



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Huntington, West Virginia

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	
Regional Office Profile	1
Objectives and Scope of the CAP Review	1
Results of Review	
Opportunities for Improvement	3
Compensation and Pension Hospital Adjustments	3
Automated Information System Security	4
Government Purchase Card Program	5
Appendixes	
A. Southern Area Director Comments	6
B. Regional Office Director Comments	7
C. Monetary Benefits in Accordance with IG Act Amendments	10
D. OIG Contact and Staff Acknowledgments	11
E. Report Distribution.....	12

Executive Summary

Introduction

During the week of April 25–29, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Huntington, West Virginia. The regional office is part of the Veterans Benefits Administration (VBA) Southern Area. The purpose of the review was to evaluate selected regional office operations, focusing on benefits claim processing and financial and administrative controls. During the review, we also provided 4 fraud and integrity awareness briefings to 97 regional office employees.

Results of Review

This CAP review focused on nine areas. The regional office complied with selected standards in the following six areas:

- Benefits Delivery Network (BDN) Controls
- Compensation and Pension (C&P) Large Retroactive Payment Controls
- C&P Locked Files
- Dependents Educational Assistance Benefits
- Fiduciary and Field Examinations
- Payments to Incarcerated Veterans

We identified three areas that needed additional management attention. The following recommendations were made to both the Southern Area Director and the VARO Huntington Director:

- Ensure benefit payments to veterans hospitalized at Government expense for extended periods are adjusted and initiate appropriate collection actions.
- Install an automated sprinkler system in the computer room.
- Reduce the monthly credit limits on Government purchase cards and set future credit limits based on actual procurement needs.

We also made recommendations to the Southern Area Director to:

- Coordinate with the Eastern Area Director to ensure that the Regional Office Directors in Baltimore, Cleveland, Pittsburgh, and Philadelphia adjust benefits for veterans hospitalized at Government expense for extended periods and initiate appropriate collection actions.

- Coordinate with the Eastern Area Director to ensure that the Pension Maintenance Center (PMC) adjusts benefits for veterans hospitalized at Government expense for extended periods and initiate appropriate collection actions.

This report was prepared under the direction of Mr. William Withrow, Director, and Mr. Larry Reinkemeyer, CAP Review Coordinator, Kansas City Audit Operations Division.

Southern Area Director and Regional Office Director Comments

The Southern Area and Regional Office Directors agreed with the findings and recommendations, and provided acceptable implementation plans. (See Appendixes A and B, pages 6–9, for the full text of the Directors’ comments) We will follow up on planned improvement actions until they are completed.

(original signed by:)

JON A. WOODITCH
Acting Inspector General

Introduction

Regional Office Profile

Organization and Programs. The regional office administers disability pension, disability compensation, survivor benefits, vocational rehabilitation and employment (VR&E) services, and dependents educational assistance to eligible veterans, dependents, and survivors residing in 51 counties in West Virginia. The veteran population in the regional office's jurisdiction is approximately 189,000. Approximately 30,000 veterans and survivors are in receipt of C&P benefits and nearly 400 veterans are receiving VR&E services. Benefit expenditures were about \$330 million in fiscal year (FY) 2004.

The regional offices in Winston-Salem, Roanoke, and Buffalo provide loan guaranty eligibility, loan guaranty servicing, and educational assistance benefits, respectively, to veterans within the jurisdiction of VARO Huntington.

Resources. In FY 2004, the regional office's general operating expenses were about \$8.9 million, and staffing at the end of FY 2004 was 114 full-time equivalent employees.

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, 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. We reviewed selected benefits claim processing, financial, and administrative activities to evaluate the effectiveness of benefits delivery and general management and operational controls. The benefits delivery process ensures that veterans' claims for benefits and requests for services are processed promptly and accurately. Management and operational controls include the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure attainment of organizational goals. The review covered regional office operations for FYs 2004 and 2005 (through May 2005) and was done in accordance with OIG standard operating procedures for CAP reviews.

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

Automated Information Systems	C&P Locked Files
Security	Dependents Educational Assistance
BDN Controls	Benefits
C&P Hospital Adjustments	Fiduciary and Field Examinations
C&P Large Retroactive Payment	Government Purchase Card Program
Controls	Payments to Incarcerated Veterans

In this report we make recommendations for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. For activities not discussed in the Opportunities for Improvement section, there were no reportable deficiencies.

During the review, we also presented 4 fraud and integrity awareness briefings attended by 97 regional office employees. The briefings 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.

Results of Review

Opportunities for Improvement

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

Condition Needing Improvement. C&P payments to veterans hospitalized for extended periods of time at Government expense were not reduced as required by Federal law. 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 a full calendar month.

At our request, VA medical centers in Beckley, Clarksburg, Huntington, and Martinsburg, WV; Chillicothe, OH; and the VA Pittsburgh Health Care System identified 445 veterans who had been continuously hospitalized at Government expense for 90 days or more as of February 1, 2005. We compared the information provided by the medical facilities with C&P system records and identified 36 veterans whose C&P payments had not been reduced as required. As of May 2005, these veterans were overpaid \$448,495.

- VARO Huntington overpaid six veterans \$55,466 because Veterans Service Center (VSC) personnel did not take appropriate actions when they received notices of the veterans' hospitalizations.
- The Baltimore, Cleveland, Pittsburgh, and Philadelphia regional offices overpaid 11 veterans \$254,947 because their VSC personnel did not take appropriate actions when they received notices of the veterans' hospitalizations.
- The PMC¹ in Philadelphia overpaid 19 veterans \$138,082 because their personnel did not make adjustments to the pension benefits of hospitalized veterans.

VSC staff at VARO Huntington, the four other regional offices, and the PMC agreed that the C&P payments should have been reduced and informed us that actions had been taken to adjust the payments.

Recommendation 1. We recommended that the Southern Area Director ensure that the Regional Office Director: (a) adjust benefits for the six veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for VSC personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

¹ PMCs are responsible for processing all activity related to established pension cases. The three PMCs are located at VAROs in Philadelphia, PA; Milwaukee, WI; and St. Paul, MN.

The Southern Area and Regional Office Directors agreed with the finding and recommendations and stated that all six cases have been adjusted and collection action has been initiated by VARO staff. VARO staff plans on completing annual refresher training by July of each year beginning in 2005. The improvement plans are acceptable, and we will follow up on planned improvement actions until they are completed.

Recommendation 2. We recommended that the Southern Area Director coordinate with the Eastern Area Director to ensure that the Regional Office Directors in Baltimore, Cleveland, Pittsburgh, and Philadelphia: (a) adjust benefits for the 11 veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for VSC personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

The Southern Area Director agreed with the finding and recommendations and stated that the 11 cases have been adjusted and collection action initiated by VARO staff. The regional offices have provided and will continue to provide annual refresher training on C&P payments to hospitalized veterans. The improvement plans are acceptable, and we will follow up on planned improvement actions until they are completed.

Recommendation 3. We recommended that the Southern Area Director coordinate with the Eastern Area Director to ensure that the PMC: (a) adjusts benefits for the 19 veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

The Southern Area Director agreed with the finding and recommendations and stated that the 19 cases have been adjusted and collection action initiated by PMC staff. The PMC has provided and will continue to provide annual refresher training on C&P payments to hospitalized veterans. The improvement plans are acceptable, and we will follow up on planned improvement actions until they are completed.

Automated Information Systems Security – Computer Room Needed an Automated Sprinkler System

Condition Needing Improvement. Regional office managers needed to ensure that the computer room was adequately protected from potential fires. Federal Information Processing Standards require automated sprinkler systems be installed to protect essential electronic equipment.

The computer room did not have an automated sprinkler system. Although the computer room had the required fire extinguishers located within 50 feet of computer and telecommunication hardware, the fire extinguishers would not provide adequate protection against fire during non-business hours.

Recommendation 4. We recommended that the Southern Area Director ensure that the Regional Office Director installs an automated sprinkler system in the computer room.

The Southern Area and Regional Office Directors agreed with the finding and recommendation and stated that VARO staff have made plans to install a fire suppression system. The system is included in the current Regional Office space renovation and building upgrade plan, and is projected to be completed by September 30, 2006. The improvement plans are acceptable, and we will follow up on planned improvement actions until they are completed.

Government Purchase Card Program – Reductions in Monthly Credit Limits Are Needed

Condition Needing Improvement. Regional office managers needed to reduce the monthly credit limits for Government purchase cardholders. The regional office issued six purchase cards with a total monthly limit of \$220,000. Our analysis of purchase card transactions revealed that the average monthly purchase card expenditures from September 2004 through February 2005 totaled approximately \$27,000. On average, the six cardholders only needed between 3 and 43 percent of their monthly credit limits to meet office procurement needs. The Purchase Card Coordinator agreed that the credit limits were too high and made the appropriate adjustments to cardholder credit limits.

Recommendation 5. We recommended that the Southern Area Director ensure that the Regional Office Director: (a) reduces the monthly credit limits of all cardholders and (b) sets all future individual cardholder credit limits according to the actual procurement needs of the office.

The Southern Area and Regional Office Directors agreed with the finding and recommendations and stated that the Purchase Card Coordinator has already made the appropriate adjustments to cardholder credit limits. The improvement plans are acceptable, and we will follow up on planned improvement actions until they are completed.

Southern Area Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: July 7, 2005
From: Southern Area Director (20F2)
Subject: **Combined Assessment Program Review of the VA
Regional Office Huntington, West Virginia**
To: Director, Kansas City Audit Operations Division (52KC)

The Southern Area Office Director concurs with the recommendations of the OIG, and the actions plans and target dates set by the Huntington Regional Office.

The Area Director will contact the Eastern Area Director and the Central Area Director and provide the cases identified in recommendation numbers two and three for possible adjustment.

If any additional information or questions arise, please feel free to contact me at 615 695-4070.

(original signed by:)

Michael Dusenbery

Regional Office Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: July 1, 2005

From: Director, VA Regional Office Huntington, West Virginia
(315/00)

Subject: **Combined Assessment Program Review of the VA
Regional Office Huntington, West Virginia**

To: Director, Kansas City Audit Operations Division (52KC)

The following comments relate to the draft report of the CAP review of the Huntington VA Regional Office.

OIG Recommendations

Recommendation 1. We recommend that the Southern Area Director ensure that the Regional Office Director: (a) adjust benefits for the six veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for VSC personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

Concur **Target Completion Date:** July 2005

Benefits adjustments in all 6 cases have been made and collection action has been initiated where necessary. Annual refresher training will be accomplished in July of each year, beginning in 2005.

Recommendation 2. We recommend that the Southern Area Director coordinate with the Eastern Area Director to ensure that the Regional Office Directors in Baltimore, Cleveland, Pittsburgh, and Philadelphia: (a) adjust benefits for the 11 veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for VSC personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

Concur **Target Completion Date:** June 2005

Benefit adjustments in all 11 cases have been made and collection has been initiated where necessary. All regional offices completed annual refresher training by June 2005 and will continue to provide training on an annual basis.

Recommendation 3. We recommend that the Southern Area Director coordinate with the Eastern Area Director to ensure that the PMC: (a) adjust benefits for the 19 veterans identified by our review and initiate collection actions where necessary and (b) provide refresher training for personnel at least annually concerning required reductions of C&P payments to hospitalized veterans.

Concur **Target Completion Date:** June 2005

Benefit adjustments in all 19 cases have been made and collection has been initiated where necessary. The PMC completed annual refresher training in June 2005 and will continue to provide training on an annual basis.

Recommendation 4. We recommend that the Southern Area Director ensure that the Regional Office Director installs an automated sprinkler system in the computer room.

Concur

Target Completion Date: 9/30/06

The installation of a fire suppression system is included in the current Regional Office space renovation and building upgrade plan. Estimated date of completion is 9/30/06

Recommendation 5. We recommend that the Southern Area Director ensure that the Regional Office Director: (a) reduces the monthly credit limits of all cardholders and (b) sets all future individual card holder credit limits according to the actual procurement needs of the office.

Concur

Target Completion Date: Completed

The Purchase Card Coordinator agreed with the reviewer's on-site recommendation and made the appropriate adjustments to cardholder credit limits.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1	Payments to certain veterans receiving compensation benefits who were hospitalized at Government expense for extended periods should be reduced and overpayments recovered.	\$55,466
2	Payments to certain veterans receiving compensation benefits who were hospitalized at Government expense for extended periods should be reduced and overpayments recovered.	254,947
3	Payments to certain veterans receiving compensation benefits who were hospitalized at Government expense for extended periods should be reduced and overpayments recovered.	138,082
		\$448,495

OIG Contact and Staff Acknowledgments

OIG Contact	William Withrow (816) 426-7100
-------------	--------------------------------

Acknowledgments	Robin Frazier
	Patti Hudon
	Larry Reinkemeyer
	Lynn Scheffner
	Scott Severns
	Raymond Vasil
	Oscar Williams

Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Assistant Secretaries
General Counsel
Director, Southern Area (20F2)
Director, Eastern Area (20F1)
Director, VARO Huntington (315/00)
Director, VARO Baltimore (313/00)
Director, VARO Cleveland (325/00)
Director, VARO Pittsburgh (311/00)
Director, Philadelphia Regional Office and Insurance Center (310/00)
Director, VA Pittsburgh Health Care System, Pittsburgh, PA (646/00)
Director, VA Medical Center Martinsburg, WV (613/00)
Director, VA Medical Center Clarksburg, WV (540/00)
Director, VA Medical Center Beckley, WV (517/00)
Director, VA Medical Center Huntington, WV (581/00)
Director, VA Medical Center Chillicothe, OH (538/00)

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Quality of Life and Veterans Affairs
House Committee on Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction and Veterans Affairs
Senate Committee on Government Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S Senate: Robert C. Byrd, John D. Rockefeller IV
U.S. House of Representatives: Alan B. Mollohan, Nick J. Rahall II,
Shelley Moore Capito

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.