



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Regional Office Roanoke, 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.

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Executive Summary

Introduction

During the week of October 17–21, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Roanoke, 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 claims processing and financial and administrative controls. During the review, we provided fraud and integrity awareness briefings to 99 regional office employees.

Results of Review

This CAP review focused on 12 areas. The regional office complied with selected standards in the following five areas:

- Automated Information Systems (AIS) Security
- Benefits Delivery Network (BDN) Security
- Claims Folder Security
- Compensation and Pension (C&P) Large Retroactive Payment Controls
- C&P Payments to Incarcerated Veterans

We identified seven areas that needed management attention. We recommended that the Southern Area Director require that the VARO Director improve:

- Controls over future C&P examinations.
- Procedures for adjusting C&P payments to hospitalized veterans.
- Timeliness of processing C&P benefit reductions and terminations.
- Procedures for reducing C&P payments for veterans with children receiving Dependents' Educational Assistance (Chapter 35) benefits.
- Controls over the Fiduciary and Field Examinations (F&FE) Unit.
- Controls over Government purchase cards.
- Timeliness and accuracy of Vocational Rehabilitation & Employment (VR&E) claims processing.

We also recommended that the Southern Area Director coordinate with the Eastern Area Director to ensure that the Pension Maintenance Center (PMC) adjusts C&P benefits for veterans hospitalized at Government expense for extended periods and initiates appropriate collection actions.

This report was prepared under the direction of Mr. James R. Hudson, Director, and Mr. Willie Toomer, CAP Review Coordinator, Atlanta Audit Operations Division.

Southern Area Director and Regional Office Director Comments

The Southern Area Director and the Regional Office Director agreed with the CAP review findings and recommendations and provided acceptable improvement plans. (See Appendixes A and B, pages 11-16, for the full text of the Directors' comments.) VBA C&P Service reviewed the report and agreed with the Southern Area and the Regional Office Directors' comments. We will follow up on the implementation of recommended improvement actions until they are completed.

(original signed by:)

JON A. WOODITCH
Deputy Inspector General

Introduction

Regional Office Profile

Organization and Programs. The regional office provides C&P and VR&E services to eligible veterans, dependents, and survivors residing in Virginia. The regional office is part of the VBA Southern Area, and is one of nine designated VA Regional Loan Centers. VARO Buffalo, New York provides education services to veterans and their dependents residing in Virginia.

The Veterans Service Center (VSC) has out-based offices in Richmond and Norfolk, Virginia that are responsible for the initial C&P processing of Benefits Delivery at Discharge (BDD) claims for active duty service members. Out-based VSC staff in Richmond is responsible for the intake of BDD claims from Fort Eustis and Fort Lee in Virginia. VSC staff also provides claims assistance services to veterans at VA medical centers (VAMCs) in Salem, Richmond, and Hampton, Virginia. The VR&E Division has out-based offices in Norfolk, Richmond, and Hampton.

Resources and Workload. The regional office serves a veteran population of about 744,500. During fiscal year (FY) 2005, the regional office had a staff of approximately 300 employees, and operating expenses of more than \$20.9 million. During FY 2005, C&P benefits totaling about \$850 million were paid to approximately 108,145 beneficiaries. VR&E benefits totaling about \$59 million were paid to about 3,270 beneficiaries. As of September 30, 2005, the F&FE Unit had 2,009 active fiduciary cases with a total estate value of over \$58 million.

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 controls. Benefits delivery is the process of ensuring that veterans' claims and requests for benefits and 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 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:

AIS Security	C&P Large Retroactive Payment
BDN Security	Controls
Claims Folder Security	C&P Payments to Incarcerated Veterans
C&P Accounts Receivable Management	F&FE Program Controls
C&P Benefits for School Aged Children	Government Purchase Card Program
C&P Future Examinations	VR&E Claims Processing
C&P Hospital Adjustments	

The review covered facility operations for the period October 1, 2002, through October 21, 2005, and was done in accordance with OIG standard operating procedures for CAP reviews.

Activities needing improvement are discussed in the Opportunities for Improvement section (pages 3–10). 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 the activities not discussed in the Opportunities for Improvement section, we did not identify any reportable deficiencies.

During the review, we presented 2 fraud and integrity awareness briefings to 99 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.

Follow-Up on Previous CAP Findings and Recommendations

As part of this review, we followed up on the findings and recommendations from the prior CAP review of the regional office (*Combined Assessment Program Review of the VA Regional Office, Roanoke, Virginia*, Report No. 02-01929-156, September 3, 2002). In 2002, we found that the Regional Office Director needed to: (a) improve the timeliness of C&P claims processing, (b) strengthen management controls over the Government Purchase Card Program, (c) enhance security over AIS, (d) improve oversight of incompetent beneficiaries, and (e) enhance access controls for the BDN system. Our October 2005 CAP review found that, except for Government purchase cards (see page 8), the Regional Office Director had adequately addressed the findings and recommendations cited in the prior CAP report. While the purchase card issues in the prior CAP report were different than the ones noted in this report, management controls over the program still needed strengthening.

Results of Review

Opportunities for Improvement

Compensation and Pension Future Examinations – Required Medical Examinations Needed to Be Requested

Condition Needing Improvement. VSC management needed to ensure that VSC staff request future medical examinations for all veterans granted 100 percent ratings for disability compensation while undergoing medical treatments for certain conditions, as required by VBA policy. The examination is required to determine if the disability rating should continue at the 100 percent rate.

Title 38 authorizes disability compensation at the 100 percent service-connected (SC) rate for veterans undergoing specialized treatments. To determine whether veterans should continue receiving disability compensation at the 100 percent rate, the Rating Veterans Service Representative (RVSR) records a future examination date, as prescribed by VBA policy, on the rating decision. The VSR inputs the examination date into the BDN system. Prior to the date of the future examination, the BDN system generates a VA Form 21-2507 (Request for VA Examination) and the RVSR schedules the medical examination. After the medical examination is completed, the RVSR reviews the examination report and other pertinent evidence to determine whether the veteran is still receiving treatment. If the veteran is still receiving treatment for the specialized condition, the RVSR should continue the 100 percent evaluation, or if appropriate, enter another future examination date into the BDN system. If the veteran is no longer receiving treatment, the RVSR should determine the appropriate evaluation, and take action to reduce or continue the assigned evaluation for any residual conditions.

We sampled 29 of 299 cases subject to future examinations as of September 15, 2005, and identified 7 (24 percent) cases where required medical examinations were not requested. In five cases, the medical examinations were not requested because the Veterans Service Representatives (VSRs) did not input the future examination dates into the BDN system. In two cases, the medical examinations were not requested because the VA Form 20-6560 (Notice of Benefit Payment Transaction) indicating the need for an examination was filed in the claims folder with no action taken. The claims folders for these seven cases contained no medical evidence showing that the specialized treatments had continued. Therefore, continuation of the 100 percent disability ratings was not supported. As a result, the regional office may have overpaid the veterans by about \$517,000. Projected over a 5-year period, the overpayments would have totaled about \$1.35 million.

The VSC Manager agreed with our findings and estimates of potential overpayments, and stated that examinations would be requested for the seven veterans and that the veterans' disability ratings would be adjusted accordingly. Additionally, VSC management stated that VSC staff would be reminded to ensure that future examination dates are input into the BDN system.

Recommendation 1. We recommended that the Southern Area Director ensure that the Regional Office Director requires VSC staff to: (a) request future medical examinations for all veterans granted 100 percent ratings for disability compensation while undergoing specialized medical treatments and (b) conduct refresher training for VSRs to stress the importance of inputting future examination dates into the BDN system.

The Southern Area and Regional Office Directors agreed with the findings and recommendations and provided acceptable improvement plans. Regional office management scheduled training to discuss future examination controls, and to emphasize the input of future examinations as reflected on rating code sheets. We will follow up on the planned actions until they are implemented.

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 VBA policy. 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 more than a full calendar month.

At our request, VAMCs Salem, Richmond, and Hampton identified 334 veterans who were hospitalized continuously at Government expense for 90 days or more as of September 2, 2005. Information provided by the VAMCs and C&P system records disclosed 14 veterans whose C&P benefits had not been reduced as required. As of October 1, 2005, these veterans were overpaid by about \$125,680. Our review showed the following:

- In seven cases, overpayments totaling about \$98,590 occurred because the VAMCs did not notify the regional office timely when the veterans were hospitalized.
- In one case, an overpayment of about \$4,300 occurred because VSC staff did not take appropriate action after receiving notice of the veteran's hospitalization.
- In six cases, overpayments totaling over \$22,790 occurred because the PMC did not take proper actions to adjust benefits when the notifications were received from the regional office.

VSC staff agreed that the C&P payments should have been reduced and initiated actions to adjust the payments.

Recommendation 2. We recommended that the Southern Area Director ensure that the Regional Office Director: (a) adjusts benefits for the eight veterans identified by our review and initiate collection actions where necessary, (b) provide refresher training for VSC staff at least annually concerning required reductions of C&P payments to hospitalized veterans, and (c) coordinate with appropriate VAMCs to ensure VSC staff are properly notified when veterans are hospitalized.

The Southern Area and Regional Office Directors agreed with the findings and recommendations and provided acceptable improvement plans. Regional office management adjusted benefits for the eight veterans identified. They also instituted an annual review of hospital reduction cases and scheduled training to discuss hospital reductions. We will follow up on the planned actions until they are implemented.

Recommendation 3. We recommended that the Southern Area Director coordinate with the Eastern Area Director to ensure that the PMC adjusts benefits for the six veterans identified by our review and initiate collection actions where necessary.

The Southern Area Director agreed with the findings and recommendation and provided acceptable improvement plans. Southern Area management contacted the PMC regarding the six veterans under their control. Due process was issued to those veterans by the PMC. We will follow up on the planned action until it is implemented.

Compensation and Pension Accounts Receivable – Benefit Reductions and Terminations Needed to Be Processed Promptly

Condition Needing Improvement. VSC management needed to improve the timeliness of benefit reductions and terminations to minimize C&P overpayments. VBA policy requires that when a notification is received indicating the need to reduce or terminate benefits, VSC staff should take immediate award action or initiate the 60-day due process notifying the veteran of pending award action.

During the period October 1, 2003, through September 30, 2005, the regional office established 80 C&P overpayments in excess of \$5,000 totaling about \$1.6 million. Our review of the supporting documentation for 16 veterans with C&P overpayments, valued at about \$156,000, showed that VSC staff had delayed award actions on 7 (44 percent) of the 16 cases, which resulted in additional overpayments of about \$82,000. Award adjustments were not done timely when:

- Changes in the veterans' military status occurred in two cases.
- A veteran was hospitalized at VA expense in one case.

- An incorrect social security number was identified in one case.
- Notifications of changes in the veterans' social security benefits were received in two cases.
- Notification of a change in marital status was received in one case.

VSC staff did not take award actions immediately upon receipt of notifications from the beneficiaries or third-party notifications to avoid additional overpayments. The VSC Manager agreed that processing delays had caused additional overpayments.

Recommendation 4. We recommended that the Southern Area Director require that the Regional Office Director ensure that: (a) appropriate controls are in place for the timely processing of future reductions and terminations and (b) refresher training is provided to VSC staff in proper procedures for processing notifications that could affect a disability benefit.

The Southern Area and Regional Office Directors agreed with the findings and recommendations and provided acceptable improvement plans. Regional office management input appropriate controls into their computer system to ensure examinations are conducted and VSRs have been tasked with monitoring those controls. They have also scheduled training to discuss future reductions and terminations. We will follow up on the planned action until it is implemented.

Compensation and Pension Claims Processing – Payments Should Be Reduced When Veterans' Children Receive Chapter 35 Education Benefits

Condition Needing Improvement. VSC staff did not reduce C&P payments to veterans receiving additional compensation for school-aged children when they began receiving Chapter 35 (Dependents Educational Assistance) benefits. Under Chapter 35, educational benefits are available to dependents of veterans if the veteran: (a) is permanently and totally (P&T) disabled due to a SC disability, (b) died while rated as P&T due to a SC disability, or (c) died as a result of a SC disability. When Chapter 35 benefits are awarded, the Education Division of the Regional Processing Office (RPO)¹ is required to notify the regional office having jurisdiction over the veteran's claims so that the veteran's additional compensation can be reduced.

We identified eight veterans receiving additional compensation for school-aged children receiving Chapter 35 benefits. VSC staff did not reduce the additional compensation to these veterans because they improperly processed the Chapter 35 notifications in the veterans' claims folders. This resulted in overpayments of about \$37,000. During our review, VSC management initiated actions to reduce benefits for the eight veterans.

¹ The four RPOs are located at VAROs Atlanta, GA; Buffalo, NY; St. Louis, MO; and Muskogee, OK.

Recommendation 5. We recommended that the Southern Area Director require that the Regional Office Director ensures VSC staff develops procedures to identify and reduce C&P payments to veterans receiving additional compensation for school-aged children receiving Chapter 35 benefits.

The Southern Area and Regional Office Directors agreed with the findings and recommendation and provided acceptable improvement plans. Regional office management is establishing an end product control to ensure that the Chapter 35 adjustments are properly controlled and expedited. We will follow up on the planned action until it is implemented.

Fiduciary and Field Examinations – Management Controls Needed to Be Strengthened

Condition Needing Improvement. F&FE management needed to follow up on delinquent fiduciary accountings; ensure that field examinations are conducted and documented; and review, analyze, and update Fiduciary Beneficiary System (FBS) workload reports to make sure that future diaries for field examinations are established. The F&FE program is responsible for protecting the interests of minors and incompetent veterans through estate supervision. Our review of 25 principal guardianship files showed that required actions were not taken in 12 cases:

- Fiduciary accountings were delinquent in five cases.
- Field examinations were delinquent in four cases.
- Two inactive accounts were not closed timely.
- A future diary for one field examination was not established.

Our review found these problems generally occurred because F&FE staff did not review the “Out-of-Control Listing” from the FBS workload reports. In discussions with F&FE management, they also attributed these conditions to staffing errors and case workload.

Recommendation 6. We recommended the Southern Area Director require that the Regional Office Director ensures that F&FE management: (a) review all reports to ensure that accountings and field examinations are conducted timely; and (b) review, analyze, and update FBS workload reports to ensure that inactive accounts are closed, and future diaries for field examinations are input, as required.

The Southern Area and Regional Office Directors agreed with the findings and recommendations and provided acceptable improvement plans. Regional office management will review all reports to ensure that accountings and field examinations are conducted timely, inactive accounts are closed, and future diaries are input. They will also review reports on a monthly basis. We will follow up on the planned actions until they are implemented.

Government Purchase Card Program – Management Controls Needed Improvement

Condition Needing Improvement. The Management Service Division needed to address program weaknesses relating to the span of control for approving officials, use of Government purchase cards, and documentation for purchase card transactions. Overall, regional office staff generally complied with purchase card program guidelines. However, we identified the following areas that needed management attention:

- One Approving Official (AO) had responsibility for 21 cardholders without written approval from the Director. VBA policy limits the span of control of an AO to no more than 10 cardholders. Ratios exceeding 10 to 1 must be documented and have written approval from the facility director.
- A VR&E cardholder purchased a 1-year gym membership for a veteran without prior approval by the Director. VBA policy requires that purchase cards may not be used for memberships in organizations or clubs unless approved in advance by the facility director.
- Justifications for expenditures were not adequately documented. For example, a car battery was purchased from an auto parts store based on an e-mail requesting “batteries for laptops.” The lack of details in the e-mail request raised questions as to whether the transaction was for official purposes. Similarly, on two occasions, we found no documented justification to support the purchases of \$722.94 in meals from a local restaurant. The only documentation justifying the expenditures was a handwritten annotation on the credit card statement citing “awards ceremony.” Without information concerning the number of people in attendance and the amount expended for each person, the regional office had no assurance that the transactions were consistent with VA requirements that purchase card expenditures associated with award ceremonies shall not exceed \$20 per person. While documentation was not sufficient, we determined that the acquisitions were for official purposes.

These conditions occurred because the Purchase Card Program Coordinator and the AO did not ensure that VBA policy was followed, as required.

Recommendation 7. We recommended the Southern Area Director require the Regional Office Director to ensure that: (a) the span of control for AO’s is limited to no more than 10 cardholders, (b) purchases of memberships in organizations or clubs are approved in accordance with VBA requirements, and (c) sufficient documentation is maintained to show that transactions are justified.

The Southern Area and Regional Office Directors agreed with the findings and recommendations and provided acceptable improvement plans. Regional office management will divide the AO responsibility for the VR&E cardholders between the VR&E Officer and Assistant as soon as the vacancy for the VR&E Officer is filled. In

the interim, management will document the Director's approval of the VR&E Officer having responsibility for more than 10 cardholders. The VR&E counselors will obtain the Director's approval whenever there is a need to purchase a membership to an organization or club for a veteran's rehabilitation plan. Management will enhance justifications for future purchases. We will follow up on the planned actions until they are implemented.

Vocational Rehabilitation & Employment – Claims Processing Timeliness and Accuracy Needed Improvement

Condition Needing Improvement. VR&E needed to improve the timeliness and accuracy of claims processing. Our review identified the following areas that needed management attention:

Timeliness Needed Improvement. As of September 30, 2005, there were 506 veterans in applicant status, of which 427 (84 percent) had not been notified of entitlement within 60 days of their claims. VR&E performance goals require notifying veterans of their eligibility for benefits within 60 days of the dates of claims. Our review of 24 of 3,115 open Counseling Evaluation and Rehabilitation (CER) files showed that the correct dates of claim were not entered into the BDN system in 8 cases. Incorrect dates affect VR&E's ability to achieve timeliness goals. According to the VR&E Officer, the notifications were delayed because of a reduction in contract funds in FY 2004, and a shortage of staff at an out-based VR&E office in Hampton, VA where over 75 percent of the incoming applications are processed.

Accuracy Needed Improvement. Our review of 3 of 24 CER files indicated veterans in applicant or rehabilitated to employment status were not placed in the correct status. For example; one veteran had been in the rehabilitation to employment status from December 1996 even though his entitlement had ended December 2004. The case manager failed to correspond with the veteran from December 2004 until October 2005. The veteran's status should have either moved to interrupted or discontinued.

The VR&E Officer stated that appropriate actions would be taken to correct the deficiencies

Recommendation 8. We recommended that the Southern Area Director ensure that the VARO Director requires the VR&E Officer to: (a) notify veterans of entitlement to VR&E benefits within 60 days, (b) establish appropriate dates of claim in the BDN system to accurately calculate timeliness, and (c) ensure that veterans are appropriately placed in interrupted or discontinued status.

The Southern Area and Regional Office Directors agreed with the findings and recommendations and provided acceptable improvement plans. Regional office

management has provided staff with tools to identify their oldest cases in each status and cases with no activity for some time, so that these cases can be moved to the appropriate status in a timely manner. Additionally, management will review the older cases and require that appropriate actions are taken. Staff has been reminded about the importance of entering the correct dates of claim into the BDN system as well as ensuring the veterans are in the correct status. We will follow up on the planned actions until they are implemented.

Southern Area Director's Comments

**Department of
Veterans Affairs**

Memorandum

Date: December 8, 2005
From: Director, Southern Area Office (20F2)
Subject: **VA Regional Office Roanoke, Virginia**
To: James R. Hudson, Director, Atlanta Audit Operations Division

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

In regards to recommendation three, the Southern Area Office has contacted the PMC regarding the six veterans identified in your review that needed benefit adjustments. Due process was issued to these six veterans during the week of October 17th and once the 60-day time frame expires, the PMC will finalize the adjustments and initiate collection actions where necessary. Follow-up information will be provided no later than January 6, 2006.

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

(original signed by:)

Michael Dusenbery,

Southern Area Director (20F2)

Regional Office Director's Comments

**Department of
Veterans Affairs**

Memorandum

Date: November 28, 2005
From: Director, VARO Roanoke, Virginia (314/00)
Subject: **VA Regional Office Roanoke, Virginia CAP Review**
To: James R. Hudson, Director, Atlanta Audit Operations Division

1. During the week of October 17, 2005, a Combined Assessment Program (CAP) Review was conducted at this office. Mr. Willie Toomer and his team of auditors did a thorough review and conducted themselves in a very professional manner while on station.
2. I concur with the findings and recommendations of the CAP review. Please see the enclosure for our detailed response to your recommendations.
3. If you need additional information, please contact me at 540-857-2100.

(original signed by:)

JOHN W. SMITH

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)

Recommendation 1. We recommend that the Southern Area Director ensure that the Regional Office Director requires VSC staff to: (a) request future medical examinations for all veterans granted 100 percent ratings for disability compensation while undergoing specialized medical treatments, and (b) conduct refresher training for VSRs to stress the importance of inputting future examination dates into the BDN system.

Concur **Target Completion Date:** December 2005

We acknowledge that the VSRs failed to input future exam controls as required in some cases. A training class has been scheduled in December to discuss future exam controls, and to emphasize the input of future exams as reflected on rating code sheets.

Recommendation 2. We recommend that the Southern Area Director ensure that the Regional Office Director: (a) adjusts benefits for the eight veterans identified by our review and initiate collection actions where necessary, (b) provide refresher training for VSC staff at least annually concerning required reductions of C&P payments to hospitalized veterans, and (c) coordinate with appropriate VAMCs to ensure VSC staff are properly notified when veterans are hospitalized.

Concur **Target Completion Date:** December 2005

The benefits for the eight veterans identified during the CAP review have been adjusted. We have instituted an annual review of hospital reduction cases. We will ask the VAMCs in our jurisdiction to furnish a listing of hospitalized veterans in receipt of A/A or hospitalized in excess of 90 days. Training has been scheduled for December to discuss hospital reductions.

Recommendation 3. We recommend that the Southern Area Director coordinate with the Eastern Area Director to ensure that the PMC adjusts benefits for the six veterans identified by our review and initiate collection actions where necessary.

Concur **Target Completion Date:** October 2005

The cases that were pension issues under the PMC's jurisdiction were sent to them during the week of the CAP review.

Recommendation 4. We recommend that the Southern Area Director require that the Regional Office Director ensure that: (a) appropriate controls are in place for the timely processing of future reductions and terminations, and (b) refresher training is provided to VSC personnel in proper procedures for processing notifications that could affect a disability benefit.

Concur **Target Completion Date:** December 2005

The employees of the Veterans Service Center have been directed to input the appropriate controls into our computer systems to ensure that these examinations are conducted as required. The VSRs that authorize benefits have been tasked with monitoring these controls as verification that the diary action is taken. Training is being held in December to discuss future reductions and terminations.

Recommendation 5. We recommend that the Southern Area Director require that the Regional Office Director ensures VSC staff develops procedures to identify and reduce C&P payments to veterans receiving additional compensation for school-aged children receiving Chapter 35 benefits.

Concur **Target Completion Date:** December 2005

The division secretary is establishing an end product control 130 to insure that the chapter 35 adjustments are properly controlled and expedited. These cases are now hand carried to the Post-Determination Coach for expedited adjustment action.

Recommendation 6. We recommend the Southern Area Director require that the Regional Office Director ensure that the F&FE management: (a) review all reports to ensure that accountings and field examinations are conducted timely; and (b) review, analyze and update FBS workload reports to ensure that inactive accounts are closed, and future diaries for field examinations are input, as required.

Concur **Target Completion Date:** November 2005

All reports have been reviewed to ensure that accountings and field examinations are conducted timely and to ensure that inactive accounts are closed, and future diaries for field examinations are input. Reports will be reviewed on a monthly basis.

Recommendation 7. We recommend the Southern Area Director require the Regional Office Director to ensure that: (a) the span of control for AO's is limited to no more than 10 cardholders; (b) purchases of memberships in organizations or clubs are approved in accordance with VBA requirements; and (c) sufficient documentation is maintained to show that transactions are justified.

Concur **Target Completion Date:** December 2005

(a) Our Vocational Rehabilitation & Employment (VR&E) Officer retired on September 3, 2005, which resulted in the Assistant VR&E Officer assuming responsibility as the

Approving Official for the 21 cardholders working in the VR&E Division. We will divide the AO responsibility for the VR&E cardholders between the VR&E Officer and Assistant as soon as the vacancy is filled. In the interim, we will document the Director's approval of the VR&E Officer having responsibility for more than ten cardholders.

(b) The VR&E counselor will obtain the Director's approval whenever there is a need to purchase a membership to an organization or club for a rehabilitation plan for a disabled veteran. .

(c) Our office will enhance the justification for future purchases.

Recommendation 8. We recommend that the Southern Area Director ensure that the VARO Director requires the VR&E Officer to: (a) notify veterans of entitlement to VR&E benefits within 60 days; (b) establish appropriate dates of claim in the BDN system to accurately calculate timeliness; and (c) ensure that veterans are appropriately placed in interrupted or discontinued status.

Concur **Target Completion Date:** December 2005

We acknowledge the program requirement to notify veterans of entitlement to VR&E benefits within 60 days and strive towards this goal; however, it will be difficult to meet this requirement. Currently, VR&E staff work diligently to notify veterans of entitlement determinations as quickly as possible within the regulatory guidelines. VR&E staff demonstrated great improvement in the days to entitlement notification indicator during FY 2005, and should continue to show improvement during the coming Fiscal Year with the addition of another VRC to the Hampton office.

Staff has been provided with tools to identify their oldest cases in each status, and cases with no activity for some time, so that these cases can be moved to the appropriate status in a timely manner. Additionally, management reviews these older cases and requires that appropriate action be taken. Staff has been reminded about the importance of entering the correct date of claim into the BDN system as well as ensuring that the veteran is in the correct status.

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 veterans who have 100 percent evaluations subject to reduction and whose treatments had ended should be reduced.	\$1,350,000
2	Benefit payments to certain veterans who were hospitalized at Government expense for extended periods should be reduced.	125,680
4	Ensure that C&P overpayments are minimized by promptly processing reductions or terminations.	82,000
5	Payments to veterans who receive additional compensation for school-aged children while the children also receive Chapter 35 benefits should be reduced.	37,000
	Total	\$1,594,680

OIG Contact and Staff Acknowledgments

OIG Contact	James R. Hudson, Director, Atlanta Audit Operations Division (404 929-5921)
Acknowledgments	Willie Toomer, Audit Manager Marcia Drawdy, Team Leader George T. Boyer Melissa Colyn Nathaniel Holman Patricia Hudon Earl Key Russ Lewis Cheri Preston Jason Schuenemann

Report Distribution

VA Distribution

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Non-VA Distribution

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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.