



# Office of Inspector General

## AUDIT OF DATA INTEGRITY FOR VETERANS CLAIMS PROCESSING PERFORMANCE MEASURES USED FOR REPORTS REQUIRED BY THE GOVERNMENT PERFORMANCE AND RESULTS ACT

*Data integrity for selected  
Veterans Benefits Administration  
GPRA performance measures can  
be improved by increased  
management oversight and review.*

**Report No.: 8R5-B01-147**  
**Date: September 22, 1998**



**DEPARTMENT OF VETERANS AFFAIRS**  
**Office of Inspector General**  
**Washington DC 20420**

**Memorandum to the Under Secretary for Benefits (20)**

**Audit of Data Integrity for Veterans Benefits Administration Claims Processing  
Performance Measures Used for Reports Required by the Government  
Performance and Results Act**

1. At the request of the Assistant Secretary for Policy and Planning, who was concerned about the accuracy of data used for the Government Performance and Results Act (GPRA), we initiated a multi-stage audit to examine the integrity of the data used for GPRA reports. This is the first in a series of audits to evaluate VA's most critical GPRA performance measures for validity, reliability, and integrity of the data. This audit assesses the accuracy of the following three Veterans Benefits Administration (VBA) GPRA performance measures:

- Average days to complete original disability compensation claims
- Average days to complete original disability pension claims
- Average days to complete reopened compensation claims

The assessment of these claims processing timeliness measures had two components. First, we examined the data processing systems in which timeliness data were input to determine whether the data were processed accurately and whether there were adequate controls to prevent bad data from processing. Second, we compared source documents to data input to the automated system to determine if the data had been accurately transferred to the automated system. This audit addressed the first component. Another report, which will be issued separately, will address the second component.

2. Our analysis of Fiscal Year (FY) 1997 data for the three selected VBA performance measures found that internal controls did not prevent invalid data from processing. VBA Regional Office (RO) personnel were able to input or change data to show better timeliness than actually achieved. Additionally, the inclusion of pre-discharge processing times distorts average processing times reported under GPRA. The pre-discharge program initiates the claims process before the veteran is discharged from military active duty.

3. Data used to calculate the three VBA performance measures reviewed lacked integrity because (i) Benefit Delivery Network (BDN) input commands could be used to

show better timeliness than actually achieved, and (ii) VBA did not retain transaction data. Since transaction data are routinely deleted, they are not available for management review and oversight. The temporary nature of transaction data makes VBA vulnerable to reporting errors and system manipulation. Also, pre-discharge processing times should not be calculated into the average processing times used for GPRA reports.

4. The audit found that the availability of transaction data in conjunction with an onsite inspection program can identify system manipulations or errors and help to ensure the accuracy of GPRA data. The report includes recommendations to:

- collect and analyze historical BDN transaction data to identify questionable or suspect transactions,
- institute onsite field inspections at ROs, and
- establish policy for reporting processing times expended on pre-discharge processing activities.

5. During the audit, we briefed program officials about our audit recommendations and conclusions. As a result of our briefing, VBA took action to correct the deficiencies identified. First, program officials obtained historical transaction data for future analysis and began establishing a system to collect and retain historical data. Second, VBA officials performed a review of 103,000 FY 1998 first quarter transactions to determine whether the system was being manipulated or errors were going undetected.

6. The Deputy Under Secretary for Management coordinated with the Under Secretary for Benefits and provided the Departmental response. They concurred with the recommendations and provided acceptable implementation plans. We consider the recommendations resolved and will follow up on the implementation plans.

For the Assistant Inspector General for Auditing

*(Original signed by William D. Miller)*

WILLIAM D. MILLER  
Director, Kansas City Audit Operations Division

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## **RESULTS AND RECOMMENDATIONS**

### **The Integrity of Claims Processing Timeliness Performance Measures Can be Improved by Better Management Oversight and Review**

Internal controls did not prevent invalid data from being processed through the Veterans Benefits Administration (VBA) automated systems to reports generated to comply with the Government Performance and Results Act (GPRA). We audited the reliability and integrity of three VBA claims processing performance measures reported for Fiscal Year (FY) 1997 and found that Regional Office (RO) personnel had the ability to input or change data to show better timeliness than actually achieved. The three performance measures audited were:

- Average days to complete original disability compensation claims
- Average days to complete original disability pension claims
- Average days to complete reopened compensation claims

We found that some data used to calculate the three performance measures listed above lacked integrity because (i) Benefit Delivery Network (BDN) input commands could be used to show better timeliness than actually achieved, and (ii) VBA did not retain transaction data.

The lack of adequate controls and lack of historical transaction data prevented management officials from identifying and correcting erroneous entries into the automated systems.

### **The Temporary Nature of Transaction Files Leaves VBA Vulnerable to Reporting Errors and System Manipulation**

VBA's performance measurement system is tracked on the BDN located at Hines, Illinois. The BDN keeps track of the elapsed time for each Compensation and Pension (C&P) claim, as well as other data, from when a claim is established to when it is resolved. The BDN lacks adequate controls to prevent RO personnel from manipulating data to reflect better claims processing timeliness than actually achieved. Also, since transaction data are routinely deleted, management is unaware of data manipulations or errors.

The BDN is a series of automated applications that, taken as a whole, provide for processing claims. Data applications include a series of commands that input data for tracking purposes, such as the date the claim is established, the disposition date of the claim, etc. Our review focused on the use of the PCLR (Pending Issue Clear) and the PCAN (Pending Issue Cancel) user commands. Establishing a Pending Issue (PI) enables the RO staff member to set up a working file to hold data entered and establish

appropriate controls on the claim until a final decision is made on the claim. The PCLR command clears an existing PI and associated controls if award action is not required. The PCLR command is also used to take workload credit for nonaward actions if a PI had not been previously established. The PCAN command is used to cancel an existing PI with no workload credit being granted.

We reviewed 100 judgmentally selected claim folders. The sample was selected based on an analysis of FY 1997 transaction data. Our selection criteria included claims that had long processing times that were cancelled and claims with 0 processing days. Our onsite inspection of those claim folders revealed the following:

- Thirty claims were handled properly.
- Twenty-eight claims had been either cleared or cancelled, but the action was not justified in the claims folder and resulted in showing shorter processing times than actually achieved.
- Six claims involved situations where a claim had been cancelled and then immediately cleared to show shorter processing times than actually achieved.
- Ten claims involved an appeal with more than one PI where work credit was taken before all the issues were resolved, thereby showing shorter processing times than actually achieved.
- Twenty-six claims involved pre-discharge processing (these are claims where the claims process was started while the individual was still on active duty in the military).

Of the 28 claims that had been cleared or cancelled, 14 had been cancelled. Our review of those 14 claim folders did not reveal any justification for canceling the claim. In all 14 cases, the use of the PCAN command resulted in long processing times for those claims being eliminated, and thus processing times for these claims were not calculated into average processing times. Fourteen claims were cleared, but the claims folders did not contain justification for clearing these claims. In all 14 cases, the use of the PCLR command resulted in reporting shorter processing times than actually achieved.

Six claims involved the combination use of the PCLR/ PCAN commands. In these cases, the RO employee used the PCAN command to cancel the claim; thereby eliminating the processing days spent to date on the claim. The claim is re-established. This re-established claim is then cleared. The result is to show a shorter processing time than actually achieved.

Ten cases involved appeals where one or more issues are resolved but there are still unresolved issues. VBA guidance states that workload credit cannot be taken unless all issues are resolved. By taking workload credit before resolution of all appeal issues, the timeliness for these claims are shown to be shorter than what was actually achieved.

Twenty-six claims involved an innovative new program where the claim process is started before the veteran is discharged from the service. This activity is referred to as pre-discharge processing. The target population are active duty service people who are 60 to 180 days from separation. Generally, a minimum of 60 days is required to process a claim, including the physical examination, coordination of medical records and dependency data, and preparation of the decision. However, these predischarge claims usually showed 0 processing days to resolve the claim. Since most of the processing time was conducted while the service person was not yet a veteran, the time spent processing the claim was not accounted for. Upon receipt of notification of discharge, the claim was input into the system and then immediately cleared. We believe these claims are unique and not characteristic of claims included in the workload processing system and GPRA reports. By including these claims in the workload statistics as 0 processing days, VBA has favorably skewed the average processing times and reported fewer average days than the norm. One solution for VBA would be to consider establishing a separate end product code for these claims and account for the workload separately. Or, VBA could account for the time as they do for other claims.

### **VBA's Current Management Review Procedures Are Not Able to Consistently Detect Errors and Manipulations**

The current Quality Improvement (QI) program was established in 1990 to enable ROs to identify areas of claims processing that could be improved. The QI review uses a process-oriented checklist that asks questions about specific decision points in claims processing. QI reviews are conducted monthly by Regional Office staff and include a review of a sample of claims. The sample is a random automated selection of claims processed by close of business of the previous week.

Our review found that although the QI review gives a reasonable representation as to the quality of adjudication decisions, this review does not determine the validity of claims processing times reported for the GPRA. We also found that a claim folder review will not provide an examiner with all the necessary information to determine whether processing times were reported accurately. We reviewed claims folders at three ROs and found that BDN commands, such as the PCLR and PCAN commands, are often entered into the system for work credit purposes without being annotated in the claims folder. For example, a claim could have been cancelled, re-established, and then cleared without any evidence of these transactions anywhere in the claims folder.

We were able to identify the deficiencies noted in our review of 100 claims folders because we had access to the FY 1997 transaction data relating to those claims as well as the claims folders themselves. Since VBA did not retain transactions data we could not use a data base maintained by them for this review. However, for audit purposes, the Office of Inspector General had been gathering historical transaction data for a number of years and retaining it in a data base. We used this data for our review. Also, because we

had access to 1997 transaction data, we were able to analyze the data to target those claims that appear questionable, such as claims showing 0 processing days or claims with substantial processing days that were subsequently canceled. These questionable claims were then reviewed onsite to determine their validity.

### **Conclusion**

VBA can improve the reliability and integrity of its GPRA timeliness performance measures by improved management review and oversight. This improvement can be achieved by initiating onsite field inspections coupled with collecting and analyzing transaction data. We also concluded that the inclusion of pre-discharge processing times with other claims tends to distort average processing times reported for GPRA performance measures.

### **For More Information**

- *Details of Audit which lists specific examples of claims reviewed are in Appendix III on page 9.*

### **Recommendation**

We recommend that the Under Secretary for Benefits take the following actions:

- a. Collect and analyze historical BDN transaction data to identify questionable or suspect transactions.
- b. Institute onsite field inspections at ROs.
- c. Establish policy for processing times expended on pre-discharge processing activities to ensure that those processing times are not averaged into processing times reported for GPRA.

### **Under Secretary for Benefits Comments**

- *Appendix IV on page 11 contains full text of comments.*

The Under Secretary for Benefits coordinated with the Deputy Under Secretary for Management who provided the response to the Office of Inspector General. They concurred with the recommendations and corrective action is currently in process. These actions include collecting and storing end product transactions, transmitting memos to field stations requiring them to identify errors and trends, instituting onsite field inspections, and searching for ways to report pre-discharge processing times.



## **Office of Inspector General Comments**

The Deputy Under Secretary for Management and the Under Secretary for Benefits concurred with the recommendations and provided acceptable implementation plans. We consider the recommendations resolved and will follow up on the implementation plans.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

The project was initiated at the request of the Assistant Secretary for Policy and Planning because of his concerns about the accuracy of data used for GPRA reporting. This is the first in a series of audits to evaluate VA's most critical performance measures. This audit assesses the accuracy of the following three performance measures:

- Average days to complete original disability compensation claims
- Average days to complete original disability pension claims
- Average days to complete reopened compensation claims

The assessment of these claims processing timeliness measures had two components. First, we examined the data processing systems in which timeliness data were input to determine whether the data were processed accurately and whether there were adequate controls to prevent bad data from processing. Second, we compared source documents and data from the automated system to determine whether the proper data were input. This audit addresses the first component. Another report, to be issued separately, will address the second component.

### **Scope and Methodology**

The audit focused on the reliability and integrity of the data processing system to ensure the validity of reported GPRA data. The scope of our audit was limited to whether system controls were in place and were being followed. Consequently, our audit work included:

- flowcharting C&P timeliness data from its initial input to output,
- evaluating existing systems controls and edit checks, and
- analyzing and testing FY 1997 C&P transaction data.

In order to test transaction data, we judgmentally selected 100 claim folders for detailed review. We selected 50 claims that had been canceled, and had long processing times, and 50 claims that had 0 processing days.

The audit was conducted in accordance with generally accepted Government auditing standards and included such tests as were deemed necessary under the circumstances.

## **BACKGROUND**

In 1993, Congress enacted the GPRA. The purpose of the GPRA was to:

1. improve the confidence of the American people in the capability of the Federal Government by systematically holding Federal agencies accountable for achieving program results;
2. initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;
3. improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;
4. help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;
5. improve congressional decision-making by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and
6. improve internal management of the Federal Government.

VA has enumerated three approaches to ensure the accuracy of GPRA data. First, automated controls are in place for each computer system to ensure that data are entered in the necessary format and according to established technical standards. There are also edit checks that identify performance data that falls outside the boundaries of reasonableness. Second, the OIG examines data processing systems in which data are input and determines if the data are processed accurately, and whether there are adequate system controls and tests to prevent bad or corrupt data from processing. The OIG will also match source documents to data processing system inputs. Third, VA established the Office of the Actuary. This office works with other VA organizations to help ensure that VA's performance data are accurate and reliable. The Office of the Actuary also works with other offices to ensure that VA collects information that responsible officials need to support strategic and operational decision making.

**VBA's Workload and Performance Measurement Reporting System**

VBA's workload reporting system evolved in the mid-1950's in response to the need for an organized and systematic work measurement system that could be used to identify and allocate resources needed to accomplish necessary work. In 1985, VBA changed from a predominantly manual work measurement system to an automated productivity measurement system. In 1991, the current work measurement system became operational.

VBA's performance measurement system is tracked on the BDN located at Hines, Illinois. The BDN keeps track of the elapsed time for each claim, as well as other data, from when a C&P claim is established to when it is resolved. Adjudicators located at individual VBA ROs input data into the BDN on pre-defined screens. After data are entered on the Ready Screen, they are edited prior to acceptance for storage in the Pending Issue File (PIF). The system edits for the validity of codes entered, data format, completeness of data, etc. If an error is identified, the unacceptable data are highlighted and an error message is displayed. Establishing a PI enables the operator to set up a working file to hold the data entered for the issue and establish appropriate controls. A PI must be established prior to entry of award data.

The most important data input to the PIF are the date of claim and the end product code (EPC). The EPC categorizes the claim. For example, an original compensation claim with one to seven issues is categorized as an EPC 110. Each disability claimed or identified is considered a separate issue. After a PI is resolved, the associated PIF is cleared to the BDN Work-in-Process (WIPP) subsystem. The WIPP subsystem accumulates the elapsed time from the establishment of the claim to its resolution.

Data from the WIPP subsystem are input weekly to the Distribution of Operational Resources (DOOR) system located at VA's Austin Automation Center. The DOOR system produces a series of performance and management reports. The COIN 1015, WIPP EPC Report, accumulates WIPP data and electronically calculates average claims processing times by EPC. The claims processing timeliness averages, that are the topic of this report, are summarized for the fiscal year and reported in the GPRA.

## DETAILS OF AUDIT

Our audit found that data used to calculate selected VBA GPRA performance measures lacked integrity because internal controls were not adequate. We judgmentally selected 100 claim folders for review and found that RO personnel had the ability to input or change data to show better timeliness than actually achieved. The following examples illustrate the kinds of errors or manipulations we identified.

### **Claims Were Cancelled Without Justification in the Claims Folder**

One example involved a veteran who filed for service connection for skin cancer. The claim was received January 2, 1996 and was cancelled March 4, 1997. There was no annotation in the claims folder to indicate why the claim was cancelled.

In another example, a veteran with a history of chronic paranoid schizophrenia, filed a claim on May 18, 1996. A review of the FY 1997 transaction file showed that the claim was cancelled June 21, 1997. There was no justification or rationale in the claims folder to indicate why the claim had been cancelled.

### **Claims Were Cleared Without Justification in the Claims Folder**

On July 18, 1994, the veteran in this example was rated 10% service connected for flash burns to his eyes. The veteran filed for a new disability on July 31, 1996. On January 24, 1997, the veteran was informed that his new condition was service connected and would be combined with his service connection for flash burns. However, the transaction file for FY 1997 showed two entries that were not documented or justified by anything in the claims folder. The transaction file showed the claim was established January 29, 1997, and the issue was resolved on the same day. This type of transaction is referred to as a one-time PCLR. Another entry showed a claim was established February 21, 1997, and this issue was also resolved on the same day. These two entries resulted in two 0 processing days being inappropriately entered into the BDN system.

Another example involved a veteran filing for service connection for chorioretinitis. His application was dated August 1, 1996. He was rated on November 5, 1996. He was rated again on January 17, 1997. However, the FY 1997 transaction file showed the claim was established January 24, 1997, and then resolved on the same day, thereby showing 0 processing days. There was no documentation or justification for this entry in the claims folder.

### **Claims Were Inappropriately Cancelled and Then Cleared**

This example involved a veteran who stated he was stiff and had intermittent back pain. This veteran's claim was received December 8, 1995. The claim was cancelled on

January 31, 1997. The claim was re-established on June 9, 1997, and then immediately cleared on the same date. This resulted in showing that this claim was resolved in 0 processing days. There was nothing in the claims folder to justify use of either the PCAN or the PCLR commands.

**Workload Credit Was Taken Before All Issues Were Resolved on Appeal Claims**

This example involved a veteran who appealed for increased compensation for degenerative disc disease. On April 2, 1997, the veteran filed a Notice of Disagreement (NOD) with the rating decision. On June 2, 1997, a rating decision authorized a 20% increase. The RO acknowledged that this was only a partial grant and provided the veteran with a Statement of the Case. The increased compensation was authorized on July 24, 1997, and work credit was taken as of that date. The FY 1997 transaction file showed the Date of Claim (DOC) as July 24, 1997, the same day the award was processed. This resulted in 0 processing days being incorrectly reported for this appeal case. VBA policy states that the DOC should be the date the NOD was received.

**Claims Involving Pre-Discharge Processing Distort Average Processing Times**

This example involved an active duty service person who filed a claim for various conditions to include epicondylitis, sinusitis, and varicocelelectomy. He filed the claim on May 19, 1997, and he was discharged from the service on August 23, 1997. However, the FY 1997 transaction file showed the claim was established on September 5, 1997, and was cleared (PCLR) on the same day. This resulted in 0 processing days for this claim. According to RO personnel, the DOC should have been the date of discharge.

**MEMORANDUM FROM THE DEPUTY UNDER SECRETARY FOR  
MANAGEMENT (20)**

Department of  
Veterans Affairs

## Memorandum

Date: Sep 15, 1998

From: Deputy Under Secretary for Management (20)

Subj: Draft Report, Audit of Data Integrity for Veterans Claims Processing  
Performance Measures Used for Reports Required by the Government  
Performance and Results Act

To: Assistant Inspector General for Auditing (52)

1. We have reviewed the subject draft report of audit and concur with Recommendations a, b, and c. Our implementation plans for these three recommendations are outlined below.

Recommendation a: Collect and analyze historical Benefits Delivery Network transaction data to identify questionable or suspect transactions.

Response

We have collected and stored all end-product transactions from all stations since October 1, 1997, in a database located at the Austin Automation Center. We extracted and reviewed over 350,000 transactions from that database for end-products 010, 110, 020, 140, 180, and 190 completed during the first three quarters of Fiscal Year 1998. We identified questionable actions in three general categories: (a) multiple actions taken on a single case in a short period of time; (b) one-time end-product credit taken where rating action was involved, but total processing time was less than five days; and (c) old pending issues (over 250 days old) which were canceled.

A letter dated March 18, 1998, from the Deputy under Secretary for Operations transmitted copies of the first quarter reviews to regional offices and asked that each office review its listing to identify error trends for corrective actions. Based on questions from field offices generated by local reviews of the questionable end-product actions, the Compensation and Pension (C&P) Service issued a letter on August 28, 1998, containing written guidance to establish a common understanding of the control and work credit issues most commonly questioned. On July 30, C&P Service completed the review of selected end-product transactions for the

**MEMORANDUM FROM THE DEPUTY UNDER SECRETARY FOR  
MANAGEMENT (20)**

2.

Assistant Inspector General for Auditing (52)

second and third quarters of FY 1998, and sent the results to the Deputy Under Secretary for Operations. Current plans are to conduct this review and distribution at the end of each quarter. Long-term plans are being developed to give each office on-line access to the data so station management can establish local procedures to reduce errors. C&P Service will then monitor each regional office's progress by conducting sample studies.

Recommendation b: Institute onsite field inspections at regional offices.

Response: C&P Service will begin making site visits to individual field offices starting in September 1998. All site visits will include examining office procedures upon receipt of end-product transaction listings and reviewing a sample of specific claims folders identified in those listings.

Recommendation c: Establish policy for processing times expended on pre-discharge processing activities to ensure that those processing times are not averaged into processing times reported for the Government Performance and Results Act (GPRA).

Response: We will look at the practical options for captured data specific to the original compensation claims completed under the pre-discharge initiative to satisfy the need to be able to fully assess the impact of that initiative and ensure that it does not mask potential processing problems for other original compensation claims. Within 90 to 120 days, we will provide a recommended solution that will ensure capture of this essential data.

2. Thank you for providing this draft report for our review.

*(Original signed by Nora Egan)*  
Nora Egan



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