Department of Veterans Affairs

*Review of
Alleged Data Manipulation
and Mismanagement at
the VA Regional Office
Philadelphia, Pennsylvania*

ACRONYMS

AIB	Administrative Investigation Board
ASPEN	Automated Standardized Performance Elements
FY	Fiscal Year
GSA	General Services Administration
IPC	Intake Processing Center
IRIS	Inquiry Routing and Information Systems
ITC	Information Technology Center
NOD	Notice of Disagreement
NSD	National Service Desk
OIG	Office of Inspector General
OSH	Occupational Safety and Health
P&F	Pension and Fiduciary
PII	Personally Identifiable Information
PMC	Pension Management Center
RVSR	Rating Veterans Service Representative
USB	Under Secretary for Benefits
VACOLS	Veterans Appeals Control and Locator System
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VBMS	Veterans Benefits Management System
VCIP	Veterans Claims Intake Program
VSC	Veterans Service Center
VVA	Virtual VA

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EXECUTIVE SUMMARY

In late May 2014, the VA Office of Inspector General (OIG) began receiving a number of allegations through the VA OIG Hotline of mismanagement at the Philadelphia VA Regional Office (VARO). Many of these allegations included indicators that VARO staff had a serious mistrust of VARO management as staff told us that they felt they were not treated fairly or with respect. Concerns of inappropriate reprisals against staff raising issues were also evident in some allegations. Further, allegations addressed a broad range of issues such as "cooking the books" referring to data manipulation and taking actions that inappropriately reduced workload backlogs, mail mismanagement, and the potential processing of duplicate payments. Allegations received also identified concerns affecting veterans' claims processing activities to include VARO management, and the management of the Veteran Service Center (VSC), Pension Management Center, and Call Centers.

We began a comprehensive review at the VARO on June 19, 2014. VA OIG benefits inspectors, auditors, and criminal and administrative investigators conducted over 100 interviews with VARO management and staff to assess the merits of the allegations. Specifically, the OIG evaluated more than 100 allegations and complaints received through the VA OIG Hotline and from congressional stakeholders. Allegations of wrongdoing at the Philadelphia VARO included gross mismanagement of VA resources resulting in compromised data integrity, lack of financial stewardship, and erosion in stakeholder confidence in management's ability to deliver accurate and timely benefits to veterans and their dependents.

Given the task of reviewing the large number of allegations received, we focused our resources on reviewing the significant claims processing functional responsibilities within VARO management and its centers. This approach facilitated the review of allegations and consolidated allegations that were either duplicative or not likely to result in having a significant effect on the VARO's efforts to meet its primary mission and work requirements. We did examine the overall working environment at the Philadelphia VARO amidst numerous complaints of substandard working conditions. Specifically, we focused our efforts on answering the following questions:

1. *Did VARO staff misapply Fast Letter 13-10, "Guidance on Date of Claim Issues" and enter incorrect dates of claims in the electronic record?*

We substantiated allegations involving data integrity concluding that Veterans Benefits Administration (VBA) guidance for adjusting dates of claims for unadjudicated claims had been misapplied. Ultimately, processing actions led to introducing information into veterans' claims that misrepresented the actual time a veteran waited for his or her claim to be processed. Further, this VARO lost the ability to determine to what extent VARO staff adjusted dates of claims and it lacked an audit trail to help identify claims that were adjusted. The Under Secretary for Benefits (USB) responded by ultimately terminating the use of VBA's guidance, identified as Fast Letter 13-10, after we brought the issue to her attention.

2. Did VARO supervisory staff inappropriately alter the results of quality reviews?

We confirmed that one supervisor from the VARO's Quality Review Team inappropriately altered the results of individual quality reviews. VARO management within the VSC was aware of the situation, but did nothing to stop the actions. As a result, these actions may have compromised the accuracy of claims processed and the reported accuracy rates are considered unreliable.

3. Did VARO staff process Board of Veterans' Appeals claims out of order by "cherry picking" the easy cases?

We did not substantiate this allegation. Staff in the Philadelphia VARO do not have control over appealed claims under the jurisdiction of the Board of Veterans' Appeals. Thus, VARO staff could not influence how Board of Veterans' Appeals controlled or managed its workload.

4. Did VARO staff timely process Notices of Disagreement for appealed claims?

We confirmed that VARO staff did not process Notices of Disagreement within 7 days as required by policy. Delays in entering Notices of Disagreement generally resulted from inefficient workload practices that included disorganized storage, misrouted mail, and an increase in workload after the Philadelphia VARO took responsibility for the appeals inventory at the Wilmington VARO. On average, the VARO exceeded the 7-day standard by 126 days.

5. Did VARO management ignore benefits-related inquiries and veterans' claims submitted through VBA's Inquiry Routing and Information System at the Pension Call Center?

We substantiated that Philadelphia Pension Management Center staff did not respond timely to more than 31,000 inquiries that had been pending on average for 312 days. VBA has a 5-day standard for responding to inquiries. VBA's Area Office provided support to process the backlog of inquiries; however, as of July 2014, we found the number of pending inquiries to be excessive and not processed timely. Inquiries were mismanaged, leaving questions from customers about benefits and services without answers or assistance. VARO management failed to ensure adequate staffing and prioritization of this workload.

6. Did staff move two pallets containing "potential" old claims in preparation for a visit by congressional representatives?

We did not substantiate that VARO management relocated two pallets of boxes containing potentially old claims to conceal the boxes from congressional representatives visiting the VARO.

7. Did VARO management retain copies of personnel-related documents for Insurance Center employees beyond the required retention period?

We confirmed and VARO management agreed, that supervisors had retained the documents longer than VA's records management schedule allowed. This occurred because VARO management lacked effective oversight of its records management program.

8. Did VARO management fail to prioritize the merging of duplicate claim records that resulted in improper payments and instruct staff to waive associated overpayments?

We substantiated that VARO staff did not take timely actions to merge duplicate records. We determined that 23 percent of the beneficiaries with duplicate records that we reviewed received improper payments valued at about $2.2 million. We determined that neither VBA nor the VARO have efficient processes for identifying duplicate records and that VBA lacks timeliness standards for terminating improper payments upon identification. VBA has reports that identify duplicate payments on a national level, however VARO staff we interviewed were unaware the reports existed. Improvement is needed in financial stewardship to correct and stop duplicate payments because the payments represent a waste of taxpayer funds.

9. Did VARO staff hide or inappropriately destroy mail?

The allegation was substantiated that one employee hid four bins of unprocessed mail; however, OIG criminal investigators reviewed and closed this case upon determining no records/mail had been destroyed, the employee was no longer employed by VA, and VARO management had implemented a plan to process this mail.

10. Did VARO staff adequately secure date stamping equipment?

VARO management did not ensure adequate control of its date stamping equipment or that access and use of the equipment was limited to authorized staff. We observed easy access to the keys needed to change date information within the Intake Processing Center workspace and a general lack of controls over keys. Inadequate security of date-stamping equipment and uncontrolled access to keys needed to adjust the date information puts the VARO at increased risk for abuses. The USB reported she took corrective actions in response to the Management Advisory Memorandum we issued on June 20, 2014.

11. Did VARO claims processing staff follow VBA policy when processing incoming mail?

We found that VARO staff did not consistently comply with VBA policy for mail processing. Strict compliance with VBA policies on controlling mail is important to ensure accurate dates of veterans' entitlement for an award, tracking of claims processing timeliness, and monitoring internal workflow.

12. Did VARO staff delay scanning and uploading documents to Virtual VA—VBA's electronic repository?

On Thursday June 19, 2014, we identified 68 boxes of mail, which VARO management described as a backlog of completed claims waiting for VARO staff to scan into Virtual VA (VVA). Untimely scanning of documents into the VVA system was evident. VARO management confirmed the backlog of unscanned VVA documents began in 2010. Upon return to the site on Monday, June 23, 2014, we found that 20 boxes of mail had been scanned over the weekend. We estimated the remaining 48 boxes contained about an estimated 16,600 documents related to completed claims. We found that delays in scanning this documentation persisted in spite of a prior recommendation for improvement from VBA's Pension and Fiduciary site review team. However, the review team did not follow up to ensure actions were taken. VBA's policy

requires decision makers to consider all relevant documents before deciding claims. The relevancy of documents sitting in bins cannot be determined and as such, creates unnecessary risk that has the potential to affect the accuracy of benefits and entitlement decisions.

13. Did VARO staff significantly delay processing actions related to returned mail?

VARO management did not ensure staff processed returned mail timely. We observed 98 boxes of mail containing approximately 22,000 items of returned mail. This type of mail requires action to identify better addresses. When VARO staff cannot identify a new address, they are expected to annotate the mail and associate it with a claim folder. We sampled this mail and determined it was mail received between August 2010 and February 2013. Three of the 96 items sampled contained time-sensitive documents and had the potential to affect veterans' benefits. This mail was also identified during VBA's Pension and Fiduciary site visit team reviews and established as an action item to improve the Pension Management Center's (PMC) returned mail procedures. However, the mail had never been processed.

14. Did VARO staff mishandle military file mail?

We confirmed that PMC staff mishandled military file mail. We projected about 6,416 documents, categorized as unidentifiable military mail, could be identified using information in VBA systems. We did not find any instance where staff destroyed military mail prematurely; however, lapses in management oversight and a general lack of accountability for ensuring proper screening of military mail prior to destruction provided opportunities to do so.

15. Did VARO staff delay processing drop mail?

VARO management did not ensure VSC staff associated drop mail with veterans' claims folders. Drop mail consists of all veteran specific related documents or source materials in direct support of VBA's claims processing. Generally, drop mail requires no additional processing actions before being placed in the related claims folder or converted into the Veterans Benefits Management System (VBMS). We located an estimated 14,675 pieces of unprocessed drop mail in 37 boxes and bins. Our sample showed this mail was received between March 2011 and June 2014. We substantiated weaknesses in mail operations and concluded unassociated drop mail was a systemic issue within the VSC. The VSC manager indicated the mail was not associated with the paper or electronic files due to a lack of resources, but the manager was also unaware that the drop mail was stored in the workspace designated for the Veterans Claims Intake Program.

16. Did VARO management provide adequate protection for veteran and employee documents containing personally identifiable information?

We substantiated that VARO management did not ensure staff adequately protected veteran and employee documents containing personally identifiable information (PII). During our physical inspection, we found unprotected documents containing PII in an interior office of a kitchen. This area was shared space accessible to other building occupants. We were unable to determine who placed the documents in this space or how long the documents had been there. This information included PII belonging to veterans and VARO employees and its improper storage may have compromised the personal information of some veterans and employees. We

inventoried the unprotected information, notified to VARO management, and provided the documents to the VARO's Information Security Officer for appropriate action.

17. Did VARO management provide a safe and healthy work environment for staff working at the National and Pension Call Centers?

We received numerous complaints about working conditions at a geographically separated annexed worksite of the VARO. The site is best described as a warehouse, built in 1928, housing Federal, public, and private employers. Approximately 150 VARO staff supporting two VBA call centers work at the site. Areas of concern related to the working conditions at the annexed site include lack of bathrooms in the VARO workspace, reports of insect and vermin infestations, and leaking roofs during inclement weather. Some staff told us they experienced various health problems that they believe are related to the work environment. On July 23, 2014, we issued a memo to the USB alerting her of the conditions violating Occupational Safety and Health Directives. During our review, staff raised concerns that new performance standards did not allow sufficient time to provide quality service to many callers, such as the elderly and hearing-impaired, or to address instances when callers were tearful or irate. Further, staff voiced concerns that performance standards do not provide sufficient time to enter notes or review emails. An action plan is needed to address these conditions and to review the reasonableness of the new performance standards.

In response to our draft report, the USB indicated the report in its entirety reflected conditions at the Philadelphia VARO that existed over a year ago. We disagree with that assessment. Despite having concluded our onsite review work at the Philadelphia VARO on August 15, 2014, we continued to receive additional allegations of wrongdoing from VARO staff. Examples of allegations reflecting similar conditions as those we observed during our review follow.

- In March 2015, a complainant reported a scheme to credit VARO staff for training they did not complete.

- In December 2014, a complainant reported the mail situation at the Philadelphia VARO had gotten worse since OIG's discontinued onsite reviews and alleged that VARO management continued to cover-up these problems.

- In November 2014, we received an allegation that the deceased spouse of a veteran had been paid burial benefits through VBA's automated burial benefits system.

The USB also objected to the characterization notifying field personnel to discontinue the use of Fast Letter 13-10 as a "piecemeal approach," stating that VBA provided four separate notices to field offices and that each message consistently reinforced the decision to discontinue this policy. In addition, by reinforcing notification over the 6-month period, VBA ensured all newly hired decision makers were aware of the policy change. However, based on our review work outlined in Question 1 of this report, we concluded VBA's actions to finally terminate the guidance found in Fast Letter 13-10 were piecemealed.

The USB reported the new Philadelphia VARO Director is building working relationships with staff and local stakeholders by expanding and improving communications and focusing on creating a culture that puts veterans and beneficiaries first. According to the USB, these proactive initiatives under the new VARO Director are taking root to improve the RO culture,

build and strengthen relationships with stakeholders, and contribute to the overall success of the office for the benefit of the veterans, their beneficiaries, and survivors.

During our entire review process, we shared information when possible with VARO leadership to help ensure timely, corrective actions could be taken and to ensure the protection of sensitive documents identified during our physical reviews. We acknowledge that VBA has taken actions to address many of their issues, such as taking corrective actions to discontinue duplicate payments and to protect documents containing veteran and employee sensitive data. However, we cannot attest to whether all of the improvement actions are complete, and we will follow up to examine if the controls and management oversight implemented provides future assurance that operations remain effective.

In summary, the USB provided responses to the draft report on March 20, 2015 concurring with 28 of the 35 recommendations for improvement. On April 8, 2015, the USB provided revised responses indicating concurrence with 32 of the 35 recommendations we made. The USB deferred responding to the three remaining recommendations pending the outcome of an Administrative Investigation Boards. We concluded the proposed corrective actions were responsive to the recommendations. We will monitor VBA's progress in implementing the planned corrective actions and follow up until all proposed actions are completed. Appendix E provides full text responses from the USB.

Conclusion

There is an immediate need to improve the operation and management of this VARO and take actions to ensure a more effective work environment. Further, the extent to which management oversight has been determined to be ineffective and/or lacking requires VBA's oversight and action. The report contains recommendations that will facilitate addressing the needed improvements. We substantiated serious issues involving mismanagement and distrust of VARO management impeding the effectiveness of its operations and services to veterans. It is imperative to ensure VBA leadership and the VARO Director implement plans to ensure the unprocessed workload we identified is processed and to provide appropriate oversight that is critical to minimizing the potential future financial risk of making inaccurate benefit payments. This includes maintaining oversight needed to ensure all future workload is processed timely and in ensuring the accurate and timely delivery of benefits and services. Moving forward, VBA and VARO leadership must work to restore the trust of employees and promote open communication. The VARO can be successful by working transparently and engaging the staff to work together to deliver vital services and benefits to veterans and their families as it oversees the administration of approximately $4.1 billion in annual eligibility payments.

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RESULTS AND RECOMMENDATIONS

I. Data Integrity

Question 1   **Did VARO Staff Misapply Fast Letter 13-10, "Guidance on Date of Claim Issues," and Enter Incorrect Dates of Claims in the Electronic Record?**

Philadelphia VARO staff misapplied the guidance for adjusting dates of claims for unadjudicated claims found in claims files. On May 30, 2014, we received a complaint through the VA Office of Inspector General (OIG) Hotline, alleging Philadelphia VA Regional Office (VARO) staff were "cooking the books" by misapplying the rules associated with Fast Letter 13-10, "Guidance on Date of Claim Issues," issued on May 20, 2013. According to the allegation, the misapplication of the Fast Letter resulted in staff inputting incorrect dates of claims in the electronic record.

What We Did   On June 19, 2014, we conducted an unannounced visit to the Philadelphia VARO to assess the merits of this allegation. We reviewed 30 claims where Pension Management Center (PMC) staff documented the application of the guidance found in Fast Letter 13-10, and found instances where staff applied incorrect dates of claims. On June 20, 2014, we issued a Management Advisory Memorandum alerting the Under Secretary for Benefits (USB) that staff at the Philadelphia VARO were misapplying the guidance contained in Fast Letter 13-10 (See Appendix B). To complete our review, we interviewed staff from VBA's Compensation Service responsible for disseminating the guidance to VBA's 57 Veterans Service Centers (VSCs). We also interviewed VARO management responsible for implementation of the Fast Letter guidance, as well as staff responsible for processing claims.

Historical Information and Criteria   VBA policy defines the date of claim as being the earliest date VA receives a claim at a VA facility. Generally, date-stamped documents at VA facilities contain the date and location where claims were received. VBA staff use dates of claims to control and manage claims workloads. VBA also uses dates of claims to calculate timeliness performance measures reported to stakeholders, such as the average number of days it takes VARO staff to process or complete claims.

However, Fast Letter 13-10 required VARO staff to adjust dates of claims for unadjudicated claims to the dates they discovered the claims in claims folders. Other claims processing actions, required by VARO staff when dates of claims were adjusted using the Fast Letter, follow.

- A special, electronic designator, "Unadjudicated Claims Discovered," was required to identify claims that had adjusted dates of claims.

- The Fast Letter required the VARO Director or the Assistant Director to approve all adjusted dates of claims.

- VARO Directors were required to notify Compensation Services staff when claims with adjusted dates of claims were completed by sending an email to an electronic mailbox.

In July 2014 congressional testimony, the USB stated the guidance contained in Fast Letter 13-10 was necessary to incentivize VBA claims processing staff to place aging claims discovered in files under control. According to the USB, a current date was needed so as not to penalize VARO staff for having old claims in their workloads.

What We Found

Philadelphia VARO staff misapplied the guidance for adjusting dates of claims for unadjudicated claims found in claims files. In 30 claims reviewed, we identified instances where staff did not use correct dates of claims. This occurred because staff inappropriately applied the guidance delineated in VBA's Fast Letter 13-10. We found staff were instructed to apply the "date discovered" rule on claims not found in the veterans' claims folders. We determined VARO staff misapplied the guidance in the following ways.

- Managers at the PMC advised staff to use the guidance to adjust dates to address mail backlogs. PMC managers directed staff to use a current date of claim when processing incoming claims, rather than the actual date stamp on the documents. Staff we interviewed stated instructions from management for adjusting dates of claims fluctuated and were based on the backlog of pending mail. Examples of the changing guidance staff received from PMC management follows.

  o On July 19, 2013, staff were instructed to adjust dates of claims for discovered claims, which were 1 year old and older by applying current dates.

  o On July 23, 2013, staff were instructed to apply current dates for claims older than November 1, 2012, by adjusting the dates of claims, thereby limiting the age of the oldest possible discovered claim to 264 days.

  o On December 30, 2013, staff were instructed to apply current dates for claims older than June 1, 2013, by adjusting the dates of claims, thereby reducing the age of the oldest possible discovered claim to 212 days.

  o On March 11, 2014, staff were instructed not to establish any claims with a date of claim older than February 26, 2014; thereby reducing the age of the oldest possible claim to 13 days.

- PMC management did not ensure staff added the special designator in the electronic record to identify the claims with adjusted dates. Management stated it was unaware of this requirement until June 18, 2014—more than 1 year after VBA released Fast Letter 13-10.

- VSC management instructed staff to apply the Fast Letter guidance for claims requiring establishment in the electronic record that were 125 days or older. Instructions from the VSC manager clarified that date adjustments applied to claims found in VBA's VBMS, as well as to claims found in claims folders. Management informed staff the guidance provided in Fast Letter 13-10 coincided with VBA's goal to eliminate the claims backlog and process all claims within 125 days.

- VARO management did not send the required email notifications to the VBA Compensation Service, as required. Although clearly indicated in the Fast Letter, VARO managers stated they were unaware of the requirement to notify Compensation Service when they completed claims with adjusted dates of claims until June 18, 2014.

Why This Happened

This occurred due to mismanagement at various levels of leadership at the Philadelphia VARO to implement the guidance provided in Fast Letter 13-10. Management offered that it felt the Fast Letter guidance was confusing as its explanation for misapplying the guidance, but also stated it had not requested clarification from VBA Compensation Service. Additionally, some managers stated they were unaware of the requirement to use the special designator in the electronic record, or to provide notification to Compensation Service, when claims were completed. We are also concerned that the Fast Letter guidance deviated from VBA's long-standing policy on establishing dates of claims and adversely affected claims processing and introduced information into veterans' claims that misrepresented the actual time a veteran waited for his or her claim to be processed.

What Resulted

By design, the guidance contained in Fast Letter 13-10 was flawed, as it required VARO staff to adjust the dates of claims for unadjudicated claims found in claims folder to reflect a current date. As such, the reliability of all performance measures related to VBA timeliness measures for processing claims becomes unreliable. Additionally, because VARO staff delayed or failed to use special electronic designators in the electronic systems of record and did not send required notifications to Compensation Services, VBA lost the ability to determine to what extent VARO staff adjusted dates of claims and this VARO lacks an audit trail to identify claims that were adjusted.

Further, because VARO staff misapplied the Fast Letter guidance to manage mail backlogs, and to adjust claims requiring establishment that were 125 days and older, aging claims may not have received expedited processing actions, thereby delaying decisions and benefits to beneficiaries.

Claims with adjusted dates of claims are at increased risk of improper payments.

Corrective Actions

In our Management Advisory Memorandum to the USB on June 20, 2014, we recommended, and the USB agreed, to discontinue the use of Fast Letter 13-10.

- On June 27, 2014, VBA's Office of Field Operations sent an email advising Area Offices to inform all VAROs that Compensation Service suspended the guidance provided in Fast Letter 13-10.

- On July 3, 2014, in another email from the Office of Field Operations, directors at VBA's Area and Regional Offices were advised that Fast Letter 13-10 had been suspended until further notice.

- On September 11, 2014, Compensation Service published a notice on its calendar pages notifying subscribers of an updated M21-4, Appendix B, *End Product Codes and Work-Rate Standards for Quantitative Measurements*. This policy stated there was no provision to establish a date of claim for a previously unadjudicated claim if found or "discovered" in VA claims records. The earliest date stamp shown on the claim document should be used as the date of claim to ensure all claims receive proper attention and timely processing. However, the policy allowed VARO staff to retain a more current date of claim in instances where an older claim is found in veterans' Service Treatment Records.

- Finally, on January 22, 2015, VBA's *Compensation Service Bulletin* provided a reminder to claims processing staff that VBA terminated the use of Fast Letter 13-10, effective June 27, 2014.

We are concerned that the piecemeal approach taken by VBA to discontinue the use of Fast Letter had the potential to confuse claims processing staff at VBA's 56 VAROs. As such, we will continue to follow up during planned benefits inspections to ensure VARO staff have discontinued applying the guidance found in the Fast Letter. Further, we reviewed similar allegations at VARO Little Rock, AR.[1] We also confirmed an employee at the VARO Boston, MA, misapplied the guidance by adjusting dates of claims for claims being established in the electronic record that were older than 14 days.[2]

Conclusion

We substantiated the allegation that VARO staff misapplied the guidance in Fast Letter 13-10. We determined VARO staff used the guidance to manage mail backlogs within the PMC and to adjust dates of claims for claims that

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[1] *Review of Alleged Data Manipulation at the VA Regional Office, Little Rock, Arkansas* (Report No. 14-03963-139, February 26, 2015)
[2] *Inspection of VA Regional Office, Boston, Massachusetts* (Report No. 14-02689-122, February 24, 2015)

were 125 days and older in the VSC. Thus, mismanagement of previously unadjudicated claims was prevalent in the PMC and the VSC. We also determined the Fast Letter guidance was flawed because it required claims processing staff to apply current dates to older claims that VARO staff had previously overlooked.

This practice seems to contradict VA core values of integrity. Additionally, by adjusting the dates of older claims to reflect current dates, aging claims may not have received expedited processing actions—ultimately delaying decisions and benefits delivery to veterans. Further, the practice of making older claims appear younger calls into question the reliability of VBA performance measures related to timeliness.

VARO staff did not use electronic designators or notify Compensation Services when adjusted claims were completed as required by the Fast Letter. As such, neither VBA nor OIG can identify the claims with adjusted claim dates, or determine the frequency in which VARO staff misapplied the Fast Letter guidance. Given the multi-level missteps demonstrated in implementing the guidance contained in Fast Letter 13-10, we are concerned about the VARO's ability to appropriately govern and oversee the wide-range of benefits and services for which it is responsible.

Recommendations

1. We recommended the Under Secretary for Benefits convene an Administrative Investigation Board to determine if VA Regional Office management intentionally misapplied the guidance as a means to remove aging claims from its inventory.

2. We recommended the Under Secretary for Benefits review leadership performance and restore accountability for completing work requirements in accordance with Veterans Benefits Administration policy.

Management Comments   The USB concurred with our recommendations and reported the Director of the Eastern Area initiated Administrative Investigative Board (AIB) proceedings on March 23, 2015, to review the Philadelphia VARO's implementation of FL 13-10. Results from the AIB are expected to be submitted to the Eastern Area Director by June 30, 2015.

The USB indicated the Philadelphia VARO Director charged the VSC and PMC to ensure the earliest date of receipt of claims is consistently used to establish claims in the system. VARO leadership engaged all employees and directed compliance. Additionally, as of March 20, 2015, VBA reports accuracy rates for establishing correct dates of claims were 98 percent for VSC staff and 97 percent for PMC staff at the Philadelphia VARO.

OIG Response   The USB's planned actions are partially responsive to these recommendations. Although the USB's response addresses accountability related to VARO staff establishing claims using accurate dates of claims, there is no indication that the USB reviewed leadership performance and restored accountability to complete work requirements according to VBA policy. As such, we will defer the adequacy of the response to recommendation 2 pending the outcome of the AIB, which is expected to be completed by June 30, 2015.

Upon completion of the AIB, we expect VBA leadership can fully explain how managers at the Philadelphia VARO not only misinterpreted the guidance but also implemented the misinterpreted guidance differently in the PMC and the VSC. Further, results from the AIB may provide insight as to why VARO management did not follow the guidance needed to establish an audit trail, such as the requirement to use electronic designators and to notify Compensation Services when adjusted claims were completed.

As indicated in this report and given the multiple missteps in implementing this guidance contained in the 3-page Fast Letter, we remain concerned about the VARO's ability to appropriately govern and oversee the wide-range of benefits and services for which it is responsible. We will continue to follow up on the recommendations with VBA as required.

Question 2   Did VARO Supervisory Staff Inappropriately Alter the Results of Individual Quality Reviews?

A supervisor from the VSC's Quality Review Team inappropriately altered the results of individual quality reviews. Further, VSC management was aware these actions were occurring, but no action was taken to stop the pattern.

The OIG received an allegation that a Quality Review Team supervisor altered the results of individual quality review error calls when entering the results in VBA's Automated Standardized Performance Elements Nationwide (ASPEN)—a system used to record the accuracy and productivity of VARO staff. The complainant alleged a member of VSC management altered the results of individual quality reviews for some employees, but not for others. To support the allegation, the complainant provided copies of 86 quality reviews.

What We Did   We reviewed the results of 86 quality reviews completed by staff assigned to the Quality Review Team and compared them with the results entered in VBA's ASPEN system to determine if discrepancies existed. We interviewed VARO staff and supervisors responsible for conducting individual quality reviews and for entering results of quality reviews in ASPEN.

Historical Information and Criteria

VBA requires VARO staff to use a standardized quality checklist when conducting internal quality reviews of claims processing work, such as disability entitlement decisions. Cumulative results of the internal quality review are used to determine the accuracy rates and productivity of individual employees. Accuracy rates and productivity of a VARO are obtained by combining the results of the individual employee internal quality reviews and productivity. VARO staff disagreeing with quality review errors can dispute the error by following local procedures to have the error reconsidered.

What We Found

A Quality Review Team supervisor inappropriately altered the results for 52 of 86 individual quality reviews (60 percent). The individual quality reviews occurred between May 8, 2014 and July 30, 2014. We did not find evidence that VARO staff disputed error calls for any of the quality review results that the supervisor had altered. Although VSC management was aware the supervisor altered individual quality reviews prior to entering the results in ASPEN, no action was taken to stop the practice.

Why This Happened

This occurred because a VARO supervisor deviated from VBA's Quality Review Teams Standard Operating Procedure and judgmentally determined some errors annotated on the quality review checklist would not be reported as accuracy errors for the individual. The VSC manager acknowledged it was aware the Quality Review Team supervisor had altered some quality review results and that inconsistencies existed when ASPEN entries were altered. VSC management explained some VSC staff were unaware of their responsibility to update some of VBA's claims processing systems and decided to remove error calls associated with those systems. The VSC manager could not explain why the supervisor removed errors for some staff but did not remove similar errors for others.

The supervisor altering quality review results indicated the altered results did not adversely affect veterans' benefits. The type of quality review errors removed by the supervisor, determined to be "system" errors, was reportedly noted as a negative trend by Quality Review Team staff when conducting individual quality reviews. An example of a system error would include failing to update a claimants' Power of Attorney in VBA's electronic system of records. According to the supervisor, VARO staff making system errors were notified of the error to prevent recurrence.

What Resulted

Because VARO managers allowed the altering of individual accuracy review results on several occasions, the accuracy rates for claims processing staff are unreliable. Further, the altered individual quality review results may have compromised the accuracy of claims processed at the Philadelphia VARO.

Conclusion

A supervisor from the Quality Review Team altered the results for 52 of the 86 individual quality reviews (60 percent) we reviewed. The altered quality

reviews were conducted between May 8, 2014, and July 30, 2014. VSC management excused the supervisor's actions because claims processing staff were unaware that they were required to update certain VBA systems. Because a VARO supervisor altered individual quality review results for some staff, the accuracy rates for claims processing staff are considered unreliable. Moreover, these actions may have compromised the accuracy of claims processed at the Philadelphia VARO.

Recommendations

3. We recommended the Philadelphia VA Regional Office Director implement a plan to ensure staff follow the standardized checklist when conducting and entering internal quality reviews results.

4. We recommended the Philadelphia VA Regional Office Director take appropriate administrative action to hold staff accountable for altering quality review results.

5. We recommended the Philadelphia VA Regional Office Director conduct a review of the 52 altered quality reviews to determine if the altered results affected veterans' benefits or an individual's performance and take corrective actions as required.

Management Comments   In response to the recommendations, the Director of the Eastern Area initiated AIB proceedings on March 23, 2015. As such, the USB could not concur with Recommendations 3—5 at this time. The Eastern Area Director expects to receive the results of the AIB by June 30, 2015. The USB also indicated Philadelphia VARO staff continuously used the standardized checklist in VBA's Automated Standardized Performance Elements Nationwide (ASPEN) system when conducting and entering internal quality review results. The USB noted the data identifying the 53 quality reviews in question was not received until March 9, 2015 and that the remaining 34 quality reviews was received on March 17, 2015.

OIG Response   The USB's planned actions are responsive to the recommendations. We will follow up as required on Recommendations 3—5 upon completion of the AIB. Further, OIG agrees that Philadelphia VARO management was provided a listing of 53 quality reviews that had been altered on March 9, 2015; however, we identified one of the altered reviews had been submitted twice. As such, we adjusted this report to reflect a total count of 52 altered quality reviews. Additionally, at the request of the Philadelphia VARO Director on March 15, 2015, we provided the remaining list of 34 quality reviews that did not contain errors.

Question 3   Did VARO Staff Process Appealed Claims Out of Order by "Cherry Picking" the Easy Cases?

We did not substantiate the allegation that VARO staff processed less complicated appealed claims by "cherry picking" easy cases out of docket order. The Philadelphia VARO does not have control over appealed claims under the jurisdiction of the Board of Veterans' Appeals. As such, VARO staff could not influence how the Board of Veterans' Appeals controlled or managed its workload.

Question 4   Did VARO Staff Timely Process Notices of Disagreement for Appealed Claims?

While assessing the merits of the above allegation, we observed another area of concern relating to data integrity and the VARO's management of Notices of Disagreement (NOD). We confirmed Philadelphia VARO staff did not enter NODs in Veterans Appeals Control and Locator System (VACOLS) within 7 days as required in VBA policy.

What We Did

We interviewed VARO management and staff responsible for managing and processing appealed claims and examined work processes for entering NODs in VACOLS. We also reviewed the VARO's performance measures that are reported on VBA's performance dashboards.

Historical Information and Criteria

An NOD is a written communication from a claimant expressing dissatisfaction or disagreement with a decision and desiring to contest the decision. It is the first step in the appeals process. VARO staff control and track veterans' appeals and manage appeals workload using VACOLS. The effectiveness of VACOLS is dependent upon the reliability and accuracy of the information entered.

What We Found

VSC staff did not enter NODs in VACOLS within 7 days as required. As of June 30, 2014, the Philadelphia VARO exceeded VBA's 7-day standard to enter NODs in VACOLS on average by 126 days. We also observed mail bins labelled "Unworked Mail," and found the mail bins contained NODs that VARO staff had not entered in VACOLS. At the time of our review in July 2014, date stamps on the NODs we reviewed ranged from January 2, 2014, through July 5, 2014.

We also observed VARO staff did not organize the NODs chronologically. VSC staff did enter some NODs in another VBA processing system; however, VBA only uses VACOLS to report performance measures for appealed claims to stakeholders.

Why This Happened

Delays in entering NODs timely generally resulted from inefficient workload practices to manage this workload. Examples of inefficient workload practices we observed follow.

- **Disorganized Storage of NODs**. We observed staff did not sort or store NODs in chronological order before placing them in the mail bins marked "Unworked Mail"; as such, there was no expectation or procedure in place to ensure that the oldest NOD would be entered in VACOLS first. Rather, VARO staff organized unprocessed NODs numerically—based on the last two digits of the claimants VA claim number.

- **Increased Appealed Claims Workload**. In October 2013, the Philadelphia VARO assumed responsibility for the appeals inventory at the Wilmington VARO consisting of approximately 700 cases; however, the Philadelphia VARO did not receive additional staffing to process the additional workload.

- **Misrouted Mail**. Appeals Team claims processing staff stated delays in receiving some NODs occurred when staff misrouted NODs to other areas of the VARO such as the PMC or shipped mail to a scanning facility.

Delays in recording NODs in VACOLS misrepresent VBA's NOD inventory and timeliness—both critical elements for consideration in workload decisions. Further, VBA's National Call Centers rely on accurate and timely entries in VACOLS to respond to veterans' inquiring about claims in the appeals process.

What Resulted

VARO staff did not enter NODs in the VACOLS within 7 days as required. As of June 30, 2014, VSC staff exceeded the 7-day standard to enter NODs in VACOLS by more than 4 months. Delays in recording NODs affect the integrity of VACOLS data and misrepresent performance metrics related to the number of appealed claims pending and the time it takes VARO staff to complete them. In addition, National Call Centers rely on accurate and timely entries in VACOLS to respond to inquiries from callers.

Recommendations

6. We recommended the Philadelphia VA Regional Office implement a plan to ensure and effectively monitor staff enter appealed claims in Veterans Appeals Control and Locator System within 7 days to ensure accurate and timely reporting to stakeholders.

7. We recommended the Philadelphia VA Regional Office Director implement a plan to ensure efficient operations when processing appealed claims, to include determining if additional staffing is required

to process approximately 700 appealed claims from another VA Regional Office.

Management Comments

The USB concurred with the recommendations and indicated the Acting VARO Director instructed VSC staff to enter all NODs into VACOLS in June 2014. The USB also noted that the control time for appealed claims at the Philadelphia VSC had improved by 51 days in FY 2015. The USB stated a new regulation requiring the use of standardized NOD forms will enable staff to significantly reduce control time. Reportedly, VBA's Centralized Mail initiative, which VBA implemented nationally, will also improve control time for appealed claims.

Planned action in fiscal year 2015 included additional staffing to address the increased appealed claims workload at the Philadelphia VARO. The USB reported an additional funding request in the FY 2016 President's Budget for 200 claims processing staff.

OIG Response

The USB's planned actions are generally responsive to the recommendations. However, we continue to have concerns related to the VSC's ability to manage its appealed claims workload. Although the USB reported control time had improved in FY 2015 by 51 days, the most current data posted on VBA's Web site show the average control time for the Philadelphia VSC has increased to 188.7 days.[3]

Additionally, we are concerned that veterans who do not submit NODs on the required standardized form may lose their rights to appeal those decisions simply because an incorrect VA form was used.[4] Lastly, as a measure to improve the timely processing of appealed claims workload we support the USB's request for increased staffing. Without additional resources that have been adequately trained, improvement may not be fully achievable.

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[3] VBA's Office of Performance Analysis and Integrity FY 2015 Director's Performance Dashboards, as of February 2015

[4] Effective March 24, 2015, VA amended its adjudication regulations (38 CFR Parts 3, 19, and 20), to standardize the claims and appeals processes by requiring the use of forms. Namely, all claims whether original, new, increase, or reopened must be filed on a VA-prescribed form and, if VA provides a claimant with a form to initiate an appeal, the claimant's expression of disagreement to a decision must be submitted on such form.

II. Public Contact

Question 5   **Did VARO Management Ignore Benefits Related Inquiries and Veterans' Claims Submitted Through VBA's Inquiry Routing and Information System at the Philadelphia Pension Call Center?**

Philadelphia PMC staff did not timely respond to inquiries. We did not substantiate that all of these pending inquiries were veterans' claims. On June 24, 2014, we received an allegation reporting the PMC management neglected unprocessed inquiries submitted through the Inquiry Routing and Information System (IRIS). Allegedly, the IRIS inquiries inventory grew from 5,000 to over 32,000 due to managements' neglect. In addition, the allegation reported the neglected inquiries were related to veterans' claims.

What We Did   We interviewed VARO staff responsible for processing IRIS inquiries as well as staff from the Eastern Area Office to determine if management was monitoring this workload. We obtained an electronic spreadsheet, dated July 27, 2014, that showed the PMC had 31,410 pending inquiries. We selected a judgment sample of 30 inquiries from this listing to review. The 30 sample cases came from 5 categories of inquiries that we considered to be at higher risk of affecting veterans' benefits. The five areas selected for review included:

- Status of claims requests from homeless veterans and widows

- Informal claims or effective dates

- Notices of death

- Dependency issues

- Missing claims or mail

Historical Information and Criteria   IRIS allows a customer to direct a question, suggestion, compliment, complaint, and request the status of a claim or an appeal via the Internet. Staff from VBA's National and Pension Call Centers also use IRIS to record and route inquiries when call agents cannot answer questions from callers in real time.

Additionally, IRIS provides a mechanism in which VA management can track the number of inquiries received and the time it takes to provide responses to inquiries. VBA processing goals are for VARO staff to respond to 90 percent of its inquiries within 5 business days. VA's public Web site also advises customers they should expect responses within 5 business days. However, the 5-day standard appears to be in conflict with VBA's National Dashboard, which shows VBA's processing goal expanded to 8 days beginning in Fiscal Year (FY) 2013.

What We Found

Philadelphia PMC staff did not timely respond to more than 31,000 inquiries that had been pending on average 312 days. Of the 30 inquiries we sampled, VARO staff had not provided responses for 26 of the cases. Of the four remaining inquiries, only one received a response within 5 workdays. Delayed actions in responding to the remaining three inquiries affected or had the potential to affect benefits payments. Summaries of the three cases follow.

- In two cases, VA received inquiries notifying VBA that two recipients of pension benefits had died. However, PMC staff did not take timely action to review the inquiries so monthly pension payments continued to be paid. Despite being notified of the two deaths, the estates of the deceased beneficiaries received improper payments totaling $10,056 over a period of 5 months and 3 months, respectively.

- In the third case, PMC staff received an inquiry notifying VA the spouse of a veteran receiving pension benefits had died. However, PMC did not take required action to discontinue the additional benefits being paid for the spouse. At the time of our review in July 2014, the veteran's benefits were not affected; however, if left uncorrected future benefits payments will be inaccurate and the veteran may receive overpayments.

We are also concerned that VBA omits the total number of inquiries pending from VBA's National Dashboard standards. Although VBA reports the average time for completing IRIS requests within the 5-day standard, it does not include the total number of inquiries received through IRIS or the number currently pending throughout VBA. Further, we also observed, VBA's National Dashboards for processing the inquiries reflected an 8-day goal beginning in FY 2013, which is in direct conflict with the information posted on VBA's public Web site.

Why This Happened

These conditions existed due to multiple levels of mismanagement at the Philadelphia VARO, the Eastern Area Office, and VBA. VARO management attributed the backlog of inquiries to workload demands by the Eastern Area Office requiring staff to focus on working the oldest claims at the PMC. This diverted resources away from processing the IRIS workload. The PMC manager responsible for processing IRIS inquiries further opined that staff had "most likely" answered the inquiries when pending claims were processed. Of further concern is the lack of action by the Eastern Area Office and VBA to reassign this work to another office with the resources to process the inquiries in a timely manner.

As of July 7, 2014, VBA had 46,144 inquiries pending—77 percent of the inquiries were under the jurisdiction of the Eastern Area office. Of the pending inquiries in the Eastern Area, 88 percent belonged to the Philadelphia PMC.

Figure 1. Total Number of Inquiries Pending by Area Office
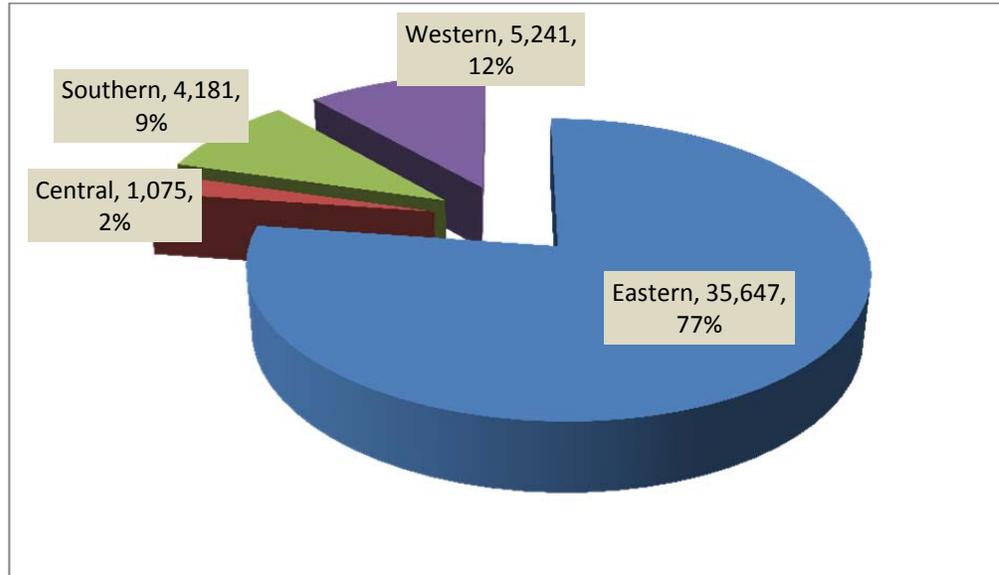
Source: VA OIG. VBA-reported Open IRIS Inquiries by Area Office as of July 7, 2014

Interviews with responsible program officials from the Eastern Area Office stated responsibility for monitoring IRIS inquiries for the Eastern Area had been delegated to the Philadelphia VARO. According to the former Eastern Area Director, management was aware of the IRIS backlog and took the following actions to assist the PMC.

- In April 2014, a 40-person help team from other VAROs and PMCs were tasked to assist the Philadelphia VARO improve claims processing timeliness.

- In May 2014, the Eastern Area Office initiated an action plan to address the backlog of unanswered inquiries at the Philadelphia PMC. However, as of July 7, 2014, we found the number of pending inquiries to be excessive and not processed timely.

What Resulted   Because management at the Philadelphia VARO and the Eastern Area Office did not provide timely responses, inquiries from customers about VA benefits and services were unanswered. Further, staff delays in taking actions on some inquiries resulted in inaccurate benefits payments.

Conclusion

We substantiated an allegation VBA management at the Philadelphia VARO and at the Eastern Area Office had not provided responses to more than 31,000 inquiries submitted through IRIS that had been pending on average 312 days. We determined the mismanagement at the Philadelphia VARO and the Eastern Area Office failed to ensure adequate staffing and prioritization of this workload. Consequently, inquiries from veterans, widows, and potential beneficiaries were unanswered. Some of the delayed responses also resulted in improper payments to beneficiaries.

Recommendations

8. We recommended the Under Secretary for Benefits implement a contingency plan to address backlogged inquiries received through the Inquiry Routing and Information System to ensure timely responses are provided to veterans and their families.

9. We recommended the Under Secretary for Benefits clarify timeliness goals for responding to inquiries received through the Inquiry Routing and Information System.

10. We recommended the Under Secretary for Benefits modify performance measures to include the number of pending electronic inquiries awaiting responses from VA Regional Office staff.

Management Comments

The USB concurred with our recommendations and reported the Philadelphia PMC had fewer than 300 inquiries pending as of March 15, 2015. VBA's contingency plan will address IRIS submissions that are out of line with performance measures. Additionally, the USB confirmed VBA's timeliness standard for responding to IRIS inquiries is 5 business days and clarified that the 8-day target listed on the National Directors' Performance Dashboards is an incremental performance target to achieving the 5-day standard. The USB also indicated national, biweekly IRIS reports detailing the number of inquiries pending are provided to VAROs for performance monitoring. VBA's planned actions include the development of a VARO dashboard measure that reflects response timeliness to IRIS inquiries.

OIG Response

The USB's planned actions are considered responsive to the recommendations. However, the national, biweekly IRIS reports that detail the number of inquiries pending are for VBA internal use and unavailable to all VA stakeholders, to include VA OIG. As part of VBA's transparency efforts, we encourage VBA to consider making this information more widely available to all VA stakeholders to bring accountability to ensuring IRIS inquiries are processed in accordance with VBA's requirements.

Question 6 Did VARO Staff Move Two Pallets Containing "Potentially" Old Claims in Preparation for a Visit by Congressional Representatives?

We did not substantiate the allegation that VARO management relocated two pallets of boxes that contained potentially old claims. However, our review of the contents of the boxes revealed other areas of concern related to retention of personnel-related documents.

On July 25, 2014, we received an allegation that Philadelphia VARO staff had moved two pallets of potentially old claims to another location. Allegedly, these actions were taken in an attempt to conceal the boxes, containing potentially old claims, from congressional representatives visiting the Philadelphia VARO.

Question 7 Did VARO Management Retain Copies of Personnel-Related Documents for Insurance Center Employees Beyond the Required Retention Period?

Management retained copies of personnel-related documents for Insurance Center employees beyond the required records management retention period.

What We Did On August 1, 2014, a team of benefits inspectors examined the contents of 32 file boxes, alleged to contain claims-related documents; however, the boxes consisted of copies of personnel-related documents. We interviewed VARO management responsible for the documents as well as the records management technician.

Historical Information and Criteria VA records will be managed as assets throughout their information life cycle, which consists of three basic stages: creation, active maintenance, and disposition.

Creation: The records life cycle is initiated by the creation, collection, or receipt of records in the form of data or documents in the course of carrying out administrative and programmatic responsibilities.

Maintenance: The schedule allows supervisory staff to maintain copies of certain documents typically found in official personnel files. Examples include copies of performance standards, position descriptions, performance appraisals, performance data, counseling memos, and pending personnel actions such as grade increases.

Disposition: These types of documents are reviewed annually and destroyed within a specified period—generally, the copies are destroyed within a 1-year time period. The final stage in the life cycle is disposition, which

means they are no longer needed in office space for current VA business. An effective records disposition program is essential to successful records management and is an integral part of VA's information resources management program.

What We Found

We determined VARO management retained copies of personnel-related documents for Insurance Center employees that covered a period of 6 fiscal years. The documents reviewed ranged from FY 2006 through FY 2012. According to VARO management and staff, these documents were identified during VARO-wide desk audits that were initiated on July 21, 2014.

We confirmed and VARO management agreed that supervisors had retained the documents longer than the VA's records management schedule allowed. Management reported some documents had been kept beyond the prescribed retention period due to ongoing legal or Equal Employment Opportunity issues. However, Insurance Center managers reported they did not know why they retained many of the records beyond the prescribed retention period. A possible explanation offered by some staff we interviewed was the VARO lacked enough shred bins to place documents pending destruction. However, we could not confirm that possible explanation. At the conclusion of our physical inspection of the records, all documents were returned to Philadelphia VARO records management office staff for appropriate disposition.

Why This Happened

VARO management lacked effective oversight of the records management program to ensure Insurance Center managers disposed of copies of personnel-related documents as required. VARO managers should have periodically reviewed controls to ensure effective records disposition. In doing so, they may have realized outdated records on Insurance Center staff were maintained years beyond the required retention date.

What Resulted

The retention of outdated documents over the span of 6 fiscal years resulted in the ineffective use of VA space and equipment required to house and maintain the outdated records.

Conclusion

We determined VARO Insurance Center management retained copies of personnel related documents for Insurance Center staff covering the span of 6 fiscal years. This occurred because VARO management lacked effective oversight of the records management program and did not ensure Insurance Center managers disposed of the outdated records as required. Housing and maintaining the unnecessary records resulted in ineffective use of VA space and equipment.

Recommendations

11. We recommended the Philadelphia VA Regional Office Director ensure supervisory staff receive refresher training on records management disposition.

12. We recommended the Philadelphia VA Regional Office Director implement a plan that includes periodic reviews of records maintained by supervisory staff to ensure records are disposed of according to the records control schedule.

Management Comments

The USB concurred with our recommendations and reported training on records disposition was conducted for VSC and PMC Records Management Officers and supervisors, which will be followed by annual training. VARO management updated its Records Management Program to include the Insurance Center and completed a 100 percent review of all facility work areas in July 2014. All deficiencies were recorded by the VARO's Records Management Officers and corrective actions were taken by September 18, 2014. Further, the Records Management Officers will conduct reviews of the facilities Records Management Program annually.

OIG Response

The USB's planned actions are responsive to the recommendations.

III. Financial Stewardship

Question 8   **Did VARO Management Fail To Prioritize the Merging of Duplicate Claim Records That Resulted in Improper Payments and Instruct Staff To Waive Associated Overpayments?**

VARO staff did not prioritize the merging of duplicate records, which ultimately resulted in improper benefit payments totaling about $2.2 million for 56 beneficiaries. Beginning in June 2014, we received the first of several allegations related to duplicate claims records and benefits payments. Specific allegations centered on VARO management failing to prioritize the merging of duplicate claim records and instructing staff to waive overpayments to beneficiaries.

What We Did   We reviewed 248 duplicate records that existed in VBA's corporate database under the jurisdiction of the Philadelphia VARO. Of the 248 duplicate records, 225 had been identified by VARO staff, and had existed but remained uncorrected, from February 2012 through August 2014. Using independent data mining techniques, we identified an additional 23 duplicate records that existed from April 2012 through April 2014. Additionally, we analyzed VBA's duplicate payments records report for FY 2012 through FY 2014.

Further, we interviewed VBA and VARO management and staff about guidance on preventing, identifying, and merging duplicate records as well as procedures for terminating improper payments once identified. In June 2014, we issued a VA OIG Management Advisory Memorandum to the USB expressing our concerns about duplicate records and resulting improper payments to beneficiaries. (See Appendix B.)

Historical Information and Criteria   As VBA transitioned from its Benefits Delivery Network to the Veterans Service Network, it became aware of processing and system scenarios that resulted in the creation of duplicate records in VBA's corporate database. Generally, duplicate records exist when there are two Beneficiary Identification and Records Locator Subsystem records for a veteran, one identified by a claim number and one identified by a Social Security number. Where duplicate records exist, VBA is at increased risk of making improper payments to beneficiaries.

The Office of Management and Budget Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, Part 1, Improper Payments Elimination and Recovery, defines an improper payment as follows:

An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law). In addition, when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an improper payment.

Further, Federal regulations prohibit a veteran from receiving more than one award of pension or compensation based on his or her own service. The regulations also prohibit beneficiaries from receiving more than one award of pension, compensation, or dependency and indemnity compensation based on a veteran's service.

What We Found

We substantiated the allegation that VARO staff did not prioritize the merging of duplicate records existing in VBA's corporate database. Consequently, 56 of the 248 beneficiaries with duplicate records (23 percent) received improper benefit payments valued at about $2.2 million. The improper payments occurred from February 2008 through August 2014. We determined neither VBA nor the VARO had efficient processes for identifying existing duplicate records in VBA's corporate database. Further, timeliness standards for terminating, and guidance for recouping, improper payments were also lacking.

Delayed Requests To Merge Records

As of August 28, 2014, VARO staff still had not initiated requests to merge 142 of the 248 duplicate records (57 percent) we reviewed. On average, it took VARO staff about 5 months to initiate a request to merge duplicate records—ranging from 1 day to over 2 years. VARO management assigned staff as "Super Users" to be responsible for submitting "trouble tickets" to VBA's National Service Desk to have duplicate records merged. However, VBA policy does not specify a specific time frame for VARO staff to submit trouble tickets to the National Service Desk to have records merged.

The following examples highlight how improper payments to beneficiaries occurred because VARO staff delayed merging duplicate records.

Case 1

Starting in January 2013, a claims processing action resulted in an incompetent beneficiary receiving duplicate pension payments of about $1,100 each month. In this case, one of the payments was made using the

deceased veteran's 8-digit VA claim number while a second payment was made using the Social Security number of the veteran's beneficiary—an incompetent spouse. Although the fiduciary for the incompetent spouse notified the VARO of the duplicate payments in January 2014, staff did not terminate the improper payments until August 2014. As a result, the beneficiary received improper pension payments totaling about $46,000, which also included a $25,900 retroactive payment amount. The monthly improper payments continued to be paid from January 2013 through August 2014. The fiduciary returned the duplicate payments; however, the VARO's internal controls did not identify the improper payments and staff did not take timely action to terminate the erroneous record.

Case 2

In December 2010, a claims processing action resulted in a veteran receiving monthly pension benefits from two VAROs. In this case, the Philadelphia VARO made payments using the veteran's 8-digit VA claim number and the Atlanta VARO made payments using the veteran's Social Security number. As a result, the veteran received approximately $9,100 in payments over a period of 4 years and 2 months. The veteran received the improper benefits payments from June 2010 through August 2014.

Identifying Duplicate Records

VBA guidance requires staff to conduct a search of VBA systems to identify existing records before creating new records in its corporate database. However, neither VBA nor the Philadelphia VARO had an efficient process for identifying duplicate records existing in the corporate database. Instead, VARO management relied on staff to identify duplicate records through normal work processes rather than an automated process.

Although the VARO provided staff training on how to prevent and identify duplicate records, 183 of the 248 duplicate records (74 percent) had records established with 8-digit VA claim numbers and with Social Security numbers. The remaining 65 duplicate records (26 percent) occurred when staff established the records using incorrect Social Security numbers. Incorrect Social Security numbers resulted from typographical errors or when the beneficiaries Social Security number was used instead of the deceased veteran's Social Security number or VA claim number as required. During the course of our work, no evidence came to our attention that duplicate records were being created for the purposes of fraudulently obtaining benefits.

Termination of Duplicate Benefits Payments

As of August 28, 2014, VARO staff had not taken action to terminate improper payments to 30 of 56 beneficiaries (54 percent). This occurred because neither VBA nor the VARO had processes in place to prioritize the termination of the erroneous benefits payments once identified. Further, VBA lacked clear guidance for recouping erroneous benefits payments. Although VARO staff terminated improper benefits payments in the remaining 26 cases, they took action to recoup erroneous payments for 8 of these cases. VARO staff did not take action to recoup improper benefits

payments in the remaining 18 cases because VARO staff processed the improper payments as administrative errors.

The following examples highlight cases where VARO staff administratively waived recouping improper payments.

Case 3

Starting in December 2011, a claims processing action caused a veteran to receive duplicate monthly compensation payments totaling $1,814. VARO staff used the veteran's 8-digit VA claim number for one payment and the veterans Social Security number for another payment. Despite VARO staff being notified on two occasions (January 2012 and September 2012) about the duplicate payments, no action was taken to terminate the duplicate payments until July 2013—18 months after the VARO was initially notified the duplicate payments were occurring. The veteran received about $33,000 in improper benefits payments from February 2011 through July 2013. When VARO staff took action to terminate the improper payments, the veteran was notified that an overpayment would not result from the improper benefits payments.

Case 4

In November 2013, a claims processing action caused a veteran to receive duplicate monthly pension payments of about $1,000 per month. VARO staff used the veteran's 8-digit VA claim number for one payment and an incorrect Social Security number for the other payment. In December 2013, VARO staff received congressional correspondence advising staff that the veteran was receiving duplicate pension payments. In January 2014, the veteran was notified of the mistake resulting in duplicate payments. In May 2014, VARO staff discontinued the duplicate payment and notified the veteran that an overpayment would not occur. We determined the veteran received about $14,100 in improper payments, which also included a retroactive benefit payment of about $8,000. The monthly improper payments occurred from November 2013 through May 2014.

Why This Happened

VARO staff did not prioritize merging of duplicate records because a timeliness standard in which staff should take actions to correct or merge duplicate records once identified did not exist. In addition, VBA did not have an efficient, automated process in place to promptly identify and prevent staff from creating duplicate records. In addition, the USB advised OIG that Hines Information Technology Center (ITC) staff generate monthly cumulative reports on a national level identifying duplicate payments in VBA's corporate database. However, VARO staff we interviewed were unaware these reports existed.

We obtained the Hines ITC duplicate payments reports for FY 2012 through FY 2014 and determined that only 7 (13 percent) of the 56 cases we identified with duplicate payments were included on the Hines ITC reports. We could not determine why the Hines ITC reports did not include the remaining 49 cases that we identified as receiving improper payments. On

August 28, 2014, we provided the Philadelphia VARO staff our listing of beneficiaries receiving improper payments so corrective actions could be taken.

Further, neither VBA nor the VARO had timeliness standards in place in which staff were expected to take corrective action to terminate or recoup improper benefits payments once they were identified. VARO staff and management told us they found VBA's guidance unclear and instructed staff to treat improper payments that resulted from duplicate payments as administrative errors, thereby forgoing actions to recoup the improper payments. However, VBA policy prohibits a veteran from receiving more than one award of pension or compensation based on his or her own service.

In January 2014, VBA revised its policy to discontinue treating system malfunctions resulting from erroneous awards as administrative errors. In February 2014, VARO management instructed staff to discontinue processing erroneous payments resulting from improper payments as administrative errors. However, VARO staff we interviewed stated the revised policy was also unclear because it did not specifically address how to process overpayments resulting from duplicate records that VARO staff created.

What Resulted

Because VARO staff did not take timely actions to merge duplicate records, VBA made improper benefits payments to at least 56 beneficiaries totaling about $2.2 million. The VARO risks exposure to improper payment when duplicate records are not identified and merged timely. Also, delays in terminating and failing to recoup improper benefits payments results in compromised financial stewardship.

Corrective Actions

In response to OIG's Management Advisory Memorandum, the USB indicated VBA was aware that duplicate records and payments existed within VBA and affirmed duplicate payments required immediate corrective actions. The USB also advised that VBA had local and national controls in place to address these known deficiencies. The Hines ITC staff generate monthly cumulative reports identifying duplicate payments in VBA's corporate database. To reduce the creation of duplication records, VARO staff received training on identifying existing records before creating new records. VBA's Compensation Service and Pension and Fiduciary Service also provided guidance to VAROs on preventing duplicate records and correcting the system once staff identify duplicate records.

Conclusion

We substantiated the allegation that VARO staff did not prioritize the merging of duplicate records, which ultimately resulted in improper benefits payments totaling about $2.2 million to 56 beneficiaries. Further, once improper payments were identified, VARO staff did not take, or delayed, taking timely actions to terminate and recoup the improper payments. Although VBA indicated it was aware of issues with duplicate records and

indicated corrective actions were in place to address duplicate records, records continue to be created; improvement is still needed. VBA has a fundamental responsibility to be effective stewards of taxpayer resources and to safeguard those resources against improper payments.

Recommendations

13. We recommended the Under Secretary for Benefits establish policies and procedures to standardize procedures for merging duplicate records that includes timeliness goals and oversight responsibility.

14. We recommended the Philadelphia VA Regional Office Director take immediate action to merge the 248 duplicate records identified during our review and take timely action to terminate any improper payments associated with those records.

15. We recommended the Under Secretary for Benefits develop and implement a plan to routinely provide VA Regional Office staff a listing of duplicate records and payment information so timely, corrective actions can be taken to merge the records and terminate improper payments.

16. We recommended the Under Secretary for Benefits clarify policies and procedures related to recouping improper payments resulting from duplicate records.

Management Comments

The USB concurred with the recommendations and indicated VBA has standardized procedures for merging duplicate records. Reportedly, VA's Hines ITC generates weekly reports for Compensation Service, and Pension and Fiduciary Service, which identifies newly created duplicate payments. The Services provide that listing to the appropriate VARO to terminate erroneous payments and merge the duplicate records. Additionally, Hines ITC prepares a weekly summary report for VBA listing duplicate records pending correction.

According to the USB, the weekly summary allows the Office of Field Operations, to provide oversight through its Area and VAROs, which includes monitoring the number and age of pending cases. The VARO Director had already completed a review of 118 of the 248 duplicate records we provided. Reviews for the remaining cases are expected to be completed by the end of the FY 2015. Additionally, in October 2014, select staff at VAROs were provided additional authority and system command access to expedite the merger of duplicate payment records.

Further, to ensure field users consistently apply VBA's long-standing policies for recouping payments made in error, VBA is drafting a training

letter summarizing the correct procedures for handling duplicate payments. The estimated completion date for the training letter is June 1, 2015.

OIG Response   The USB's planned corrective actions are responsive to the recommendations. We will follow up on required actions to include a thorough examination of the weekly summary reports Hines ITC provides to the Office of Field Operations, Compensation Service, and Pension and Fiduciary Service. Continued follow up is necessary to ensure payments identified improper are corrected timely, to ensure VBA's oversight includes monitoring the number and age of duplicate records and improper payments requiring corrective actions, and to ensure VBA's actions reflect the financial stewardship to protect tax payers.

IV. Mail Management

Question 9   Did VARO Staff Hide or Inappropriately Destroy Mail?

Beginning in June 2014, we received several allegations that Philadelphia VARO staff inappropriately destroyed or hid boxes of mail. On September 30, 2014, we received additional allegations that VARO staff inappropriately destroyed mail when the claimants could not be identified using VBA systems.

We substantiated the allegation that one employee hid four bins of unprocessed mail in December 2013; however, OIG criminal investigators had addressed this allegation. After interviewing VARO staff and the former employee, OIG criminal investigators closed the case because no records/mail had been destroyed, the employee was no longer employed by VA, and VARO management had possession of the mail and implemented a plan to process the mail.

While assessing the merits of these allegations, we identified other areas of concern relating to mail management in general. Discussions related to mail management in general are included in this report.

Question 10   Did VARO Staff Adequately Secure Date Stamping Equipment?

VARO management did not provide adequate controls to ensure PMC staff minimized the use of date stamps or that access and use of the equipment was limited to authorized staff.

What We Did

We interviewed PMC management and staff to determine whether adequate controls were in place to ensure only authorized staff accessed and used date stamping equipment. We also interviewed staff responsible for securing date stamp keys needed to adjust the mechanisms to change dates.

Historical Information and Criteria

VA staff use date stamping equipment to annotate the date a VA facility receives a document. The physical date stamping of claims and associated evidence is a critical aspect of VBA benefits processing operations because it provides unambiguous evidence of the date VA received documents at a VA facility. Generally, the date of receipt also sets the date of entitlement for benefits and allows VBA to monitor internal workflow and track key performance measures, including the average days to complete a claim.

In order to ensure accountability over electronic date stamps, VBA policy requires VARO Directors to limit the use of date stamps to authorized staff and ensure date stamping equipment is secure during and after work hours.

In addition, VARO policy requires staff to secure the keys needed to adjust the mechanism to change dates.

What We Found

We confirmed numerous, unmonitored date stamping machines, as well as easy access to the keys needed to change the date within the PMC Intake Processing Center (IPC) workspace. As such, VARO management did not ensure PMC staff complied with VBA policies and procedures to minimize the number of date stamps issued, limit the use of the date stamping equipment to only authorized staff, or control access to the keys required to adjust dates in the date stamping equipment.

Excessive Date Stamps

We observed 23 date stamping machines located in the IPC workspace; however, the IPC mail team typically used 3 of the date stamping machines to process incoming mail. We observed IPC staff did not routinely use the remaining 20 date stamping machines. The numerous, unmonitored electronic date stamping machines located in the IPC workspace created an environment where anyone accessing IPC workspace would have the opportunity to manipulate dates of claims without detection.

Unauthorized Access and Use of Equipment

Additionally, during our review, we learned staff from other divisions sometimes accessed and used date stamping equipment within the IPC workspace to process mail on the weekend. However, staff from other divisions lacked authorization to access, use, or adjust the dates in the date stamping machines. VBA policy requires managers to maintain records on the use of electronic date stamps and to keep records of mail stamping assignments. Allowing unauthorized staff to access and use electronic date stamping machines places the VARO at increased risk for inaccurate dates of claims and creates an environment susceptible for fraudulent activity.

Inadequate Key Controls

IPC management did not ensure claims processing staff adequately controlled date stamp keys. We learned through interviews and our own observations, that 23 IPC staff had been assigned their own date stamping machine to include two keys. One key is required to operate the machine; a second key is required to access the date adjustment mechanism. However, 19 IPC staff reported storing keys in unlocked desks during and after working hours.

Figure 2 shows keys left in date stamping equipment in an unattended cubicle, thereby, increasing the risk of inappropriate use by unauthorized staff and a clear violation of VBA policy on date stamping machine management.

**Figure 2. Uncontrolled Electronic Date Stamp Keys Allow
Unhindered Access to Devices Used To Establish the Date
on Any Claim Document**

*Source: VA OIG, Pension Management Center, Intake Processing
Center, 10:51a.m., June 26, 2014*

*Manipulating
Dates in
Electronic Date
Stamping
Machines*

Anyone having access to date stamping equipment and both keys can access the mechanisms inside electronic date stamps to adjust the dates and potentially manipulate dates of claims. The VARO had an inappropriate policy that required claims processing staff to reset the electronic date on a regular basis to ensure unprocessed mail received a date stamp that reflected the date the mail was actually received. Resetting of the date stamp was required because IPC claims processing staff did not open and date stamp all mail within 6 hours of receipt as required by VBA policy.

Further, IPC staff also had the ability to reset electronic dates without supervisor approval. For example, when date stamps incorrectly stamped mail with future dates, claims assistants could reset electronic dates to correct dates. Although there are valid instances when VARO staff should adjust the date in date stamping equipment, such as a malfunctioning machine that "jumps" forward to a future date, adjusting the date should be the exception rather than part of a daily routine.

*Why This
Happened*

VARO management did not monitor IPC mail processing operations to ensure the minimum number of date stamping machines was issued and that only authorized staff accessed and used the machines. Additionally, VBA policy on controlling electronic date stamps and keys is lacking. Had management monitored IPC operations it may have realized that only 3 of the 23 date stamps issued were routinely used and that unauthorized staff from other divisions regularly accessed and used IPC date stamping

equipment to process mail while working on the weekend. Additionally, because IPC staff did not open and date stamp all mail within 6 hours of receipt, IPC staff routinely adjusted dates stamping equipment in order to date stamp unprocessed mail that had been received on an earlier date.

Although the Philadelphia VARO has a local policy requiring staff to secure keys needed to access and adjust the date changing mechanism, VBA policy is ambiguous on controlling keys to electronic date stamps. VBA Letter 20-09-10 Revised, *VBA Policy to Maintain Accountability of Official Date Stamps*, March 19, 2009, does not address how staff should control keys for electronic date stamps to prevent unauthorized use and manipulation. Accurately capturing the date mail was received at a VA facility is critical to ensuring beneficiaries receive accurate and timely benefits payments and is also required to ensure VBA reports accurate claims processing timeliness to stakeholders. As such, VBA needs to strengthen policies, procedures, and guidance related to the accountability and control of date stamps.

What Resulted

Inadequate security of date stamping equipment and uncontrolled access to the keys needed to adjust the dates in this equipment puts the VARO at increased risk for abuse. Because the date generated by date stamping equipment is generally the date used to establish benefits, misuse may result in inaccurate and/or fraudulent benefits payments. Further, inappropriate adjustments of the dates may also misrepresent claims processing timeliness measures.

Corrective Actions

In our initial management notification letter to the USB on June 20, 2014, we recommended establishing key control points and limiting employee access to keys for the electronic date stamps. In response, the USB indicated, with few exceptions, date stamping machines would be relocated to the mailroom and all incoming mail would be date stamped in the mailroom beginning July 11, 2014. Further, the USB advised date stamping machines would continue to be designated to specific staff to ensure an audit trail. The USB instructed the VARO's Records Management Officer to secure unused and unassigned machines.

Control Changes Insufficient

In July 2014, VARO management removed all electronic date stamps from the IPC and reassigned three claims assistants to the mailroom to process incoming mail for the PMC. Although these actions strengthened controls over the use of electronic date stamps, additional controls are needed to prevent unauthorized staff from operating electronic date; thereby minimizing the risk that date stamping equipment can be manipulated.

Conclusion

We confirmed VARO management did not provide adequate controls to ensure staff minimized the use of date stamps or that access and use of the equipment was limited to authorized staff. Inadequate security of date stamping equipment and uncontrolled access to the keys used to adjust the dates in this equipment puts the VARO at increased risk for abuse.

Recommendation

17. We recommended the Under Secretary for Benefits revise policies and procedures to emphasize VA Regional Offices must minimize the number of date stamps issued, limit use of date stamps to authorized staff, and control date stamp keys as measures to prevent and deter potential fraudulent activity.

Management Comments

The USB concurred with the recommendation and agreed to review local VARO policies to identify best practices and update VBA Letter 20-09-10 to add key control procedures. To ensure national compliance, VBA plans to incorporate specific language regarding date stamp policy as part of VA's Annual Assessment of Internal Controls and Management's Statement of Assurance. VBA's planned completion date for these actions is October 1, 2015.

OIG Response

The USB's response and planned corrective actions are responsive to the recommendation.

Question 11   Did VARO Claims Processing Staff Follow VBA Policy When Processing Incoming Mail?

VARO management did not ensure staff processed incoming mail according to VBA policy. Specifically, VARO staff did not routinely open and date stamp all mail within 6 hours and mail was processed at locations other than the mailroom.

What We Did

We interviewed VARO management and staff responsible for processing incoming mail to determine whether adequate controls were in place to ensure mail was processed according to VBA policy. We also conducted unannounced visits on several occasions to observe mail processing operations.

Historical Information and Criteria

To ensure adequate controls over mail processing, VBA policy requires mail concerning beneficiaries to be opened and date stamped in the mailroom and routed to the appropriate location within 6 hours of receipt. However, VARO management assigned responsibility for opening and date stamping incoming mail to activities outside of the mailroom. VBA policy states that the date of claim is the earliest date a claim is received at a VA facility; typically, this date is annotated using an electronic date stamp. Generally, the date of claim is the date used to begin paying benefits, if awarded.

Claims-related mail that is not properly date stamped can affect benefits payments. For example, if staff properly date stamp claims-related mail received on January 31, the benefits would be payable on February 1.

However, if staff improperly date stamp this same mail a day later, benefits payments would begin March 1. In this example, VARO staff would have unintentionally underpaid the beneficiary by 1 month. Similarly, if the date on date stamping equipment were inadvertently, or intentionally, adjusted to reflect an earlier date, the payment of benefits would be based on the erroneously adjusted date.

What We Found

We found VARO staff did not always comply with VBA policy for mail processing. Specifically, VARO staff did not routinely open and date stamp mail the same day it arrived in the mailroom as required. Instead of mail being processed in the mailroom, VARO management assigned the responsibility for mailroom activities, including opening and date stamping incoming mail to the PMC, VSC, and the Insurance Center.

Mail Not Adequately Controlled

VARO mailroom staff received incoming mail four times per day, but rather than opening and date stamping the mail, the mail was sorted and distributed to bins. VARO staff from the PMC, VSC, and Insurance Center, would collect the mail for processing about three times per day. Because the mail arrival and pick up schedules within the VARO varied, staff did not always open and date stamp mail on the date it was received.

To ensure unprocessed mail received the correct date stamp, VARO staff routinely accomplished the following task.

- Annotating the date the mail was actually received in the VARO mailroom on a sheet of paper and placing the paper on top of the mail bin.

- Manually adjusted the electronic date stamps to reflect the date annotated on the mail bins.

Although these procedures generally resulted in VARO staff date stamping mail with the correct date, they are contrary to VBA policy requiring VARO staff to process mail in the mailroom within 6 hours of receipt. Strict compliance with VBA policies on controlling mail is important to ensure accurate dates of entitlement for an award, tracking of claims processing timeliness, and monitoring of internal workflow.

Why This Happened

This occurred because VARO management assigned the responsibility for mailroom activities, including opening and date stamping incoming mail, to the PMC, VSC, and the Insurance Center. Without effective management and processing of incoming mail, inaccurate date stamps may result in incorrect dates of claims and adversely affect benefits. Further, incorrect date stamps on claims may also misrepresent claims processing timeliness measures reported to stakeholders.

What Resulted

VARO staff routinely adjusted the date mechanism in date stamping equipment in order to adjust the date mail was received at the VARO. This practice is contrary to VBA policy that requires mail to be opened and date stamped in the mailroom within 6 hours of receipt. Inaccurate date stamps may result in incorrect dates of claims and adversely affect benefits as well as misrepresent claims processing timeliness measures reported to stakeholders.

Corrective Actions

In response to our June 20, 2014, Management Advisory Memorandum, the USB indicated VARO staff would begin date stamping all incoming mail in the mailroom effective July 11, 2014. However, on subsequent visits to the Philadelphia VARO, we found the changes directed by the USB to be ineffective. Although claims processing staff were relocated from the PMC and VSC to the mailroom, the mail was still not opened and date stamped within 6 hours of receipt as required by VBA policy.

Conclusion

Contrary to VBA policy, VARO management designated responsibility for opening and date stamping incoming mail to locations outside the mailroom for processing. Consequently, mail was not always opened and date-stamped within 6 hours of receipt as required and date stamps on claims-related documents may be inaccurate and misrepresent timeliness measures for processing claims to stakeholders. With staff having easy access to the machines, as well as the ability to adjust the dates, there is a risk of misstamping claims documents. Added to this the common practice of adjusting the dates on the machines based on the piece of paper atop a bin of mail, escalates the risk of errors and potential fraud to a level where one would have to question VARO management's ability to control other claims processing operations throughout the VARO.

Recommendations

18. We recommended the Under Secretary for Benefits direct the Philadelphia VA Regional Office Director ensure staff process all mail concerning beneficiaries in the mailroom within 6 hours of receipt.

19. We recommended the Under Secretary for Benefits initiate independent, unannounced reviews of the Philadelphia VA Regional Office to ensure staff process mail within 6 hours of receiving the mail.

Management Comments

The USB concurred with the recommendations and reported the VSC implemented the new Centralized Mail Initiative on December 29, 2014, which virtually eliminated all incoming VSC paper mail. Additionally, the Eastern Area Director committed to conducting unannounced, quarterly reviews of mail processing at the Philadelphia VARO.

OIG Response

The USB's responses to the recommendations are responsive. However, OIG has not yet assessed the effectiveness of the Centralized Mail Initiative,

which VBA reported was fully implemented on January 30, 2015. We plan to review mail processing under the new procedures in future work after allowing for a reasonable period of time for VARO staff to learn work processes under this initiative.

Question 12 Did VARO Staff Delay Scanning and Uploading Documents to Virtual VA?

VARO management did not ensure PMC staff timely scanned and uploaded documents to Virtual VA (VVA)—VBA's electronic repository.

What We Did

On June 19, 2014, we observed 68 boxes of mail, which VARO management described as a backlog of completed claims waiting for VARO staff to scan to VVA. When we returned on June 23, 2014, there were only 48 boxes remaining. Management explained that staff had scanned 20 boxes to VVA over the weekend. We projected the 48 boxes contained approximately 16,600 documents relating to completed claims.

Historical Information and Criteria

The PMC uses VVA as an electronic file system to house documents related to benefits claims. VA regulations require Rating Veterans Service Representatives (RVSRs) to review all relevant documents before deciding benefits claim to ensure that the record is adequate for evaluation purposes. Storing documents in VVA allows claims processing staff access to a huge amount of information.

What We Found

VARO management did not ensure PMC staff timely scanned and uploaded documents to VVA. Untimely scanning of documents to VVA continues to be a management challenge for the Philadelphia VARO. We sampled 160 documents pending scanning to VVA and found the documents contained VARO date stamps ranging from September 2009 through June 2011.

Why This Happened

These conditions existed because VARO management did not prioritize the workload or provide adequate resources to ensure staff scanned the documents timely. Additionally, results from two Pension and Fiduciary (P&F) Site Visit Review Teams observed the VARO had a backlog of documents pending scanning. During a March 2012 site visit, the P&F team noted the backlog of unscanned mail but did not make recommendations for improvement. Results of the July 2013 site visit recommended VARO staff complete the scanning of the backlogged mail within a 6-month time frame. However, P&F Services did not follow up to ensure VARO management implemented plans to scan and upload the backlogged mail into VVA as recommended. Because oversight to follow up on recommended improvement was lacking, remnants of the documents requiring scanning into VVA in March 2012 and July 2013 continued to exist at the time of our review in June 2014.

VARO management indicated the backlog of unscanned VVA documents began in 2010, when the team responsible for this workload lost temporary interns. At the time, management did not add resources to scan the documents in VVA, which created a backlog in this work. However, in March 2014, additional resources became available but VARO management did not prioritize the scanning of the backlogged documents. Rather, VARO management stated it used resources to process current mail to keep it from adding to the backlog.

Further, VARO management was aware of the scanning backlog as evidenced by the results from two P&F site visits. In March 2012, P&F staff noted a backlog of unscanned documents that ranged from January to April 2011. During the July 2013 visit, the team identified 178 bins that required scanning. VARO management confirmed the 68 bins we initially identified were remnants from the P&F site visits conducted in 2012 and 2013. Despite a recommendation from the P&F site visit team in 2013 to prioritize the scanning of documents to VVA, VARO management did not do so.

What Resulted

Delays in scanning the documents we sampled did not affect benefits; however, VBA policy requires decision makers to consider all relevant documents before deciding claims. The relevancy of documents sitting in bins cannot be determined and as such, creates unnecessary risk that may affect the accuracy of benefits and entitlement decisions.

Corrective Actions

In our initial Management Advisory Memorandum to the USB on June 20, 2014, we recommended prioritizing the scanning of claims and associated evidence we identified in mail bins into VVA. The USB concurred with the recommendation but categorized the documents we observed as drop file documents associated with completed claims pending imaging to VVA. The USB reported VARO staff made a concerted effort to reduce the backlog of documents pending scanning to VVA, to include adding resources as they became available. VARO staff had planned to have the backlog of 48 bins scanned and uploaded to VVA by the end of the FY 2014.

Conclusion

VARO staff did not prioritize scanning documents to VVA, nor did they provide adequate resources to ensure staff scanned documents timely. As evidenced by the results from two P&F site visit teams, the untimely scanning of documents to VVA continues to be a management challenge dating back to 2011. However, despite a recommendation for improvement P&F Services did not follow up to ensure VARO management implemented its plans for improvement. VBA policy requires decision makers to consider all relevant documents before deciding claims. The relevancy of documents sitting in bins cannot be determined and as such, creates unnecessary risk that may affect the accuracy of benefits and entitlement decisions.

Recommendations

20. We recommended the Under Secretary for Benefits develop and implement a plan to ensure VA Regional Office staff prioritize scanning documents to the Veterans Benefits Administration's electronic repository to ensure the documents are timely associated with electronic claims folders.

21. We recommended the Under Secretary for Benefits develop and implement a timeliness goal for scanning and uploading documents to the Veterans Benefits Administration's electronic repository.

22. We recommended the Under Secretary for Benefits examine the effectiveness of Pension and Fiduciary Services' strategies for following up and closing out recommendations for improvement resulting from site visits.

Management Comments

The USB concurred with our recommendations and confirmed Philadelphia VARO staff completed the scanning and indexing of backlogged documents by August 4, 2014. The USB also indicated the Philadelphia PMC adjusted its process and incorporated up-front scanning of documents as well as implemented a 5-day timeliness standard to ensure incoming documents are promptly associated with the claimant's electronic record.

Pension and Fiduciary Service staff have 30 days to issue a report following site visits. The VARO then has 60 days to address action items, submit plans for improvement, and provide supporting documentation to request closure of action items. According to the USB, site visit teams monitor all open action items and requests status updates from VAROs. To improve the efficiency of the site visit process, the Director of Pension and Fiduciary Service will amend the site visit protocol to include a timeliness standard for issuing subsequent reports detailing the current status of open action items. The target completion date is September 1, 2015.

OIG Response

The USB's planned actions are responsive to the recommendations. However, the process of up-front scanning of documents to VVA, as described by the USB, raises concerns. Specifically, VVA is a repository for housing records in an electronic environment and does not function as a claims processing application. We are unaware of any business rules or procedures associated with this process. However, we have received several allegations from Philadelphia VARO staff that alleged claims existed in VVA but did not have required controlling electronic work products to manage the claims. Because the allegations were unrelated to our on-going work, we advised future allegations should be provided to our VA OIG Hotline Division for appropriate action.

Question 13 Did VARO Staff Significantly Delay Processing Actions Related to Returned Mail?

VARO management did not ensure PMC staff processed mail that had been returned by the United States Postal Service.

What We Did

On June 27, 2014, we observed 98 boxes of mail returned as undeliverable to the VARO by the United States Postal Service. We estimated the 98 boxes contained approximately 22,400 items of returned mail and randomly sampled 96 of those documents. We interviewed PMC staff responsible for the oversight and processing of returned mail.

Historical Information and Criteria

Mail returned as undeliverable to VAROs requires action by staff to identify better addresses. Examples of actions staff should take include the following.

- Review the claims folder to ensure the current address of record was used.

- Check to see whether the United States Postal Service attached a forwarding address to the envelope.

- Access Veterans Health Administration records to determine if a VA treating facility has a more current address.

When VARO staff identifies a new address for returned mail, the mail is re-mailed to the new address. If VARO staff cannot identify a new address for the returned mail, the mail is annotated and associated with the claims folder.

What We Found

VARO management did not ensure staff processed returned mail timely. We observed 98 boxes of mail containing an estimated 22,400 pieces of returned mail VARO staff previously mailed to beneficiaries. The United States Postal Service could not deliver to the addresses VARO staff used for various reasons, and as such, the mail was determined to be undeliverable. The sampled mail was received at the Philadelphia VARO between August 2010 and February 2013; however, staff had not taken any of the required actions to identify new addresses, such as verifying the address initially used to mail the documents. Three of the 96 pieces of mail (3 percent) we sampled contained time sensitive documents and had the potential to affect benefits. Details on these three pieces of returned mail follow.

- On July 27, 2012, VA sent the veteran a notification letter denying entitlement to pension benefits. The letter explained benefits may be established from the date his initial claim if he submitted specific medical expense information. The letter also included the necessary explanation of the right to appeal the decision and the time period in which he could

do so. Had the veteran been aware of this information, he may have provided the required documentation of expenses to reduce his income or successfully appealed the decision and gained retroactive entitlement to the benefit.

- On October 20, 2011, VA sent a veteran's widow a letter denying entitlement to Dependency Indemnity Compensation. This type of benefit is established when service-related disabilities contributed to or caused a veteran's death. The decision denying the benefits also contained a required notice to the widow that explained how to appeal the decision. Had the widow received the letter, she may have successfully appealed the decision and been awarded benefits retroactively.

- On November 30, 2011, VA sent a letter to the person a veteran designated to receive government life insurance benefits. It notified that person the veteran had died and provided the documentation needed to claim the life insurance benefit. Because VARO staff did not initiate any action to identify a correct address, the benefactor of the life insurance benefits may be unaware of entitlement to the life insurance benefits.

The untimely processing of returned mail continues to be a management challenge for the Philadelphia VARO. Despite recommendations for improvement in two P&F site visits; we observed unprocessed returned mail dating back to August 2010. In March 2012, a P&F site visit team identified 94 boxes of PMC returned mail and issued an action item for the office to review and identify all of the mail in the boxes. The VARO indicated it would have the mail reviewed by May 15, 2013. However, in a subsequent site visit in July 2013, P&F observed 113 boxes of returned mail that VARO staff had not processed. Management confirmed the mail we observed and sampled during our review was remnants of the mail observed by the site visit team.

Why This Happened

VARO management did not ensure PMC staff processed returned mail timely because it was not a priority and it did not allocate the resources needed to process the backlogged returned mail. We confirmed that VBA does not have a timeliness goal in which VARO staff are expected to process returned mail. Additionally, management said a high turnover rate hindered its ability to make progress on the backlog, but that it has increased its capacity and is currently working to reduce the backlog. Further, the PMC manager was unaware that a P&F site visit team established an action item requiring management to develop a plan to review all backlogged returned mail, write a plan to handle all returned mail, and establish a quality review of mail processing. However, a Philadelphia VARO Assistant Director explained the P&F action items were not monitored by the VARO or by P&F Services to ensure action items were implemented.

What Resulted

VARO managers did not ensure PMC staff processed returned mail timely. As a result, claimants and beneficiaries may be unaware of important benefit entitlement information, such as potential entitlement to life insurance benefits or the process for appealing a decision on their claims.

Conclusion

We confirmed that VARO management did not ensure PMC staff processed returned mail timely despite prior recommendations for improvement to do so from VBA's internal site visit review teams. We observed 98 boxes of mail containing an estimated 22,400 pieces of mail that had been returned as undeliverable by the United States Postal Service. We found 3 of the 96 pieces of mail (3 percent) sampled had the potential to affect benefits. The sampled mail we reviewed was received at the Philadelphia VARO between August 2010 and February 2013. The processing of returned mail continues to be an area needing improvement as noted in two prior P&F site visits and VBA needs to ensure reported conditions in its P&F site visit reports are addressed. As a result, beneficiaries may not be aware of important notifications, such as decisions on their claims for benefits and their time-sensitive right to appeal those decisions.

Recommendations

23. We recommended the Under Secretary for Benefits develop and implement a plan to ensure Philadelphia VA Regional Office staff take action to process its backlog of returned mail.

24. We recommended the Under Secretary for Benefits develop and implement a timeliness goal for VA Regional Offices to process returned mail.

25. We recommended the Under Secretary for Benefits implement procedures to ensure the improvement actions identified and recommended by VBA's internal review teams are appropriately addressed.

Management Comments

The USB concurred with our recommendations. The VARO Director certified all returned mail was reviewed, properly identified, and routed for disposition as of August 28, 2014. The VARO Director also indicated staff reviewed over 24,000 pieces of returned mail and that 127 pieces required additional processing actions. Returned mail requiring additional action was logged and tracked for completion. The USB also agreed to implement a timeliness goal in which VARO staff are expected to process returned mail. For offices with paper mail, the Office of Field Operations will require a monthly roll up of the volume of returned mail to allow for oversight. As VBA transitions to Centralized Mail environment employees will process all mail on a first in/first out method. VBA formalized this guidance in their Centralized Mail standard operation procedures and communicated it to the field on April 2, 2015.

VBA also plans to conduct a data-driven analysis to develop metrics for mail control in an electronic environment associated with the Centralized Mail initiative. Additionally, Compensation Service, and Pension and Fiduciary Service, will amend site visit protocols to add a timelines standard for issuing subsequent reports that detail the status of action items that remain open from prior internal reviews.

OIG Response   The USB's planned corrective actions are responsive to the recommendations. We will consider a review of VBA's work processes under the Centralized Mail Initiative after allowing a reasonable period of time for VARO staff to learn this new process.

Question 14   Did VARO Staff Mishandle Military File Mail?

We confirmed PMC staff mishandled military file mail and projected staff could identify about 6,416 documents that had been categorized as unidentifiable mail.

What We Did   We interviewed PMC staff responsible for managing and processing military file mail. A physical inspection of the PMC IPC revealed a large volume of disorganized mail categorized as military file mail. The military file mail was stored in boxes, bins, and cabinets. We estimated the stored military file mail contained approximately 18,664 documents. We randomly sampled 96 of the documents from the military file mail storage, which included applications for benefits, letters from claimants, third party correspondence, service treatment records, death certificates, and VA forms such as inquiries from the Social Security Administration. Additionally, in August 2014, during a return visit to the Philadelphia VARO, we judgmentally sampled 26 documents pending a final review before management approved them for destruction.

Historical Information and Criteria   VBA describes military file mail as general correspondence that pertains to matters over which VA has administrative responsibility. Military file mail may be of value if a claim is filed at a future date, does not refer to a claim for benefits, and/or does not include a return mailing address. Additionally, mail received at VAROs that lack veteran identifying information such as VA claim numbers or Social Security numbers is also categorized as military file mail. This mail is organized in alphabetical order by the calendar year and maintained in a designated area. At the end of each calendar year, the military file is closed. VBA's records control schedule authorizes destruction of military file mail 18 months after the date the file is closed

What We Found   VARO management did not ensure PMC staff used VBA systems to identify claimants. We projected 12,054 of 18,664 pieces (65 percent) of military file mail contained a stamp indicating the mail could not be identified by VARO staff responsible for scanning records into VVA. However, we estimated

6,416 of the 12,054 documents (53 percent) could be identified using VBA systems. Additionally, in August 2014, we judgmentally sampled 26 pieces of military file mail from a box pending a final review before being approved for destruction and found 11 of the 26 documents could be identified using VBA systems.

We could not identify the remaining 15 documents; however, 14 contained telephone numbers and/or a return mailing address. Despite having telephone numbers and return mailing addresses, we found no evidence showing PMC staff attempted to contact the correspondent by telephone or by the return mailing address in an effort to obtain missing information to properly associate documents with the correct claims folder.

"Can Not ID" Stamp

Program support staff are responsible for uploading documents into VVA; an electronic repository. In instances where a claimant did not have an existing record in VVA, staff would stamp the document using a "Can Not ID" stamp. Staff working in the scanning unit are not trained to process claims and do not have access to all of VBA applications that could be used to identify claimants.

Once VVA staff determined electronic records in VVA did not exist, they forwarded the mail to the IPC staff to conduct comprehensive searches using VBA's systems of records to obtain the missing identifying information. VVA staff told us they used the "Can Not ID" stamp to communicate to the PMC IPC staff that an electronic record in VVA did not exist. However, the stamp was misleading, as VVA staff had not attempted to identify the claimant, but rather, only attempted to associate the mail with an electronic record in VVA.

Comprehensive Searches Using VBA Systems

PMC IPC staff we interviewed told us mail received from VVA staff containing a "Can Not ID" stamp was confusing. The IPC staff reported they were able to identify a large number of documents stamped "Can Not ID" by using VBA systems. VBA staff are required to conduct a comprehensive search using all VBA systems to identify claimants before categorizing unidentifiable mail as military file mail. However, the documents reviewed did not contain annotations that IPC staff made telephone calls or used return addresses to obtain missing information needed for identification purposes before categorizing the documents as military file mail. VARO management did not know whether staff made attempts to contact the person before categorizing the documents as military file mail.

Final Review Prior to Destruction

At the final review stage, the PMC manager reportedly samples some of the documents before approving the destruction of the military file mail. In August 2014, we judgmentally sampled 26 documents from a box of military file mail that was pending review by the PMC manager. Claims processing staff and at least one supervisor had already determined the mail was

unidentifiable. Using VBA systems, we were able to identify 11 of the 26 documents sampled—we could not identify the remaining 15 documents. However, 14 of these documents contained phone numbers, but there was no evidence PMC staff had attempted to contact these individuals in an effort to obtain missing information needed to identify them in VBA's system of records.

We notified the PMC manager that OIG benefits inspectors identified 11 of the 26 documents sampled using VBA systems. The PMC manager could not explain why OIG staff were able to identify these documents when VARO staff reported the documents were unidentifiable. Given the PMC manager had these documents as the final reviewer before destruction, we are concerned that VARO staff may have destroyed some military file mail prematurely.

Why This Happened

Mishandling of military file mail by PMC staff resulted from a lack of oversight. Specifically, PMC management was unaware that VVA staff used an unauthorized "Can Not ID" stamp to annotate documents that could not be associated with an electronic record in VVA. When the stamped documents arrived at the IPC for further research, IPC staff were confused. Subsequently, additional searches were not always conducted. Further, IPC management did not conduct reviews to ensure claims processing staff conducted comprehensive searches using all VBA systems, to include contacting the person by telephone or mail when that information was included in the correspondence.

What Resulted

As a result of inadequate comprehensive searches and a lack of managerial oversight, PMC staff mishandled military file mail. For claims related mail, processing delays to determine if benefits could be granted are likely to have occurred. More alarming, lapses in PMC management to ensure staff used all VBA systems to identify claimants may have resulted in premature destruction of military file mail.

Interim Action by VARO Management

On September 30, 2014, VA OIG received additional information related to premature destruction of mail. On October 1, 2014, at OIG's request, the VARO Director agreed to forgo the destruction of military file mail pending the result of this review.

Conclusion

We substantiated the allegation PMC staff mishandled military file mail. We projected about 6,416 documents categorized as unidentifiable military file mail could be identified using VBA systems. We found PMC management oversight lacking because it did not conduct reviews to ensure staff performed comprehensive searches using all VBA systems or attempted to contact the person when telephone numbers and addresses were provided on the unidentified mail.

Had management conducted periodic reviews, it would have realized some of the military file mail categorized as unidentifiable was, in fact, identifiable. We did not find any instance where staff destroyed military file mail prematurely; however, lapses in management oversight and the lack of accountability for screening military file mail prior to destruction increased the risk of this happening.

Recommendations

26. We recommended the Under Secretary for Benefits develop and implement standardized procedures that includes an audit trail for the destruction of military file mail.

27. We recommended the Under Secretary for Benefits develop and implement a plan to conduct routine accuracy reviews of mail categorized as military file mail prior to destruction.

28. We recommended the Under Secretary for Benefits conduct an independent review of all military file mail pending destruction at the Philadelphia VA Regional Office.

29. We recommended the Philadelphia VA Regional Office Director ensure claims processing staff at the Philadelphia Pension Management Center receive refresher training on identifying and processing military file mail.

Management Comments   The USB concurred with our recommendations and tasked a workgroup to develop standardized military file mail procedures for the destruction of paper documents, which will also include system based auditing controls. VBA will revise its procedures to reflect the findings of the workgroup by October 1, 2015. The USB also directed Pension and Fiduciary Service to modify its routine site visits to include compliance reviews relating to military file mail. Additionally, the Eastern Area Director committed to conducting quarterly, unannounced reviews of mail processing at the Philadelphia VARO, to include military mail. Further, PMC and VSC staff are expected to receive refresher training on processing military file mail by March 31, 2015.

OIG Response   The USB's planned corrective actions are responsive to the recommendations.

Question 15 Did VARO Staff Delay Processing Drop Mail?

We confirmed VARO management did not ensure VSC staff timely associated drop mail with veterans' claims folders.

What We Did

During our walk-through of the VSC on June 27, 2014, we observed 37 boxes and bins containing drop mail stored in workspace designated for the Veterans Claims Intake Program (VCIP). We projected there was an estimated 14,675 pieces of drop mail in the 37 boxes and bins. We obtained and reviewed documents and interviewed VARO staff and management responsible for processing this mail. We also reviewed a random sample of 96 pieces of mail to determine if this mail affected or had the potential to affect beneficiaries VA benefits.

Historical Information and Criteria

VBA's workflow management system is composed of various plans for users to follow, including a mail plan, and computer applications to control all work throughout the disability claims process. VBA policy indicates the most important part of the workload system is oversight to ensure staff efficiently utilize the user plans and systems available. VBA policy states effective mail management is crucial to the success and control of workflow within the VSC. Drop mail consists of all veteran specific related documents or source materials in direct support of VBA's claims processing. Generally, drop mail requires no additional processing actions before being placed in the related claims folder or converted into VBMS.

As part of its transformation initiative, VBA's VCIP established Standard Operating Procedures for VARO IPC staff. VSC IPC staff prepared and ship claim-related mail received from veterans to one of VBA's contracted scanning facilities. The scanning facility scans and uploads the converted paper records into VBMS. Once in VBMS, the records are accessible and available to claims processing staff in an electronic environment.

What We Found

We concluded VARO management did not ensure VSC staff timely associated drop mail with veterans' claims folders. We observed 37 boxes and bins containing drop mail stored in workspace designated for VCIP containing approximately 14,675 pieces of drop mail. We randomly sampled 96 pieces of mail from the drop mail bins and found the mail had been unassociated with claims folders despite receipt by VARO staff between March 2011 and June 2014. Further, nine pieces of mail from our sample affected or had the potential to affect benefits. Summaries of the nine cases from our sample containing errors follow.

- In the one claim affecting benefits, a veteran was underpaid benefits by 1-month for a total of $127. In June 2013, a veteran submitted an informal claim; however, the claim was not associated with the veteran's VBMS record so it was not available when the RVSR decided the disability claim. Consequently, the RVSR assigned an incorrect effective date to begin benefits payments. Generally, VBA policy allows claimants up to 1-year to formalize claims; if this occurs, claimants can receive retroactive benefits.

- Six of the cases had the potential to affect future benefits. In these cases, staff did not associate informal or formal claims with the veterans' claims folders. Because staff delayed associating mail with claims folders, incorrect effective dates for benefits payments or omission of claimed disabilities may occur.

- In another case, staff did not associate evidence submitted by the veteran in support of a pending appeal.

- In the remaining error, staff did not follow -up on VBA's request for information about a veteran's dependency status after it was returned by the United States Postal Service as undeliverable, creating the potential to affect benefits if the veteran's dependency status has changed.

Why This Happened

Drop mail was not timely associated with claims folders because prior to June 2014, because VARO management reports did not track the volume of drop mail within the VSC. However, internal Systematic Analysis of Operations completed by team coaches reported the volume of drop mail increased from 1,000 to approximately 6,000 pieces from June 2012 through May 2014. VARO management agreed oversight in the VSC mail operations was ineffective. VARO management stated the mail was not associated with the files due of a lack of resources, but the manager was also unaware that the drop mail was being stored in the VCIP area.

VARO staff reported this mail had been located in the VCIP shipping room for at least 9 months but others were not aware that drop mail was being stored in the VCIP area. Consequently, VARO staff did not always check the VCIP area to retrieve drop mail before processing claims. Further, we confirmed that VBA does not have a timeliness standard for associating drop mail with claims folders so there is no expectation that this workload would receive priority over VBA workload with performance measures.

What Resulted

VARO management reported they did not provide effective oversight and allocate adequate resources to associate drop mail with veterans' claims folders, VSC staff did not always have all available evidence when deciding claims as required. Consequently, VARO staff may use incorrect effective dates when granting benefits, miss claimed disabilities, or incorrectly deny claims.

Conclusion

The Philadelphia VARO management did not ensure VSC staff associated drop mail with veterans' claims folders. Based on our interviews and reviews of this drop mail, we substantiated weaknesses in mail operations and concluded unassociated drop mail was a systemic issue within the VSC.

Recommendations

30. We recommended the Under Secretary for Benefits develop and implement a plan to ensure Philadelphia VA Regional Office staff associate the remaining backlog of drop mail with veterans' claims.

31. We recommended the Under Secretary for Benefits develop and implement a plan that includes a timeliness goal to ensure mail is associated with electronic or paper claims folders prior to claims processing actions.

Management Comments

The USB concurred with our recommendations and reported that the Philadelphia VARO continues to work to clear the backlog of drop mail. Additionally, VBA's Office of Business Process Integration is working towards a solution to associate drop mail in the Centralized Mail portals. VBA also plans to conduct a data-driven analysis to develop metrics for mail control in an electronic environment associated with the Centralized Mail initiative.

OIG Response

VBA's planned corrective actions are responsive to the recommendations. As indicated earlier in this report, we will consider a review of VBA's work processes under the Centralized Mail Initiative after allowing a reasonable period of time for VARO staff to learn this new process.

V. Other Areas of Concern

In addition to specific allegations of wrongdoing, we observed other areas of concern requiring management's attention, specifically the protection of personally identifiable information (PII) and overall working conditions and morale of VARO employees.

Question 16   Did VARO Management Provide Adequate Protection for Veteran and Employee Personally Identifiable Information?

We substantiated that VARO management did not ensure staff adequately protected veteran and employee documents containing PII.

What We Did   On July 17, 2014, we conducted a physical review of General Services Administration (GSA) leased space occupied or accessed by staff working at the Philadelphia VARO. While conducting our review, we observed unprotected documents containing PII located in an interior office of a kitchen. We inventoried the unprotected documents, provided notice to VARO management, and provided the documents to the station's Information Security Officer for appropriate action.

Historical Information and Criteria   VA regulations require employees to appropriately use and protect all PII in their possession. VA defines PII as any information that others can use to trace an individual to his or her identity. It includes a name, Social Security number, or date of birth. VA policy outlines approved storage and handling of PII in locked containers or in areas not accessible to the public.

What We Found   We substantiated that VARO management did not ensure staff adequately protected veteran and employee documents containing PII. We observed unprotected PII consisting of VA claims and insurance numbers, employee personnel action forms, a mortgage forbearance showing an employee's name and Social Security number, and 83 signature cards belonging to credit union members dated from 1961 through 1998. The signature cards contained names, bank account numbers, birth dates, Social Security numbers, home addresses, and employment information for 83 members of a local credit union.

Of the 83 signature cards, 40 credit union members showed the Philadelphia VARO as their employer. Because VARO management did not routinely conduct physical inspections of workspace accessed or occupied by VARO staff, it was unaware that documents containing veteran and employee PII had been inappropriately stored in the kitchen area. Consequently, the improper storage of PII data may have compromised the personal information of some veterans and employees.

We confirmed VARO management did not control access to the kitchen space. Rather, the kitchen area was shared space accessible to other building occupants who frequented the space for ice or to refrigerate food items. Neither we nor VARO staff could determine who placed the documents in the kitchen storage area or how long the documents had been there.

Why This Happened

Because VARO management did not routinely conduct physical inspections of the VARO workspace, it was unaware veterans and employee PII was inappropriately stored in the kitchen area. Had VARO management routinely conducted physical inspections of all space accessible to staff, it may have realized documents containing PII were inappropriately stored in the kitchen. It may have also observed the unprotected PII on the credit union signature cards and taken action to protect the PII, such as reporting the discrepancy to the VARO's Privacy Officer.

What Resulted

The improper storage of PII data may have compromised the personal information of some veterans and employees.

Conclusion

We discovered VA-related documents containing PII inappropriately stored in an area accessible to VA and non-VA employees. The documents containing PII belonged to veterans and VARO employees. We also found signature cards containing PII and financial information belonging to 83 credit union members—40 of these members listed the Philadelphia VARO as their employer. VARO management did not routinely conduct physical inspections of all space accessible to staff and were unaware documents containing PII for veterans and employees were inappropriately stored.

Recommendation

32. We recommended the Philadelphia VA Regional Office Director develop a plan that includes routine supervisory reviews of all space accessible by VA Regional Office staff as a measure to prevent improper storage of documents containing personally identifiable data.

Management Comments

The USB concurred with our recommendation and reported that VARO management completed a review of all employee work areas and common areas. Areas requiring remediation had been corrected as of March 18, 2015. The VARO Director's planned actions include annual, bi-annual, and monthly reviews of VARO and employee workspace.

OIG Response

The VARO's planned corrective actions are responsive to the recommendation.

Question 17 Did VARO Management Provide a Safe and Healthy Work Environment for Staff Working at the National and Pension Call Centers?

In July 2014, OIG staff who were conducting a review of the Philadelphia VARO began receiving numerous complaints about the working conditions at a geographically separated worksite of the VARO.

In addition, VARO staff reported numerous instances indicative of mistrust of VARO management. Generally, VA OIG staff do not assess the merits of personnel-related and human resource allegations of disparate treatment. However, given the large number of complainants, and the commonality and similarity of the complaints, we encourage an independent review to determine the appropriateness of managements actions related to human capital.

What We Did

Due to the large number of requests for interviews from VARO staff working at the annexed site, we dispatched additional OIG resources to augment the OIG review team. As the most expedient and cost-effective method to conduct interviews, OIG initially offered to conduct phone interviews with VARO staff; however, interviewees declined phone interviews, stating they believed management monitored phone calls using the silent monitoring features of the VARO's phone system. We confirmed that the VARO does have silent monitoring features associated with its phone system.

Similarly, some VARO staff declined to be interviewed at the primary VARO address because they were fearful that VARO managers would find out they were meeting with OIG staff. VARO staff told us they believed management monitored the workspace assigned to OIG because there were cameras positioned in the hallways near the OIG workspace. We confirmed the existence of cameras in the hallways of the assigned OIG workspace; however, the cameras were in place prior to OIG's unannounced arrival. Additionally, security cameras are monitored by a private security company contracted by GSA.

Historical Information and Criteria

The annexed site is best described as a warehouse that was built in 1928. Occupants of the building include Federal, public, and private employers. Approximately 150 VARO staff, supporting two VBA call centers, work at the annexed site. VA policy states that Under Secretaries shall ensure compliance with VA's Occupational Safety and Health (OSH) directives and handbooks, and ensure a safe and healthful work environment. Compliance with occupational safety and health requirements contained in Federal laws, regulations, executive orders, VA directives, and labor-management OSH agreements are also required.

*Security
Concerns*

We identified several areas of concern affecting the security of VARO resources, equipment, and PII of VA beneficiaries, as well as the overall working conditions at the annex. On July 23, 2014, OIG issued a memo to alert the USB of conditions violating OSH Directives (See Appendix D). Specific areas of concern as outlined in OIG's July 23, 2014, memo to the USB follow.

Unsecured Doors. Although a security badge is required to enter VARO workspace at the annexed site, we found the majority of the doors near VBA's secured workspace were unsecured, thereby providing building access to anyone and the opportunity to follow VARO staff to secure workspace. VARO staff we interviewed reported thefts of a VA laptop and money from this workspace. Additionally, staff told us they were concerned that only one security officer was on the premises at any given time. Further, a security officer also told us that he had told his superiors that he had security concerns within the building.

False Ceiling. Within VBA workspace, we observed a false ceiling, missing ceiling tiles, and we could clearly see a non-VA work area from the VBA workspace. As such, anyone with a mindset to do so could access the VARO's workspace through the ceiling from non-VA workspace. In our July 23, 2014, memo to the USB, we recommended the USB take immediate action to ensure a safe and healthful work environment by complying with VA OSH directives. We also recommended the USB take necessary actions to ensure the protection of veterans' records.

*Overall
Working
Conditions*

We observed the VARO workspace at the annexed site to be damp, dank, and smelling musty and moldy. Other areas of concerns reported to OIG by VARO staff about the overall working conditions follow.

- There were no bathrooms available for staff within the secured VARO workspace. As such, approximately 150 staff routinely left secured workspace to access bathrooms located in the building. One of these bathrooms was located in an unfinished and rundown part of the building adjacent to a loading dock.

- Numerous staff recounted stories of insect infestations and rodents. We confirmed the workspace at the annexed site was cited by OSH Administration for a repeat violation for failing to control vermin in July 2013.

- During inclement weather, staff were required to cover VA equipment with plastic tarps in order to avoid water damage from the leaking roof.

- A number of employees told us they experienced various health problems they felt were related to stale air and overall work environment at the annexed site.

Performance Related Concerns

Staff working at the National and Pension Call Centers reported that their working conditions were stressful, with little to no time between calls. New production standards mandate an average of 11 minutes and 15 seconds for calls related to pension benefits and 8 minutes and 30 seconds for all other calls. Call center staff indicated time allotted was not sufficient for elderly or hearing-impaired callers. Staff complaints also indicated little, if any, "wrap time" existed between calls, making it difficult to enter notes in the electronic record. Staff also told us they found it difficult to meet the timeliness goals when callers are tearful or irate.

Additionally, staff told us and we confirmed, performance standards do not allow staff to be off the phones for more than 30 minutes daily, excluding two 15-minute breaks and a 30-minute lunch period. Employees believe the allotted off phone time is insufficient to enter notes, read emails, and stay current on management changes to policy and procedures.

Further, call center staff are required to use approved scripts for specific call types, reportedly making them seem robotic, nonsensical, or downright misleading. One call center employee complained about being required to promote VBA's eBenefits system. The employee reported she had to read the eBenefits script to a veteran who was telling her about his struggles with homelessness. Staff told us the scripts give veterans unrealistic time frames for pending claims and appeals.

Conclusion

We received numerous complaints about working conditions at a geographically separated annexed worksite of the VARO and based on our own observations, we alerted the USB of conditions violating OSH Directives. We are also concerned about the reasonableness of new performance standards requiring staff to complete calls, on average in less than 8½ minutes. The timeliness standards may result in compromised customer service to many callers, such as the elderly, those with hearing impairments, and in responding to tearful and irate callers.

Over the course of our review of the Philadelphia VARO, we substantiated serious issues involving mismanagement and that impede effective operations and services to veterans. It is imperative that VARO leadership work to restore the trust of employees and promote open communication. The VARO can be successful by working transparently and engaging the staff to work together to deliver vital services and benefits to veterans and their families as it oversees the administration of approximately $4.1 billion in annual eligibility payments. Providing a safe and healthful working environment where employees can openly discuss concerns related to delivery of benefits and services is a major step to rebuilding that trust.

Recommendations

33. We recommended the Under Secretary for Benefits take immediate action to ensure Veterans Benefits Administration workspace complies with VA Occupational Safety and Health requirements contained in Federal laws, regulations, and executive orders.

34. We recommended the Philadelphia VA Regional Office Director ensure veterans' records and VA equipment are adequately safeguarded.

35. We recommended the Under Secretary for Benefits conduct an independent review of production standards for Pension Call Center staff to determine if the timeliness standard is reasonable and obtainable without compromising the quality of customer service to callers.

Management Comments

The USB concurred with our recommendations. Planned actions include relocation of all VA staff from leased space to the Philadelphia VARO proper by the end of May 2015. Additionally, the USB reported two air quality test were conducted—one in November 2013 and a second in December 2014. VA employees who requested moves to VARO proper due to medical reasons have been relocated through the Reasonable Accommodation Program. The USB indicated the leased area already had measures in place to safeguard records such as the requirement for card access to VARO workspace, nine security cameras, and a security guard during normal business hours.

The USB also agreed to conduct a review of production standards for Pension Call Center staff to determine if timeliness standard could be obtained without compromising the quality of customer service. VBA's Office of Field Operations will create a work group to assess how changes in procedures and work environment affect existing standards. The group, which will include call center leadership and staff, will start work on April 20 and provide its findings by October 30, 2015.

OIG Response

The USB's planned corrective actions are responsive to recommendations.

Appendix A   VARO Profile and Scope and Methodology

Organization   Delivering timely and accurate benefits and services to the millions of veterans who served in our nation's armed forces is central to VA's mission. The Philadelphia VARO is responsible for administering a range of benefits to 825,000 veterans and their families living in eastern Pennsylvania, southern New Jersey, and Delaware. These services include administration of compensation and pension, loan guaranty, national call center services, and vocational rehabilitation and employment benefits—programs that annually total approximately $4.1 billion.

Scope   We conducted this review from June through February 2015. We initiated this review in response to allegations first reported to the VA OIG Hotline in May 2014. We performed an unannounced visit to the Philadelphia VARO on June 19, 2014. Based on our initial assessment of the conditions, we issued a Management Advisory Memorandum on June 20, 2014, to alert the USB of situations requiring corrective actions. Shortly thereafter, we issued another notification to the USB on July 23, 2014, outlining concerns about facility conditions at an annexed site of the Philadelphia VARO.

Generally, the allegations and complaints related to operational areas of the VARO involving data integrity, public contact, financial stewardship, and mail management. We also received allegations and complaints related to working conditions. Further, while conducting our review, we observed other areas of noncompliance and concern warranting the attention of VARO management.

Methodology   Due to the multitude and broad range of issues, we assembled a multidisciplinary team comprised of VA OIG benefits inspectors, auditors, and criminal and administrative investigators. To address our review objectives, we reviewed applicable laws, regulations, policies, procedures, and guidelines. This audit used a two-stage sampling approach to sample mail. At the first stage, eight bins were randomly selected. At the second stage, 12 mail pieces were selected using systematic sampling from each of the eight bins. This methodology was designed to achieve a precision of 8 percent within a 90 percent confidence level. To estimate the total number of pieces of mail in the universe we multiplied the average number of pieces of mail per sample bin times the total number of bins in the universe.

From June 19, 2014, through December 10, 2014, we conducted over 100 interviews with VARO staff responsible for administering a range of benefits and services to beneficiaries to include the administration of compensation and pension disability claims, pension adjustments, public contact services at the national and pension call centers, and education benefits and services. We interviewed VARO staff from all operational areas to include clerical, technical, and managerial staff. We also interviewed whistleblowers who reported allegations of wrongdoing at the

Philadelphia VARO. Further, we conducted a complete physical inspection of all VARO workspace, including off site locations that house the Philadelphia National and Pension Call Centers.

Data Reliability

We obtained computer-processed data from VBA's Corporate Data Warehouse to address an allegation related to duplicate benefit payments at the Philadelphia VARO. To test the reliability of this data, we compared it with data extracted from VA's electronic systems of records by the OIG's Data Analysis Division. Our testing of the data disclosed that the data sets were sufficiently reliable for our review objectives. Additionally, we confirmed that the IRIS data provided by VARO staff was reliable for our review objectives. However, we could not attest to the reliability and accuracy of data entered into ASPEN. OIG staff confirmed the hard copy records of quality review errors did not match the results entered by VARO staff into ASPEN.

Standards

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. We planned and performed the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence developed from our comparative analyses of VA's electronic systems of records provided a reasonable basis for our findings and conclusions.

Appendix B   OIG Management Advisory Memorandum to USB

Department of Veterans Affairs   Memorandum

Date: June 20, 2014

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

Subj: Management Advisory—Issues of Concern with Processing Claims at the Philadelphia VA Regional Office

To: Under Secretary for Benefits (20)

1. This notification is to alert you of situations requiring corrective action now to ensure the proper establishment of correct dates of claims (DOC) for unadjudicated claims discovered. Further, action is needed to ensure documents are timely scanned into VA's electronic capturing systems and that all documents are associated with veterans' claims folders. In addition, we also found several instances where duplicate claims records resulted in duplicate payments to veterans or their dependents. We also identified an issue with electronic date stamps located in the Intake Processing Center (IPC) located in the Pension Management Center (PMC).

2. On June 18, 2014, we received information alleging that staff at the Philadelphia VA Regional Office (VARO) were "cooking the books" because they misapplied the rules associated with VBA's Fast Letter 13-10, "Guidance on Date of Claim Issues". According to the allegation, this misapplication resulted in staff inputting incorrect DOCs in the electronic record.

3. A team was sent to the Philadelphia VARO on June 19, 2014 to review this allegation. The guidance in Fast Letter 13-10 provides significant opportunities for VAROs to manipulate dates of claims. Incorrect application of DOC compromises data integrity related to timeliness of claims processing.

4. We obtained 30 unique examples where PMC staff used the "Unadjudicated Claims Discovered" memorandum. We found instances were staff did not use the correct DOC. This occurred because staff inappropriately applied the guidance delineated in VBA's Fast Letter 13-10. Specifically, when staff identify a claim located in a veteran's claims folder that was not previously adjudicated, they should establish the date of claim as the date the claim was discovered. However, in the 30 claims reviewed, we found staff were instructed to apply the "date discovered" rule on claims not found in the veterans' claims folders. Following are examples of how staff did not apply the "date discovered rule" correctly:

- Recent DOCs were entered in the electronic record when staff incorrectly cancelled a previously pending end product. In these instances, PMC staff were already aware that the claims existed, so they should have used the original date of claim and not applied the "date discovered" rule. This type of action makes the average days claims have been pending appear better than it would be if staff used the original date of claim.

- PMC staff did not provide a reason why they used the "date discovered" rule as required. However, in each of these cases, the Assistant Director signed the memorandum approving the use of a more recent DOC.

- After approval, the reporting requirement to VBA Compensation Service was not performed.

5. We also found 68 mail bins full of claims and associated evidence. Since 2011, these documents have not been scanned into Virtual VA. Our concern is the evidence located in these mail bins is needed for processing future claims, and until scanned, decision-makers may be making decisions without all of the required evidence.

6. VARO staff provided us with examples of several instances where veterans' or their dependents received duplicate payments resulting from duplicate records in VBA's electronic system. We were informed that this is an ongoing problem, both in the PMC and Veterans Service Center. Although management is aware of this issue, it is not a priority to correct and could result in potential improper payments.

7. Additional concerns center around the electronic date stamps used by PMC staff located in the IPC. Claims assistants utilize electronic date stamps to record the DOC on documents received. Management informed us that each claims assistant maintains their own key that allows them access to the mechanism inside where they can adjust the electronic date. Although we did not find any instance in this limited review where staff changed the electronic date, the opportunity exists to misrepresent the DOC. However, we did find an instance where the electronic date stamp incorrectly stamped documents with a future date. Management indicated they were aware of this and has instructed staff to cross-out the incorrect date stamp and re-stamp the documents with the correct DOC.

8. During our interview process, several staff from the PMC informed us they feared speaking with my team or providing my team evidence for fear of losing their jobs. Although my team reassured these employees they could speak to them or provide them evidence, many appeared apprehensive to do so. We request your assistance to encourage all VBA staff to cooperate and ensure no reprisal actions are taken when staff cooperate with OIG.

9. To address these situations, we recommend the following:

- Discontinue the use of Fast Letter 13-10 and have staff use the earliest date claims are received by VA as the DOC to ensure all claims receive proper attention and timely processing.

- Prioritize the scanning of claims and associated evidence we identified in mail bins into Virtual VA

- Prioritize the merging of duplicate claims to reduce the risk of potential improper payments

- Establish a key control point, limiting employees' access to keys for electronic date stamps.

10. Please provide your written comments to this Management Advisory by June 30, 2014. Your comments should provide an implementation plan and target completion dates for addressing these recommendations.

11. If you have questions or wish to discuss the issues in this Management Advisory, please contact me at 202-461-4725. We appreciate the cooperation your staff extended to us during our initial assessment review.

(original signed by:)

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

Appendix C   VBA Response to OIG Management Advisory Memorandum

Department of Veterans Affairs   **Memorandum**

Date: July 7, 2014

From: Under Secretary for Benefits (20)

Subj: OIG Management Advisory— Issues of Concern with Processing Claims at the Philadelphia VA Regional Office

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

1.   1.   Attached is VBA's response to the OIG Management Advisory— Issues of Concern with Processing Claims at the Philadelphia VA Regional Office.

2.   Questions may be referred to Kurt Hessling, Director, Program Integrity & Internal Controls Staff, at (202) 461-9072.

(original signed by:)

Allison A. Hickey

Attachment

Attachment

Veterans Benefits Administration (VBA)
Comments on OIG Management Advisory Memorandum
Issues of Concern with Processing Claims at the Philadelphia VA Regional Office

VBA concurs with OIG's findings and provides the following comments in response to the recommendations in the OIG Management Advisory Memorandum:

Recommendation 1: Discontinue the use of Fast Letter 13-10 and have staff use the earliest date claims are received by VA as the DOC to ensure all claims receive proper attention and timely processing

VA's Response to Management Advisory: Concur. On Friday June 27th, 2014, we issued a moratorium for FL 13-10 while we thoroughly review our implementation and determine the appropriate way to move forward.

Recommendation 2: Prioritize the scanning of claims and associated evidence we identified in mail bins into Virtual VA.

VA's Response to Management Advisory: Concur. The documents in these bins do not represent unworked mail, but rather "drop file" documents associated with completed claims that are pending imaging into the Veteran's Virtual VA electronic claims record. These documents were previously reviewed by the Pension and Fiduciary (P&F) Service during a site visit in July 2013. The Regional Office (RO) has made a concerted effort to reduce this backlog of completed documents to be imaged, and has added resources to this mission as they become available. All RO decision makers are aware that these documents exist and that they can obtain them from the bins if needed in connection with a pending claim. Employees can cross reference the date a previous claim was completed with the published dates of the materials covered in the scanning backlog. The RO currently has 40 bins of documents in this imaging backlog. The scanning of these documents will be completed by the end of the fiscal year.

Recommendation 3: Prioritize the merging of duplicate claims to reduce the risk of potential improper payments

VA's Response to Management Advisory: Concur. VBA is aware of this problem and has local and national controls in place to address it. At the local level, intake processors receive training on searching VBA systems to identify existing records before establishing a new record for a claimant. In addition, decisions on claims generally receive an authorizer's review and may require additional reviews depending upon the amount of an award of benefits. Finally, in fiscal year 2014, Compensation Service and P&F Service piloted new procedures, under which they returned some systems functionality for correcting duplicate records to field personnel, specifically intake processing coaches. This procedural change allows the coaches to correct duplicate records as soon as they are identified by intake personnel.

On the national level, VA's Hines Information Technology Center (ITC) generates monthly cumulative reports that identify duplicate payments in VBA's corporate database. One report identifies beneficiaries who have two running awards for the same benefit ("duplicate payments" in the table below), such as two compensation awards, while the other report identifies beneficiaries who have more than one running award for different benefits ("multiple payments" in the table), such as one for compensation and one for pension or education benefits. Duplicate payments require immediate corrective action, while multiple payments may be correct depending upon the benefits that the beneficiary receives. The Services use these reports to identify trends and request further evaluation and appropriate action by field personnel. The monthly report allows VBA to timely address duplicate payments. For the months of April through June 2014, ITC reported the following:

	10-Apr-14	**29-May-14**	**17-Jun-14**
Duplicate payments	71	64	57
Multiple payments	266	186	182

The Services are also working with VBA's Office of Performance Analysis and Integrity to determine whether it would be feasible to obtain periodic reports on beneficiaries who have duplicate records but not duplicate records in the corporate database (only some duplicate records result in duplicate payments).

To reduce the creation of duplicate records in VBA's systems, Compensation Service provided guidance to VBA's regional offices on September 23, 2013, on how to prevent duplicate records. P&F Service provided similar guidance to the Pension Management Centers (PMC) during the February, April, and June 2014, monthly PMC calls. Additionally, the Services developed standardized training for field personnel on how to avoid creating duplicate records and the steps to take to correct the system when they identify a duplicate record.

Recommendation 4: Establish a key control point, limiting employees' access to keys for electronic date stamps

VA's Response to Management Advisory: Concur. Although the RO was in compliance with VBA policy related to the control of electronic date-stamp machines and the OIG stated they did not find any instance where staff changed the electronic date stamp, the RO will begin date stamping incoming mail in the mailroom effective Friday, July 11, 2014. With the exception of a small number of date-stamp machines located in the Public Contact Activity and division front offices, all date-stamp machines are being relocated to the mailroom. The date-stamp machines in Public Contact and division front offices are necessary to facilitate business needs (e.g., incorrectly routed mail, delivery of mail by Veterans Service Organizations, documents from AFGE, etc.). These date stamps will continue to be delegated to the individual, with controls in place by the Records Management Officer. Employees will continue to be delegated to a specific machine so that the RO maintains an audit trail. All unused and unassigned machines will be secured by the Records Management Officer.

Appendix D   OIG Management Implication Notification

Department of Veterans Affairs   # Memorandum

Date: July 23, 2014

From: Assistant Inspector General for Investigations (51)

Subj: Management Implication Notification - Occupational Safety and Health (OSH) (2014-03651-IQ-0127)

To: Under Secretary for Benefits (20)

This memorandum contains information on facility conditions at the VA Regional Office's space at ███████████████, Philadelphia, PA, which are in direct violation of VA OSH Directive 7700. While assisting OIG Office of Audits and Evaluations in interviewing VBA employees in that office space, VA employees told us, and by our own observations, we learned of unacceptable conditions within this building, which reportedly have adversely impacted employee health, morale, and productivity.

VA policy states that Under Secretaries shall ensure compliance with VA's OSH directives and handbooks, as well as ensure a safe and healthful work environment. It also requires a compliance with occupational safety and health requirements contained in Federal laws, regulations, executive orders, VA directives, and labor-management OSH agreements. VA Directive 7700, dated February 11, 2009.

The VBA call center shares a warehouse built in 1928 with various other Federal, public, and private employers. It is located in an industrial, economically depressed, high-crime area. A registered sex offender even lists this as his address. To enter the property from one of the access points, employees must walk through a loading dock, and one employee told us that she was almost hit by a vehicle as she entered the building through this loading dock.

Loading Dock and Dumpsters

VBA employees need a badge to enter their space; however, it is located within an unsecured building, allowing anyone to follow an employee into VBA's space. Doors appear to be completely unsecure in the majority of areas near VBA's space. There have been reported thefts of a VA laptop and money from VBA's space. The security officer told us that he told his superiors that there were security concerns within the building, and employees told us that at any given time, there was only one security officer on the premises.

Unsecured Doors

There are no restrooms restricted to VBA use and VBA employees use the same bathrooms used by non-VA rehabilitation patients in the building who periodically use these restrooms for bathing or other activities. One female employee said that she was told to dress down and wear baggy clothes when using the gym equipment and that she should be careful around the rehabilitation patients, as some can be overly attentive, aggressive, or violent. One women's restroom is located in a rundown darkened area of the loading dock, and female employees, to include those who are pregnant, must walk adjacent to the loading dock to get to this restroom. Employees said that temperature control during the colder months in the warehouse is so poor that they can see their breath crystalize and fingernails turn blue at their workstations. They also report that the hallways leading to the restrooms are unheated, as are the restrooms because of broken heaters. Consequently, employees report wearing winter coats to the restroom during their closely-monitored restroom breaks in cold weather.

Hallway to Women's Restroom   **Women's Restroom**
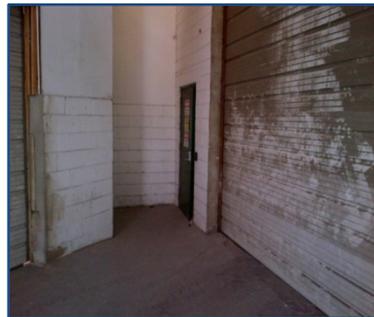
Moreover, VBA's space has a false ceiling, numerous ceiling tiles are missing, and we clearly saw from inside VBA's space to the non-VA area. VBA's space contains veterans' personally identified information (PII), which could be easily accessed from the non-VA space through the false ceiling or unsecured doors. We found VBA's

space and the building damp, dank, smelly, musty, and moldy, and employees told us that they witnessed infestations of vermin and gnats in their working areas. Moreover, noise pollution in which every noise echoes and reverberates and flickering overhead lights in the conference rooms serve as distractions to the employees.

VBA call center supervisors keep plastic tarps near employee work stations to cover VA equipment when it rains to avoid water damage from the leaking roof. More than one employee told us that once they moved into this building, they began suffering from various health problems as a result of the stale air and environment. OIG investigators noticed a difference in their breathing abilities, after spending only a few days there. EPA refers to this as "sick building syndrome," described as situations in which building occupants experience acute health and comfort effects that appear to be linked to time spent in a building. www.epa.gov/iaq/pdfs/sick_building_factsheet.pdf

Plastic Tarp on VA Equipment   **Building Hallway**
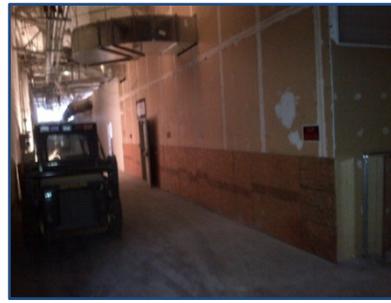
GSA's Sustainable Facilities Tool website, https://sftool.gov/, describes indoor environmental quality (IEQ) as the conditions inside a building and that studies show an increase in worker productivity when improvements are made to a space's IEQ.

We suggest that you take whatever immediate action is necessary to ensure that this VBA workspace complies with VA's OSH directives and handbooks, as well as ensure a safe and healthful work environment and that the space complies with occupational safety and health requirements contained in Federal laws, regulations, and executive orders. Further, ensure that all veteran records are adequately protected.

Please contact me at (202) 461-4526, if you have any questions or require additional information.

(original signed by:)

James J. O'Neill

Appendix E   Under Secretary for Benefits Comments

**Department of
Veterans Affairs**   **Memorandum**

Date: April 8, 2015

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report—Review of Alleged Data Manipulation and Mismanagement at VA
Regional Office Philadelphia, PA—VAIQ 7579265

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

1. Attached is VBA's revised response to the OIG Draft Report: Review of
   Alleged Data Manipulation and Mismanagement at VA Regional Office
   Philadelphia, PA.

2. Questions may be referred to Christine Ras, Program Analyst, at 461-9057.

(o*riginal signed by:)*

Allison A. Hickey

Attachment

Attachment

Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Review of Alleged Data Manipulation and Mismanagement at VA Regional Office Philadelphia, PA

The Veterans Benefits Administration provides the following comments:

The report in its entirety for the Philadelphia Regional Office (RO), <u>reflects the conditions as they were over a year ago</u>.

The new Philadelphia VARO Director is building working relationships with RO employees and local stakeholders by expanding and improving communications and focusing on creating a culture that puts Veterans and their eligible beneficiaries first.

Below is a beginning list of initiatives launched or maintained by the new director in her first several months at the RO. While there is more to do in the multiple business divisions that make up the Philadelphia VARO, positive strides have been achieved or initiated in a short time since the new RO Director arrived in July 2014 and amidst various challenges.

Expanding avenues for communication with employees to discuss issues, ideas, and ways to improve the VARO.
- New VARO Director Employee Town Halls on August 13, 2014; <u>total of 40 Employee Town Halls</u> held by end of February 2015.
- <u>Monthly summaries</u> sent directly to employees from Director and Division managers since July 2014.
- Placed <u>suggestion boxes</u> in VSC in January 2015 to obtain feedback anonymously from employees
- Created <u>All Employee Survey (AES) workgroup</u> in November 2014 of volunteer employees to analyze the data, review the findings, and develop an AES action plan to address top three areas for immediate improvement.

<u>Results</u>
- VARO Director received feedback and discussed issues and ideas directly with employees, which led to the transition of Employee Town Halls to the Employee Listening Posts.
- Listening Posts initiated in November 2014 on topics of work processes and procedures, communication, training and employee morale
- <u>Conducted training for all supervisors to increase communication</u> and provide tools for supervisors to build trust and improve interactions with employees.
- VSC received <u>17 suggestions</u> as of March 13, 2015, through suggestion boxes.
  - Of the 17 received, three (3) were implemented, three (3) referred to other internal RO divisions, five (5) required clarification of policies and procedures based on the identified topic, and six (6) are pending review.
  - Suggestions submitted are themed around process improvements and employee morale.
  - Philadelphia VARO is in process of installing suggestion boxes in all other divisions.
- <u>Reenergized the Collaborative Strategies</u> group and associated activities. Collaborative Strategies groups include: Diversity, Inclusion and Awareness Committee; Safety Committee; VA Employees Association; Housekeeping; Cafeteria Workgroup; and the Employee Recognition committee.
- AES workgroup analyzed key findings from the 2014 AES results and compared with prior AES results; prioritized key goals and created action plan.

Conducting training for all supervisors to increase communications and provide tools for supervisors to build trust and improve interactions with employees.

- Philadelphia VARO held a two-day Team Building and Emotional Intelligence training session in December 2014, attended by 43 supervisors/managers.
- Training focused on development of tools resulting in a set of values (pillars) by which supervisors/ managers will lead with a Veteran centric focus.
- Additional leadership training session was provided by VBA Employee Development and Training Office on February 5, 2015, attended by 22 supervisors/managers.
  Results
- Improved communication between RO leadership and all employees through clearer, consistent messages, monthly feedback, and team outcomes.

Improving physical appearance of RO space, including the public contact area, to enhance the environment for both Veterans and employees.
- Feedback from employees and Veterans prompted RO Director to examine areas for improvement.

Results
- National Call and National Pension Call Centers are scheduled to return to the 5000 Wissahickon location from current location. (May 2015)
- Veteran centric pictures were hung in the Public Contact hallway as well as emblems for each branch of service. (November 2014)
- Improved the Public Contact hallway to receive Veterans with warm colors and recognition through an innovative video information feed about the Department of Veterans Affairs. (January 2015)

Enhancing relationships and improving communications with stakeholders
- Conducting weekly meetings with local AFGE president to improve communication and increase transparency.
- Implemented Advocacy Team in December 2014 to better manage congressional inquiries and instituting use of a third digit modifier to track and monitor inquiries received for pending appeals and non-rating
- Local media has been invited to all RO Town Halls conducted in the Philadelphia and Wilmington VARO jurisdictions.
- Conducting bi-annual congressional seminars
- Conducting two recurring VSO meetings each quarter
- Engaging directly with Veterans and stakeholders at quarterly town halls and claims clinics

Results
- Philadelphia RO leadership has developed better understanding of the local AFGE President's positions through increased frequency of collaboration.
- Philadelphia VARO VSC Advocacy Team completed 205 congressional inquiries in its initial two month period, for a decrease of 56 percent pending, at end of January 2015; Average Days Pending (ADP) was 57 days at end of January 2015, a reduction of 13 days (19 percent) in two months.
- Media Round Table held December 12, 2014, to provide overview of VA benefits and build relationships with local media; local NBC News Philadelphia has agreed to post information to their news webpage, including benefits information, upcoming Veteran Town Halls, and other RO announcements.
- Most recent Congressional Seminar was held October 23, 2014, and the next is scheduled for May 2015.
  - o These seminars are always well attended by local congressional staffers.
  - o RO leadership addresses staffers' specific questions regarding claims pending.
- As part of a VA-wide initiative, the Philadelphia VARO held its first Veterans Town Hall and Claims Clinic on November 10, 2014. The Philadelphia VARO supported the VAMC at the first Philadelphia VAMC Veterans Town Hall on October 15, 2014.
  - o RO leadership and employees engaged directly with Veterans and their families to provide updates, answer questions, and talk with Veterans about individual claim inquiries

> ○ Quarterly Veteran Town Halls and Claims Clinics in FY15 have taken place from November 2014 to present, and the VARO has hosted four across the Philadelphia and Wilmington VARO jurisdictions. The RO has supported 10 VAMC Veteran Town Halls across the Philadelphia and Wilmington VARO jurisdictions.

All of these proactive initiatives under the new VARO Director are taking root to improve the RO culture, build and strengthen relationships with stakeholders, and contribute to the overall success of the office for the benefit of the Veterans, their beneficiaries, and survivors.

Technical Comments:
Page iii, item 12, first paragraph:

> "We found that delays in scanning this documentation persisted in spite of a prior recommendation for improvement from VBA's Pension and Fiduciary site review team. However, the review team did not follow up to ensure actions were taken."

VBA Comment: Pension and Fiduciary (P&F) Service identified the delay with scanning claim-related documents into Virtual VA and noted this finding in the site visit report as requiring action from the Regional Office (RO). Prior to the OIG investigation, the Philadelphia PMC had adjusted its processes to incorporate up-front scanning of documents to align with the other two PMCs. Also, resources were dedicated to imaging the remaining completed workload prior to the OIG investigation.   P&F Service continues to follow up regularly with the RO on their progress towards fully implementing this recommendation.

Page 4, last paragraph:

> "We are concerned that the piecemeal approach taken by VBA to discontinue the use of Fast Letter may have confused claims processing staff at VBA's 56 VAROs."

VBA Comment: We object and non-concur to the characterization of our process to notify field personnel as a "piecemeal approach."   Within one week of OIG identifying a concern regarding the implementation of Fast Letter 13-10, VBA followed its standard practices for notification by directing all ROs through their respective Area Offices to immediately suspend using this guidance. This ensured the message was distributed to all employees ranging from senior leadership to claims processors. Four business days later, a second message was sent to all ROs using this same method reiterating this message.

Approximately 60 days later in September 2014, VBA's Compensation Service provided refresher notice to the field offices to use the earliest date stamp as the date of claim for previously unadjudicated claims. Notice was again provided on January 22, 2015, reminding all claims processors that VBA suspended FL 13-10, effective June 26, 2014.

While VBA provided four separate notices to the field offices, each message consistently reinforced the decision to discontinue this policy. In addition, by reinforcing notification over the six-month period, VBA ensured all new-hire decision makers were aware of the policy change.

Page 22, first paragraph, first sentence:

> "VBA's Compensation and Pension Services also provided guidance to VARO's on preventing duplicate records and correcting the system once staff identified duplicate records."

VBA Comment: This sentence should read "VBA's Compensation Service and Pension and Fiduciary Service also provided . . . "

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

Recommendation 1: We recommended the Under Secretary for Benefits convene an Administrative Investigation Board to determine if VARO management intentionally misapplied the guidance as a means to remove aging claims from its inventory.

VBA Response: Concur. Immediately upon receipt of this report, the Eastern Area Director formally appointed an Administrative Investigation Board (AIB). This panel of four members will commence its investigation on March 23, 2015. The AIB will review the Philadelphia RO's implementation of FL 13-10, which occurred prior to the arrival of the new RO Director in July 2014—over nearly a year ago. VBA discontinued use of FL 13-10 guidance effective June 27, 2014. Once the AIB completes the investigation, a determination regarding any necessary administrative action will be taken. The AIB has been directed to submit its report to the Eastern Area Director no later than June 30, 2015.

Target Completion Date: June 30, 2015

Recommendation 2: We recommended the Under Secretary for Benefits review leadership performance and restore accountability for completing work requirements in accordance with Veterans Benefits Administration policy.

VBA Response: Concur. Before the arrival of the new Director, VBA suspended Fast Letter 13-10 on June 27, 2014. The Philadelphia VARO complied immediately, and the new RO Director charged the leadership of the Veterans Service Center and Pension Management Center to ensure the earliest date of receipt of the claim is consistently used to establish claims in the system. RO leadership immediately engaged all employees and directed compliance.

Establishing the correct date of claim in accordance with VA guidelines is a review element in VBA's quality assurance programs. According to the most recent STAR reports, the Philadelphia RO's effective-date accuracy rates are as follows:
• The VSC accuracy is 98 percent as of March 20, 2015
• The PMC accuracy is 97 percent as of March 20, 2015

As demonstrated by the high accuracy percentages, the Philadelphia VA Regional Office continues to monitor quality to ensure accuracy of effective dates.

VBA requests closure of this recommendation.

Recommendation 3: We recommended the Philadelphia VARO Director implement a plan to ensure staff follow the standardized checklist when conducting and entering internal quality reviews results.

VBA Response: Cannot concur at this time, pending results of the AIB. The Philadelphia RO has continuously used the standardized checklist in VBA's Automated Standardized Performance Elements Nationwide (ASPEN) system. The Philadelphia RO ensures staff assigned to conduct quality reviews follow the standardized ASPEN checklist when conducting and entering internal quality review results. Nevertheless, the Eastern Area Director will charge the Administrative Investigation Board (AIB), which will commence on March 23, 2015, to review this issue. The AIB's report will be submitted to the Eastern Area Director no later than June 30, 2015.

Recommendation 4: We recommended the Philadelphia VARO Director take appropriate administrative action to hold staff accountable for altering quality review results.

VBA Response: Cannot concur at this time, pending results of the AIB. The Philadelphia RO Director does not support administrative action without conducting an internal review of the 87 individual quality reviews. The data identifying the 53 quality reviews in question was not received from the OIG until March 9, 2015. The data for the remaining 34 reviews was received from the OIG on March 17, 2015. Following the RO's internal review, the AIB will conduct a subsequent external review of the 87 individual quality reviews. The results of the internal and external reviews of the data will be assessed to determine if administrative action is warranted. The AIB's report will be submitted to the Eastern Area Director no later than June 30, 2015.

Recommendation 5: We recommended the Philadelphia VARO Director conduct a review of the 53 altered quality reviews to determine if the altered results affected veterans' benefits or an individual's performance and take corrective actions as required.

VBA Response: Cannot concur at this time, pending results of the AIB. **The Philadelphia RO received the data identifying the 53 quality reviews in question from the OIG on March 9, 2015, and immediately commenced its review of the Veterans' claims to determine if any benefits were affected.** The Philadelphia RO anticipates completion of its review of these 53 cases by March 23, 2015. The data for the remaining 34 cases was received from the OIG on March 17, 2015. These claims will also be reviewed as quickly as possible. As stated in response to Recommendations 3 and 4, the AIB will conduct an external review of the 87 individual quality reviews to determine if administrative action is warranted for any RO personnel.   The AIB's report will be submitted to the Eastern Area Director no later than June 30, 2015.

Target Completion Date: June 30, 2015.

Recommendation 6: We recommended the Philadelphia VARO implement a plan to ensure and effectively monitor staff enter appealed claims in Veterans Appeals Control and Locator System within 7 days to ensure accurate and timely reporting to stakeholders.

VBA Response: Concur in principle. In June 2014, the Philadelphia RO Acting Director immediately instructed Veterans Service Center personnel to enter all notices of disagreement (NODs) into the Veterans Appeals Control and Locator System (VACOLS). The Philadelphia VSC's appeals control time has improved by 51 days in FY 2015. **The new regulation requiring use of the standard notice of disagreement form will enable more timely identification of NODs and help to significantly reduce control time.** Additionally, the Centralized Mail Initiative now implemented nationally will also help to improve control time. The Philadelphia VSC continues to monitor and strive toward the 7-day control time; however, additional appeals resources are needed and have been requested in the FY2016 budget. The RO is currently in the hiring process and will augment the appeals team with additional FTE before the end of the FY15. In the FY 2016 President's Budget, VBA is requesting funding for an additional 200 appeals processors but the full request expressed in the summer of FY 2014 was in excess of 700 FTE.

Recommendation 7: We recommended the Philadelphia VARO Director implement a plan to ensure efficient operations when processing appealed claims, to include determining if additional staffing is required to process approximately 700 appealed claims from another VARO.

VBA Response: Concur. Since June 2013, the Philadelphia Appeals Team has been working aggressively to integrate the Wilmington appeals workload into its operations.
In December 2014, the Philadelphia RO was authorized to hire personnel specifically to process appeals workload, and is currently in the hiring process. The Appeals Team will be augmented with 8 Veterans Service Representatives (VSRs) before the end of FY15. In the FY 2016 President's Budget, VBA is requesting funding for 200 additional appeals processors, but the full request expressed in the summer of FY 2014 was in excess of 700 FTE.

Target Completion Date: October 1, 2015

Recommendation 8: We recommended the Under Secretary for Benefits implement a contingency plan to address backlogged inquiries received through the Inquiry Routing and Information System to ensure timely responses are provided to veterans and their families.

VBA Response: Concur. VBA will conduct an analysis of pending inquiries received through the Inquiry Routing and Information System (IRIS) at all ROs and develop a contingency plan to address out-of-line performance. The Philadelphia PMC dedicated additional resources to eliminate its backlog. As of March 15, 2015, there are fewer than 300 inquiries pending with the Philadelphia PMC.

Target completion date: June 30, 2015

Recommendation 9: We recommended the Under Secretary for Benefits clarify timeliness goals for responding to inquiries received through the Inquiry Routing and Information System.

VBA Response: Concur. VBA's timeliness standard for responding to IRIS inquiries is 5 business days. This guidance can be found in the Benefits Assistance Service Procedures Manual, M27-1, Part I, Chapter 6, Section 3, Timeliness Standard for Responses, which states: "The timeliness standard for responding to emails and IRIS messages is five workdays. This standard is automatically programmed into the IRIS application." The 8-day target listed on the National Directors' Performance Dashboards is an incremental station performance target toward achieving the 5-day standard and only applies to the IRIS Response Center Director.

VBA requests closure of this recommendation.

Recommendation 10: We recommended the Under Secretary for Benefits modify performance measures to include the number of pending electronic inquiries awaiting responses from VARO Office staff.

VBA Response: Concur. On a bi-weekly basis, national reports are generated from the Inquiry Routing and Information System (IRIS) that detail the number of inquiries pending at each RO. This report is sent to all ROs for performance monitoring and action. VBA is developing an RO dashboard measure that captures the timeliness of responses to IRIS inquiries.

Target Completion Date: September 2015

Recommendation 11: We recommended the VARO Director ensure supervisory staff receive refresher training on records management disposition.

VBA Response: Concur. The Philadelphia RO completed Records Management training on records disposition for both VSC and PMC Records Management Officers and supervisors on March 16, within 10 work days of receiving the report on March 3, 2015. This training will be conducted annually. The electronic Talent Management System will be used to assign and record completion of the training.

VBA requests closure of this recommendation.

Recommendation 12: We recommended the Philadelphia VARO Director implement a plan that includes periodic reviews of records maintained by supervisory staff to ensure records are disposed of according to the records control schedule.

VBA Response: Concur. The Philadelphia RO updated its Records Management Program to include the Insurance Center and completed a 100-percent review of all facility work areas in July 2014. The Records Management Officer recorded findings of deficiencies, which were all corrected by September 18, 2014. The RO Records Management Officer will conduct annual reviews of the facility's Records Management Program through the RO's Systematic Analysis of Operations program. The supervisory records management training was completed March 16, 2015, and recorded in the VA Talent Management System. This training was expeditiously conducted within 10 work days of receiving this report on March 3, 2015.The division-level records management officers are responsible for ensuring adherence to the Records Control Schedule to include the disposition of employee personnel files.

Target Completion Date: March 31, 2015.

Recommendation 13: We recommended the Under Secretary for Benefits establish policies and procedures to standardize procedures for merging duplicate records that includes timeliness goals and oversight responsibility.

VBA Response: Concur. On March 7, 2015, VBA updated Part X, Chapter 6 of the M-21 Adjudication Procedures Manual to include current policy and procedures on merging duplicate records. Because the length of time needed to correct these records varies greatly depending on the complexity of each unique situation, VA's Hines Information Technology Center (ITC) generates weekly reports for Compensation Service and P&F Service that identify newly created duplicate payments in VBA's corporate database. The Services provide this listing to the appropriate RO of jurisdiction to terminate the erroneous payment and merge the duplicate records.

Additionally, the Hines ITC prepares a weekly summary report for VBA listing duplicate records pending correction. This enables the Office of Field Operations to provide oversight of the process through its Area and Regional Office Directors, to include monitoring the number and age of pending cases.

 VBA requests closure of this recommendation

Recommendation 14: We recommended the Philadelphia VARO Director take immediate action to merge the 248 duplicate records identified during our review and take timely action to terminate any improper payments associated with those records.

VBA Response: Concur. Correction of duplicate records has been an ongoing effort by the Philadelphia RO, as evidenced by the correction of 118 records completed prior to receipt of the data from the OIG on March 9, 2015. Resolution of duplicate records has been a top priority for the RO Director since she arrived on station in July 2014. Corrective action to merge system records often entails coordination with other VBA entities, such as Compensation Service, Pension and Fiduciary Service, and VA's Office of Information and Technology.

The OIG identified 248 duplicate records.
- **118 records were corrected prior to receiving the data from the OIG.**
- **23 records were identified through OIG data mining and are currently under review.**
- **107 records have been reviewed and are pending correction**.

Target Completion Date: September 30, 2015

Recommendation 15: We recommended the Under Secretary for Benefits develop and implement a plan to routinely provide VARO staff a listing of duplicate records and payment information so timely, corrective actions can be taken to merge the records and terminate improper payments.

VBA Response: Concur. VA's Hines ITC has for some time generated weekly reports for Compensation Service and P&F Service that identify newly created duplicate payments in VBA's corporate database. The Services provide this listing to the appropriate RO of jurisdiction to terminate the erroneous payment. To expedite the merger of these duplicate payment records, additional authorities were granted to select employees at each RO which allowed access to necessary system command beginning in October 2014. Additionally, the Hines ITC prepares a weekly summary report for the Services listing duplicate records pending correction. This enables the Services to provide oversight of the process, to include monitoring the number and age of pending cases.

VBA requests closure of this recommendation.

Recommendation 16: We recommended the Under Secretary for Benefits clarify policies and procedures related to recouping improper payments resulting from improper payments.

VBA Response: Concur. VBA has long-standing policies and procedures on the process for recouping payments made in error to any VA beneficiary. However, to ensure field users are consistently implementing this guidance, VBA is drafting a training letter summarizing the correct procedures for handling duplicate payments.

Target Completion Date: June 1, 2015.

Recommendation 17: We recommended the Under Secretary for Benefits revise policies and procedures to emphasize VARO Offices must minimize the number of date stamps issued, limit use of date stamps to authorized staff, and control date stamp keys as measures to prevent and deter potential fraudulent activity.

VBA Response: Concur. On July 11, 2014, the Philadelphia RO relocated all date-stamp machines to the mailroom, with a small number of date-stamp machines located in the public contact activity and division front offices needed to facilitate business requirements (e.g., incorrectly routed mail, delivery of mail by Veterans Service Organizations, documents from employee union officials, etc.)   The Records Management Officer (RMO) has implemented controls for these devices, ensuring each date-stamp machine is assigned to a specific employee. This enables the RO to maintain an audit trail and ensure accountability for securing keys to these devices. All unused and unassigned machines are secured by the RMO.

OIG confirmed that current VBA policy, specifically VBA Letter 20-09-10, VBA Policy to Maintain Accountability of Date Stamps, requires RO Directors to limit the use of date stamps to authorized staff and ensure date stamping equipment is secure during and after work hours. However, OIG noted that VBA Letter 20-09-10 is silent regarding the procedures for safeguarding date stamp machine keys, which allow staff to adjust the date on the device.   VBA will review local RO policies to identify best practices and update VBA Letter 20-09-10 to add key control procedures.

To ensure national compliance, VBA will incorporate specific language regarding date stamp policy as part of VA's Annual Assessment of Internal Controls and Management's Statement of Assurance.

Target Completion Date: October 1, 2015.

Recommendation 18: We recommended the Under Secretary for Benefits direct the Philadelphia VARO Director ensure staff process all mail concerning beneficiaries in the mailroom within 6 hours of receipt.

VBA Response: Concur. Based on feedback from the OIG while the team was onsite in June 2014, the incoming Philadelphia VARO Director immediately allocated supplemental staffing to the mail room to ensure that the mail is date stamped within 6 business hours of receipt. **The Philadelphia Veterans**

Service Center (VSC) implemented the new Centralized Mail Initiative on December 29, 2014. This initiative has virtually eliminated all incoming VSC paper mail. The VARO receives two shipments of incoming mail daily, a large portion being PMC mail.

VBA requests closure of this recommendation.

Recommendation 19: We recommended the Under Secretary for Benefits initiate independent, unannounced reviews of the Philadelphia VARO to ensure staff process mail within 6 hours of receiving the mail.

VBA Response: Concur. Since receiving the OIG's draft report, the Eastern Area Director has committed to conducting quarterly unannounced reviews of mail processing at the Philadelphia RO. The first review will be completed prior to the end of March 2015. The Eastern Area Director will advise senior VBA leadership of any issues that arise from these unannounced reviews.

VBA requests closure of this recommendation.

Recommendation 20: We recommended the Under Secretary for Benefits develop and implement a plan to ensure VARO staff prioritize scanning documents to the Veterans Benefits Administration's electronic repository to ensure the documents are timely associated with electronic claims folders.

VBA Response: Concur. The Philadelphia PMC adjusted its processes to incorporate up-front scanning of documents in alignment with the other two PMCs. On August 4, 2014, the PMC confirmed that all documents in its imaging backlog were scanned and indexed into Virtual VA (VVA). The PMC continues to meet the local 5-day timeliness standard for scanning incoming documents.

The PMCs did not scan Income Verification Match (IVM) documents for active or pending claims as VBA policy provides for optional scanning of these documents. However, to implement this recommendation, the PMC will also scan these documents into VVA. All other IVM documents will be addressed in accordance with the records control schedule and M21-1MR, Part X, Chapter 10, Topic 9.d.

Target Completion Date: December 1, 2015.

Recommendation 21: We recommended the Under Secretary for Benefits develop and implement a timeliness goal for scanning and uploading documents to the Veterans Benefits Administration's electronic repository.

VBA Response: Concur. The Philadelphia PMC adjusted its processes to incorporate up-front scanning of documents to align with the other two PMCs. Also, resources were dedicated to imaging the remaining completed workload prior to the OIG investigation. The PMC implemented a 5-day timeliness standard to ensure incoming documents are promptly associated with the claimant's electronic record.

VBA is transitioning all claims processing functionality to the Veterans Benefits Management System (VBMS). This system serves as VA's system of records and includes a document repository containing digital images of evidentiary and claim-related documentation. For claims processed within VBMS, VBA has contracted with a private scanning vendor to convert paper documents into digital images and upload these images into VBMS. This contract contains a timeliness standard allowing the vendor 5 business days to upload these documents into VBMS.

As VBA transitions the processing of all benefit claims to VBMS, the use of other document repository systems, such as Virtual VA, will decline. Pension and survivors claims processing is expected to transition to VBMS in FY 2016. At that time, the vendor will scan and upload all documents related to the processing of compensation and pension benefits within 5 days as required by contract.

VBA requests closure of this recommendation..

Recommendation 22: We recommended the Under Secretary for Benefits examine the effectiveness of Pension and Fiduciary Service's strategies for following up and closing out recommendations for improvement resulting from site visits.

VBA Response: Concur. The P&F Service site visit protocol provides the team with 30 days to issue a report following a site visit. The RO has 60 days to address the action items, submit a plan for improvement, and provide any supporting documentation to request closure of an action item. The site visit team monitors all open action items and requests status updates from the RO. To improve the efficiency of the site visit process, the P&F Service Director will amend the site visit protocol to add a timeliness standard for issuing subsequent reports detailing the current status of open action items.

Target Completion Date: September 1, 2015.

Recommendation 23: We recommended the Under Secretary for Benefits develop and implement a plan to ensure Philadelphia VARO staff take action to process its backlog of returned mail.

VBA Response: Concur. The Philadelphia RO certifies that **all returned mail was fully reviewed, properly identified, and properly routed for disposition as of August 28, 2014.** Returned mail that required additional processing was logged and tracked for completion. Out of over 24,000 pieces of mail, a total of 127 required additional processing, which has been completed. **The backlog of returned mail predated March 23, 2012. All returned mail since that date was timely incorporated as part of normal mail processing in accordance with VA policy and directives**.

VBA requests closure of this recommendation.

Recommendation 24: We recommended the Under Secretary for Benefits develop and implement a timeliness goal for VARO Offices to process returned mail.

VBA Response: Concur. Processing returned paper mail requires review of multiple VA and external systems in order to locate a claimant's or beneficiary's current mailing address. For offices that have paper returned mail, the Office of Field Operations will require a monthly roll up of the volume of this work. This will provide oversight to ensure progress is being made on completing necessary actions. The first submission will be due on April 30.

As VBA transitions into the Centralized Mail environment, all returned mail is automatically rerouted by the United States Postal Service (USPS) to the vendor sites where it is scanned, indexed as returned mail, and uploaded to the appropriate regional office portal based on zip code. VBA employees are able to view and process all returned mail directly from the portals based on a First In/First Out (FIFO) method. The FIFO processing procedures call for VBA employees to process the next oldest piece of mail in their assigned Centralized Mail portal queue by date of receipt. The Centralized Mail portal automatically prioritizes mail with the oldest date of receipt allowing VBA employees to easily locate the next oldest piece of mail – to include returned mail – for processing. This transparent FIFO processing method allows for returned mail to be viewed, tracked, and processed efficiently. This guidance was formalized in the Centralized Mail standard operation procedures (SOP) and communicated to the field April 2, 2015.

With the implementation of the Centralized Mail Initiative, VBA's long-standing performance metric of processing incoming rating-related mail and associating it with the paper claims file warrants review and update. VBA will conduct data-driven analysis to develop metrics for mail control in an electronic environment.

Target completion date: September 30, 2015.

Recommendation 25: We recommended the Under Secretary for Benefits implement procedures to ensure the improvement actions identified and recommended by VBA's internal review teams are appropriately addressed.

VBA Response: Concur. The Compensation Service Director and P&F Service Director will amend their site visit protocols to add a timeliness standard for issuing subsequent reports detailing the current status of open action items. The Services provide copies of these reports to the RO Director, Area Director, and Deputy Under Secretary for Field Operations to promote awareness and ensure the VSC or PMC timely addresses action items.

Target Completion Date: September 1, 2015.

Recommendation 26: We recommend the Under Secretary for Benefits develop and implement standardized procedures that includes an audit trail for the destruction of military file mail.

VBA Response: Concur. VBA has long-standing, standardized procedures for processing military file mail to include time limits for storing the documents prior to destruction. (See M21-1MR, Part III, Subpart ii, Chapter 1, Section B, Topic 8 and M21-1MR, Part III, Subpart ii, Chapter 4, Section H.) Additionally, VBA Letter 20-08-63, VBA Policy on Management of Veterans' and Other Governmental Paper Records, provides guidance including appropriate levels of review, for destroying military file mail.

VBA is in the process of transitioning all claims processing functions, including mail management, to a paperless processing system. A workgroup was tasked with developing standardized procedures for disposing of the paper after each document is electronically imaged and uploaded into our systems. These procedures will include system based auditing controls. VBA will revise its procedures to reflect the findings of the workgroup.

Target Completion Date: October 1, 2015..

Recommendation 27: We recommended the Under Secretary for Benefits develop and implement a plan to conduct routine accuracy reviews of mail categorized as military file mail prior to destruction.

VBA Response: Concur. VBA Letter 20-08-63, *VBA Policy on Management of Veterans' and Other Governmental Paper Records,* provides standardized guidance including appropriate levels of review, for destroying any claim-related materials to include military file mail.

> **Compensation Service currently reviews compliance of the procedures contained in VBA Letter 20-08-63 as part of its routine site visit protocol. The Under Secretary for Benefits directed Pension and Fiduciary Service to make this a special area of emphasis during its routine site visits on March 20, 2015.**

VBA requests closure of this recommendation.

Recommendation 28: We recommended the Under Secretary for Benefits conduct an independent review of all military file mail pending destruction at the Philadelphia VARO.

VBA Response: Concur. VBA Letter 20-08-63, *VBA Policy on Management of Veterans' and Other Governmental Paper Records,* provides standardized guidance including appropriate levels of review, for destroying any claim-related materials to include military file mail. The OIG did not find any instance of premature destruction of military file mail.

Since receiving the OIG's draft report, the Eastern Area Director has committed to conducting quarterly unannounced reviews of mail processing at the Philadelphia RO, to include military mail. The first review will be completed prior to the end of March 2015. The Eastern Area Director will advise senior VBA leadership of any issues that arise from these unannounced reviews.

Recommendation 29: We recommended the Philadelphia VARO Director ensure claims processing staff at the Philadelphia PMC receive refresher training on identifying and processing military file mail.

VBA Response: Concur. The military file mail identified by OIG had not completely gone through the RO review process. The records identified were not pending destruction. The Philadelphia PMC conducted military file mail training on April 24, 2014, in response to the identification of the need for training identified by the P&F Service. The RO has revised the military file mail process and continues to monitor it. The PMC and VSC will conduct refresher military file training by March 31, 2015.

Targeted Completion Date: March 31, 2015

Recommendation 30: We recommended the Under Secretary for Benefits develop and implement a plan to ensure Philadelphia VARO staff associate the remaining backlog of drop mail with veterans' claims.

VBA Response: Concur. The RO continues to work to clear the drop file backlog. VBA's Office of Business Process Integration is working on a solution to associate drop mail in the Centralized Mail portals that will be included in recompetition of the mail portal services contract.

Targeted Completion Date: September 30, 2015

Recommendation 31: We recommended the Under Secretary for Benefits develop and implement a plan that includes a timeliness goal to ensure mail is associated with electronic or paper claims folders prior to claims processing actions.

VBA Response: Concur. With the implementation of the Centralized Mail Initiative, VBA's long-standing performance metric of processing incoming rating-related mail and associating it with the paper claims file warrants review and update. VBA will conduct data-driven analysis to develop metrics for mail control in an electronic environment.

Targeted Completion Date: September 30, 2015

Recommendation 32: We recommended the Philadelphia VARO Director develop a plan that includes routine supervisory reviews of all space accessible by VARO staff as a measure to prevent improper storage of documents containing personally identifiable data.

VBA Response: Concur. **RO leadership completed a 100% review of all employee work areas as well as common areas on September 24, 2014.** Any actions requiring remediation were completed at that time. On February 26, 2015, leadership conducted a review of all common areas. Areas requiring remediation have been corrected as of March 18, 2015. The RO plans to conduct 100% employee work area reviews on an annual basis. Common areas will be reviewed bi-annually. In addition, the RO conducts random monthly desk audits as assigned by the Records Management Officer.

VBA requests closure of this recommendation.

Recommendation 33: We recommended the Under Secretary for Benefits take immediate action to ensure Veterans Benefits Administration workspace complies with VA Occupational Safety and Health requirements contained in Federal laws, regulations, and executive orders.

VBA Response: Concur. The Philadelphia RO will move all personnel from leased space at ███ ████████████ back to the 5000 Wissahickon Avenue location by the end of May 2015. Construction started on January 22, 2015, and is underway.

Two air quality tests were completed at the ██████████████████ location. The first was completed on November 4, 2013, and the most recent was completed on December 23, 2014. Federal agencies are required to do air quality tests every three years. Employees who requested to be moved to the 5000 Wissahickon Avenue location due to medical reasons have been relocated through the Reasonable Accommodation Program.

Targeted Completion Date: May 31, 2015

Recommendation 34: We recommended the Philadelphia VARO Director ensure veterans' records and VA equipment are adequately safeguarded.

VBA Response: Concur. The ██████████████████ location is a level one facility. There were measures already in place to safeguard Veterans' records and equipment at the time of the relocation of the two Call Centers in October 2011. Multiple steps were in place to secure the facility beyond what is required of a level one Federal building. The ██████████████████ location is safeguarded with a card access system for all areas belonging to the RO; nine security cameras were installed in July 2011; a security guard has been stationed at the location during normal business hours since October 2011; and a burglary and intrusion alarm system was installed in January 2014. In August 2014, employees were directed not to use the loading dock, but to use the other two secure entrances to enter or exit VA space. The Philadelphia RO is in the process of moving all personnel back to the 5000 Wissahickon location.

VBA requests closure of this recommendation.

Recommendation 35: We recommend the Under Secretary for Benefits conduct an independent review of production standards for the Pension Call Center staff to determine if the timeliness standard is reasonable and obtainable without comprising the quality of customer service to callers.

VBA Response: Concur. VBA does not condone any compromise to customer service.   VBA recognizes that some calls require a special level of service and has designated these calls as "special care" calls. Special care calls are allotted extra time to ensure a high level of service to the caller. There are also other call types that are excluded from an agent's client contact management average and therefore do not negatively impact an employee's performance. The Client Contact Management standard is an average across a variety of call types that vary in length. Agents are also allowed a total of 45 minutes throughout the day to enter notes, read emails, and complete after-call work items. In addition, all agents attend 2 hours of training each week to stay current on all policy and procedural changes. There is also a procedure in place that allows additional excluded time throughout the day as needed.

VBA measures both internal call quality and external caller satisfaction on a monthly basis to ensure we are providing the highest level of service to our callers and satisfying special needs. Veterans tell us through the J.D. Power and Associates feedback surveys that we are providing them with the information they need to access benefits they have earned. JD Power and Associates reports Client Satisfaction Index Scores for both the Pension Call Center and the Philadelphia National Call Center (NCC) that meet or exceed the JD Power Government benchmark of 731.

JD Power Philadelphia Pension Client Satisfaction Index Score: FY 14: 766
JD Power Philadelphia Pension Client Satisfaction Index Score: FYTD 15: 755
JD Power Philadelphia NCC Client Satisfaction Index Score: FY 14: 731
JD Power Philadelphia NCC Client Satisfaction Index Score: FYTD 15: 741

As part of our continuous improvement process, the VBA Office of Field Operations is creating a work group to reassess how changes in our procedures and work environment impact our existing Call Center standards, including the Pension Call Center. The work group will commence on April 20, 2015, and will include call center leadership, call center agents, and non-call center personnel. The work group will provide its assessment and recommendations for adjustments by October 30, 2015.

Target completion date: October 30, 2015

Appendix F   OIG Contact and Staff Acknowledgments

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