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OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Handling Administrative
Errors at the Chicago VA
Regional Benefits Office
in Illinois

REVIEW

REPORT #20-00102-73

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Executive Summary

The VA Office of Inspector General (OIG) conducted this review based on a confidential allegation received in March 2019 that employees at the VA regional benefits office in Chicago, Illinois, were not following the Veterans Benefits Administration's (VBA) procedures for correcting administrative errors. Generally, when VBA employees make mistakes that result in veterans being overpaid, the mistakes are considered administrative errors unless the veterans knew or should have known they were not entitled to the erroneous benefits.¹ Veterans are not responsible for repaying overpayments from administrative errors.²

Administrative errors can involve a wide range of issues, and VBA employees could find them in many claims-processing scenarios. VBA's procedures for correcting administrative errors differ depending on the type of error.³ When VBA employees correct administrative errors, they must complete multiple steps, such as creating workload controls (assigning numeric codes to identify types of claims or actions needed), making and approving decisions, correcting errors in VBA's electronic system, properly notifying veterans, and ensuring debts were not improperly created.

The review team based its conclusions on the procedures in place at the time each error was corrected. However, after the review team began its work in October 2019, VBA modified its procedures related to correcting administrative errors in January, May, and June 2020.

What the Review Found

The OIG substantiated the allegation that Chicago VA regional benefits office employees did not follow VBA procedures when correcting administrative errors. The review team assessed all 16 cases completed from October 1, 2018, through September 30, 2019, in which employees corrected administrative errors, as indicated by the proper workload control.⁴ Employees did not, however, always use the proper workload control, so additional corrections may have been made. The OIG determined it would be impractical to identify all those cases. Still, the team did examine additional cases that were likely to have significant impact on veterans where the probability that employees had corrected administrative errors was high. These were cases in

¹ VA Manual 21-1, part 3, sub. 5, chap. 1, sec. I, topic 3, "Handling Cases Involving Administrative Error," May 7, 2020.

² 38 U.S.C. § 5112(b)(10); VA Manual 21-1, part 3, sub. 6, chap. 2, sec. B, topic 3, block e, "Eliminating an Overpayment Resulting From Correction of an Administrative Error," October 11, 2017.

³ For general administrative errors, see VA Manual 21-1, "Handling Cases Involving Administrative Error." For errors resulting from a rating decision, see VA Manual 21-1, part 4, sub. 2, chap. 3, sec. A, topic 2, "Correction of a Clear and Unmistakable Error That Will Not Benefit the Beneficiary," June 3, 2020.

⁴ VBA calls these controls "end products," which are the work units VBA uses to properly monitor and manage its workloads. End products have specific numeric codes to identify types of claims or actions required. The numeric code used to indicate administrative errors is 960.

which the Chicago VA regional benefits office created debts in veterans' accounts at the same time the veterans' disability levels were decreased. In these cases, employees had to reduce a past payment rate to create a debt, but disability levels are not generally decreased retroactively under VBA policy. The team found nine such cases, bringing the total cases reviewed to 25.

The team found claims processors did not properly correct administrative errors in 22 of 25 cases (88 percent). Some cases contained multiple errors, which affected the veterans' benefits in different ways.⁵ For example, one case had errors that caused the veteran to be both underpaid and overpaid. Errors affected veterans' benefits in 13 cases, resulting in improper underpayments of about \$59,100 to six veterans, improper overpayments of \$18,900 to two veterans, and \$5,900 in debts VA had inappropriately collected from eight veterans through January 2020. VBA concurred with all the OIG-identified errors.

Generally, errors occurred because claims processors did not sufficiently understand their responsibilities and procedures for correcting administrative errors. Some employees were unsure how to find administrative errors in prior decisions, which can occur in a wide range of claims-processing scenarios and may not be obvious. Employees also told the review team that correcting administrative errors can be complex because they do not work these cases often and multiple steps are required. In addition, some stated that certain guidance for correcting administrative errors was unclear.

Beginning in January 2020, VBA made several updates to its procedures manual. These included more detailed instructions for controlling administrative errors, determining when administrative decisions are required, preventing debts from being created, ensuring benefits are paid through the correct date, and removing erroneous benefit information from the electronic system.⁶ In addition, VBA's Compensation Service provided instructions for correcting administrative errors with examples in June 2020.

Chicago VA regional benefits office managers also increased oversight of administrative errors after the start of this review. They established a local SharePoint site to log administrative errors, appointed an administrative error coordinator, and limited the authority to approve certain administrative decisions to the veterans service center manager and his assistant. The regional benefits office also clarified responsibilities and procedures for correcting administrative errors by establishing a standard operating procedure, conducting training for veterans service representatives, and distributing an administrative error guide to rating veterans service representatives and decision review officers.

⁵ Unless otherwise noted, the term "error" used throughout this report refers to an improper action when correcting an administrative error.

⁶ VA Manual 21-1, "Handling Cases Involving Administrative Error"; VA Manual 21-1, "Correction of a Clear and Unmistakable Error That Will Not Benefit the Beneficiary."

What the OIG Recommended

The OIG recommended the director of the Chicago VA regional benefits office ensure the errors identified by the review team are corrected. The director should also monitor the effectiveness of the actions taken to improve the accuracy of corrections made to administrative errors and determine whether additional measures are needed.

Management Comments

The Chicago VA regional benefits office director concurred with both recommendations and provided acceptable action plans. The full text of the director's comments is provided in appendix C. The OIG will monitor the Chicago VA regional benefits office's progress and follow up on implementation of the recommendations until all proposed actions are completed.



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Introduction

The VA Office of Inspector General (OIG) conducted this review in response to a confidential allegation received in March 2019 that employees at the VA regional benefits office in Chicago, Illinois, were not following the Veterans Benefits Administration's (VBA) procedures for correcting administrative errors.

Administrative Errors

Administrative errors occur when VBA overpays veterans because employees make mistakes in judgment or misapply the law. Veterans are not responsible for repaying overpayments that are found to be the result of administrative errors.⁷ However, mistakes are generally not considered to be administrative errors if veterans are at fault because they took or failed to take an action, committed fraud with the intent of achieving financial or personal gain, or knew or should have known they were not entitled to the erroneous benefits.

Administrative errors can involve a wide range of claims-processing issues that may or may not require rating decisions. A rating decision is a document detailing entitlement to benefits. Issues that require rating decisions include whether a disability was incurred or worsened during military service and the level of disability. VBA uses these decisions to determine the payment amount the veteran receives.

Other issues, such as the payment amount a veteran receives for having dependents, do not require a rating decision. Given the multiple issues involved, VBA employees could find a prior administrative error in many claims-processing scenarios when processing a later claim or performing a quality review on a completed decision.

VBA Procedures for Correcting Administrative Errors

VBA procedures for correcting administrative errors differ depending on the type of error.⁸ The review team's conclusions were based on VBA's procedures in place at the time each error was corrected. Key steps involved in correcting administrative errors include

- creating workload controls in VBA's electronic system,⁹

⁷ 38 U.S.C. § 5112(b)(10); VA Manual 21-1, part 3, sub. 6, chap. 2, sec. B, topic 3, block e, "Eliminating an Overpayment Resulting From Correction of an Administrative Error," October 11, 2017.

⁸ For general administrative errors, see VA Manual 21-1, part 3, sub. 5, chap. 1, sec. I, topic 3, "Handling Cases Involving Administrative Error," May 7, 2020. For errors resulting from a rating decision, see VA Manual 21-1, part 4, sub. 2, chap. 3, sec. A, topic 2, "Correction of a Clear and Unmistakable Error That Will Not Benefit the Beneficiary," June 3, 2020.

⁹ VBA calls these controls "end products," which are the work units VBA uses to properly monitor and manage its workloads. End products have numeric codes to identify types of claims or actions required. The numeric code used to indicate administrative errors is 960.

- notifying veterans of proposed corrections to the errors and giving them 60 days to submit evidence showing why the remedial actions should not be taken,
- making formal written decisions, known as administrative decisions, to document determinations that administrative errors were made,
- obtaining appropriate approval of the administrative decisions,¹⁰
- making final decisions correcting the administrative errors in the electronic system and notifying the veterans, and
- processing the final decisions and adjusting the electronic system to eliminate the debts that would have been created and ensure veterans do not have to repay the money they received as a result of the administrative error.¹¹

After the review team began its work in October 2019, VBA modified its procedures related to correcting administrative errors in January, May, and June 2020. Figure 1 illustrates some of the procedural changes VBA made.

¹⁰ Administrative decisions involving overpayments less than \$2,000 must be approved by a local manager, known as a coach. If the overpayment is between \$2,000 and \$24,999, the veterans service center manager or designee no lower than a coach must approve the administrative decision. Finally, if the overpayment is \$25,000 or more, VBA's Compensation Service Program Review staff must approve the administrative decision.

¹¹ Processing a decision is referred to as an "award" action, regardless of whether the decision grants, denies, or adjusts benefits. This action involves at least two employees, one who generates the award and another who authorizes it. In some cases, a third person is also required to concur on the award.

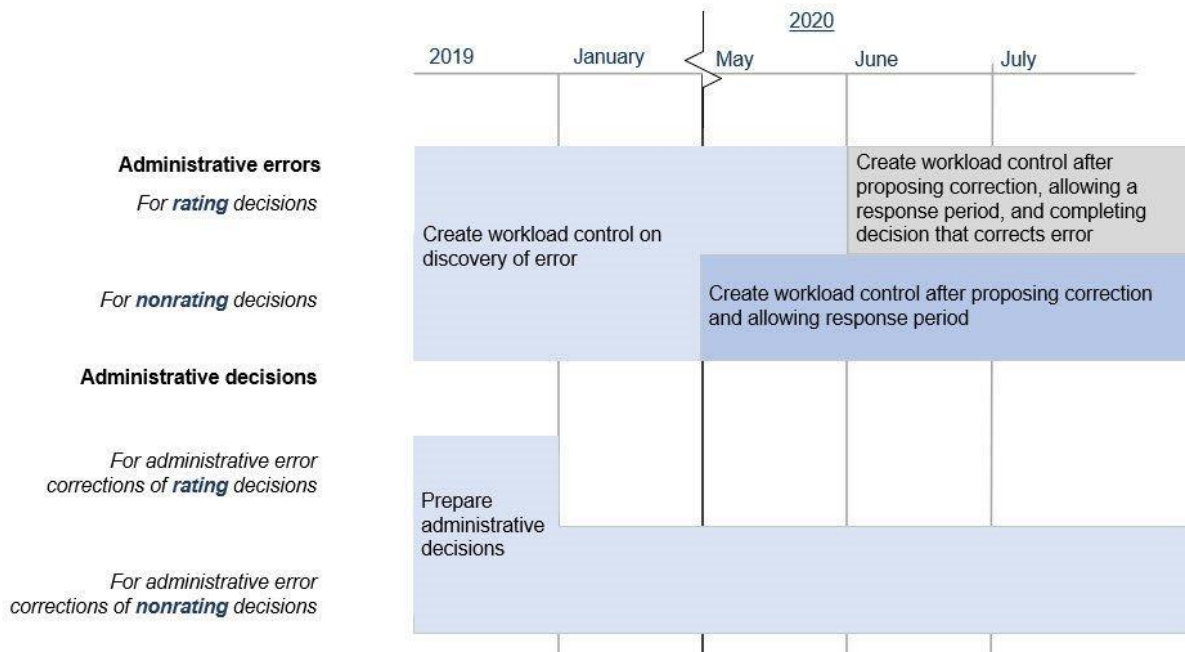


Figure 1. VBA’s procedural changes for correcting administrative errors.

Source: VA OIG presentation of VBA’s procedural changes for correcting administrative errors.

Note: Although VBA no longer required employees to prepare administrative decisions for administrative error corrections of rating decisions as of January 2020, employees still had to prepare these decisions for administrative error corrections of nonrating decisions.

Results and Recommendations

Finding: Chicago VA Regional Benefits Office Employees Did Not Properly Correct Administrative Errors

The OIG substantiated the allegation that Chicago VA regional benefits office employees did not follow VBA procedures when correcting administrative errors. The team found at least one error in 22 of 25 corrections and provided a synopsis of the 22 cases to VBA Compensation Service's quality assurance staff, who concurred with all errors. Cases with multiple errors could affect veterans' benefits in different ways.¹² For example, one case had errors that caused a veteran to be both underpaid and overpaid. Errors affected veterans' benefits in 13 cases. These errors resulted in underpayments of about \$59,100 to six veterans, overpayments of about \$18,900 to two veterans, and improper debts of about \$5,900 collected from eight veterans through January 2020. As of February 2020, the errors resulted in ongoing underpayments totaling about \$4,300 per month to three veterans and debts totaling about \$2,200 still being collected from three veterans. Ten of the 22 cases contained errors that could affect veterans' payments if not corrected, and 17 cases had procedural errors that would not affect payments. The OIG found these errors occurred because the cases were complex, and some guidance was unclear. Consequently, claims processors did not sufficiently understand their responsibilities and proper procedures for correcting administrative errors.¹³

What the OIG Did

Although administrative error corrections have a designated workload control, the OIG found Chicago VA regional benefits office employees did not always use the control for these cases, and they may not always have been aware they were correcting administrative errors. As a result, the review team could not rely solely on the workload control to identify all administrative error corrections. The OIG determined it would be impractical to identify all cases without the proper workload controls because administrative error corrections can be found in a wide range of claims-processing scenarios under several other workload controls.

The review team examined cases in which Chicago VA regional benefits office claims processors created debts in veterans' accounts at the same time the disability level was decreased. This was done to identify additional cases that could involve administrative error

¹² Unless otherwise noted, the term "error" used throughout this report refers to an improper action when correcting an administrative error.

¹³ Different types of claims processors were involved in correcting the administrative errors. If rating decisions were needed, they were generally made by rating veterans service representatives and processed by veterans service representatives. Other decisions, including administrative decisions, were made and processed by veterans service representatives. Local managers approved some rating decisions and administrative decisions, and they processed some decisions as well.

corrections. Employees had to reduce a past payment rate to create a debt, but disability levels are not generally decreased retroactively. Therefore, if a debt was created at the same time the disability level was decreased, the probability that employees were correcting an administrative error was high. Table 1 illustrates how a debt would be created if employees retroactively decreased a veteran’s disability level and payment rate.

Table 1. Decisions Regarding a Veteran’s Disability Compensation for October 2018

Date of decision	Percent disability level assigned	Payment rate (in dollars) for October 2018
November 2018	100	2,973.86
January 2019	80	1,587.25
Debt created	N/A	(1,386.61)

Source: VA OIG analysis.

The review covered 25 cases with administrative errors that were corrected from October 1, 2018, through September 30, 2019. These 25 corrections included all 16 cases the Chicago VA regional benefits office completed with the proper workload control, and nine additional cases identified by the OIG in which the Chicago VA regional benefits office created debts with a corresponding decrease in the veterans’ disability levels. Of the nine additional cases, one of them had the proper workload control, but an employee did not close it when the final action was completed in May 2019. As a result, only eight of the nine additional cases failed to use the proper workload control. Other administrative error corrections could exist beyond the 25 identified in this report.

The review team visited the Chicago VA regional benefits office in October 2019 and conducted a virtual site visit in April 2020. Appendix A provides additional details on what steps the review team took.

Detailed support for this finding is provided in the following sections:

- Claims processors did not follow VBA procedures when correcting administrative errors.
- Claims processors’ failure to follow procedures affected some veterans’ benefits.
- Claims processors did not sufficiently understand their responsibilities and procedures for correcting administrative errors.
- VBA, including Chicago VA regional benefits office managers, took actions to improve administrative error corrections.

Claims Processors Did Not Follow VBA Procedures When Correcting Administrative Errors

Chicago VA regional benefits office claims processors did not properly correct administrative errors in 22 of 25 cases (88 percent). In the descriptions of the cases that follow, the number of errors does not total the number of cases improperly processed because some cases contained multiple errors.

- **Claims processors did not properly use workload controls (17 cases).** In eight of these cases, claims processors did not use the end product 960 workload control for correcting administrative errors.¹⁴ In seven cases, claims processors did not create this workload control when they discovered the administrative errors. Delays in creating the workload control ranged from three weeks to over three years. In two cases, veterans service representatives closed the workload controls before completing the corrections; in one of these two cases, the veterans service representative also did not create a separate workload control required for a proposed reduction.¹⁵
- **Claims processors did not make administrative decisions or obtain proper approval as required (11 cases).** In seven of these cases, no one made administrative decisions. Administrative decisions were made in two cases, but they were not properly approved.¹⁶ In the remaining two cases, claims processors did not obtain approval of administrative decisions until after veterans service representatives had completed the corrections.
- **Claims processors reduced or stopped veterans' benefit payments without giving or documenting proper notice (10 cases).** Veterans are entitled to notice of any VA decision that affects benefit payments.¹⁷ Also, VBA generally cannot reduce or stop benefit payments before notifying veterans of a proposal and giving them 60 days to submit evidence showing the actions should not be taken.¹⁸ In five cases, veterans may not have been aware of the actions taken, since notification letters did not explicitly inform them. In three cases, claims processors informed veterans of the actions taken but did not give them accurate advance notice as

¹⁴ VA Manual 21-1, part 3, sub. 5, chap. 1, sec. I, topic 3, block f, "Requirement for an Administrative Decision and Notice of Proposed Adverse Action," July 13, 2018, rev. October 24, 2018.

¹⁵ VA Manual 21-4, app. B, topic 2, "600 - Predetermination Notice," September 6, 2018, rev. December 21, 2018, May 30, 2019, July 1, 2019, and August 22, 2019.

¹⁶ VA Manual 21-1, part 3, sub. 5, chap. 1, sec. I, topic 3, block g, "Approval of Administrative Decisions Involving Administrative Error," July 13, 2018, rev. October 24, 2018.

¹⁷ 38 C.F.R. § 3.103(b)(1).

¹⁸ 38 C.F.R. § 3.103(b)(2).

required. In the remaining two cases, notification letters were not uploaded to the veterans' electronic claims folders. However, in one of these two cases, it appears the veteran received notice of additional benefits granted in a rating decision, not that an administrative error was corrected. After VA withheld the erroneous debt from the veteran's increased benefits, he contacted VA noting that he did not receive the full payment for the additional benefits in the rating decision and requested that VA review the calculation.

In one of the cases described above, a rating veterans service representative completed a rating decision in January 2019 that resulted in retroactive increased benefits for November and December 2018. The rating veterans service representative also corrected an administrative error involving an effective date in a prior decision that had overpaid the veteran by about \$1,400 for October 2018; however, this was not addressed in the rating decision, and the veteran was not given advance notice as required. The new lower payment rate for October 2018 was included in the rating decision notification letter, but the letter did not note that this rate had been reduced. Two veterans service representatives erroneously created a debt in the veteran's account, which was repaid by withholding money from the increased benefits. Therefore, the veteran may not know that the administrative error was corrected, and benefits were improperly withheld.

- **Claims processors failed to adjust the electronic system to eliminate debts in veterans' accounts when correcting administrative errors (10 cases).** In eight of these cases, VA had collected at least part of the debts. In two cases, the debts were not collected. In one of these two cases, a veterans service representative had the finance department eliminate the debt. In the remaining case, the debt was not collected because the veteran died.

In one of the cases described above, a rating decision corrected the date a veteran became entitled to an increased disability evaluation from November 5, 2018, to February 1, 2019. However, two claims processors failed to adjust the electronic system to eliminate the resulting overpayment. This erroneously created a debt of about \$730 in the veteran's account. VA had collected about \$120 from the veteran's monthly compensation payments through January 2020 and was still collecting the remaining debt at the time the OIG advised VBA of the problem.

- **Claims processors did not accurately update disability information or payment rates in the electronic system when processing final decisions (seven cases).** In six of these cases, claims processors did not update the electronic system to reflect

corrected disability information.¹⁹ In the remaining case, two veterans service representatives updated the electronic system to reflect corrected disability information. However, they assigned incorrect payment rates.

In one of the six cases described above, a rating decision correctly indicated that the veteran's disability level was retroactively reduced from 100 percent to 80 percent for March 2014. However, when processing the decision, two veterans service representatives reduced the disability level to 70 percent for March 2014. As a result, about \$260 was included as part of a debt erroneously created in the veteran's account.

- **Claims processors assigned incorrect effective dates that reduced benefits prematurely (four cases).** In one of these cases, two veterans service representatives reduced a veteran's ongoing compensation starting May 1, 2019, when processing a rating decision that corrected an administrative error. Final notice was sent to the veteran on April 29, 2019. Since the benefits should have continued through the end of the month following 60 days from the final notice, the correct effective date for the reduction was July 1, 2019. As a result, the veteran was underpaid about \$3,700.
- **Rating veterans service representatives did not retroactively remove erroneous benefit information from the electronic system (three cases).** In one of these cases, a rating veterans service representative corrected an administrative error that overevaluated a veteran's elbow condition as 20 percent disabling from February 7, 2019, instead of 0 percent. The rating veterans service representative reduced the evaluation to 0 percent effective November 1, 2019, but did not remove the prior erroneous 20 percent evaluation from the electronic system. The system automatically brings forward information from prior decisions, and without correction the veteran could be overpaid in the future if additional benefits are combined with the erroneous evaluation from February 7 to November 1, 2019.

The review team provided a synopsis of the 22 cases with errors it found to the VBA Compensation Service's quality assurance staff for an opportunity to review and comment. VBA concurred with all the errors identified. The OIG's first recommendation addresses the need for the Chicago VA regional benefits office director to ensure the errors identified by the review team are corrected.

¹⁹ VA Manual 21-1, part 3, sub. 5, chap. 2, sec. A, topic 2, block c, "Award Processing Responsibilities," July 13, 2018, rev. July 26, 2019.

Claims Processors' Failure to Follow Procedures Affected Some Veterans' Benefits

In some cases, errors affected veterans' benefits by causing underpayments and overpayments. Other errors had the potential to affect benefits in the future if not corrected, depending on whether subsequent actions were taken, such as changing veterans' service-connected disability evaluation levels. Some errors were procedural that involved administrative requirements and did not affect veterans' benefits. Table 2 summarizes the effects errors had on veterans' benefits.

Table 2. Summary of Effects on Veterans' Benefits

Cases with errors	Veterans whose benefits were affected	Veterans whose benefits could have been affected	Veterans whose benefits were not affected by procedural errors
22	13	10	17

Source: OIG analysis of 25 administrative error corrections completed from October 1, 2018, through September 30, 2019.

Note: The numbers of veterans in each error type do not sum to the total number of cases with errors because some cases had more than one type of error.

In 13 cases, errors affected veterans' benefits in one or more ways. For example, one case had errors that caused the veteran to be both underpaid and overpaid. The errors resulted in improper underpayments of about \$59,100 to six veterans, improper overpayments of about \$18,900 to two veterans, and about \$5,900 in debts that VA had inappropriately collected from eight veterans through January 2020. In three cases, errors affected veterans' ongoing payments, resulting in improper underpayments totaling about \$4,300 per month as of February 2020. In addition, debts totaling about \$2,200 were still being inappropriately collected from three veterans as of February 2020. For a summary of the monetary impact of errors, see appendix B.

Ten cases had errors with the potential to affect veterans' benefits if not corrected. For example, employees could incorrectly create debts in veterans' accounts in the future if they implement decisions correcting administrative errors that were not fully and accurately processed. In addition, incorrect benefit information that is not removed from the electronic system would continue to be included in a veteran's combined evaluation, which could result in an improper overpayment if disabilities or evaluations change. Also, duplicate payments could occur in the future if employees were to grant retroactive benefits for a period when they previously created and waived a debt.

Seventeen cases had procedural errors that did not affect veterans' benefits. For example, errors involving the failure to use end product 960 workload controls and delays creating them did not directly affect the outcome of administrative error corrections; however, they affected data integrity and impaired VBA's ability to identify, monitor, and manage these cases.

VBA modified its procedures for correcting administrative errors after the start of this review, and some of the errors the OIG identified may not violate the new procedures. For example, VBA no longer requires claims processors to create the end product 960 workload controls at the time they discover administrative errors. As a result, cases where claims processors delayed creating these workload controls under the prior procedures may no longer be errors.

Claims Processors Did Not Sufficiently Understand Their Responsibilities and Procedures for Correcting Administrative Errors

In the eight cases the review team identified without the end product 960 workload control for administrative errors, claims processors generally did not complete an administrative decision, eliminate the resulting overpayment, or specifically notify veterans of the actions taken. Employees generally said those errors may have occurred because claims processors did not know they were correcting an administrative error. They noted that administrative errors can be found in a wide range of claims-processing scenarios, and it may not be obvious to claims processors that an administrative error is being corrected. Some regional benefits office employees were unsure how to identify administrative errors.

For example, when an employee processes a decision, VBA's electronic system compares the past entitlement and new entitlement and provides the overall payment. When asked how a claims processor would know they are correcting an administrative error, some employees initially reported that an overall negative payment could indicate the case involved an administrative error correction. However, in seven of the eight cases the review team identified without the designated workload control, claims processors granted other benefits that resulted in overall positive payments. Therefore, employees ultimately agreed that in some cases they would have to manually compare past payment rates with current rates to find reductions representing administrative error corrections.

Chicago VA regional benefits office employees also told the review team that correcting administrative errors can be complex for a variety of reasons. For example, some employees said they do not work these cases often or that multiple steps are required to correct them. In addition, some said that guidance for correcting administrative errors was unclear on certain aspects, such as delegating responsibilities for identifying them; creating workload controls; and correcting errors in VBA's electronic system. VBA's Compensation Service has also described the steps for fixing certain errors as complicated—in particular, correcting VBA's electronic system, eliminating the resulting overpayment, and reducing veterans' ongoing benefits the first of the month following 60 days from the final notice.²⁰

²⁰ *Compensation Service Quality Call Bulletin*, February 12, 2020.

VBA, Including Chicago VA Regional Benefits Office Managers, Took Actions to Improve Administrative Error Corrections

Beginning in January 2020, VBA made several updates to its manual regarding correcting administrative errors. Since VBA's procedures for correcting administrative errors differ depending on whether or not the error resulted from a rating decision, VBA's manual has one section for correcting general administrative errors and another for correcting errors resulting from a rating decision.²¹ Updates to these sections contain more detailed instructions for correcting administrative errors. These updates include additional guidance regarding controlling administrative errors, determining when administrative decisions are required, preventing debts from being created, ensuring benefits are paid through the correct date, and removing erroneous benefit information from the electronic system. In addition, each section of the manual now refers the reader to the other section where applicable. In June 2020, VBA's Compensation Service also provided instructions for correcting administrative errors with examples.²²

Chicago VA regional benefits office managers also took several actions that increased oversight of administrative errors after the start of this review. For example, managers established a local SharePoint site to log and provide real-time data on administrative errors. Managers also appointed an administrative error coordinator who is responsible for maintaining the SharePoint site, reviewing all administrative errors, and ensuring they are completed correctly. The coordinator advises employees of any corrective actions needed and includes the assistant veterans service center manager on all communications. In addition, the veterans service center manager limited the authority to approve administrative decisions for overpayments between \$2,000 and \$25,000 to himself and the assistant veterans service center manager, where this authority had previously been delegated to lower-level managers.

The Chicago VA regional benefits office also has taken several actions to clarify responsibilities and procedures for correcting administrative errors. For example, managers established a standard operating procedure that outlines the responsibilities of managers and claims processors and addresses VBA's updated procedures. The administrative error coordinator told the review team she provided training for veterans service representatives in April and May 2020 that addressed updated national and local policies and procedures for correcting administrative errors. In August 2020, an administrative error guide that discusses VBA's manual changes and provides examples was distributed to rating veterans service representatives and decision review officers.

²¹ VA Manual 21-1, "Handling Cases Involving Administrative Error"; VA Manual 21-1, "Correction of a Clear and Unmistakable Error That Will Not Benefit the Beneficiary."

²² *Compensation Service Quality Call Bulletin*, June 10, 2020.

The OIG's second recommendation is for the VA regional benefits office director to monitor the effectiveness of the actions taken to improve the accuracy of these cases and determine whether any additional measures are needed.

Conclusion

The OIG substantiated the allegation that Chicago VA regional benefits office employees inaccurately processed corrections to administrative errors. Because administrative errors occur due to VA actions, without veterans' knowledge, veterans should not be responsible for repaying the overpayments. Correcting these errors accurately is critical to prevent erroneous debts from being created and to ensure veterans receive proper benefits in the future. By correcting the errors identified by the review team, the VA regional benefits office director could ensure these veterans are informed of the actions that were taken, paid any incorrectly withheld benefits, and paid correct benefits in the future. In addition, the VA regional benefits office director could improve the accuracy of administrative error corrections in the future by monitoring the effectiveness of actions taken by local managers and determining whether any additional measures are needed.

Recommendations 1–2

The OIG made the following recommendations to the director of the Chicago VA regional benefits office:

1. Ensure the errors identified by the review team are corrected.
2. Monitor the effectiveness of the actions taken to improve the accuracy of administrative error corrections, and determine what additional measures, if any, are needed to make certain that claims processors understand how to apply national and local procedures for correcting administrative errors.

Management Comments

The Chicago VA regional benefits office director concurred with recommendations 1 and 2 and provided acceptable action plans for both recommendations.

To address recommendation 1, the Chicago VA regional benefits office director reported the errors identified by the OIG have been corrected. The director requested closure of this recommendation.

To address recommendation 2, the Chicago VA regional benefits office director reported to ensure the effectiveness of the office's actions related to administrative errors, it will conduct a monthly audit of five cases and provide training as needed. The target date for completion is February 26, 2021.

The Chicago VA regional benefits office director's comments are provided in full in appendix C.

OIG Response

The Chicago VA regional benefits office director's comments and actions are responsive to the recommendations. The OIG will review the actions taken by the regional benefits office to correct the errors reported by the OIG and will close recommendation 1 upon confirmation that the errors were corrected. The OIG will monitor the regional benefits office's progress and follow up on implementation of the recommendations until all proposed actions are completed.

Appendix A: Scope and Methodology

Scope

The review team conducted its work from October 2019 through January 2021. The review covered a population of 25 administrative error corrections that were completed by the Chicago VA regional benefits office from October 1, 2018, through September 30, 2019 (the review period).

Scope Limitations

End products are the work units VBA establishes to properly control pending workloads. End products have codes to identify types of claims or actions required, and VBA uses this system to monitor and manage its workload. End product 960s are used for administrative errors, as well as for other corrections. However, the review team determined that Chicago VA regional benefits office employees did not always establish end product 960s when correcting administrative errors.

The team examined cases completed by the Chicago VA regional benefits office during the review period that created debts in veterans' accounts at the same time the disability level was decreased to identify additional administrative error corrections. The team determined these cases were likely to be administrative error corrections. In addition, since debts were created in these veterans' accounts, errors in these cases would likely have affected veterans' payments.

Although the review team was able to identify some additional cases, there could still be more administrative errors corrected without end product 960s. For example, the team would not have found additional cases where debts were not created, or veterans' disability levels were not decreased. Although these cases could have additional errors, the team determined it would be impractical to identify all administrative errors corrected without end product 960s. Some Chicago VA regional benefits office employees agreed that it would be difficult to identify administrative errors without an end product 960 because they could be found under several other end products. As a result, this report may not describe the full extent of administrative error corrections.

Methodology

To accomplish the review objective, the team identified and reviewed applicable laws, regulations, VA policies, operating procedures, and guidelines related to administrative error corrections. The review team performed a site visit at the VA regional benefits office in Chicago, Illinois, in October 2019 and a virtual site visit in April 2020. The review team interviewed and obtained information from VA regional benefits office employees about work processes associated with administrative error corrections. The review team also interviewed and obtained

relevant information from employees with VBA's Compensation Service about administrative error corrections.

The team reviewed all 52 end product 960s completed by the Chicago VA regional benefits office from October 1, 2018, through September 30, 2019, and found that 16 involved administrative error corrections. The team also reviewed all 46 cases completed by the Chicago office from October 1, 2018, through September 30, 2019, in which debts were created with a corresponding decrease in the veterans' disability levels and found an additional nine administrative error corrections. The team reviewed these 25 cases and determined whether they were accurately processed by Chicago VA regional benefits office employees.

The review team used VBA's electronic systems, including the Veterans Benefits Management System, SHARE, and the Financial and Accounting System, to review the veterans' claims folders and relevant documentation required to assess whether claims processors accurately corrected administrative errors. The review team discussed the findings with VBA officials and included their comments where appropriate in this report.

Fraud Assessment

During this review, the team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur. The review team exercised due diligence in staying alert to any fraud indicators by

- soliciting the OIG's Office of Investigations for indicators,
- reviewing OIG hotline complaints and concerns for indicators, and
- completing the Fraud Indicators and Assessment Checklist.

The team identified one case involving potential fraud by a veteran during this review. This case was referred to the OIG's Office of Investigations for further analysis.

Data Reliability

The review team used computer-processed data from VBA's Corporate Data Warehouse. To test for reliability, the review team determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The review team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the review team compared file numbers, VA regional office numbers, and completion dates as provided in the data received with VBA's electronic systems and veterans' claims files for the 25 administrative error corrections reviewed.

Testing of the data disclosed that they were sufficiently reliable for the review objectives. Comparison of the data with information contained in VBA's electronic systems and veterans' claims files did not disclose any problems with data reliability.

Government Standards

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

Appendix B: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1	The OIG found that errors resulted in about \$67,000 in improper payments.		\$67,000*
	Total		\$67,000*

**The review team reduced the estimated monetary benefits included in this report to account for monetary benefits already claimed in a prior VA OIG report, Accuracy of Effective Dates for Reduced Evaluations Needs Improvement, Report No. 17-05244-226, August 29, 2018.*

Appendix C: Management Comments

Department of Veterans Affairs Memorandum

Date: February 4, 2021

From: Director, Chicago Regional Office

Subj: OIG Draft Report – Handling Administrative Errors at the Chicago VA Regional Benefits Office
[Project No. 2020-00102-SD-0001]

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

1. Attached is VBA's response to the OIG Draft Report: Handling Administrative Errors at the Chicago VA Regional Benefits Office

The OIG removed point of contact information prior to publication.

(Original signed by)

William Streitberger

Attachment

Attachment

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Handling Administrative Errors at the Chicago VA Regional Benefits Office**

VBA provides the following comments:

VBA concurs with OIG's findings and address the recommendations below.

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

Recommendation 1: Ensure the errors identified by the review team are corrected.

VBA Response: Concur. The Chicago Regional Office has completed corrections all the errors identified by OIG (attached). We request closure of this recommendation.

Recommendation 2: Monitor the effectiveness of the actions taken to improve the accuracy of administrative error corrections and determine what additional measures, if any, are needed to make certain that claims processors understand how to apply national and local procedures for correcting administrative errors.

VBA Response: Concur. The Chicago Regional Office has established a local tracker to log administrative errors, appointed an administrative error coordinator, and limited the authority to approve certain administrative decisions. The RO also clarified responsibilities and procedures for correcting administrative errors by establishing a standard operating procedure, conducting training, and distributing an administrative error guide. Additionally, the Regional Office will conduct annual refresher training.

To ensure the effectiveness of these actions, the Regional Office will conduct a monthly audit of five cases for accuracy and provide training as needed based on the results. The Regional Office will provide the results of the first review by February 26, 2021.

Target Completion Date: February 26, 2021.

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Note: The attachment was not included in this report.

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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