARO St. Paul employees to VARO Sioux Falls.

Concur

Target Completion Date: 08/27/04

a. A documented semiannual audit was conducted on March 26, 2004. A documented semiannual audit will be ongoing. The next audit is scheduled for September 26, 2004.

b. All claims folders for Lincoln work study participants have been transferred to VARO St. Louis.

- c. All St. Louis work study participant claims folders have been secured in locked files.
- d. Our inventory listing of locked files has been updated.
- e. An updated listing of St. Louis secured electronic files was received in July 2004 and reconciled with our locked files on July 20-21, 2004. Four St. Louis veteran-employee folders were requested from VARO St. Louis on July 20 and 21, 2004.
- f. One of two VARO St. Paul employee folders has been transferred to VARO Sioux Falls. One file is still located in VARO St. Louis locked files. A follow-up message was sent to VARO St. Louis on July 20, 2004.

Recommended Improvement Action(s) 4. We recommend the Central Area Director ensure that the VARO Lincoln Director: (a) revises the IT contingency plan to include a current inventory of available computer equipment and a prioritized list of essential computer functions, and (b) tests the contingency plan at least annually.

Concur

Target Completion Date: 08/27/04

- a. A complete inventory was mailed to the IG on February 28, 2004, as an attachment to the Preliminary Risk Assessment. Another can be sent if necessary. A Business Impact Analysis detailing vital current computer equipment and prioritizing recovery of essential computer functions has been added to the IT Contingency Plan as an appendix.
- b. An IT Contingency Plan desktop test will be completed by August 27, 2004. The RO has not performed the full system test. We have requested guidance from our Network Support Center in St Paul and from VBA Central Office. Currently, we have not received guidance and/or specific instructions. This RO will comply with the CAP review recommendations for a full system test as soon as instructions are received.

OIG Suggestion(s)

Suggested Improvement Action(s) 1. We suggest the Central Area Director ensure that the VARO Lincoln Director takes action to: (a) correct the specific deficiencies identified during our review, and (b) provide VSC staff refresher training concerning processing of system-generated messages.

Concur **Target Completion Date:** Done

- a. We have corrected the deficiencies on the four system generated messages identified during the CAP review.
- b. Refresher training on BDN system generated message was conducted on June 17, 2004. All incoming 8270's and 6560's are routed to the VSCM. The VSCM has created a "8270/6560 log" and is having the Authorization Quality Officer conduct monthly spot checks to ensure that system generated messages are reviewed timely and accurately.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
2a	Payments to certain veterans who were hospitalized at Government expense for extended periods should be reduced.	\$393,135

OIG Contact and Staff Acknowledgments

OIG Contact	Joann Pritchard (512) 326-6215
-------------	--------------------------------

Acknowledgments	William Bailey
	Theresa Cinciripini
	Curtis Hill
	John Houston
	Heather Jones
	Debra Major
	Sally Stevens

Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Assistant Secretaries
General Counsel
Director, Central Area Office (20F3)
Director, VARO Lincoln, Nebraska (334/00)
Director, VARO St. Louis, Missouri (331/00)
Director, VA Black Hills Health Care System (568/00)
Director, VA Eastern Colorado Health Care System (554/00)
Director, VA Medical Center Cheyenne, Wyoming (442/00)
Director, VA Nebraska Western Iowa Health Care System (636/00)

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on VA, HUD, and Independent Agencies
House Committee on Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on VA, HUD-Independent Agencies
Senate Committee on Government Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
Senator Chuck Hagel
Senator Ben Nelson
Congressman Douglas Bereuter
Congressman Lee Terry
Congressman Tom Osborne

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.