

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Inspection of
the VA Regional Office
Wilmington, Delaware*

September 6, 2017
17-00970-327

ACRONYMS

EP	End Product
FY	Fiscal Year
NWQ	National Work Queue
OIG	Office of Inspector General
RVSR	Rating Veterans Service Representative
SHA	Special Home Adaptation
SMC	Special Monthly Compensation
TBI	Traumatic Brain Injury
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VSC	Veterans Service Center

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Highlights: Inspection of the VA Regional Office, Wilmington, DE

Why We Did This Review

In February 2017, we evaluated the Wilmington VA Regional Office (VARO) to see how well staff processed disability claims, proposed rating reductions, and input claims information in the electronic system of record. The Wilmington VARO shares its Director and Veteran Service Center Manager with the Philadelphia VARO.

What We Found

Claims Processing—Wilmington Veterans Service Center (VSC) staff did not consistently process one of the two types of disability claims we reviewed. Overall, VSC staff inaccurately processed eight of the 46 claims (17 percent) we reviewed. We reviewed 30 of 40 veterans' traumatic brain injury claims (75 percent) and found all 30 were accurately processed. We also reviewed all 16 veterans' claims available involving entitlement to Special Monthly Compensation (SMC) and related ancillary benefits completed by VSC staff in calendar year 2016. We found VSC staff inaccurately processed eight claims. Of the eight claims with errors, three affected veterans' benefits—resulting in 37 improper monthly payments totaling approximately \$25,500. Generally, the errors occurred because second signature reviews were ineffective, and staff were unaware of policy involving eligibility for certain ancillary benefits.

Proposed Rating Reductions—Wilmington VSC staff generally processed rating reductions accurately but needed to

complete this workload to ensure timely action. We reviewed all seven cases within scope and found VSC staff delayed or incorrectly processed four of the reductions. Delays occurred because the VSC managers prioritized other workloads higher in order to meet established performance goals related to processing disability claims. These delays and processing inaccuracies resulted in approximately \$25,300 in overpayments, representing 20 improper payments from September 2015 to January 2017.

Systems Compliance—Wilmington VSC staff needs to improve the accuracy of information input into the electronic systems at the time of claims establishment. We randomly sampled 30 of 196 newly established claims (15 percent) and found VSC staff did not correctly input information into the electronic system for 16 claims due to the lack of a quality review process for staff establishing claims.

What We Recommended

We recommended the Wilmington VARO Director assess the effectiveness of secondary reviews associated with SMC claims, provide training for SMC, and monitor the effectiveness of this training. We also recommended the Wilmington VARO Director implement a quality review process for claims establishment.

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 "Larry M. Reinkemeyer". The signature is written in a cursive style with a large initial "L" and "R".

LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objectives

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. 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. As the Wilmington VARO and Philadelphia VARO share a Director and Veterans Service Center (VSC) Manager, and as the Philadelphia VARO has assumed responsibility for processing special controlled correspondence at the Wilmington VARO, we did not review the Public Contact operation during this inspection. We further define our independent oversight inspection to identify key objectives and risks within each operation or VARO program responsibility. In FY 2017 at the Wilmington VARO, our objectives were to assess the VARO's effectiveness in:

- Disability claims processing by determining whether 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 at the time of claim establishment

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 on benefits.

Wilmington VA Regional Office

As of February 2017, the Wilmington VSC Manager reported a VARO staffing level of 22 full time employees; all of which were assigned to the VSC. In FY 2016, VBA reported the Wilmington VARO completed 1,601 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 **Wilmington VSC Staff Processed TBI Claims Correctly but Needed To Improve Accuracy in Processing Claims Related to SMC and Ancillary Benefits**

Wilmington VSC staff processed all 30 TBI-related claims correctly. However, VSC staff did not accurately process claims related to SMC and ancillary benefits consistent with VBA policy. The errors occurred because secondary reviews were ineffective—six of the eight SMC cases with errors had secondary reviews, but the reviewers did not identify these errors. Overall, VSC staff incorrectly processed eight of the total 46 veterans' disability cases (17 percent) we reviewed. As of January 1, 2017, the eight cases with errors resulted in 37 improper monthly payments totaling approximately \$25,500 to three veterans.²

Table 1 reflects the errors affecting, and those with the potential to affect, veterans' benefits processed at the Wilmington 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. Wilmington VARO Disability Claims Processing Accuracy

		Veterans' Claims Inaccurately Processed		
Type of Claim	Reviewed	Affecting Veterans' Benefits	Potential To Affect Veterans' Benefits	Total
TBI	30	0	0	0
SMC and Ancillary Benefits	16	3	5	8
Total	46	3	5	8

Source: VA OIG analysis of VBA's TBI disability claims completed from July 1, 2016 through December 31, 2016; and SMC and ancillary benefits claims completed from January 1, 2016 through December 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 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. Rating Veterans Service Representatives (RVSR) or Decision Review Officers 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 must make 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 reviewed 30 of 40 veterans’ disability claims related to TBI (75 percent) completed from July 1, 2016 through December 31, 2016 to determine whether VSC staff processed them according to VBA policy. We also reviewed the qualifications of the medical examiners and claims processing staff to ensure compliance with VBA policy. We determined VSC staff correctly processed all 30 of the TBI claims we reviewed. Our review of initial TBI examinations also found no improper diagnoses of TBI.

**Previous VA
OIG Inspection
Results**

In our previous report, *Inspection of VA Regional Office, Wilmington, Delaware* (Report No. 12-04328-211, June 11, 2013), we reported all four of the TBI claims we reviewed did not contain errors. This was because the VARO staff followed VBA policy when processing TBI claims. As a result, we did not make a recommendation for improvement in this area.

Using the same methodology as our 2013 inspection, we found VSC staff continued to demonstrate accuracy when processing TBI claims. VARO management attributed the accuracy to the RVSRs’ specialization in this area.

**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

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

⁴ *Ibid.*, Section D, Topic 2, *Examination Report Requirements*.

activities, like bathing or eating. Ancillary benefits are secondary benefits considered when evaluating claims for compensation, which include eligibility for educational, automobile, and housing benefits.⁵

Automobiles or Other Conveyances and Adaptive Equipment are VA programs to help seriously disabled veterans with their transportation needs. An eligible veteran may receive payments toward the purchase of an automobile or other special equipment or assistive devices, such as power seats.

Specially Adapted Housing (SAH) and Special Home Adaptation (SHA) are two grants administered by VA to assist seriously disabled veterans in adapting housing to their special needs. An eligible veteran may receive a SAH grant of not more than 50 percent of the cost of a specially adapted house, up to the total maximum allowable by law. An eligible veteran may receive a SHA grant for the actual cost to adapt a house or for the appraised market value of necessary adapted features already in a house when the veteran purchased it, up to the total maximum allowable by law.

VBA policy requires staff to address the issues of SMC and ancillary benefits whenever they can grant entitlement. VBA policy also states all rating decisions involving SMC above a specified level always require an additional level of review, signified by having two signatures on the decision document.⁶

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
Benefits Claims**

We reviewed all 16 veterans' claims involving entitlement to SMC and related ancillary benefits completed by VSC staff from January 1, 2016 through December 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.⁷ In addition, we reviewed the claims to determine the effectiveness of the secondary reviews, which were typically performed by a Rating Quality Review Specialist. We found eight of the 16 veterans' claims contained errors and resulted in improper payments

⁵ 38 CFR, Part 3 – Adjudication, (§3.807, §3.808, §3.809).

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

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

totaling approximately \$25,500. These errors represented 37 monthly improper payments from August 2015 through January 2017.

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

- In one claim, an RVSR overlooked a veteran's entitlement to an increased level of SMC based on an additional permanent disability independently evaluated at 100 percent disabling. According to Federal regulation, an additional single, permanent disability independently evaluated as 100 percent disabling will afford entitlement to the next higher rate of SMC.⁸ In addition, the second signature review did not identify this error. Consequently, VA underpaid the veteran approximately \$6,400 over a period of one year and five months.
- In another claim, an RVSR granted an incorrect level of SMC benefits. The medical evidence showed the veteran had bilateral above-the-knee leg amputations. According to Federal regulation, the veteran is entitled to a higher-level SMC based on anatomical loss preventing natural knee action with prosthesis in place.⁹ In addition, the second signature review did not identify this error. As a result, the veteran was underpaid approximately \$3,000 over a period of one year and four months.
- In another claim, an RVSR used an incorrect date to establish SMC benefits for payment. According to Federal regulation, the effective date of an evaluation will be the earliest date a VA facility receives the claim or the date entitlement arose, whichever is the later.¹⁰ In addition, the RVSR did not obtain a secondary review as required. As a result, the veteran was underpaid approximately \$16,100 over a period of four months.

The remaining five of eight claims with errors had the potential to affect veterans' benefits.

- In four claims, VSC staff incorrectly granted eligibility to SHA Grants to veterans that were also granted, or had previously been granted, eligibility to SAH Grants. According to Federal regulation, eligibility only exists for an SHA Grant if the claimant is not entitled to, and has not previously received, an SAH Grant.¹¹ In addition, the second signature reviews did not identify these errors. As a result of these errors, these

⁸ 38 CFR §3.350(f)(4), *Special Monthly Compensation Ratings, Additional independent 100 Percent Ratings*.

⁹ *Ibid.*, (c)(1)(ii) *Special Monthly Compensation Ratings, Anatomical Loss Preventing Natural Knee Action with Prosthesis in Place*.

¹⁰ 38 CFR §3.400 *Effective Dates*.

¹¹ *Ibid.*, §3.809a *Special Housing Adaptation*.

four veterans were deemed eligible to receive up to \$15,462 each in SHA benefits when they were already eligible to receive SAH benefits.

- In the remaining claim, an RVSR did not grant a veteran entitlement to SHA, a benefit worth up to \$15,462, nor did staff grant entitlement to the automobile or other conveyance and adaptive equipment benefit valued at \$20,235 in FY 2017. VBA policy requires staff to address entitlement to these benefits if they can be granted.¹² In addition, the second signature review did not identify this error. As a result, the veteran was unaware of entitlement to these benefits.

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 in six of the eight cases. The errors involving the ancillary benefits of SHA and SAH occurred because VSC staff were unaware that SHA and SAH could not be granted concurrently. During our interviews, the Officer in Charge and staff stated they did not realize they were incorrectly granting eligibility to SHA Grants until we identified these errors and they reviewed the policy. VSC management and staff were not aware of deficiencies in this area. On February 28, 2017, the VSC Quality Review staff provided refresher training on SAH and SHA Grants to decision-making staff based on our findings. As a result of not following VBA policy regarding ancillary benefits, veterans had the potential to receive incorrect benefits payments.

Recommendations

1. We recommended the Wilmington VA Regional Office Director implement a plan to assess the effectiveness of second-signature reviews for Special Monthly Compensation and Ancillary Benefits claims.
2. We recommended the Wilmington VA Regional Office Director implement plans to ensure the effectiveness of training conducted on processing claims for higher-level Special Monthly Compensation and Ancillary Benefits.

Management Comments

The VARO Director concurred with our finding and recommendations. To address Recommendation 1, training was provided to decision-making staff on February 28, 2017 addressing second-signature requirements and SAH and SHA Grants. The Director also noted the station will provide refresher training every six months, incorporating any changes in second-signature reviews. For Recommendation 2, the Director indicated the Rating Quality Review Specialist will document any calculator, worksheet, or ancillary

¹² M21-1 Adjudications Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, Topic 2, *Considering Issues Within Scope of a Claim*.

benefit deficiencies found during second-signature reviews. Staff will then review the deficiencies quarterly to assess the need for additional group or individual training/mentoring. The VARO Director requested closure of Recommendations 1 and 2.

**OIG
Response**

The VARO Director's comments and actions are responsive to the recommendations; however, we consider Recommendations 1 and 2 open until the VARO Director provides refresher training documentation and quarterly review results. We will follow up as appropriate.

II. Management Controls

Finding 2

Wilmington VSC Staff Generally Processed Proposed Rating Reductions Accurately but Needed To Improve Timely Action

VSC staff generally processed proposed rating reductions cases accurately; however, better oversight is needed to ensure timely actions occur. We reviewed all seven (100 percent) proposed benefits reductions cases to determine whether they were accurately and timely processed. VSC staff accurately processed six of seven cases involving benefit reductions; the case containing the error affected benefits payments. Furthermore, processing delays occurred in three of seven claims that required rating decisions to reduce benefits—two of these cases affected veterans' benefits and one had the potential to affect benefits. Generally, processing delays occurred because the Officer in Charge did not view this work as a priority, instead prioritizing the processing of rating-related claims to meet national goals. These delays and processing inaccuracies resulted in approximately \$25,300 in overpayments, representing 20 improper payments from September 2015 to January 2017. Delays in processing this workload results in continued improper monthly payments. In accordance with Federal regulation, VBA does not recover these overpayments because the delays were due to VA administrative errors.¹³

VBA Policy Related to Proposed Rating Reductions

Federal regulation 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 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 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

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

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

¹⁶ *Ibid.* §3.105, *Revision of Decisions*.

discontinue the benefit beginning on the 65th day following notice of the proposed action.¹⁷

**Review of
Claims to
Assess
Accuracy**

We reviewed all seven completed claims (100 percent) that proposed reductions in benefits from October 2016 through December 2016. VSC staff accurately processed six of seven cases involving benefit reductions. In the case involving the error, an RVSR correctly proposed to discontinue the veteran's entitlement to Individual Unemployability benefits and a Veteran Service Representative notified the veteran of this proposal in letters dated June 29 and June 30, 2015. Both letters included incorrect information to the veteran regarding the proposed reduction. A corrected letter was sent to the veteran dated June 6, 2016--nearly one year later. The final rating decision discontinuing the veteran's entitlement to Individual Unemployability occurred December 13, 2016, with benefits reduced effective December 1, 2016. If a correct letter had been sent initially the reduction would have occurred September 1, 2015, one year and three months earlier. As a result, the veteran received approximately \$23,600 in improper payments. We provided the details of this case to the Officer in Charge 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
Delays**

Processing delays that required rating decisions to reduce benefits occurred in three of the seven claims (43 percent). These delays resulted in an average of two monthly overpayments at the time we began our review in January 2017. 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 affected by at least one month.

In the most significant delay, VSC staff proposed to terminate the veteran's entitlement to SMC benefits on April 15, 2016; however, staff did not actually reduce the benefits until January 1, 2017. Had a timely final rating reduction been made, these benefits would have been terminated October 1, 2016—three months earlier than when they were actually terminated. As a result, VA overpaid the veteran approximately \$1,000 over a period of three months. We provided the details on the delays that affected benefits, or had the potential to affect benefits, to the Officer in Charge for appropriate action.

Generally, these processing delays occurred because the Officer in Charge did not view this work as a priority. Interviews with management confirmed that rating reduction cases were considered a lower priority compared with other work being directed by VBA's Central Office. The VSC Manager indicated this affected the VSC's ability to dedicate the appropriate number

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

of resources to address benefits reduction cases.¹⁸ 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.

We are concerned VBA modified its policy and removed a control that could minimize overpayments. On April 3, 2014¹⁹ and again on July 5, 2015,²⁰ VBA leadership modified its policy regarding the processing of claims requiring benefits reductions. The current policy only outlines the processing steps and no longer includes the requirement for VSC staff to take "immediate action," nor does VBA have any timeliness standard 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.

We made no recommendation for improvement in the area of proposed rating reduction timeliness because the VSC no longer manages this workload. Effective April 2017 VBA incorporated rating reductions into the National Work Queue (NWQ), which centrally manages the national workload by prioritizing and distributing claims across the network of VAROs.

¹⁸ The Wilmington VSC manager is located in Philadelphia, PA.

¹⁹ M21-1 Adjudications Procedures Manual, Part I, Chapter 2, Section B, Topic 7, *Establishing and Monitoring Controls*.

²⁰ *Ibid.*, Section C, Topic 2, *Responding to the Beneficiary*.

III. Data Integrity

Finding 3

Wilmington VSC Staff Needed To Improve the Accuracy of Information at the Time of Claims Establishment

Wilmington VSC staff needs 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 16 of the 30 records (53 percent) reviewed, Intake Processing Center (IPC) staff established claims in the electronic record using inaccurate or incomplete claim and claimant information. Generally, the errors occurred because of a nonexistent quality review process for IPC staff. Inaccurate and incomplete information in the electronic records has the potential to result in misrouted claims in the National Work Queue (NWQ) and may result in delayed claims processing actions.

VBA Policy Related to Data Integrity

VBA relies on the accuracy and completeness of data entered into its electronic system of records to manage and report on workload to stakeholders and to properly route claims within its electronic workload management tool, 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 within the electronic system.²¹

Veterans Benefits Management System (VBMS) is an electronic processing system the NWQ uses to distribute work.²² Because the NWQ relies on the accuracy of data, claims misidentified or mislabeled at 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.

²¹ Department of Veterans Affairs, Veterans Benefits Administration, National Work Queue, Phase 1 Playbook.

²² *Ibid.*

Table 2 reflects all nine claims establishment terms.

Table 2. Claims 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

Source: VA OIG presentation of definitions from VBA's M21-1 and M21-4

Systems Compliance

We randomly sampled 30 of 196 pending rating claims (15 percent) selected from VBA's Corporate Database established in December 2016, pending as of January 3, 2017. In 16 of 30 claims (53 percent) we reviewed, IPC staff did not enter accurate and/or complete information in the electronic systems. This generally occurred due to the lack of a quality review process for IPC staff. The 16 records accounted for 26 errors because some records contained multiple inaccuracies. None of the errors affected benefits. VARO management agreed with our assessment in these claims.

We provided the details of the 16 errors with errors to VSC management for appropriate action. Summaries of the most frequent errors requiring corrective actions follow.

- In eight records, IPC staff 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.²³ Failure to enter the claimed issues, correct claim types, and/or issue classifications may lead to additional work for employees later in the claim development process and may lead to an incorrect VA examination request.

- In eight records, IPC staff did not select correct special issue and/or corporate flash 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 Additionally, regional offices are responsible for identifying claimant's records that require flashes, inputting the flashes when required, and promptly removing the flash when it no longer applies.²⁵ Incorrect special issue and/or corporate flash indicators may result in misrouting the claims and/or delaying processing actions.
- In five records, IPC staff did not enter direct deposit information as required when establishing the claim in the electronic record.²⁶ Failure to enter direct deposit information may cause unnecessary delays when processing actions to pay benefits.
- In three records, IPC staff did not input the correct claim labels in the electronic systems. VBA policy states VSC staff must select the accurate claim label when establishing a claim.²⁷ Using an incorrect claim label may result in claims being delayed in the routing to appropriate staff.

Generally, the processing errors occurred because of the lack of a quality review process for IPC staff. We confirmed that IPC staff members were not subject to quality reviews for actions associated with claims establishment. One IPC staff member indicated she was not aware of any errors she was making because she did not receive any feedback. VSC management stated that there was no quality review process in place for IPC staff prior to our inspection. Additionally, VSC management agreed that it would help eliminate some of the errors we found if a quality review process were in place. While on site, we learned that Philadelphia VARO management is helping to implement a quality review process for the Wilmington IPC staff. Because of a nonexistent quality review process, there is the potential that VBA relies on inaccurate workload data contained within its electronic systems.

²³ M21-1 Adjudications Procedures Manual, Part III, Subpart ii, Chapter 3, Section D, Topic 2.c (Step 7), *Establishing Claims in VBMS*.

²⁴ *Ibid.*, Subpart iii, Chapter 1, Section D, Topic 2 *Utilizing Contentions and Special Issue Indicators Associated with Claimed Issues*.

²⁵ *Ibid.*, Subpart iii, Chapter 1, Section D, Topic 1.b *Claimant Flashes*.

²⁶ *Ibid.*, Subpart ii, Chapter 3, Section C, *Systems Updates* and M21-1 Adjudications Procedures Manual, Part III, Subpart ii, Chapter 3, Section D, Topic 2.c (Step 3), *Establishing Claims in VBMS*.

²⁷ M21-4, Appendix C. Index of Claim Attributes, Section 1.a, *Purpose of Claim Labels*.

Recommendation

3. We recommended that the Wilmington VA Regional Office Director implement a plan to ensure management provides a consistent quality review process which addresses all elements required when establishing claims in the electronic record and monitor the effectiveness of that plan.

Management Comments

The VARO Director concurred with our finding and recommendation. The Director indicated staff will monitor and track claim establishment errors on a monthly basis, as well as to conduct training on any identified trends. Additionally, staff will complete assessments every six months to gauge the effectiveness of training provided in this area. The VARO Director requested closure of Recommendation 3.

OIG Response

The VARO Director's comments and actions are responsive to the recommendation; however, we consider Recommendation 3 open until the VARO Director provides training assessment documentation. We will follow up as appropriate.

Appendix A Scope and Methodology

Scope and Methodology

In February 2017, we evaluated the Wilmington 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. 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.

We randomly selected and reviewed 30 of 40 veterans' disability claims related to TBI (75 percent) that the VARO completed from July 2016 through December 2016. We reviewed all 16 veterans' claims available for review involving entitlement to SMC and related ancillary benefits completed by VARO staff from January 2016 through December 2016. Additionally, we reviewed all seven completed claims that proposed reductions in benefits from October 2016 through December 2016. Finally, for systems compliance, we randomly selected and reviewed 30 of 196 rating claims (15 percent) established by VARO staff in December 2016.²⁸

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 data were missing from key fields, included any calculation errors, or were outside the period 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 as provided in the data received with information contained in the 83 claims folders we reviewed. The 83 claims folders related to TBI claims, SMC and ancillary benefits, as well as proposed rating reductions, and systems compliance.

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.

²⁸ 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 modified the universe of claims to reflect this number.

***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: July 24, 2017

From: Director, VA Regional Office Philadelphia, Pennsylvania

Subj: Draft Report, Inspection of the VA Regional Office, Wilmington, DE

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

1. The Wilmington VARO's comments are attached on the Draft Report, Inspection of VA Regional Office Wilmington, DE.

2. Please refer questions to Diana Rubens, 215-381-3001.

(Original signed by:)

DIANA RUBENS, Director
Philadelphia and Wilmington Regional Office

Enclosure

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Veterans Benefits Administration (VBA)
Comments on Office of Inspector General (OIG) Draft Report
Inspection of the VA Regional Office, Wilmington, DE

The following comments are submitted in response to the recommendation in the OIG draft report:

OIG Recommendation 1: We recommended the Wilmington VA Regional Office Director implement a plan to assess the effectiveness of second-signature reviews for Special Monthly Compensation and Ancillary Benefits claims.

Wilmington RO Response: Concur. The Wilmington Regional Office conducted training on February 28, 2017 on second signature requirements, eligibility for Specially Adapted Housing and Special Home Adaptation, and the requirement that Special Monthly Compensation (SMC) worksheets are to be uploaded into Veterans Benefits Management System (VBMS) for all rating decisions in which SMC is an issue. All second signature reviews are conducted by the Rating Quality Review Specialist (RQRS). A file of all 21-0961 second signature reviews is maintained on the shared drive. The station will provide refresher training every 6 months and will review to monitor and follow up on any changes in second signatures reviews.

We request closure of this recommendation.

OIG Recommendation 2: We recommended the Wilmington VA Regional Office Director implement plans to ensure the effectiveness of training conducted on processing claims for higher-level Special Monthly Compensation and Ancillary Benefits.

Wilmington RO Response: Concur. The Wilmington Regional Office RQRS is responsible for all second signature reviews for higher level Special Monthly Compensation and Ancillary Benefits. The RQRS will annotate on the 21-0961 any calculator, worksheet or ancillary benefit deficiencies. The 21-0961's will be reviewed quarterly to assess the need for additional group or individual training/mentoring.

We request closure of this recommendation.

OIG Recommendation 3: We recommend that the Wilmington VA Regional Office Director implement a plan to ensure management provides a consistent quality review process which addresses all elements required when establishing claims in the electronic record and monitor the effectiveness of that plan.

Wilmington RO Response: Concur. On a monthly basis, the Wilmington Regional Office monitors and tracks claim establishment errors. Training is completed based on trends found.

An assessment will be completed every 6 months to gauge the effectiveness of the training provided.

We request closure of this recommendation.

For accessibility, the format of the original memo has been modified to fit in this document.

Appendix C **OIG Contact and Staff Acknowledgments**

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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