

# VA Office of Inspector General

## OFFICE OF AUDITS AND EVALUATIONS



## Inspection of VA Regional Office Indianapolis, Indiana

May 19, 2015  
14-04876-204

# ACRONYMS

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

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# Report Highlights: Inspection of VA Regional Office, Indianapolis, Indiana

## Why We Did This Review

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

## What We Found

Overall, VARO staff did not accurately process 18 (21 percent) of 87 disability claims reviewed. We sampled 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. These results do not represent the overall accuracy of disability claims processing at this VARO.

In our 2011 benefits inspection report, we reported the most frequent processing errors associated with temporary 100 percent disability evaluations occurred when VARO staff did not establish electronic controls needed to request required medical reexaminations. During this inspection, we found that VARO staff incorrectly processed 13 of 30 temporary 100 percent disability evaluations. In 11 of these cases, VARO staff delayed scheduling the required medical reexaminations despite receiving reminder notices to do so.

We also reported in 2011 that TBI claims processing errors resulted from lack of training and staff not following VBA policy.

During this 2014 inspection, we did not identify similar errors. We determined the VARO's actions in response to our previous recommendations have been effective. Generally, VARO staff followed VBA's policy for establishing the correct dates of claim in the 30 cases we reviewed. However, VARO staff did not timely process 9 of the 30 benefit reduction cases because management considered other work to be a higher priority.

## What We Recommended

We recommended the Indianapolis VARO Director implement plans to ensure staff: take timely actions to request medical reexaminations, review the 353 temporary 100 percent disability evaluations remaining from our inspection universe, and ensure the effectiveness of training conducted on processing SMC claims and ancillary benefits. The Director should also ensure staff prioritize benefits reductions to minimize improper payments to veterans.

## Agency Comments

The Director of the Indianapolis VARO concurred with all recommendations; however, planned corrective actions do not adequately address all recommendations. We will follow up as required.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY  
Assistant Inspector General  
for Audits and Evaluations

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## 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 the 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 Indianapolis 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 Indianapolis 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**

**Indianapolis VARO Needs to Improve The Processing of Two Types of Disability Claims**

The Indianapolis VARO did not consistently process temporary 100 percent disability evaluations or entitlement to SMC and ancillary benefits accurately. Overall, VARO staff incorrectly processed 18 of the total 87 disability claims we sampled, resulting in 122 improper monthly payments to 5 veterans, totaling approximately \$187,682 at the time of our inspection in September 2014.

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

Type of Claim	Claims Reviewed	Claims Inaccurately Processed: Affected Veterans’ Benefits	Claims Inaccurately Processed: Potential To Affect Veterans’ Benefits	Claims Inaccurately Processed: Total
Temporary 100 Percent Disability Evaluations	30	3	10	13
TBI Claims	27	0	1	1
SMC and Ancillary Benefits	30	2	2	4
<b>Total</b>	<b>87</b>	<b>5</b>	<b>13</b>	<b>18</b>

*Source: VA OIG analysis of the Veterans Benefits Administration’s 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 from July 2013 through June 2014.*

**Temporary  
100 Percent  
Disability  
Evaluations**

VARO staff incorrectly processed 13 of 30 temporary 100 percent disability evaluations we reviewed. VBA policy requires a temporary 100 percent disability evaluation for a veteran's service-connected disability following a 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 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.

Without effective management of these temporary 100 percent disability ratings, VBA is at an increased risk of paying inaccurate financial benefits. Available medical evidence showed 3 of the 13 processing errors we identified affected veterans' benefits and resulted in 44 improper monthly payments to 3 veterans totaling approximately \$23,332 from June 2011 to September 2014. Details on the errors affecting benefits follow.

- In September 2012, an RVSR established a temporary 100 percent disability evaluation for a veteran's Non-Hodgkin's lymphoma and annotated the need for a medical reexamination in September 2013. However, VARO staff did not schedule the medical reexamination until August 2014. Available medical evidence showed the veteran's disability improved and that the temporary 100 percent evaluation was no longer supported. As a result, the veteran was overpaid approximately \$17,383 over a period of 7 months. This was the most significant overpayment.
- In the second case affecting benefits, an RVSR did not establish the correct effective date for entitlement to a SMC benefit. As a result, the veteran was overpaid approximately \$3,573 over a period of 3 years.
- One error occurred when VARO staff delayed reducing a veteran's benefits after advising him/her of the intent to do so. As a result, the veteran was overpaid approximately \$2,376 over a period of 1 month.

The remaining 10 of the total 13 errors had the potential to affect veterans' benefits. For all 10 of these cases, VARO staff delayed scheduling the required VA reexaminations despite receiving reminder notifications to do so. VARO management agreed with our assessments in the 13 cases.

The majority of the processing inaccuracies resulted from inadequate VARO management oversight to ensure staff took timely action to schedule medical reexaminations upon receipt of reminder notifications. As we reviewed claims in advance of our site visit we found that VARO staff had delayed requesting reexaminations on average for 10 months. Until VARO staff obtain the medical evidence needed to reevaluate each case, the temporary 100 percent disability evaluations continue uninterrupted. We provided VARO management with 353 claims remaining from our universe of 383 after completing our sample review of 30 claims for its review to determine whether similar action is required.

Interviews with VARO staff and management revealed other claims processing activities had higher priority. VARO management stated it focused on priorities directed by VBA's Central Office and Eastern Area office, which did not include taking timely action to schedule medical reexaminations after receiving reminder notifications.

*Follow-Up to  
Prior VA OIG  
Inspection*

In our previous report, *Inspection of the VA Regional Office, Indianapolis, Indiana* (Report No. 11-03134-32, November 29, 2011), VARO staff incorrectly processed 25 of 30 temporary 100 percent disability evaluations we reviewed. The majority of errors resulted because staff did not establish suspense diaries in the electronic record to provide reminder notifications to schedule VA medical 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 improvement to the Indianapolis VARO during our 2011 benefits inspection.

During our October 2014 inspection, we did not identify any errors where staff did not establish suspense diaries for reexaminations of temporary 100 percent disability evaluations. Rather, the suspense diaries were generating reminder notifications, but staff were not taking timely action to schedule the medical reexaminations after receiving the reminder notifications to do so.

**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 to 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.

VARO staff correctly processed 26 of the total 27 TBI claims processed from April to June 2014. One of the 27 cases contained a processing error. In that case, the RVSR prematurely continued a 10 percent disability evaluation based on results of a neurological Disability Benefits Questionnaire (DBQ). However, VBA policy required staff to base the disability evaluation on results from a TBI DBQ. Because the veteran had multiple service-connected disabilities, the error did not affect the overall monthly payment amount. However, the error has the potential to affect future benefits if the veteran's other service-connected disabilities worsen or if service connection is granted for a new disability. We determined VARO staff generally followed VBA policy when processing TBI claims. Therefore, we made no recommendation for improvement in this area.

**Follow-Up to  
Prior VA OIG  
Inspection**

In our 2011 report, *Inspection of the VA Regional Office, Indianapolis, Indiana* (Report No. 11-03134-32, November 29, 2011), we determined 4 of the 20 cases completed by VARO staff contained processing errors. We recommended and the VARO Director agreed to conduct refresher training and implement a plan to ensure staff follow VBA's policy when processing TBI claims. The OIG closed these recommendations in July 2012.

Given the significant improvement demonstrated by VARO staff when processing TBI claims, we conclude the VARO's actions in response to our prior recommendations were effective. Further, VARO management and staff also attributed improvement in this area to more

**Special Monthly Compensation and Ancillary Benefits**

effective communication between VBA and the Veterans Health Administration.

As the concept of rating disabilities evolved, it was realized that for certain types of disabilities, the basic rate of compensation is 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 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 staff must consider when evaluating claims for SMC. Examples of ancillary benefits are:

- Dependents’ Educational Assistance under Title 38, United States Code, Chapter 35
- Specially Adapted Housing grants, which allow veterans with certain disabilities such as amputations or paralysis to purchase or renovate a barrier-free home
- Special Home Adaptation grants, which help blinded veterans or those with upper-extremity handicaps to renovate homes
- 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 examined whether VARO staff accurately processed entitlement to SMC and ancillary benefits associated with anatomical loss, loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse.

VARO staff incorrectly processed 4 of 30 veterans' claims involving SMC and related ancillary benefits. Two errors affected veterans' benefits and resulted in 78 improper monthly payments totaling approximately \$164,350 from October 1, 2009, to September 2014. Generally, errors occurred because the VARO staff received infrequent training on higher-level SMC. VARO management concurred with all errors we identified. Details on the four errors follow.

- An RVSR did not grant SMC at the appropriate rate. The RVSR assessed the veteran's loss of use of both legs and erectile dysfunction, and established SMC at this level. However, medical evidence showed paraplegia and indicated the veteran required bowel and bladder care regimens. Paraplegia with loss of bowel and bladder sphincter control warrants SMC at a higher level than assigned in this case. As a result, the veteran had been underpaid approximately \$160,882 over a period of 4 years and 11 months.
- In the second case affecting benefits, an RVSR granted SMC for the veteran's loss of use of both feet but overlooked diabetic neuropathy that warranted an increase in SMC. As a result, the veteran was underpaid approximately \$3,468 over a period of 1 year and 7 months.
- One error occurred when an RVSR assigned an incorrect SMC code for a veteran's multiple sclerosis. In this case, the error did not affect the veteran's overall monthly benefits payments; however, if left uncorrected, future benefits may be impacted. VBA policy requires staff to reduce some SMC benefits if a veteran receives hospital care at VA expense. Because the SMC code was incorrect, this veteran would receive inaccurate payments if hospitalized.
- In the final case, an RVSR awarded both Special Adapted Housing and Special Home Adaptation grants at the same time. Under its regulations, VA cannot grant Special Home Adaptation—a benefit valued at approximately \$13,500 — if a veteran had received the higher benefit valued at \$67,600 for Special Adapted Housing.

We confirmed VARO staff received higher-level SMC training in August 2014. Prior to the August 2014 training, VARO staff last received SMC training in the summer of 2012. RVSRs we interviewed told us they found the higher-level SMC training helpful but also indicated the training should be more frequent. Because the claims selected for our review were completed prior to the August 2014 SMC training, we could not assess the effectiveness of the training.

## Recommendations

1. We recommended the Indianapolis VA Regional Office Director develop and implement a plan to ensure staff take timely action on reminder notifications to request medical reexaminations.
2. We recommended the Indianapolis VA Regional Office Director conduct a review of the 353 temporary 100 percent disability evaluations remaining from their inspection universe as of September 2, 2014, and take appropriate action.
3. We recommended the Indianapolis VA Regional Office Director implement plans to ensure the effectiveness of training conducted on processing claims for Special Monthly Compensation and ancillary benefits.

### Management Comments

The VARO Director concurred with our recommendations. VARO management acknowledged the importance of taking timely action on reminder notifications for medical reexaminations due to temporary 100 percent disability evaluations. The VARO Director indicated the workload management plan had been updated in February 2015 and now designates supervisory staff responsible for reviewing reminder notifications for medical examinations for temporary 100 percent disability evaluations. Following the establishment of the appropriate electronic work control in VBA's electronic system, supervisory staff will ensure the work is assigned to VARO staff and confirm the action is completed within 180 days of establishing the electronic work control. Additionally, the Director indicated VARO staff completed its review of the 353 temporary 100 percent disability evaluations remaining from the inspection universe on March 20, 2015. Additionally, the VARO Director reported training for deciding claims for SMC and ancillary benefits took place in October 2014 and noted training will occur annually.

### OIG Response

The Director's planned corrective actions do not fully address the recommendations. Specifically, the Director's plan does not indicate the frequency in which supervisory staff will review reminder notifications to schedule medical reexaminations for temporary 100 percent disability evaluations.

Additionally, according to the VARO, VBA's goal to complete actions related to routine future examinations is 180 days—we find the 180-day goal provides too much time to ensure sound financial stewardship. Given VBA's 35-day goal for completing VA medical examinations, we find allowing VARO staff an additional 145 days to review the examinations results and reevaluate the temporary disability

to be excessive. In cases where medical evidence no longer supports temporary 100 percent disability evaluations, benefits payments will continue for a minimum of 4 months—pending expiration of the veterans' due process period and finalization of benefits reduction actions.

Further, the Director's planned actions do not address our recommendation to implement plans to ensure the effectiveness of training for SMC and ancillary benefits. We will continue to follow up on management's planned corrective actions to address these recommendations as required.

## II. Data Integrity

### *Dates of Claim*

To ensure claims receive proper attention and timely processing, VBA policy directs staff 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. However, in May 2013, VBA leadership modified its policy by issuing guidance authorizing the establishment of dates of claim for previously unaddressed claims as the date staff discovered the claim instead of the date of the earliest date stamp. In June 2014, VBA leadership suspended this guidance, and in January 2015, terminated its policy for using the discovery date as the date of claim for previously unaddressed claims. Currently, there is no provision for establishing dates of claim based on the date VARO staff discover previously unaddressed claims. We focused our review on whether VSC staff followed VBA policy for establishing dates of claim.

VARO staff established claims in VBA's electronic system of records using correct dates of claim for 28 of the 30 claims we reviewed. Summaries of the two claims established using incorrect dates of claims follow:

- One November 5, 2013, the VARO received a veteran's notice of disagreement with a previous decision and a claim for service connection that also contained a claim for a new condition. However, VARO staff did not address the new claim as required and were unaware that the claim existed until it was discovered on July 25, 2014. Despite an internal VARO memo directing staff to use November 5, 2013, as the date of claim, staff used the date they discovered the claim instead. This action misrepresented the date of claim and the time the veteran waited for benefits by 262 days.
- On June 11, 2014, the VARO received a veteran's claim for an increase in six service-connected conditions. However, staff established the date of claim in the electronic record as July 11, 2014—misrepresenting the age of the claim by 30 days.

Because VARO staff accurately captured dates of claims for 28 of the 30 claims we reviewed, we concluded staff generally followed VBA policy when establishing claims in the electronic systems of records. As such, we made no recommendation for improvement in this area. However, the amount of time two veterans had been waiting to receive benefits decisions was considered significant. Further, recording incorrect dates of claims in the electronic record reduces the data integrity associated timeliness metrics for pending claims workload.

### III. Management Controls

#### **Benefit Reductions**

VBA policy provides for the payment of 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 because VAROs do not take the actions required to ensure correct payments for their 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 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. If the VARO does not receive additional evidence within that period, RVSRs will make a final determination to reduce or discontinue the benefit. On the 65<sup>th</sup> 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**

#### **Indianapolis VARO Lacked Oversight To Ensure Timely Action on Proposed Benefits Reductions**

VARO staff delayed processing 9 of 30 cases involving benefits reductions—7 affected veterans’ benefits and 2 had the potential to affect veterans’ benefits. These errors occurred due to a lack of emphasis on timely processing benefits reductions. As a result, VA made 45 improper payments to 7 veterans from October 2013 to September 2014, totaling approximately \$57,397 in excess of the actual benefits entitlement.

#### **Delayed Processing Actions**

For the nine cases with processing delays, an average of 6 months elapsed before staff took the required actions to reduce benefits. The most significant improper payment involved VARO staff proposing to

**Accuracy**

reduce a veteran's benefits after medical evidence showed the medical condition had improved. Staff proposed the reduction action in May 2013; however, the final rating decision to discontinue benefits did not occur until March 2014, which was approximately 9 months beyond the date it should have occurred. As a result, the veteran received approximately \$23,651 in improper payments. VARO management agreed with our assessment in the nine cases containing errors.

One of the nine cases with a processing delay also had an accuracy error. In this case, VSC staff incorrectly reduced benefits from 100 percent to 40 percent effective January 1, 2014, and discontinued special monthly compensation effective August 1, 2014, without providing proper due process notification to the veteran. As a result the VARO underpaid the veteran \$2,483 over a period 8 months.

Generally, delayed processing actions occurred because VARO management had competing priorities for processing its workload. Although the VARO's Workload Management Plan directed staff to take action on benefits reduction notices once due process expired, delays occurred because management did not consider these cases a priority. Interviews with management confirmed rating reductions were a lower priority because they were directed by VBA's Central Office and the Office of Field Operations to reduce the current inventory of older pending disability claims.

VARO management indicated they did not have the resources to meet the production goals and timely process other workload like rating reductions; they also communicated such to the Office of Field Operations. Because of the processing delays, veterans received erroneous benefits payments. VARO management agreed with our assessments in the nine cases we identified as noncompliant with VBA.

However, we disagree with VARO management's assessment related to workload demands. It is a VBA management responsibility to address this issue, because the lack of timely processing has the potential to result in millions of dollars in improper payments. Where VBA lacks sufficient staff to address properly its management responsibilities, it should make its case for an increase in full-time equivalents through the normal budget process. Providing oversight of benefits reductions is necessary to ensure sound financial stewardship and minimize improper benefits payments.

## Recommendation

4. We recommended the Indianapolis VA Regional Office Director implement a plan to ensure claims processing staff prioritize actions related to benefits reductions to minimize improper payments to veterans.

### ***Management Comments***

The VARO Director concurred with our recommendation and updated the workload management plan to ensure claims with actions related to benefits reductions are reviewed by a supervisor on a weekly basis and assigned to staff for timely action. The VARO Director also agreed some veterans received erroneous benefit payments but restated processing delays are not considered accuracy errors for VA purposes.

### ***OIG Response***

The Director's action is responsive to the recommendation; however, we caution that overall stewardship of financial benefits is also a management function for which the Director is responsible. Performance challenges and accountability to help foster good program management and financial stewardship ensures effective Government operations.

## Appendix A VARO Profile and Scope of Inspection

**Organization** The Indianapolis VARO administers a variety of services and benefits, including compensation benefits; vocational rehabilitation and employment assistance; specially adapted housing grants; benefits counseling; and outreach to homeless, elderly, minority, and women veterans. The Indianapolis VARO also has the Eastern Area Fiduciary Hub, which provides guardianship services to beneficiaries in the northeastern United States.

**Resources** As of September 2014, VBA reported the Indianapolis VARO had a staffing level of 442 full-time employees. Of this total, the VSC had 171.5 employees assigned.

**Workload** As of September 2014, VBA reported the Indianapolis VARO had 8,168 pending compensation claims pending with 4,411 (54 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 Indianapolis 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 383 temporary 100 percent disability evaluations (8 percent) selected from VBA's Corporate Database. These claims represented all instances in which VARO staff had granted temporary 100 percent disability evaluations for at least 18 months as of September 2, 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 353 claims remaining from our universe of 383 for its review. We reviewed 27 of 45 disability claims related to TBI (60 percent) that VARO staff completed from April 1, 2014, through June 30, 2014. We examined 30 of 58 of veterans' claims involving entitlement to SMC and related ancillary benefits (52 percent) completed by VARO staff from July 1, 2013, through June 30, 2014.

We assessed 30 of 2,768 cases (1 percent) with a dates of claims recorded in the electronic record from July 2, 2014, through October 1, 2014. We also examined 30 of 101 completed claims involving proposed benefits reductions (30 percent) 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 data were missing from key fields, included any calculation errors, or were outside the time frame requested. We also 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 as provided in the data received with information contained in the 147 claims folders we reviewed related to temporary 100 percent disability evaluations, TBI claims, SMC and ancillary benefits, completed claims related to benefits reductions, and dates of claims.

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

As reported by VBA's Systematic Technical Accuracy Review program as of September 2014, the overall accuracy of the Indianapolis VARO's compensation rating-related decisions was 90.8 percent, 3.2 percentage points below VBA's FY 2014 target of 94 percent. We did not test the reliability of this 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. Indianapolis VARO Inspection Summary**

Operational Activities Inspected	Criteria	Reasonable Assurance of Compliance
<b>Disability Claims Processing</b>		
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. (38 CFR 4.124(a)) (Training Letter 09-01)	Yes
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
<b>Data Integrity</b>		
Dates of Claim	Determine whether VARO staff record the correct dates of claim in the electronic records. (38 CFR 3.1, and 3.400)(M21-1 MR.III.ii.1)(M21-4, App. B)(M23-1, part 1, Ch.1 and 2)(FL12-26)	Yes
<b>Management Controls</b>		
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:** April 9, 2015  
**From:** Director, VA Regional Office Indianapolis, Indiana  
**Subj:** Inspection of the VA Regional Office, Indianapolis, Indiana  
**To:** Assistant Inspector General for Audits and Evaluations (52)

1. During the week of October 20 - 24, 2014, OIG conducted an inspection of the Veterans Service Center operations at the Indianapolis 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. 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 Michael Stephens, Director, at 317-916-3400. 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 Michael Stephens, Director, at 317-916-3400.

*(original signed by:)*

Michael Stephens

Attachment

**OIG Site Visit Response  
Indianapolis Veterans Affairs Regional Office**

<b>Recommendation 1:</b>	We recommended the Indianapolis VA Regional Office Director develop and implement a plan to ensure staff take timely action on reminder notifications to request medical reexaminations.
<b>RO Response:</b>	<p>Concur. In order to ensure timely action on reminder notifications for medical re-examinations due to temporary 100 percent disability evaluations, Coach/Assistant Coach are now required to review all work items to determine which are related to temporary 100 percent evaluations. Following establishment of an EP 310, the Coach ensures the proper assignments have been made, and confirms action completed within 180 days of establishment. This has been incorporated in the VARO's Workload Management Plan as of February 23, 2015.</p> <p>The Indianapolis RO requests closure of this item.</p>
<b>Applicable Attachment(s):</b>	N/A
<b>Recommendation 2:</b>	We recommended the Indianapolis VA Regional Office Director conduct a review of the 353 temporary 100 percent disability evaluations remaining from their inspection universe as of September 2, 2014, and take appropriate action.
<b>RO Response:</b>	<p>Concur. The Indianapolis Regional Office completed its review of all 353 temporary 100 percent disability evaluations remaining on March 20, 2015. The Regional Office continues to adhere to the national workload plan which includes the routine review of all temporary 100 percent disability evaluations that are provided to the Regional Office on a weekly basis. The national priority on this workload requires stations to timely address all temporary 100 percent disability evaluations within 180 days of establishment. Locally, this workload is incorporated into our monthly workload reviews.</p> <p>The Indianapolis RO requests closure of this item.</p>
<b>Applicable Attachment(s):</b>	N/A

<b>Recommendation 3:</b>	We recommended the Indianapolis VA Regional Office Director implement plans to ensure the effectiveness of training conducted on processing claims for Special Monthly Compensation and ancillary benefits.
<b>RO Response:</b>	<p>Concur. The Indianapolis Regional Office completed training on Special Monthly Compensation and ancillary benefits to all journey level Rating Veterans Service Representatives in October 2014. We will continue to provide requisite training on this topic as part of the annual mandatory training curriculum.</p> <p>The Indianapolis RO requests closure of this item.</p>
<b>Applicable Attachment(s):</b>	N/A
<b>Recommendation 4:</b>	We recommended the Indianapolis VA Regional Office Director implement a plan to ensure claims processing staff prioritize actions related to benefits reductions to minimize improper payments to veterans.
<b>RO Response:</b>	<p>Concur. The Indianapolis Regional Office concedes that processing delays led to Veterans receiving erroneous benefit payments in 9 or 30 cases reviewed. Processing delays however, are not considered accuracy errors for VA purposes. Claim reviews for actions related to benefit reductions are reviewed by a Coach on a weekly basis and are appropriately assigned to VSRs to take timely actions on benefits reductions. This has been incorporated in the VARO's Workload Management Plan as of September 1, 2014. Also, the updated Workload Management Plan was made available to employees via the Veterans Service Center sharepoint site on the same date.</p> <p>The Indianapolis RO requests closure of this item.</p>
<b>Applicable Attachment(s):</b>	N/A

## Appendix D **OIG Contact and Staff Acknowledgments**

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OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Nora Stokes, Director Kelly Crawford Kyle Flannery Suzanne Love Jeffrey Myers Michelle Santos-Rodriguez Lisa Van Haeren Nelvy Viguera Butler Mark Ward
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