

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Inspection of
the VA Regional Office
New Orleans, Louisiana*

August 10, 2017
16-04626-280

ACRONYMS

DRO	Decision Review Officer
EP	End Product
FY	Fiscal Year
LAS	Legal Administrative Specialist
NWQ	National Work Queue
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
VSCM	Veterans Service Center Manager

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Highlights: Inspection of the VARO New Orleans, LA

Why We Did This Review

In October 2016, we evaluated the New Orleans VA Regional Office (VARO) to assess how the staff processed disability claims, timely and accurately processed proposed rating reductions, input claim information, and responded to special controlled correspondence.

What We Found

Claims Processing—New Orleans Veteran Service Center (VSC) staff did not consistently process one of the two types of disability claims we reviewed. We reviewed 30 of 324 veterans' traumatic brain injury (TBI) claims and found all 30 claims were accurately processed. Significant improvement was shown when compared to our 2014 inspection, where 10 of the 30 TBI claims contained errors.

We reviewed all 30 special monthly compensation (SMC) benefits claims and found that VSC staff incorrectly processed four claims (13 percent). The errors occurred because second signature reviews (secondary reviews) were ineffective. The four claims with errors had the required secondary reviews; however, the reviewers did not identify the errors. Although continued improvement in SMC claims is needed, significant improvement was shown when compared to our 2014 inspection results, where 17 of 30 SMC claims contained errors.

Overall, VSC staff accurately processed 56 of the 60 disability claims (93 percent) we reviewed. The four claims with errors

resulted in 25 improper payments to four veterans, totaling approximately \$25,500.

Proposed Rating Reductions—VSC staff generally processed rating reductions accurately but needed to prioritize this workload to ensure timely action. We reviewed 30 of 188 cases and found VSC staff and Veteran Service Representatives (VSR) delayed or incorrectly processed six of the cases. Delays occurred because VSC managers did not prioritize the rating reduction workload. These delays and processing inaccuracies resulted in approximately \$2,800 in overpayments, representing eight improper payments from April to September 2016.

Systems Compliance—VSC staff needed to improve the accuracy of information entered into the electronic system when establishing claims. We reviewed 30 of 1,812 newly established claims and found VSC staff entered inaccurate or incomplete claims and claimant information in 21 of 30 claims. These errors occurred because VSC staff did not complete all required training related to establishing claims, and the resulting quality review process was ineffective.

Special Controlled Correspondence—VSC staff needed to improve the processing of special controlled correspondence. We reviewed 30 of 546 special controlled correspondence and found inaccuracies in 21 cases. The errors occurred because the public contact coach was unaware that Legal Administrative Specialists (LAS) did not follow VBA policy when processing the correspondence. Specifically, LAS staff did not send interim responses when required or ensure consent forms to release records to

third parties were of record prior to releasing records. LAS staff also used incorrect dates to establish workload controls and did not associate the correspondence with the electronic record as required. In addition, errors occurred because LAS staff training for processing controlled correspondence did not exist.

What We Recommended

We recommended the New Orleans VARO Director assess the effectiveness of secondary reviews associated with SMC claims; train VSC staff to establish claims using accurate and complete information; and strengthen the quality review over the course of this process. The VARO Director should ensure LAS staff comply with VBA policy when processing special controlled correspondence and ensure they are trained in processing this workload. In addition, we recommended the Continental District Director ensure the timely processing of the rating reduction workload.

Agency Comments

The VARO Director concurred with our recommendations and provided sufficient evidence to close Recommendation 3. Management's planned corrective actions are responsive to the remaining recommendations. We will follow up as deemed necessary.



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INTRODUCTION

Objectives

The Benefits Inspection Program is part of the VA Office of Inspector General's efforts to ensure our nation's veterans receive timely and accurate benefits and services. We conduct onsite inspections at randomly selected VA Regional Offices (VARO) to assess their effectiveness. In FY 2017, we looked at four mission operations—Disability Claims Processing, Management Controls, Data Integrity, and Public Contact. We further define our independent oversight inspection to identify key objectives and risks within each operation or VARO program responsibility. In FY 2017, we assessed the VARO's effectiveness in:

- Disability claims processing by determining whether Veteran Service Center (VSC) staff accurately processed traumatic brain injury (TBI) claims and claims related to special monthly compensation (SMC) and ancillary benefits
- Management controls by determining whether VSC staff timely and accurately processed proposed rating reductions
- Data integrity by determining whether VSC staff accurately input claim and claimant information into the electronic systems
- Public contact by determining whether VSC staff timely and accurately processed special controlled correspondence

When we identify potential procedural inaccuracies, we provide this information to help the VARO understand the procedural improvements it can make for enhanced stewardship of financial benefits. Errors that affect benefits have a measurable monetary impact on veterans' benefits. Errors that have the potential to affect benefits are those that either had no immediate effect on benefits or had insufficient evidence to determine the effect to benefits.

New Orleans VA Regional Office

As of March 2017, the New Orleans VARO reported a staffing level of 175 of the 191 full-time employees authorized. In FY 2016, VBA reported that the VARO completed 15,192 compensation claims, averaging 4.2 issues per claim.¹

¹ Under M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, *Determining the Issues*, "issues" are disabilities and benefits.

RESULTS AND RECOMMENDATIONS

I. Disability Claims Processing

Finding 1 **New Orleans VSC Staff Processed TBI Claims Correctly But Needed To Improve Accuracy In Processing Claims Related To SMC and Ancillary Benefits**

New Orleans VSC staff processed all 30 TBI-related claims correctly. However, VSC staff did not accurately process claims related to SMC and ancillary benefits. Generally, the claims processing errors that occurred were because second signature reviews (secondary reviews) were ineffective. All four SMC cases with errors had secondary reviews; however, the reviewers did not identify the errors. Overall, VSC staff correctly processed 56 of the total 60 veterans’ disability claims we reviewed. As of September 1, 2016, the four claims with errors resulted in 25 improper monthly payments, totaling approximately \$25,500.²

Table 1 reflects the errors affecting, and those with the potential to affect, veterans’ benefits processed at the New Orleans VARO. We sampled claims related only to specific conditions that we considered at higher risk of processing errors. As a result, the errors identified do not represent the universe of disability claims or the overall accuracy rate at this VSC.

Table 1. New Orleans VARO Disability Claims Processing Accuracy

Type of Claim	Reviewed	Veterans’ Claims Inaccurately Processed		
		Affecting Veterans’ Benefits	Potential To Affect Veterans’ Benefits	Total
TBI	30	0	0	0
SMC and Ancillary Benefits	30	4	0	4
Total	60	4	0	4

Table 1 Source: VA OIG analysis of VBA’s TBI disability claims completed from March 1 through August 31, 2016; and SMC and ancillary benefits claims completed from September 1, 2015 through August 31, 2016 obtained from VBA’s corporate database.

² All calculations in this report have been rounded when applicable.

**VBA Policy
Related to
TBI Claims**

VBA defines a TBI as a traumatically induced structural injury or a physiological disruption of brain function resulting from an external force. The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral. VBA policy requires decision-making staff to evaluate these residual disabilities. RVSRs who have completed the required TBI training must process all decisions that address TBI as an issue. Rating decisions for TBI require two signatures until the decision-maker demonstrates an accuracy rate of 90 percent or greater, based on the VARO's review of at least 10 TBI decisions.³

VBA policy requires that one of the following specialists makes the initial diagnosis of TBI: physiatrists, psychiatrists, neurosurgeons, or neurologists. A generalist clinician who has successfully completed the required TBI training may conduct a TBI examination, if the diagnosis is of record and was established by one of the aforementioned specialty providers.⁴

**Review of
TBI Claims**

We randomly selected and reviewed 30 of 309 veterans' disability claims related to TBI (10 percent) completed from March 1 through August 31, 2016 to determine if VSC staff processed them according to VBA policy. For example, we reviewed the qualifications of the medical examiners and RVSRs to ensure compliance with VBA policy. We determined that RVSRs correctly processed the 30 TBI claims we reviewed. Our review of initial TBI examinations also found no improper diagnoses of TBI.

**Previous OIG
Inspection
Results**

In our previous report, *Inspection of VA Regional Office, New Orleans, Louisiana* (Report No. 14-01053-172, July 10, 2014), we reported that 10 of the 30 TBI claims we reviewed contained errors because VARO staff misinterpreted VBA policy for processing TBI claims. In response to our recommendation, the VARO Director implemented a plan to assess the effectiveness of TBI training. The OIG closed these recommendations on December 30, 2014.

Using the same methodology as our 2014 inspection, we found VSC staff demonstrated significant improvement in accuracy when processing TBI claims—we did not identify errors in any of the 30 claims we reviewed during the current inspection. VARO management attributed the improvement to training and to its secondary review process. We concluded the prior corrective actions were effective.

³ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 4, Section G, Topic 2, *TBI*.

⁴ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section D, Topic 2, *Examination Report Requirements*.

**VBA Policy
Related to
SMC and
Ancillary
Benefits**

VBA assigns SMC to recognize the severity of certain disabilities or combinations of disabilities by adding an additional compensation to the basic rate of payment where the basic rate is not sufficient for the level of disability present. 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. Ancillary benefits are secondary benefits considered when evaluating claims for compensation, which include eligibility for educational,⁵ automobile,⁶ and housing⁷ benefits. VBA policy also states that all rating decisions involving SMC above a specified level require an additional level of review, signified by having two signatures on the decision document.⁸

In our report, *Review of Special Monthly Compensation Housebound Benefits* (Report No. 15-02707-277, September 29, 2016), we reviewed SMC housebound benefits. Our benefits inspection reports reviewed a higher level of SMC that included those payment rates related to disabilities such as loss of limb, loss of eyesight, and paralysis. These reviews did not overlap because this review involved different types of SMC that cannot be granted simultaneously with SMC housebound benefits.

**Review of
SMC and
Ancillary
Benefit Claims**

We reviewed all 30 veterans’ claims involving entitlement to SMC and related ancillary benefits completed by VSC staff from September 1, 2015 through August 31, 2016. We examined whether VSC 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.⁹ In addition, we reviewed the claims to determine the effectiveness of the secondary reviews. The VSC Manager (VSCM) designated Decision Review Officers (DRO) to conduct secondary reviews of claims involving higher levels of SMC. We found four of 30 veterans’ claims contained errors and resulted in improper payments totaling approximately \$25,500. These errors represented 25 monthly improper payments from June 2015 through September 2016.

⁵ Dependents’ Educational Assistance under 38 CFR §3.807 provides education benefits for the spouse and children of eligible veterans.

⁶ Automobiles or Other Conveyances and Adaptive Equipment under 38 CFR §3.808 provides eligible veterans funds toward the purchase of an automobile, or other special equipment or assistive devices such as power seats.

⁷ Specially Adapted Housing (SAH) Grants under 38 CFR §3.809 and Special Home Adaptation (SHA) Grants under 38 CFR §3.809a provide eligible veterans funds for the purchase or construction of barrier-free homes or the costs associated with the remodeling of an existing home to accommodate disabilities in accordance with Title 38 United States Code Section 2101.

⁸ M21-1. Adjudication Procedures Manual, Part III, Subpart .iv, Chapter 6, Section D. Topic 7.d, *2nd signature ratings*.

⁹ 38 CFR §3.350 (b), *Special Monthly Compensation Ratings*.

We provided the details on the following errors that affected benefits to VARO management for appropriate action:

- In two claims, RVSRs used incorrect dates to establish SMC benefits for payment. According to VA regulation, the effective date of an evaluation will be the earliest date a VA facility receives the claim or the date the entitlement arose, whichever is the later.¹⁰ In addition, the DROs' secondary reviews did not identify these errors. As a result, VA underpaid one veteran approximately \$14,800 over a period of two months and another veteran approximately \$4,100 for one month.
- In another claim, an RVSR overlooked a veteran's entitlement to an increased level of SMC based on additional permanent disabilities independently rated as 50 percent disabling. According to VA regulation, an additional single permanent disability or combinations of permanent disabilities independently evaluated as 50 percent or more disability will afford entitlement to the next higher rate of SMC.¹¹ In addition, the DRO's secondary review did not identify this error. Consequently, VA underpaid the veteran approximately \$1,700 over a period of nine months.
- In the remaining claim, an RVSR used incorrect SMC codes. The SMC code represents the veteran's level of SMC and the corresponding monthly benefits payments; therefore, the veteran received a higher level of SMC benefits than his disabilities warranted. This occurred because the RVSR did not utilize the SMC calculator to determine the correct codes, as required by VBA policy.¹² In addition, the DRO's secondary review did not identify this error. As a result, VA overpaid the veteran approximately \$4,900 over a period of one year and one month.

Although RVSRs complied with VBA and local policy to have higher-level SMC claims reviewed by designated second signers, we found the secondary reviews ineffective in assuring SMC claims were accurately processed. The four claims containing errors had been reviewed by DROs; however, the DROs did not identify the errors. VARO management agreed with our assessments in the four cases, but attributed the errors to the complexity of the claims and noted a lack of management oversight over the secondary review process. As a result, veterans did not always receive accurate benefit payments.

¹⁰ 38 CFR §3.400.

¹¹ 38 CFR §3.350(f)(3).

¹² M21-1 Adjudication Procedures Manual, Part IV, Subpart .ii, Chapter 2, Section H, Topic 1.h, *Mandatory Use of SMC Calculator*.

**Previous OIG
Inspection
Results**

In our previous report, *Inspection of VA Regional Office, New Orleans, Louisiana* (Report No. 14-01053-172, July 10, 2014), we identified 17 errors in processing 30 SMC claims that occurred due to a lack of training and a lack of emphasis on addressing all ancillary issues. We recommended the New Orleans VARO Director implement a plan to assess the effectiveness of training on processing SMC benefits and implement a plan to emphasize that rating staff address all ancillary benefits. The OIG closed these recommendations after the New Orleans VARO conducted a review of SMC claims to determine the effectiveness of their SMC training. Using the same methodology as the previous inspection, the New Orleans VARO showed significant improvement in processing SMC and ancillary benefits claims during our current inspection. However, the VARO can improve accuracy further by assessing the effectiveness of its secondary review process, as this is a control implemented by VBA to ensure staff accurately processed these complicated claims.

Recommendation

1. We recommended the New Orleans VA Regional Office Director implement a plan to assess the effectiveness of secondary reviews for Special Monthly Compensation and ancillary benefits claims.

**Management
Comments**

The Director concurred with our finding and recommendation and designated Quality Review Team staff to conduct secondary reviews for SMC and ancillary benefits claims. For a 90-day period, the Quality Review Team will conduct reviews on 20 SMC claims per month. At the end of September 2017, Quality Review Team staff will examine the results of those reviews to determine if error trends exist that require additional training and whether the additional reviews should continue. The estimated completion date for this work is September 2017.

OIG Response

The VARO Director's comments and actions are responsive to our recommendation. We will follow up as necessary.

II. Management Controls

Finding 2

New Orleans VSC Staff Generally Processed Proposed Rating Reductions Accurately But Needed To Improve Timely Actions

We randomly selected and reviewed 30 proposed benefits reductions cases to determine whether they were accurately and timely processed. VSC staff accurately processed 29 of 30 cases involving benefit reductions, and the case containing an error did not affect benefit payments. However, processing delays occurred in five of 30 claims that required rating decisions to reduce benefits—two of these cases affected veterans’ benefits and three had the potential to affect benefits. Generally, processing delays occurred because the VSCM was focused on other “workload with timeliness” measures listed on the VARO Directors’ performance goals, which were established by VBA Central Office. These delays and processing inaccuracies resulted in approximately \$2,800 in overpayments, representing eight improper payments from April to September 2016. Delays in processing this workload results in continued improper monthly payments. In accordance with VBA policy, VBA does not recover these overpayments because the delays were due to VA administrative errors.¹³

VBA Policy Related to Proposed Rating Reductions

VBA policy provides for compensation to veterans for conditions they incurred or aggravated during military service.¹⁴ The amount of monthly compensation to which a veteran is entitled can change because his or her service-connected disability could improve. Improper payments associated with benefits reductions generally occur when beneficiaries receive payments to which they are not entitled. Such instances are attributable to VARO staff not taking the actions required to ensure veterans receive correct payments for their current levels of disability.

When the VARO obtains evidence demonstrating that a disability has improved, and the new evaluation would result in a reduction or discontinuance of current compensation payments, VSC staff must inform the beneficiary of the proposed reduction in benefits.¹⁵ 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.¹⁶ If the veteran does not provide additional evidence within that period, VSC staff must make a final determination to reduce or discontinue the benefit no later than the 65th day following the expiration of

¹³ 38 CFR §3.500, *Reductions and Discontinuances*; M21-1 Adjudications Procedures Manual, Part III, Subpart v, Chapter 1, Section 1, Topic 3, *Handling Cases Involving Administrative Errors*.

¹⁴ §3.303, *Principles relating to service connection*.

¹⁵ §3.103, *Procedural due process and appellate rights*.

¹⁶ §3.105, *Revision of Decisions*.

the due process.¹⁷ However, due to policy modifications on April 3, 2014,¹⁸ and again on July 5, 2015,¹⁹ VBA policy no longer requires 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 monetary benefits.

**Review of
Claims to
Assess
Accuracy**

We randomly selected and reviewed 30 of 188 completed claims (16 percent) that proposed reductions in benefits from June through August 2016. VSC staff accurately processed 29 of 30 cases involving benefit reductions. In the case involving an error, an RVSR prematurely reduced the veteran’s benefits one month prior to the expiration of the due process period on the 65th day following notification. This error had the potential to affect benefits because the reduction was scheduled to occur in the future, after our case review. We provided the details of this case to the VSCM for appropriate action. As we identified only one accuracy error, we make no recommendation for improvement in this area.

**Review of
Claims to
Assess
Processing
Timeliness**

Processing delays that required rating decisions to reduce benefits occurred in five of the 30 claims (17 percent). These delays resulted in an average of two monthly overpayments at the time we began our review in September 2016. We considered cases to have delays when VSC staff did not process them by the 65th day following notice of the proposed action and the resulting effective date of reduction was impacted by at least one month.

In the most significant overpayment and delay, VSC staff notified a veteran that VA proposed to reduce the disability evaluation for prostate cancer on October 31, 2015; however, staff did not take action to reduce the benefits until July 2, 2016. As a result, VA overpaid the veteran approximately \$1,700 over a period of five months. We provided details to the VSCM for appropriate action on delays that affected or had the potential to affect benefits.

Generally, these processing delays occurred because the VSCM allocated resources toward other workloads, including rating-related end products, dependency claims, and appeals, rather than ensuring timely processing of benefit reductions. Interviews with the VSCM confirmed that rating reduction cases were considered a lower priority compared with other work being directed by VBA’s Central Office. The VSCM indicated that this affected the VSC’s ability to dedicate the appropriate number of resources to

¹⁷ M21-1 Adjudication Procedures Manual, Part I, Chapter 2, Section C, *General Information on the Adverse Action Proposal Period*.

¹⁸ *Rescinded*: M21-1MR Adjudications Procedures Manual, Part I, Chapter 2, Section B, Topic 7, *Establishing and Monitoring Controls*.

¹⁹ M21-1 Adjudications Procedures Manual, Part I, Chapter 2, Section C, Topic 2, *Responding to the Beneficiary*.

address benefits reduction cases. Without ensuring this work is processed timely, delays in processing proposed rating reduction cases result in unsound financial stewardship of veterans' monetary benefits and fail to minimize improper payments.

*Previous VA
OIG Inspection
Results*

In our previous report, *Inspection of VA Regional Office, New Orleans, Louisiana* (Report No. 14-01053-172, July 10, 2014), 12 of the 30 benefits reduction cases reviewed contained errors, and nine of the errors resulted from a lack of emphasis on processing this workload timely. Processing delays associated with these nine cases averaged eight months and resulted in approximately \$36,700 in improper payments. In response to our recommendation for improvement, VARO management created processing guidelines to address these delays.

Although improvement was shown during our current inspection, we concluded the corrective actions taken by the VARO Director were ineffective because the VSCM considered other work directed by VBA's Central Office to be a higher priority. Delays associated with processing benefits reductions cases in the 2014 benefits inspection and the current inspection resulted in improper payments of approximately \$39,500, which could have been avoided by completing the benefits reduction workload timely.

Recommendation

2. We recommended the Continental District Director implement a plan to ensure oversight and prioritization of proposed rating reduction cases for completion at the end of the due process time period at the New Orleans VA Regional Office.

*Management
Comments*

The Continental District Director concurred with our finding and recommendation. The District Director reported that VBA provides prioritization of rating reductions at the national level. As of April 9, 2017, VBA sends each VARO actionable due process work that must be completed within five days. District and Regional Office directors, as well as the Office of Field Operations, routinely monitor the performance-related five-day "Time in Queue" standard. VBA will continue to monitor the rating reductions workload and make prioritization adjustments as necessary.

*OIG
Response*

The Continental District Director's comments and actions are responsive to our recommendation. We will follow up as appropriate.

III. Data Integrity

Finding 3

New Orleans VSC Staff Needed To Improve The Accuracy Of Information Input Into The Electronic Systems At The Time Of Claims Establishment

We reviewed 30 pending rating claims to determine whether VSC staff accurately input claims and claimant information into the electronic systems at the time of claim establishment. In 21 of the 30 records reviewed (70 percent), claims assistants established claims in the electronic record using inaccurate or incomplete claim and claimant information. These errors occurred because VSC staff did not complete all required training related to establishing claims and the quality review process for establishing claims was ineffective. Inaccurate and incomplete information in the electronic records increases the potential of misrouted claims in the electronic workload management tool, the National Work Queue (NWQ) and could result in delayed claims processing actions.

VBA Policy Related to Data Integrity

VBA relies on accurate and complete data in its electronic system of records to manage and report on workload to stakeholders and to properly route claims within the NWQ. The NWQ centrally manages the national claims workload by prioritizing and distributing claims across VBA's network of VAROs using rules that assign workload based on certain claimant and claim information.²⁰

Veterans Benefits Management System (VBMS) is an electronic processing system the NWQ uses to distribute work.²¹ Because the NWQ relies on the accuracy of data, claims misidentified or mislabeled at the time of claims establishment can result in improper routing and lead to untimely processing of claims and delays in veterans' benefits. Initial claim routing begins at the time of claims establishment. VSC staff must input claim and claimant information into the electronic system to ensure system compliance.

²⁰ Department of Veterans Affairs, Veterans Benefits Administration, National Work Queue, Phase 1 Playbook.

²¹ *Ibid.*

Table 2 reflects nine claims establishment terms.

Table 2. Claim Establishment Terms

Term	Definition
Date of Claim	Earliest date the claim or information is received in any VA facility
End Product	The end product system is the primary workload monitoring and management tool for the VSC
Claim Label	A more specific description of the claim type that a corresponding end product represents
Claimant Address	Mailing address provided by the claimant
Claimant Direct Deposit	Payment routing information provided by the claimant
Power of Attorney	An accredited representative of a service organization, agent, non-licensed individual, or attorney representative chosen by the claimant to represent him or her
Corporate Flash Indicator	Claimant-specific indicators which can represent an attribute, fact, or status that is unlikely to change
Special Issue Indicator	Claim-specific indicators and can represent a certain claim type, disability or disease, or other special notation that is only relevant to a particular claim
Claimed Issue with Classification	Specifies the claimed issue and its medical classification

Table 2 Source: VA OIG Presentation of definitions from VBA’s M21-1 and M21-4.

Systems Compliance

We randomly sampled 30 of 1,812 claims selected from VBA’s Corporate Database established in August 2016. In 21 of 30 claims we reviewed (70 percent), VSC staff did not enter accurate and complete information in the electronic systems. The 21 records accounted for 41 errors because some contained multiple inaccuracies. None of the errors affected benefits. VARO management agreed with our assessment in all but one of the cases; however, management did not provide a rationale with supporting criteria, so we could not reconsider the error.

We provided the details of the 21 records with errors to VSC management for appropriate action. Summaries of the most frequent errors requiring corrective actions follow:

- In 12 records, claims assistants did not enter the correct claimed issues, claim type, and/or issue classification in the electronic systems. VBA policy requires staff to enter the correct classification when entering a claimed issue, which must have the correct claim type associated with

it.²² Failure to enter the correct information could lead to additional work for employees later in the claim development process and could lead to an incorrect VA examination request.

- In nine records, claims assistants did not input the correct claim labels in the electronic systems. VBA policy requires VSC staff to select the accurate claim label when establishing a claim.²³ Using an incorrect claim label could result in claims being delayed in the routing to appropriate staff.
- In eight records, claims assistants did not select correct special issue indicators when establishing the claims in the electronic records. VBA policy states that VSC staff must select the accurate special issue indicator when establishing claims.²⁴ Incorrect special issue indicators increase the potential of misrouted claims and could result in delayed claims processing actions.
- In six records, claims assistants did not input the correct date of claim in the electronic records. VBA policy requires VSC staff input the correct date of claim upon establishment of a claim for benefits.²⁵ Incorrect dates of claim could affect data integrity.
- In four records, claims assistants did not input the correct End Product (EP) codes in the electronic systems.²⁶ VBA policy states correct work measurement is essential to substantiate proper staffing requirements and in determining productive capacity.²⁷ Incorrect EP usage inhibits proper control of pending workloads and appropriate work measurement credit.

Generally, the processing errors occurred because of a lack of training and an ineffective quality review process. We reviewed the FY 2016 training plan for claims assistants along with attendance records and identified training lapses. The training plan included the following topics: introductory claims establishment procedures and end product controls, contention classification name update, date of claim and end product, and systems compliance. We confirmed through training attendance sheets that some claims assistants completed some of the required training, but none of the claims assistants completed the required training in all areas. We found that six of the 14 claims assistants completed the required systems compliance and

²² M21-1 Adjudications Procedures Manual, Part III, Subpart iii, Chapter 1, Section D, Topic 2 *Utilizing Contentions and Special Issue Indicators Associated with Claimed Issues*.

²³ M21-4, Appendix C. Index of Claim Attributes, Section 1.a, *Purpose of Claim Labels*.

²⁴ M21-1 Adjudications Procedures Manual, Part III, Subpart ii, Chapter 3, Section D, Topic 2.c (Step 7), *Establishing Claims in VBMS*.

²⁵ (Step 4), *Establishing Claims in VBMS*.

²⁶ The end product system is the primary workload monitoring and management tool for the VSC.

²⁷ M21-4, Appendix B. End Product Codes and Work Rates Standards for Quantitative Measurements, Section 1.a, Correct EP Use and Work Measurement.

introductory claims establishment training courses, and that seven of the 14 claims assistants completed date of claim and end product training. Training records also showed that all claims assistants completed contention classification name update training, but claims assistants staff continued to make errors in this area when establishing claims. The VSCM acknowledged claims assistants missed some required training in FY 2016 due to miscommunication between the VSC training coordinator and the Intake Processing Center manager. The VSCM also stated the training provided to claims assistants needs improvement.

We also reviewed the checklist used to conduct internal quality reviews for claims assistants and found it did not include all actions required by claims assistants when establishing claims. Specifically, the checklist did not require the quality reviewer to determine if the claims assistants associated the correct claim label and claimed issue classification when establishing claims in the electronic record. A VSC coach and a quality review specialist agreed that adding additional review elements to the quality review checklist would improve accuracy when establishing claims.

As a result of an incomplete training and ineffective quality review process, there is the potential to misroute claims in the NWQ and delay claims processing.

Recommendations

3. We recommended the New Orleans VA Regional Office Director ensure claims assistants receive all mandatory annual training on claims establishment procedures.
4. We recommended the New Orleans VA Regional Office Director implement a plan to strengthen the review process to assess all elements required when establishing claims in the electronic record.

Management Comments

The VARO Director concurred with our findings and recommendations. For Recommendation 3, the Director reported that a comprehensive training plan was developed, including 10 topics related to claims establishment. The training was conducted by members of the Quality Review Team between March and April 2017. The Director stated they will continue to work with the VSC training coordinator to ensure future training is completed timely.

To address Recommendation 4, the Director reported that the Quality Review Team will conduct five In-Process Reviews in addition to the five quality reviews each month focusing on claims establishment for each claims assistant. These additional reviews will be conducted between July 1 and September 30, 2017 and will be tracked by the Quality Review Team coach. The review data will be analyzed at the end of the 90-day period to determine the need for error trend training and the need to continue the In-

Process Reviews. The VSCM will use this data analysis to determine the need for additional reviews, or training targeted for specific employees.

**OIG
Response**

After verifying the completion of the additional training, we determined the VARO Director's comments and actions for Recommendation 3 were sufficient to close the recommendation. The Director's comments and planned actions to address Recommendation 4 are responsive. We will follow up as deemed appropriate.

IV. Public Contact

Finding 4 **New Orleans VSC Staff Needed To Improve The Processing Of Special Controlled Correspondence**

We randomly selected 30 of 544 special controlled correspondence to determine whether VSC Legal Administrative Specialist (LAS) staff timely and accurately processed them. LAS staff did not comply with VBA policies in 21 cases. In addition, LAS staff took an average of 19 days to send final responses to the 30 special controlled correspondence inquires we reviewed. The errors occurred because the public contact coach was unaware that LAS staff did not always follow VBA policy when processing the correspondence. Specifically, LAS staff did not always send interim responses when required or ensure consent forms to release records to third parties were of record prior to releasing the records. LAS staff also used incorrect dates to establish workload controls and did not always associate the correspondence with the electronic record as required. In addition, errors occurred because formal training for LAS staff on processing controlled correspondence did not exist. As a result, the errors affected the data integrity of the VSC and misrepresented its workload. In addition, errors could impact the established relationships with congressional stakeholders and the privacy rights of claimants.

VBA Policy Related to Special Controlled Correspondence

Special controlled correspondence is mail that requires expedited processing, control, and response. Examples of special correspondence include mail received from the White House, members of Congress, national headquarters of service organizations, and private attorneys. VBA policy requires the VARO Director or the VSCM to establish a specific tracking code for all special correspondence.²⁸ If they cannot provide a full response, VSC staff are required to send an acknowledgement letter within five business days after receipt of the correspondence in the VARO.²⁹ Furthermore, according to VBA policy, all correspondence generated by VA must provide complete, accurate, and understandable information.³⁰ In addition, VARO staff must file correspondence documents either in claims folders or upload them into electronic folders.³¹

²⁸ M21-4, Appendix B, Section II, *End Products - Compensation, Pension, and Fiduciary Operations*

²⁹ M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 3, *Acknowledging Correspondence*

³⁰ Topic 1, *General Guidance for Processing Correspondence*

³¹ M21-1 Adjudication Procedures Manual, Part III, Subpart ii, Chapter 1, Section B, Topic 2, *Handling Incoming Mail*

**Review of VSC
Processing of
Special
Controlled
Correspondence**

We randomly selected and reviewed 30 of 544 special controlled correspondence completed from June 1 through August 31, 2016. We found LAS staff provided accurate responses when processing this workload. However LAS staff did not comply with VBA policy in 21 of the 30 controlled correspondences reviewed. In addition, LAS staff took an average of 19 days to respond to the special controlled correspondence inquiries we reviewed. Overall, the 21 correspondence we reviewed accounted for 35 errors—some correspondence contained multiple errors. VSC management concurred with our findings. Summaries of several errors follow:

- In 15 instances, LAS staff did not send interim responses acknowledging receipt of the correspondence within the five business days required. On average, VSC staff took 20 days to respond—ranging from 15 to 24 days.
- In eight instances, LAS staff did not ensure the claimants' release of information consent forms were of record prior to disclosing claim status information to congressional stakeholders.
- In six instances, LAS staff did not use the date the correspondence was received as the date to establish workload controls in the electronic record. In these cases, staff used the date they responded to the inquiry.
- In four instances, LAS staff did not associate the correspondence with claims folders as required.

Generally, the processing errors occurred due to inadequate oversight by VSC management and a lack of a standardized training program. Interviews with the VSCM and the public contact team coach revealed they were unaware LAS staff were not adhering to all the VBA policy requirements when processing special controlled correspondences. The VSCM stated he was unsure why the team did not upload the documents, as there was a lot of emphasis on this requirement. Furthermore, through interviews, we found that the public contact team coach who conducted quality reviews was unaware of the VBA policy requirements applicable to special controlled correspondence inquiries.

The public contact team coach reported that she did not find errors with special correspondence when performing LAS staff monthly quality reviews. She attributed this to the fact that quality reviews on special controlled correspondence are not always performed, because the work is randomly selected from all work performed by the staff during a specific month. The public contact team coach also reported that she performs monthly quality reviews on the team's workload without a checklist to ensure staff meets all the requirements when they respond to special controlled correspondence.

LAS staff stated they had not had formal training on how to process special controlled correspondence. They reported that they received on-the-job

training provided by other LAS staff who had been on the team the longest. LAS staff also reported that they would like to see national standardized training, because the NWQ will require controlled correspondence to be distributed throughout VAROs. LAS staff are concerned that each VARO will be processing correspondence differently without proper training. Errors from improper controlling and processing of special controlled correspondence could affect the VSC's data integrity. In addition, errors could affect the established relationships with congressional stakeholders and the privacy rights of claimants.

Recommendations

5. We recommended the New Orleans VA Regional Office Director provide training to Legal Administrative Specialists responsible for processing controlled correspondence and monitor the effectiveness of the training.
6. We recommended the New Orleans VA Regional Office Director ensure Legal Administrative Specialists adhere to Veterans Benefits Administration policy when processing special controlled correspondence.

Management Comments

The VARO Director concurred with our findings and recommendations. In response to Recommendation 5, the Director reported LAS staff completed training in October and November 2016 and refresher training in June 2017. In addition to the five required monthly quality reviews, the supervisor plans to conduct five In-Progress Reviews to determine the effectiveness of the training. To address recommendation 6, the Director required the public contact supervisor to conduct daily reviews of congressional inquiries downloaded into Tableau and continue to conduct monthly quality reviews to ensure compliance with VBA policy when processing this workload.

OIG Response

The VARO Director's comments and actions are responsive to our recommendations. We will continue to follow up as deemed appropriate.

Appendix A Scope of Inspection

Scope and Methodology

In October 2016, we evaluated the New Orleans VARO to see how well it provides services to veterans and processes disability claims.

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.

We randomly selected and reviewed 30 of 309 veterans' TBI disability claims completed by the VARO from March through August 2016. We reviewed all 30 veterans' claims available that involved entitlement to SMC and related ancillary benefits completed by VARO staff from September 2015 through August 2016. In addition, we randomly selected and reviewed 30 of 188 completed claims that proposed reductions in benefits from June through August 2016. Furthermore, we randomly selected and reviewed 30 of 1,812 pending rating claims established by VARO staff in August 2016 for systems compliance. Finally, we randomly selected and reviewed 30 of 544 special controlled correspondence completed from June through August 2016.³²

Data Reliability

We used computer-processed data from VBA's corporate database, obtained by the Austin Data Analysis Division. To test for reliability, we reviewed the data to determine whether any 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. Furthermore, we compared veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates with information contained in the 150 claims folders we reviewed. The 150 claims folders were related to TBI claims and SMC and ancillary benefits, as well as to proposed rating reductions, systems compliance, and special controlled correspondence.

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 reliability.

³² During the inspection, while determining our sample size of 30 claims, we determined some claims were outside of the scope of our review; therefore, we removed these claims from the universe of claims.

***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 Management Comments

Department of Veterans Affairs Memorandum

Date: June 20, 2017

From: Director, VA Regional Office, New Orleans, Louisiana

Subject: Inspection of the VA Regional Office, New Orleans, Louisiana

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

1. The New Orleans VARO's comments are attached on the OIG Draft Report: Inspection of the VA Regional Office, New Orleans, Louisiana.
2. Please refer questions to Mr. Steve Kelly, Veterans Service Center Manager, at (504) 619-4560.

(Original signed by:)

Mark Bologna
Director

Attachment

New Orleans (321)

Attachment

June 20, 2017

Recommendation 1: *We recommended the New Orleans VA Regional Office Director implement a plan to assess the effectiveness of second-signature reviews for Special Monthly Compensation and ancillary benefits claims.*

New Orleans RO Response: Concur

All Special Monthly Compensation (SMC) second signature reviews have moved from the Appeals team to the Quality Review Team (QRT). QRT will conduct additional In-Process Reviews for the period July 1, 2017 through September 30, 2017. During the 90 day review, all claims submitted for SMC will be tracked on an Excel spreadsheet. IPRs will be conducted on 20 SMC second signature reviews each month. The results of the IPRs will be reviewed at the end of the 90 day period to determine if there are any error trends requiring additional training and the necessity of the continuance of the IPRs.

The results of these IPRs and an error trend analysis will be reported to the Veterans Service Center Manager (VSCM) at the conclusion of the review period. If the error trend analysis identifies additional need for IPRs or training, IPRs and/or training will be led by QRT personnel.

Target Completion Date: September 30, 2017.

Recommendation 2: *We recommended the Continental District Director implement a plan to ensure oversight and prioritization of proposed rating reduction cases for completion at the end of the due process time period at the New Orleans VA Regional Office.*

New Orleans RO Response: Concur

VBA provides oversight and prioritization of proposed rating reduction cases at the national level. As of April 9, 2017, all Regional Offices receive a daily distribution of actionable due process work that is either priority - homeless, terminally ill, etc. - or our oldest pending claims. Nationally, Regional Offices are held to a standard that all work must be completed on a claim that is distributed to them within five days. Regional and District Office leadership, as well as the Office of Field Operations, routinely monitor stations performance related to the five day Time in Queue (TIQ) standard. Since NWQ began managing distribution of EP600s (due process EPs), timeliness of these claims improved by 30 days.

VBA will continue to monitor the improvements in EP600 timeliness and make prioritization adjustments as necessary. VBA requests closure of this recommendation.

Recommendation 3: *We recommended the New Orleans VA Regional Office Director ensure claims assistants receive all mandatory annual training on claims establishment procedures.*

New Orleans RO Response: Concur

A comprehensive training plan comprised of 32 topics (51.75 learning hours) to include 10 topics related to claims establishment was developed. The training, which was conducted by members of the Quality Review Team, commenced on March 27th and was completed on April 20th. The topics covered during the training are listed below. We will continue to work with the VSC training coordinator to ensure future training is completed timely.

03/27/2017 Introduction to Establish Claim Procedures & EP Controls in SHARE and VBMS
 03/27/2017 Contention Classification Name Update
 03/28/2017 End Product Classification Codes & Work Rate Standards for Quantitative Measures (NO TMS ACTION)

03/29/2017 Benefits Delivery at Discharge (BDD) and Quick Start (QS) Claims Establishment (CEST)
 03/29/2017 Introduction to Pre-Discharge Programs
 03/30/2017 Date of Claim
 03/30/2017 Intent to File and Requests for Application (video)
 03/30/2017 Standardized VA Forms: Claims Submission Part 1
 03/30/2017 Intent to File (ITF)
 04/03/2017 Fully Developed Claims (FDC)
 04/03/2017 Fully Developed Claim Refresher
 04/03/2017 Fully Developed Claims (Compensation) - Refresher
 04/04/2017 Systems Updates (NO TMS ACTION)
 04/04/2017 Systems Compliance (VSR) TPSS
 04/04/2017 Systems Compliance Special Issues, Flashes, Contentions, and Modifiers (VSR) TPSS
 04/05/2017 End Product 930
 04/06/2017 End Product 699 (unassociated STRs) (NO TMS ACTION)
 04/10/2017 800 Series WI and EP 693- (800 Work Items RFE/VAF 21-4140)
 04/11/2017 Camp Lejeune Development (VSR)
 04/11/2017 Field Guide to Searching the Live Manual (video)
 04/12/2017 Mail Management
 04/12/2017 Unidentifiable Mail
 04/12/2017 Solicited and Unsolicited Mail (NO TMS ACTION)
 04/13/2017 COVERS Mail, Folder and Report Control
 04/13/2017 Introduction to COVERS
 04/17/2017 Introduction to Notice of Death (NOD)
 04/17/2017 Due Process (Pre-Determination Hearing)
 04/19/2017 Lost Folders / 24-Hour Searches / Claims Folder Number Reconciliation and Cancellation
 04/19/2017 Routing Mail to Other Business Lines (NO TMS ACTION)
 04/19/2017 CRM FOIA/PA
 04/20/2017 Dependency Development for Compensation Overview
 04/20/2017 Apportionments for Compensation

We will continue to work with the VSC training coordinator to ensure future training is completed timely. We request closure of this recommendation.

Recommendation 4: *We recommended the New Orleans VA Regional Office Director implement a plan to strengthen the review process to assess all elements required when establishing claims in the electronic record.*

New Orleans RO Response: Concur

The Quality Review Team (QRT) will conduct five In-Process Reviews (IPRs) in addition to the five quality reviews each month focusing on claims establishment for each Claims Assistant (CA) consistent with establishing claims in VBMS, M21-1.III.iii.1.D.2 and M21-4, Appendix C. These IPRs will be conducted from July 1 through September 30, 2017 and will be tracked by the QRT Coach. This will allow us to validate if we are establishing claims correctly, using claim labels correctly, and utilizing contentions/special issues associated with claimed issues correctly. The results of the IPRs will be analyzed at the end of the 90 day period. This analysis will determine if there is a need for any error trend training as well as the necessity of the continuance of the IPRs.

The results of these IPRs and an error trend analysis will be reported to the Veterans Service Center Manager (VSCM) at the conclusion of the review period. If the error trend analysis identifies additional need for IPRs or training, IPRs and/or training will be targeted to specific Claims Assistants within IPC. Furthermore, if additional need for IPRs is warranted, a smaller sample of targeted IPRs at claims establishment can be extended.

Target Completion Date: September 30, 2017

Recommendation 5: *We recommended the New Orleans VA Regional Office Director provide training to Legal Administrative Specialists responsible for processing controlled correspondence and monitor the effectiveness of the training.*

New Orleans RO Response: Concur

The Public Contact Coach was reminded during OIG site visit of the requirements of completing interim responses if necessary, ensuring release of information consent forms were of record prior to disclosing claims information, using the appropriate date of claim for workload controls, and uploading necessary documents to the electronic claims folder for processing controlled correspondence.

The local quality review sheet for Legal Administrative Specialists has been amended to ensure a release of information consent form is of record before disclosing claims information, appropriate date of claims for workload controls are used, and documents are uploaded to the electronic claims folder.

The Public Contact Team Coach will conduct refresher training on interim responses, review of release of information consent forms, correct date of claim, and uploading VBMS documents during the month of June. This training was previously conducted on these issues from October 31, 2016 through November 3, 2016. During the month of July, the Public Contact Team Coach will conduct five In-Progress Reviews (IPRs) in addition to the five quality reviews each month on the Legal Administrative Specialist. The results of the monthly quality reviews and the additional five IPRs in July will be reviewed to determine the effectiveness of the training.

The results of these IPRs and an error trend analysis will be reported to the Veterans Service Center Manager (VSCM) at the conclusion of the review period. If the error trend analysis identifies the need for additional IPR reviews, we will we conduct additional reviews for another month and subsequently complete another error trend analysis. If training is indicated based on the data, the Public Contact Coach will implement the training.

Target Completion Date: August 31, 2017

Recommendation 6: *We recommended the New Orleans VA Regional Office Director ensure Legal Administrative Specialists adhere to Veterans Benefits Administration policy when processing special controlled correspondence.*

New Orleans RO Response: Concur

The New Orleans Regional Office currently controls all congressional inquiries in a Sharepoint site. The information from the Sharepoint site is downloaded into Tableau (Screen shot below) each morning and reviewed to ensure we are in compliance with Veterans Benefits Administration policy. The Congressional Tableau data will be adjusted immediately to identify pending congressional responses without interim responses within 5 days of receipt. The Congressional Tableau will be reviewed daily by the Division Chief and Public Contact Coach daily to ensure interim responses are completed within 5 days.

The Public Contact Team Coach will continue to conduct monthly quality reviews to check for adherence to Veterans Benefits Administration policy, to include compliance with VBA's Chief of Staff Responsiveness and Timeliness Memo dated March 15, 2017, regarding responsiveness to congressional and other external requests for information requiring a final response within 14 business days from receipt in VA. During the month of July the Public Contact Team Coach will conduct five In-Progress Reviews (IPRs) in addition to the five quality reviews each month on the Legal Administrative Specialist. Outliers will be addressed immediately.

Target Completion Date: August 31, 2017.

Appendix C **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	Nora Stokes, Director Ramon Figueroa Tyler Hargreaves Kerri Leggiero-Yglesias Mary Shapiro Nelvy Viguera-Butler Mark Ward

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