VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS

Inspection of VA Regional Office Manchester, New Hampshire

March 26, 2015
14-04623-120

ACRONYMS

FY	Fiscal Year
OIG	Office of Inspector General
RVSR	Rating Veterans Service Representative
SMC	Special Monthly Compensation
TBI	Traumatic Brain Injury
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VSC	Veterans Service Center

Report Highlights: Inspection of the VA Regional Office Manchester, NH

Why We Did This Review

The Veterans Benefits Administration (VBA) has 56 VA Regional Offices (VAROs) and a Veterans Service Center (VSC) in Cheyenne, WY, that process disability claims and provide a range of services to veterans. We evaluated the Manchester VARO to see how well it accomplishes this mission. Office of Inspector General Benefits Inspectors conducted work at the VARO in October 2014.

What We Found

Overall, VARO staff did not accurately process 21 of 52 disability claims (40 percent) reviewed. We sampled 3 types of disability claims that we considered at increased risk of processing errors, temporary 100 percent disability evaluations, traumatic brain injury (TBI), and special monthly compensation (SMC) and ancillary benefits. Thus, these results do not represent the overall accuracy of disability claims processing at this VARO.

In our previous report, *Inspection of the VA Regional Office, Manchester, New Hampshire* (Report No. 11-03384-31, November 22, 2011), we identified the most frequent processing errors associated with temporary 100 percent disability evaluations resulted from staff not establishing electronic controls needed to request medical reexaminations to reevaluate the severity of disabilities. During our October 2014 inspection, we did not identify similar errors. Therefore, we determined the VSC's actions in response to our previous recommendation have been effective.

Manchester VARO staff followed VBA's policy for establishing dates of claim in the 30 claims we reviewed. However, VARO staff did not correctly process two of seven benefit reduction cases due to other higher workload priorities.

What We Recommended

We recommended the Director review the 111 temporary 100 percent disability evaluations within the universe of claims at the VARO as of August 21, 2014, but not reviewed as part of our sample selection and take appropriate action. The Director should develop and implement a plan to ensure staff take timely action on reminder notifications for medical reexaminations. The Director should enforce the second-signature review policies for TBI and SMC and ancillary benefits rating decisions.

Agency Comments

The VARO Director concurred with our recommendations. Management's planned actions are responsive and we will follow up as required.

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

TABLE OF CONTENTS

INTRODUCTION

Objective

The Benefits Inspection Program is part of the Office of Inspector General's (OIG) efforts to ensure our Nation's veterans receive timely and accurate benefits and services. The Benefits Inspection Divisions contribute to improved management of benefits processing activities and veterans' services by conducting onsite inspections at VA Regional Offices (VAROs). These independent inspections provide recurring oversight focused on disability compensation claims processing and performance of Veterans Service Center (VSC) operations. The objectives of the inspections are to:

- Evaluate how well VAROs are accomplishing their mission of providing veterans with access to high-quality benefits and services.
- Determine whether management controls ensure compliance with VA regulations and policies; assist management in achieving program goals; and minimize the risk of fraud, waste, and other abuses.
- Identify and report systemic trends in VARO operations.

Where we identify potential procedural inaccuracies, we provide this information to help the VARO understand the procedural improvements it can make to ensure enhanced stewardship of financial benefits. We do not provide this information to require the VARO to adjust specific veterans' benefits. Processing any adjustments per this review is clearly a VBA program management decision.

In addition to this oversight, inspections may examine issues or allegations referred by VA employees, members of Congress, or other stakeholders.

Other Information

- Appendix A includes details on the VARO and the scope of our inspection.
- Appendix B outlines criteria we used to evaluate each operational activity and a summary of our inspection results.
- Appendix C provides the Manchester VARO Director's comments on a draft of this report.

RESULTS AND RECOMMENDATIONS

I. Disability Claims Processing

Claims Processing Accuracy

The OIG Benefits Inspection team focused on evaluating the accuracy in processing the following three types of disability claims and determined their effect on veterans' benefits:

- Temporary 100 percent disability evaluations
- Traumatic brain injury (TBI) claims, and
- Special monthly compensation (SMC) and ancillary benefits.

We sampled claims related only to specific conditions that we considered at increased risk of claims processing errors. As a result, the errors identified do not represent the universe of disability claims or the overall accuracy rate at this VARO.

Finding 1 Manchester Needs to Improve the Processing of Three Types of Disability Claims

The Manchester VARO did not consistently process the three types of disability claims reviewed. Overall, VARO staff incorrectly processed 21 of the total 52 disability claims we sampled, resulting in 196 improper monthly payments to 9 veterans totaling approximately $93,300 at the time of our inspection in October 2014. Table 1 below reflects processing errors identified during our review.

Table 1. Manchester VARO Disability Claims Processing Accuracy for Three High-Risk Claims Processing Areas

Type of Claim	Claims Reviewed	Claims Inaccurately Processed: Affecting Veterans' Benefits	Claims Inaccurately Processed: Potential To Affect Veterans' Benefits	Claims Inaccurately Processed: Total
Temporary 100 Percent Disability Evaluations	30	3	6	9
TBI Claims	7	0	4	4
SMC and Ancillary Benefits	15	6	2	8
Total	**52**	**9**	**12**	**21**

Source: VA OIG analysis of the Veterans Benefits Administration's (VBA) temporary 100 percent disability evaluations paid at least 18 months, TBI disability claims completed in the third quarter fiscal year (FY) 2014, and SMC and ancillary benefits claims completed July 1, 2013, through June 30, 2014

Temporary 100 Percent Disability Evaluations

VARO staff incorrectly processed 9 of 30 temporary 100 percent disability evaluations we reviewed. Veterans Benefits Administration (VBA) policy requires a temporary 100 percent disability evaluation for a veteran's service-connected disability following surgery or when specific treatment is needed. At the end of a mandated period of convalescence or treatment, VARO staff must request a follow-up medical examination to help determine whether to continue the veteran's 100 percent disability evaluation.

For temporary 100 percent disability evaluations, VSC staff must input suspense diaries in VBA's electronic system. A suspense diary is a processing command that establishes a date when VSC staff must schedule a medical reexamination. As a suspense diary matures, the electronic system generates a reminder notification to alert VSC staff to schedule the medical reexamination. VSC staff then have 30 days to process the reminder notification by establishing the appropriate control to initiate action.

When the VARO obtains evidence that a lower disability evaluation would result in reduced compensation payments, Rating Veterans Service Representatives (RVSRs) must inform the beneficiary of the proposed reduction in benefits. In order to provide beneficiaries due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level. On the 65th day following due process notification, action is required to reduce the evaluation and thereby minimize overpayments.

Effective management of these temporary 100 percent disability ratings can reduce VBA's risks of paying inaccurate financial benefits and provide improved stewardship of taxpayer funds. Available medical evidence showed 3 of the 9 processing errors affected benefits and resulted in 39 improper monthly payments to veterans totaling approximately $60,800. These improper monthly benefits payments were paid between from October 2006 to September 2014. Details on the errors affecting benefits follow.

- An RVSR proposed reducing a veteran's temporary 100 percent disability evaluation for prostate cancer to 20 percent disabling. Staff sent a notification letter to the veteran on June 28, 2012, advising him of the proposed reduction. The due process period expired on September 4, 2012. At the time of our review in September 2014, VARO staff still had not taken action on the proposed reduction. As a result and based upon the rating reduction proposed by the RVSR effective December 1, 2012, VA overpaid the veteran approximately $54,100 over

a period of 21 months[1]. Monthly benefit payments will continue at the 100 percent disability rate if no corrective action is taken.

- In another case, an RVSR granted a temporary 100 percent disability evaluation for a veteran's non-Hodgkin's lymphoma on October 16, 2012, and noted the need for a medical reexamination in June 2013. Staff received a reminder notification on June 6, 2013; however, they did not request the reexamination until January 2014. Medical evidence dated January 2013 showed the condition was in remission. As a result, VA overpaid the veteran approximately $3,100 over a period of 9 months. Monthly benefit payments continue at the 100 percent disability rate if no corrective action is taken.
- In the third case, an RVSR at another VARO established an incorrect effective date for SMC benefits, and VA underpaid a veteran approximately $620 over a period of 7 months. Although this occurred at another VARO, Manchester staff subsequently addressed the condition and were responsible for the accuracy of any prior decision. In the same case, VARO staff proposed reducing the veteran's temporary 100 percent disability evaluation for prostate cancer to 40 percent disabling. Staff sent a notification letter to the veteran on February 6, 2014, advising him of the proposed reduction. The due process period expired on April 14, 2014. At the time of our review in September 2014, VARO staff still had not taken action on the proposed reduction. As a result, VA overpaid the veteran approximately $3,000 over a period of 2 months. Monthly benefit payments will continue at the 100 percent disability rate if no corrective action is taken.

The remaining six of the nine total errors had potential to affect veterans' benefits. Following are details on the six errors.

- In four cases, staff received reminder notifications to request medical reexaminations of the veterans' temporary 100 percent disability evaluations. However, staff did not schedule the reexaminations within 30 days, as required by VBA policy. Neither VBA nor the OIG can determine the correct evaluations for these veterans' temporary 100 percent disabilities until VSC staff receive additional medical evidence.
- In another case, an RVSR proposed reducing a veteran's temporary 100 percent disability evaluation for prostate cancer to 40 percent disabling. VSC staff notified the veteran on February 28, 2014, and due

[1] The 21-month period is determined by the reduction to 20 percent effective December 1, 2012. Per VA regulation, the evaluation will be reduced the last day of the month in which a 60-day period expires from the date of notice to the veteran. Timely action and notice to the veteran should have occurred at the expiration of due process on September 4, 2012.

process expired on May 5, 2014. At the time of our review in September 2014, VSC staff still had not taken action on the proposed reduction. We could not determine the correct evaluation in this case because we could not definitively determine when treatment was completed.

- In May 2012, an RVSR proposed reducing a veteran's temporary 100 percent disability evaluation for prostate cancer to 20 percent disabling, and VSC staff did not send a due process notification letter to the veteran as required by VBA policy. At the time of our review in September 2014, staff still had not notified the veteran of the proposed reduction. Since VSC staff had not provided the veteran due process, we could not determine the monetary effect.

Generally, errors occurred because VSC management did not prioritize management of temporary 100 percent disability claims. Management indicated, and staff confirmed, the VSC placed emphasis on processing other rating workloads. As a result, veterans may receive benefits payments in excess of their benefits entitlements. Since we reviewed 30 claims in our sample, we provided VSC management with the 111 claims remaining from their universe of 141 for review to determine if action is required.

In response to findings from a VBA Compensation Service site visit in July 2014, the Manchester VARO created a specialized processing team in October 2014 to focus on the workload that included cases with proposed reductions for temporary 100 percent disability evaluations. Interviews with VSC management and staff indicated, and we verified, they are now focusing on this workload. Further, the VSC Manager stated she now reviews the 10 oldest cases in this workload weekly. Because the VARO established this processing team in October 2014, and staff indicated the VSC is now focusing on this workload, we made no recommendation for improvement in this area.

The VSC's Workload Management Plan requires supervisors to generate and review a report weekly for reminder notifications to request medical reexaminations. However, a supervisor indicated the Manchester VSC staff infrequently processed these reminder notifications. This was evident in our review as the VSC processed two of the five errors involving reminder notifications in January 2014 and the remaining three errors in August 2014. Staff also stated they received instructions to process these cases in October 2014. These notifications are not part of the workload assigned to the new specialized processing team created in response to the Compensation Service site visit findings.

Follow-Up to Prior VA OIG Inspection

In our previous report, *Inspection of the VA Regional Office, Manchester, New Hampshire* (Report No. 11-03384-31, November 22, 2011), VARO staff incorrectly processed 14 of 30 temporary 100 percent disability evaluations we reviewed. The most frequent processing errors resulted from staff not establishing or incorrectly establishing suspense diaries when they processed rating decisions requiring medical reexaminations for temporary 100 percent disability evaluations. VARO management had no oversight procedure in place to ensure staff established suspense diaries as reminders of the need for reexaminations.

In response to a recommendation in our report, *Audit of 100 Percent Disability Evaluations* (Report No. 09-03359-71, January 24, 2011), the Acting Under Secretary for Benefits agreed to review all temporary 100 percent disability evaluations and ensure each had a future examination date entered in the electronic record. As such, we made no specific recommendation for this VARO.

During our October 2014 inspection, we did not identify similar errors. Therefore, we determined the VSC's actions in response to our previous recommendation have been effective.

TBI Claims

The Department of Defense and VBA commonly define a TBI as a traumatically induced structural injury or a physiological disruption of brain function caused by an external force. The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral. VBA policy requires staff to evaluate these residual disabilities. Additionally, VBA policy requires that employees assigned to the appeals team, the special operations team, and the quality review team complete training on TBI claims processing.

In response to a recommendation in our report, *Systemic Issues Reported During Inspections at VA Regional Offices* (Report No. 11-00510-167, May 18, 2011), VBA agreed to develop and implement a strategy for ensuring the accuracy of TBI claims decisions. In May 2011, VBA provided guidance to VARO Directors to implement a policy requiring a second signature on each TBI case an RVSR evaluates until the RVSR demonstrates 90 percent accuracy in TBI claims processing. The policy indicates second-signature reviewers come from the same pool of staff as those used to conduct local station quality reviews.

We determined VARO staff incorrectly processed four of seven TBI claims. The four processing errors had the potential to affect veterans' benefits. Summaries of these four errors follow.

- In three cases, an RVSR assigned a 10 percent evaluation for a residual disability associated with a TBI. However, objective evidence provided in the TBI examination reports showed symptoms that supported a

0 percent evaluation. Although the errors did not affect current monthly benefits, if left uncorrected, they could affect future benefits payments.

- In the final case, an RVSR prematurely denied a TBI claim without a VA medical examination to support the decision. Per VBA policy, VA will provide an examination if the evidence shows symptoms of a current disability, an in-service event, and a possible association between the symptoms and the event. Because the evidence showed trauma to the head area with treatment during service, and a current complaint of headaches, VSC staff should have requested a medical examination to evaluate residuals of a TBI. Without a VA medical examination, neither VBA nor we can determine whether the veteran would have been entitled to benefits.

Three TBI processing errors we identified were due to RVSRs over-evaluating claims by assigning 10 percent evaluations for residuals of TBI when medical evidence showed the residuals warranted no more than 0 percent evaluations. VSC management agreed the 10 percent evaluations were not warranted and stated RVSRs had not been trained or instructed to over-evaluate TBI residuals. Both management and RVSRs we interviewed attributed the errors to "oversights" and stated that VBA's TBI second-signature policy was not enforced. As a result, these veterans did not receive correct evaluations for TBI-related claims.

Follow-Up to Prior VA OIG Inspection

In our previous report, *Inspection of the VA Regional Office, Manchester, New Hampshire* (Report No. 11-03384-31, November 22, 2011), an RVSR incorrectly processed 3 of the 8 TBI claims we reviewed. The RVSR used insufficient medical examinations to evaluate TBI related disabilities and also incorrectly granted service-connection for a TBI related disability. We did not identify a systemic issue with TBI claims processing as one RVSR was responsible for all three errors and we made no recommendation for improvement. During our October 2014, inspection, we did not identify similar errors.

Special Monthly Compensation and Ancillary Benefits

As the concept of rating disabilities evolved, it was realized that for certain types of disabilities, the basic rate of compensation was not sufficient for the level of disability present. Therefore, SMC was established to recognize the severity of certain disabilities or combinations of disabilities by adding an additional compensation to the basic rate of payment. SMC represents payments for "quality of life" issues, such as the loss of an eye or limb, or the need to rely on others for daily life activities, like bathing or eating. Generally, VBA grants entitlement to SMC when the following conditions exist.

- Anatomical loss or loss of use of specific organs, sensory functions, or extremities

- Disabilities that render the veteran permanently bedridden or in need of aid and attendance
- Combinations of severe disabilities that significantly affect locomotion
- Existence of multiple, independent disabilities that are evaluated as 50 to 100 percent disabling
- Existence of multiple disabilities that render the veteran in need of such a degree of special skilled assistance that without it, the veteran would be permanently confined to a skilled-care nursing home

Ancillary benefits are secondary benefits that are considered when evaluating claims for SMC. Examples of ancillary benefits are:

- Dependents' Educational Assistance under Title 38, United States Code, Chapter 35
- Specially Adapted Housing Grant
- Special Home Adaptation Grant
- Automobile and Other Conveyance and Adaptive Equipment Allowance

VBA policy requires staff to address the issues of SMC and ancillary benefits whenever they can grant entitlement. We focused our review on whether VARO staff accurately processed entitlement to SMC and ancillary benefits associated with anatomical loss or loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse.

VARO staff incorrectly processed 8 of 15 claims involving SMC and ancillary benefits—6 affected veterans' benefits and resulted in underpayments to 6 veterans totaling approximately $32,500. These errors represented 157 improper recurring monthly payments processed from August 2006 until September 2014. Details on the errors affecting benefits follow.

- An RVSR incorrectly denied a higher level of SMC to a veteran with additional permanent disabilities independently evaluated at 50 percent disabling, for loss of use of both feet. As a result, VA underpaid the veteran approximately $16,600 over a period of 97 months. This was the most significant underpayment we identified in our sample.
- An RVSR assigned an incorrect level of SMC for a veteran with loss of use of one foot and one knee. In addition, the RVSR did not grant an increased SMC rate for additional permanent disabilities independently ratable at 50 percent or more disabling. As a result, VA underpaid the veteran approximately $5,100 over a period of 14 months.
- In another case, an RVSR did not grant an increased SMC rate for an additional permanent disability independently rated at 100 percent. As a

result, VA underpaid the veteran approximately $4,800 over a period of 13 months.

- In the final three cases, RVSRs did not grant higher levels of SMC for veterans with additional permanent disabilities independently rated at 50 percent or more disabling. As a result, VA underpaid one veteran approximately $3,300 over a period of 18 months, the second veteran approximately $2,000 over a period of 11 months, and the last veteran approximately $730 over a period of 4 months.

In the two errors identified with the potential to affect veterans' benefits, RVSRs prematurely granted entitlement to SMC and ancillary benefits using VA treatment reports that did not support a relationship between loss of use and the service-connected disabilities. Neither VSC staff nor we can ascertain entitlement to SMC and ancillary benefits without adequate medical examination reports.

Interviews with VSC staff indicated that until recently, they were not aware of the higher levels of SMC. The VARO furnished records showing staff completed training in August and September 2014 that included higher levels of SMC. We could not assess the adequacy of the SMC training because VSC staff completed the cases we reviewed prior to the training.

VSC management established a policy for second-signature review of rating decisions involving higher levels of SMC. However, in the eight errors we identified, only one had this level of review. Interviews with management and staff indicated that VSC management did not clearly communicate and enforce this review policy, the VSC lacked resources, and competing priorities prevented these types of reviews. As a result, veterans did not always receive accurate benefits payments.

Recommendations

1. We recommended the Manchester VA Regional Office Director conduct a review of the 111 temporary 100 percent disability evaluations remaining from their inspection universe as of August 21, 2014, and take appropriate action.

2. We recommended the Manchester VA Regional Office Director develop and implement a plan to ensure staff take timely action on reminder notifications for medical reexaminations.

3. We recommended the Manchester VA Regional Office Director enforce Veterans Benefits Administration's second-signature review policy for traumatic brain injury rating decisions.

4. We recommended the Manchester VA Regional Office Director enforce the VARO's second signature review policy for special monthly compensation and ancillary benefits rating decisions.

Management Comments

The VARO Director concurred with our recommendations. The Manchester VARO completed the temporary 100 percent review for the remaining 111 claims identified in August 2014. As reflected in the Manchester Workload Management Plan, team coaches are responsible for weekly reviews and generation of the work items related to completing reminder notifications for medical reexaminations.

The VSC's Standard Operating Procedures (SOP) requiring TBI second signature reviews was comprehensively refreshed on January 15, 2015. The updated SOP provides specific requirements for second signature/single signature authority, and requires utilization of a shared Excel spreadsheet for documentation of review(s). Further, the VSC's second signature review policy covers both TBI and SMC. Notably, all RVSRs underwent extensive SMC training in September 2014 and are now required to only have ratings with SMC at the R1 level and greater reviewed.

OIG Response

The Director's comments and actions are responsive to the recommendations. The VARO Director provided several documents to address our recommendations. We will follow up on management's actions during future inspections.

II. Data Integrity

Dates of Claim

To ensure all claims receive proper attention and timely processing, VBA policy directs staff to use the earliest date stamp shown on the claim document as the date of claim. VBA relies on accurate dates of claim to establish and track key performance measures, including the average days to complete a claim.

We focused our review on whether VSC staff followed VBA policy for establishing dates of claim in the electronic record. VSC staff established correct dates of claim for all 30 claims we reviewed. As a result, we determined the VSC is following VBA policy and we made no recommendation for improvement in this area.

III. Management Controls

Benefits Reductions

VBA policy provides for compensation to veterans for conditions they incurred or aggravated during military service. The amount of monthly compensation to which a veteran is entitled may change because his or her service-connected disability may improve. Improper payments associated with benefits reductions generally occur when beneficiaries receive payments to which they are not entitled. Such instances are attributable to VAROs not taking the actions required to ensure correct payments for the veterans' current levels of disability.

When the VARO obtains evidence that a lower disability evaluation would result in a reduction or discontinuance of current compensation payments, VSC staff must inform the beneficiary of the proposed benefits reduction. In order to provide the beneficiary due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level. If the veteran does not provide additional evidence within that period, an RVSR must make a final determination to reduce or discontinue the benefit. On the 65th day following due process notification, action is required to reduce the evaluation and thereby minimize overpayments.

On April 3, 2014, VBA leadership modified its policy regarding the processing of claims requiring benefits reductions. The new policy no longer includes the requirement for VARO staff to take "immediate action" to process these reductions. In lieu of merely removing the vague standard, VBA should have provided clearer guidance on prioritizing this work to ensure sound financial stewardship of these monetary benefits.

Finding 2 VARO Lacked Oversight To Ensure Timely Action on Proposed Benefits Reductions

VSC staff delayed processing two of seven cases involving proposed benefits reductions due to a lack of priority on timely managing this workload. Processing delays resulted in overpayments totaling approximately $60,100, representing 25 improper monthly recurring payments to 2 veterans from February 2013 to September 2014.

Both delays required rating decisions to reduce benefits and an average of 13 months elapsed from the time staff should have taken action to reduce the evaluations for these two cases. In the case with the most significant overpayment and delay, VSC staff sent a letter to the veteran on September 6, 2012, proposing to reduce the evaluation for prostate cancer. The due process period expired on November 13, 2012, without the veteran providing additional evidence to support the claim. However, staff did not reduce the benefits until June 13, 2014. As a result, VA overpaid the veteran approximately $52,000 over a period of 19 months.

Generally, these delays occurred because VARO management did not prioritize this workload. Because of national changes to workload management, VSC leadership did not prioritize processing benefits reductions and concentrated instead on national priorities, including processing rating claims pending over 2 years. Additionally, the VSC reallocated staff to emphasize the processing of rating related claims instead of benefits reductions. Both management and staff confirmed a lack of emphasis on timely following through with proposed rating reductions.

Interviews with VSC management and staff indicated they created a specialized team in October 2014 specifically focused on processing non-rating claims, including proposed reductions for temporary 100 percent disability evaluations and other proposed rating reductions. Interviews with VSC management and staff indicated they are now focusing on this workload. The VSC Manager reviews rating reductions as part of the 10 oldest claims she monitors weekly. We verified a reduction by 40 claims in this workload by comparing the pending inventory from June 30, 2014, to October 17, 2014. Therefore, the Manchester VSC's processing of this workload appears to be effective.

Appendix A VARO Profile and Scope of Inspection

Organization

The Manchester VARO administers a variety of services and benefits, including compensation benefits and vocational rehabilitation and employment assistance.

Resources

As of September 2014, the Manchester VARO reported a staffing level of 49 full-time employees. Of this total, the VSC had 36 employees assigned.

Workload

As of September 2014, VBA reported the Manchester VARO had 1,616 pending compensation claims pending with 747 (46 percent) pending greater than 125 days.

Scope and Methodology

VBA has 56 VAROs and a VSC in Cheyenne, WY, that process disability claims and provide a range of services to veterans. In October 2014, we evaluated the Manchester VARO to see how well it accomplishes this mission.

We reviewed selected management, claims processing, and administrative activities to evaluate compliance with VBA policies regarding benefits delivery and nonmedical services provided to veterans and other beneficiaries. We interviewed managers and employees and reviewed veterans' claims folders. Prior to conducting our onsite inspection, we coordinated with VA OIG criminal investigators to provide a briefing designed to alert VARO staff to the indicators of fraud in claims processing.

Our review included 30 of 141 temporary 100 percent disability evaluations (21 percent) selected from VBA's Corporate Database. These claims represented instances where VBA staff had granted temporary 100 percent disability evaluations for at least 18 months as of August 21, 2014. This is generally the longest period a temporary 100 percent disability evaluation may be assigned without review, according to VBA policy. We provided VARO management with 111 claims remaining from their universe of 141 claims as of August 21, 2014 for review. We reviewed all seven disability claims related to TBI that the VARO completed from April 1, 2014, through June 30, 2014. We also examined all 15 veterans' claims available involving entitlement to SMC and ancillary benefits that VARO staff completed from July 1, 2013, through June 30, 2014.

We reviewed 30 (5 percent) of 656 dates of claims pending at the VARO during the period July 2, 2014, through October 1, 2014. Additionally, we looked at the seven available completed claims involving proposed benefits reductions from April 1, 2014, through June 30, 2014.

Data Reliability

We used computer-processed data from the Veterans Service Network's Operations Reports and Awards. To test for reliability, we reviewed the data to determine whether any were missing from key fields, included calculation

errors, or were outside the time frame requested. We assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Further, we compared veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates provided in the data received with information contained in the 89 claims folders we reviewed related to temporary 100 percent disability evaluations, TBI claims, SMC and ancillary benefits, dates of pending claims at the VARO, and completed claims involving proposed benefits reductions.

Our testing of the data disclosed that they were sufficiently reliable to meet our inspection objectives. Our comparison of the data with information contained in the veterans' claims folders we reviewed did not disclose any problems with data reliability.

This report references VBA's Systematic Technical Accuracy Review data. As reported by VBA's Systematic Technical Accuracy Review program as of September 2014, the overall claims-based accuracy of the VARO's compensation rating-related decisions was 90.5 percent. We did not test the reliability of these data.

Inspection Standards

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation.*

Appendix B Inspection Summary

Table 2 reflects the operational activities inspected, applicable criteria, and whether or not we had reasonable assurance of VARO compliance.

Table 2. Manchester VARO Inspection Summary

Operational Activities Inspected	Criteria	Reasonable Assurance of Compliance
Disability Claims Processing		
Temporary 100 Percent Disability Evaluations	Determine whether VARO staff properly reviewed temporary 100 percent disability evaluations. (38 CFR 3.103(b)), (38 CFR 3.105(e)), (38 CFR 3.327), (M21-1 MR Part IV, Subpart ii, Chapter 2, Section J), (M21-1MR Part III, Subpart iv, Chapter 3, Section C.17.e)	No
Traumatic Brain Injury Claims	Determine whether VARO staff properly processed claims for service connection for all disabilities related to in-service TBI. (FL 08-34 and 08-36), (Training Letter 09-01)	No
Special Monthly Compensation and Ancillary Benefits	Determine whether VARO staff properly processed SMC and correctly granted entitlement to ancillary benefits. (38 CFR 3.350, 3.352, 3.807, 3.808, 3.809, 3.809a, 4.63, and 4.64), (M21-1MR IV.ii.2.H and I)	No
Data Integrity		
Dates of Claim	Determine whether VARO staff accurately established claims in the electronic records. (38 CFR 3.1(p) and (r)), (38 CFR 3.400), (M21-4, Appendix A and B), (M21-1MR.III.ii.1.C.10.a), (M21-1MR.III.ii.1.B.6 and 7), (M21-1MR.III.ii.2.B.8.f), (M21-1MR, III.i.2.A.2.c), (*VBMS User Guide*), (M21-4, Chapter 4.07), (M23-1, Part 1, 1.06)	Yes
Management Controls		
Benefits Reductions	Determine whether VARO staff timely and accurately processed disability evaluation reductions or terminations. (38 CFR 3.103(b)(2), (38 CFR 3.105(e)), (38 CFR 3.501), (M21-1MR.IV.ii.3.A.3.e), (M21-1MR.I.2.B.7.a), (M21-1MR.I.2.C), (M21-1MR.I.ii.2.f), (M21-4,Chapter 2.05(f)(4)), (*Compensation & Pension Service Bulletin*, October 2010)	No

Source: VA OIG

CFR=Code of Federal Regulations, FL=Fast Letter, M=Manual, MR=Manual Rewrite

Appendix C VARO Director's Comments

Department of Veterans Affairs

Memorandum

Date: February 13, 2015

From: Director, VARO Manchester (373/21)

Subj: Draft Report, Inspection of the VA Regional Office, Manchester NH

To: Assistant Inspector General for Audits and Evaluations (52)

Thru: Director, Eastern Area

1. During the week of October 20, 2014, OIG conducted an inspection of the Veterans Service Center operations at the Manchester VA Regional Office. Our responses to the recommendations are incorporated in the attached report.

2. Specific responses to each OIG recommendation of the subject report are provided in the attachment to this memorandum.

3. We appreciate the courtesy and cooperation your staff showed during the Inspection. If you have any questions or would like to discuss our response, please contact me at 617-303-4250.

(original signed by:)

Bradley G. Mayes
Director

cc: Eastern Area Director's Office

Attachment

Attachment

OIG Site Visit Response

Manchester Veterans Affairs Regional Office

Recommendation I: We recommended the Manchester VA Regional Office Director conduct a review of the 111 temporary 100 percent disability evaluations remaining from their inspection universe as of August 21, 2014, and take appropriate action.

RO Response: Concur. The Manchester VARO completed the temporary 100 percent review for the remaining 111 claims identified in August 2014. As evidenced by the attached VOR report generated on February 10, 2015, Manchester is current with the temporary 100 percent reviews. An excerpt of the Summary Message Work Items was provided for review. These reports demonstrate the station is current with these reviews.

1. The Veterans Service Center (VSC) Workload Management Plan (WMP) provides supervisory oversight for review of the temporary 100% reviews.

2. The VSC Management Analyst provides a daily report providing summary level reporting for the pending 684s and 800 series work items. This is reported to the VSCM and Coaches.

3. The VSC MA runs a VOR report monthly to confirm timeliness compliance for EP 684s and 800 series work items.

4. At the end of the fiscal year (9/30/14), Manchester held four EP 684s in the inventory, with Average Days to Process (ADP) of 95.8 days. As of 2/11/15, the VSC has completed all cases in this inventory.

5. On 8/21/14, Manchester had 1,854 EP 810 Message Work Items pending in its inventory, with an ADP of 211.0 days. As of 2/11/15, the VSC has seven EP 810 Message Work Items in its inventory with an ADP of 58.0 days.

Recommendation 2: We recommended the Manchester VA Regional Office Director develop and implement a plan to ensure staff take timely action on reminder notifications for medical reexaminations.

RO Response: Concur. This following oversight is maintained in order to keep 800 series items (specifically 810 message work items) current.

1. The 810 work items are generated from the corporate diary weekly. As reflected in the Manchester WMP (excerpt attached below), the team coaches are responsible for the weekly review and generation of the work items to be completed.

2. Summary reporting for the 800 series work items is generated by the VSC Management Analyst daily. The attached temporary 100% review update demonstrates the current plan's effectiveness in monitoring and maintaining timeliness for both the 810 message work items and the EP 684 reviews.

3. At the end of the fiscal year (9/30/14) Manchester held four EP 684s in the inventory with Average Days to Process (ADP) of 95.8 days. As of 2/11/15, the VSC has completed all cases in this inventory.

Recommendation 3: We recommended the Manchester VA Regional Office Director enforce Veterans Benefits Administration's second-signature review policy for traumatic brain injury rating decisions.

RO Response: Concur. The VSC's Standard Operating Procedures (SOP) requiring TBI second signature reviews was comprehensively refreshed on January 15, 2015. The updated SOP provides specific requirements for second signature/single signature authority, and requires utilization of a shared Excel spreadsheet for documentation of review(s).

1. A copy of the updated second signature review policy/SOP is attached.

2. A sample copy of our internal tracker documenting reviews is also attached. (To ensure no PII is released, the claim number column has been cleared.)

Recommendation 4: We recommended the Manchester VA Regional Office Director enforce the VARO's second signature review policy for special monthly compensation and ancillary benefits rating decisions.

RO Response: Concur. The VSC's second signature review policy covers both Traumatic Brain Injury (TBI) and Special Monthly Compensation (SMC). Notably, all RVSRs underwent extensive SMC training in September 2014 and are now required to only have ratings with SMC at the R1 level and greater reviewed. The VSC has 8 SMC claims pending; however, all are below the R1 level.

1. A sample copy of our internal tracker for SMC R-1 and greater is attached. This tracker is housed on a shared drive allowing for compliance oversight by the VSCM.

2. In process reviews (IPRs) are used to ensure that SMC for those levels below R1 and the granting of ancillary benefits are correct. IPRs are tracked on a shared drive to allow for random VSCM compliance reviews. An excerpt of our local IPR tracker is attached. (To ensure no PII is released, the claim number column has been cleared.)

Appendix D OIG Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Acknowledgments	Brent Arronte, Director Ed Akitomo Yolanda Dunmore Michelle Elliott David Piña Jason Reyes Rachel Stroup Nelvy Viguera Butler Diane Wilson

Appendix E Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Assistant Secretaries
Office of General Counsel
Veterans Benefits Administration Eastern Area Director
VA Regional Office Manchester Director

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Kelly Ayotte, Jeanne Shaheen
U.S. House of Representatives: Ann McLane Kuster

This report is available on our Web site at **www.va.gov/oig**.