

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Benefits Administration

*Inspection of  
VA Regional Office  
Sioux Falls, South Dakota*

September 15, 2015  
15-01860-502

# ACRONYMS

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

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# Report Highlights: Inspection of the VA Regional Office, Sioux Falls, South Dakota

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## Why We Did This Review

The Veterans Benefits Administration (VBA) has 56 VA Regional Offices (VAROs) and a Veterans Service Center in Wyoming, that process disability claims and provide services to veterans. We evaluated the Sioux Falls VARO to see how well it accomplishes this mission. Office of Inspector General Benefits Inspectors conducted this work in June 2015.

## What We Found

The Sioux Falls VARO did not consistently process one type of the disability claims we reviewed. Overall, staff did not accurately process 3 of 62 disability claims (5 percent) reviewed. As a result, 17 improper monthly payments were made to 2 veterans totaling approximately \$3,600. VARO staff incorrectly processed the two special monthly compensation and ancillary benefits claims we reviewed. We sampled claims that we considered at increased risk of processing errors. These results do not represent accuracy of all disability claims processing at this VARO.

In our 2012 inspection report, the most frequent processing errors associated with temporary 100 percent disability evaluations occurred because management did not have an oversight process to ensure staff entered suspense diaries as required. During this inspection, we did not identify similar errors. Therefore, we determined VBA's response to our previous recommendation was proactive and effective. We also reported in 2012 that staff processed

traumatic brain injury claims correctly. During this inspection, we did not identify processing errors with these claims.

VARO staff followed VBA's policy for establishing dates of claim in the 30 claims we reviewed. Staff did not correctly process or delayed processing 7 of 30 benefits reductions cases generally because management did not prioritize this workload.

## What We Recommended

We recommended the Director review the 22 temporary 100 percent disability evaluations and take appropriate action. The Director should develop a plan to improve the effectiveness of the second-signature review process for special monthly compensation claims, and implement a plan to ensure oversight and prioritization of benefits reductions cases.

## Agency Comments

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

A handwritten signature in black ink that reads "Brent E. Arronte".

**Brent E. Arronte**  
Deputy Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

### **Objective**

The Benefits Inspection Program is part of the VA 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.

We provide this information to help the VARO make procedural improvements 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 Veterans Benefits Administration (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 Sioux Falls 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 Sioux Falls 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
- 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**

**Sioux Falls VARO Needs To Improve the Processing of One Type of Disability Claim**

The Sioux Falls VARO did not consistently process entitlement to SMC and ancillary benefits. Overall, VSC staff incorrectly processed 3 of the total 62 disability claims we sampled, resulting in 17 improper monthly payments to 2 veterans totaling approximately \$3,600 at the time of our inspection. Table 1 reflects the errors affecting, and those with the potential to affect, veterans’ benefits processed at the Sioux Falls VARO.

**Table 1. Sioux Falls 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	0	1	1
TBI Claims	30	0	0	0
SMC and Ancillary Benefits	2	2	0	2
<b>Total</b>	<b>62</b>	<b>2</b>	<b>1</b>	<b>3</b>

*Source: VA OIG analysis of the VBA’s temporary 100 percent disability evaluations paid at least 18 months, TBI disability and SMC and ancillary benefits claims completed in calendar year 2014.*

**Temporary  
100 Percent  
Disability  
Evaluations**

VARO staff correctly processed 29 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, VSC 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. Additionally, if no other control is in place to review a temporary 100 percent disability evaluation, VBA will generate a reminder notification to ensure review of the evaluation. VSC staff then have 30 days to process the reminder notification by establishing the appropriate control to initiate action.

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 evidence showed the processing error could potentially affect the veteran's benefits. Details on the error follow.

VSC staff received a reminder notification in February 2015 to review a veteran's temporary 100 percent evaluation for prostate cancer. At the time of our review in May 2015, staff had not taken action on the reminder notification. Medical evidence showed this veteran completed treatment; therefore, a review of the disability is necessary to determine whether the veteran should continue to receive payments at the 100 percent rate. We could not determine if the evaluation should continue because the veteran's record did not contain medical evidence needed to reevaluate the disability. VARO management concurred with this error.

Based on our inspection and the accuracy rate for temporary 100 percent disability evaluations, we found the Sioux Falls VARO has been proactive in its efforts to prioritize these cases. With aggressive controls and management of the temporary 100 percent evaluations, the VARO is generally compliant in this area. Therefore, we made no recommendation for improvement. Since we reviewed 30 claims within our sample, we provided VSC management with the 22 claims remaining from our universe of 52 for review to determine if action is required.

*Follow-Up to  
Prior VA OIG  
Inspection*

In our previous report, *Inspection of the VA Regional Office, Sioux Falls, South Dakota* (Report No. 12-00248-250, August 29, 2012), we reported VARO staff incorrectly processed 9 of 30 temporary 100 percent disability evaluations we reviewed. The majority of the errors were due to staff not establishing suspense diaries in the electronic record when processing confirmed and continued evaluations. However, prior to our inspection in 2012, management had implemented oversight procedures by ensuring staff process electronic awards for confirmed and continued decisions. 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. VARO staff completed the review. As such, we made no specific recommendation for this VARO.

During our June 2015 inspection, we found no errors relating to suspense diaries. As the VARO was generally compliant during the current inspection, VBA's response to our recommendation appears to 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 previous annual 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 a Rating Veterans Service Representative (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.

Sioux Falls VARO staff correctly processed all 30 TBI claims we reviewed. Staff told us the Disability Benefits Questionnaires have simplified evaluating TBI claims as the questionnaires help standardize examination reports. Further, management told us, and we verified, the

quality review staff identifies error trends by sending emails with information addressing those trends. Based on our inspection and the accuracy rate for TBI claims, we determined VARO staff follow 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 previous report, *Inspection of the VA Regional Office, Sioux Falls, South Dakota* (Report No. 12-00248-250, August 29, 2012), we reported all seven TBI claims we reviewed were processed correctly. Management and staff told us the collaborative relationship with the Veterans Health Administration ensured the adequacy of TBI examination reports. During our June 2015 inspection, we found no errors. The Sioux Falls VARO maintains good accuracy evaluating TBI claims.

**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 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
- Special Home Adaptation Grants
- 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, loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse.

VSC staff incorrectly processed the two claims we reviewed involving SMC and ancillary benefits—both errors affected veterans' benefits and resulted in improper payments to the veterans totaling approximately \$3,600. These errors represented 17 improper monthly payments from January 2008 to May 2015. In one case, there was both an overpayment and an underpayment. VARO management concurred with the errors we identified. Details on the errors follow.

- An RVSR assigned an incorrect effective date for the veteran's increase in SMC related to loss of use of his left upper and lower extremities. As a result, VA underpaid the veteran approximately \$490 over a period of 3 months. In the same case, an RVSR incorrectly awarded an increase in SMC based on a temporary 100 percent disability. VA policy allows an increase in SMC only for permanent disabilities evaluated at 100 percent. As a result, VA overpaid the same veteran approximately \$2,400 over a period of 13 months, and he will continue to be overpaid until VSC staff correct the error.
- In the other case, an RVSR assigned an incorrect effective date for the veteran's increase in SMC related to amputations of both feet. As a result, VA underpaid the veteran approximately \$680 over a period of 1 month.

We did not notice a discernible trend or systemic issue based on the two SMC rating decisions we reviewed because each error differed. However, VSC management has a policy requiring second-signature review of rating decisions involving higher levels of SMC. Although both of the errors we identified had this additional level of review, staff did not identify the errors we found. When asked why this occurred, staff acknowledged the errors and stated a full review would be time consuming. If the utilization of the second-signature review process

was more effective, it may have prevented the errors that we found. As a result, veterans did not always receive accurate benefits payments.

## **Recommendations**

1. We recommended the Sioux Falls VA Regional Office Director conduct a review of the 22 temporary 100 percent disability evaluations remaining from their inspection universe as of February 11, 2015, and take appropriate action.
2. We recommended the Sioux Falls VA Regional Office Director implement a plan to improve the effectiveness of the second-signature review process for special monthly compensation and ancillary benefits claims.

### ***Management Response***

The Director concurred with our recommendations. The VARO reported the 22 temporary 100 percent disability evaluations remaining from the inspection universe have been reviewed, with appropriate action taken. Further, the Director stated the VARO issued a VSCM FY 15-06 Memorandum on August 21, 2015, defining who is responsible for additional signatures on Special Monthly Compensation Rating Decisions.

### ***OIG Response***

The Director's comments and actions are responsive to the recommendations. The VARO Director provided documentation to address our recommendation. 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, 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. VARO 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 a 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 65 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.

#### Finding 2

#### Sioux Falls VARO Needs To Ensure Timely Action on Proposed Benefits Reductions

VARO staff delayed processing or incorrectly processed 7 of 30 cases involving proposed benefits reductions. There were five processing delays and one processing inaccuracy that affected veterans' benefits. Additionally, another processing inaccuracy had the potential to affect a veteran's benefits. The delays generally were due to VARO management not defining "immediate processing" of these cases at the expiration of the due process period. These processing delays resulted in overpayments totaling approximately \$11,000 representing 14 improper monthly payments to 6 veterans from June 2014 to March 2015. Details on the errors affecting benefits follow.

- In the first case, VSC staff sent a letter to a veteran on January 9, 2014, proposing to reduce the evaluations for her foot and sinus conditions; due process expired March 17, 2014. However, staff did not take action to reduce the evaluation until December 9, 2014. As a result, VA overpaid the veteran approximately \$2,600 over a period of 9 months. This case contained the most significant delay.
- VSC staff sent a letter to a veteran on July 14, 2014, proposing to reduce the veteran's overall evaluation and discontinue entitlement to additional compensation for being unemployable; due process

expired September 17, 2014. Staff did not take action to reduce the benefits until October 9, 2014. As a result, VA overpaid the veteran approximately \$2,600 over a period of 1 month.

- In another case, VSC staff sent a letter to a veteran on August 14, 2014, proposing to reduce the evaluation for his residuals of prostate cancer; due process expired October 20, 2014. Staff did not take action to reduce the benefits until November 3, 2014. As a result, VA overpaid the veteran approximately \$2,300 over a period of 1 month.
- VSC staff sent a letter to a veteran on September 16, 2014, proposing to reduce three of the veteran's service-connected disabilities; due process expired November 20, 2014. However, staff did not take action to reduce the evaluation until December 12, 2014. As a result, VA overpaid the veteran approximately \$1,400 over a period of 1 month.
- In the fifth case, VSC staff sent a letter to a veteran on September 17, 2014, proposing to reduce the evaluation for his right knee; due process expired November 21, 2014. However, staff did not take action to reduce the evaluation until December 1, 2014. As a result, VA overpaid the veteran approximately \$180 over a period of 1 month.
- In the last case, VSC staff sent a letter to a veteran on December 3, 2014, notifying him of the final reduction in his benefits effective February 1, 2015. According to VBA policy, benefits will be reduced effective the last day of the month, 60 days from the date of the notification letter. In this case, the last day of the month was February 28, 2015. Therefore, benefits should have been reduced effective March 1, 2015. As a result, VA underpaid the veteran approximately \$1,700 over a period of 1 month.

In the one case that had the potential to affect a veteran's benefits, VSC staff did not properly document telephone contact with the veteran on the prescribed form. Additionally, staff resent the due process letter but did not upload it into the veteran's electronic folder. Without properly documenting the due process notification letter in the electronic folder, staff cannot accurately determine the beginning of the due process period. Therefore, there is potential the veteran could be paid incorrectly.

Generally, the delays occurred because VSC management did not consider "immediate" as processing these cases at the expiration of due process nor did it instruct staff to do so. The VSC manager stated that because there is no definition of "immediate", he had not instructed his

staff to process these cases immediately following the expiration of due process. VARO management concurred with the errors.

On July 5, 2015, VBA leadership modified its policy regarding the processing of claims requiring benefits reductions. The new policy no longer includes the requirement for VSC 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.

### **Recommendation**

3. We recommended the Sioux Falls VA Regional Office Director implement a plan to ensure oversight and prioritization of benefits reduction cases.

***Management  
Response***

The Director concurred with our recommendation and reported the VARO issued a VSCM FY15-08 Workload Management Plan Memorandum on August 21, 2015. The Workload Management Plan contains instructions for VSRs/RVSRs to conduct daily review of expired suspense dates for EP 600s and for a weekly review of these EPs by the non-rating team.

***OIG Response***

The Director’s comments and actions are responsive to the recommendation. We will follow up as required.

## Appendix A VARO Profile and Scope of Inspection

**Organization** The Sioux Falls VARO administers a variety of services and benefits, including compensation benefits; vocational rehabilitation and employment assistance; specially adapted housing grants; benefits counseling; public affairs; and outreach to homeless, elderly, minority, and women veterans.

**Resources** As of May 2015, the Sioux Falls VARO reported a staffing level of 61 full-time employees. Of this total, the VSC had 47 employees assigned.

**Workload** As of April 2015, VBA reported the Sioux Falls VARO had 2,341 compensation claims pending with 1,169 (50 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 June 2015, we evaluated the Sioux Falls 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 52 temporary 100 percent disability evaluations (58 percent) selected from VBA's Corporate Database. These claims represented instances in which VBA staff had granted temporary 100 percent disability evaluations for at least 18 months as of February 11, 2015. 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 22 claims remaining from our universe of 52 claims as of February 11, 2015, for review. We reviewed 30 of 33 disability claims related to TBI (91 percent) and the 2 claims involving entitlement to SMC and ancillary benefits completed by VARO staff in 2014.

We reviewed 30 of 1,192 dates of claim (3 percent) recorded in VBA's Corporate Database from October through December 2014, as of February 11, 2015. Additionally, we looked at 30 of 206 completed

claims (15 percent) that proposed reductions in benefits from October through December 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 122 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 for 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 April 2015, the overall claims-based accuracy of the VARO's compensation rating-related decisions was 96.1 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. Sioux Falls 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)	Yes
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)	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 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), ( <i>VBMS User Guide</i> ), (M21-4, Chapter 4.07), (M23-1, Part 1, 1.06)	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)), ( <i>Compensation &amp; Pension Service Bulletin</i> , 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:** August 25, 2015  
**From:** Director, VA Regional Office, Sioux Falls, South Dakota  
**Subj:** Inspection of the VA Regional Office, Sioux Falls, South Dakota  
**To:** Assistant Inspector General for Audits and Evaluations (52)

1. The Sioux Falls VA Regional Office has reviewed the report for the Inspection of the VA Regional Office, Sioux Falls, South Dakota.
2. Sioux Falls concurs with the findings and recommendations. Corrective action for each recommendation is provided on attachment.
3. Questions can be directed to James Brubaker, Director, at 605-333-6839 or [james.brubaker@va.gov](mailto:james.brubaker@va.gov).

*(original signed by:)*

JAMES L. BRUBAKER, Director

Dakotas Regional Office

Attachment

**Attachment**

<b>Inspection of the VA Regional Office, Sioux Falls, South Dakota Draft Report Issued August 20, 2015</b>	
<b>Recommendation 1:</b>	We recommended the Sioux Falls VA Regional Office Director conduct a review of the 22 temporary 100 percent disability evaluations remaining from their inspection universe as of February 11, 2015, and take appropriate action.
<b>VA Response:</b>	The Sioux Falls Regional Office concurs with this recommendation. The 22 temporary 100 percent disability evaluations remaining from the inspection universe as of February 11, 2015, have been reviewed and prior appropriate action had been taken.
<b>Status:</b>	We request closure of this recommendation.
<b>Recommendation 2:</b>	We recommended the Sioux Falls VA Regional Office Director implement a plan to improve the effectiveness of the second-signature review process for special monthly compensation and ancillary benefits claims.
<b>VA Response:</b>	The Sioux Falls Regional Office concurs with this recommendation. VSCM FY 15-06 Memorandum was issued on August 21, 2015 defining who is responsible for additional signatures on Traumatic Brain Injury Rating Decisions, Special Monthly Compensation Rating Decisions, Gulf War Rating Decisions, Clear and Unmistakable Error and Severance Rating Decisions and \$25,000 Retroactive Awards.
<b>Status:</b>	<a href="#">We request closure of this recommendation.</a>
<b>Recommendation 3:</b>	We recommended the Sioux Falls VA Regional Office Director implement a plan to ensure oversight and prioritization of

	benefits reduction cases.
<b>VA Response:</b>	The Sioux Falls Regional Office concurs with this recommendation. VSCM FY15-08, Workload Management Plan Memorandum was issued August 21, 2015 containing instructions for the VSRs/RVSRs to conduct daily review of expired suspense dates for EP 600s and for a weekly review of these EPs by the non-rating team.
<b>Status:</b>	We request closure of this recommendation.

## 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	Brent Arronte, <i>Director</i> Yolanda Dunmore Michelle Elliott David Piña Rachel Stroup Dana Sullivan Nelvy Viguera Butler
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## **Appendix E Report Distribution**

### **VA Distribution**

Office of the Secretary  
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Office of General Counsel  
Veterans Benefits Administration Midwest District Director  
VA Regional Office Sioux Falls 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: Mike Rounds, John Thune  
U.S. House of Representatives: Kristi Noem

This report is available on our Web site at [www.va.gov/oig](http://www.va.gov/oig).