



**Department of Veterans Affairs
Office of Inspector General**

**Summary Report of
Combined Assessment Program Reviews
at
Veterans Benefits Administration
Regional Offices**

October 2003 Through September 2004

Office of Inspector General

Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

To Report Suspected Wrongdoing in VA Programs and Operations
Call the OIG Hotline – (800) 488-8244

Contents

	Page
Memorandum to Secretary (00) and Under Secretary for Benefits (20)	i
Introduction	1
Background.....	1
Scope of CAP Reviews.....	1
CAP Reports Issued	2
CAP Findings by Area Office and by Regional Office	3
Summary of CAP Findings	4
1. Compensation and Pension Claims Processing.....	4
2. Fiduciary and Field Examinations.....	5
3. Government Purchase Cards	5
4. Information Management Security.....	6
5. Security of Sensitive Records.....	7
6. Vocational Rehabilitation and Employment	7
Appendixes	
A. OIG Contact	9
B. Report Distribution.....	10



**Department of Veterans Affairs
Office Inspector General
Washington, DC 20420**

Memorandum to:

**Secretary (00)
Under Secretary for Benefits (20)**

Summary Report of Combined Assessment Program Reviews at Veterans Benefits Administration Regional Offices October 2003 through September 2004

1. This report summarizes recommendations and suggestions made in reports of Office of Inspector General (OIG) Combined Assessment Program (CAP) reviews at the Department of Veterans Affairs (VA) Veterans Benefits Administration (VBA) regional offices published during the period October 2003 through September 2004. CAP reviews evaluate selected regional office operations, focusing on benefits administration and financial and administrative management controls.
2. During the period covered by this summary report, the OIG published 13 reports for CAP reviews conducted at VBA regional offices. Each of the issues highlighted in this report resulted from identifying conditions at more than one regional office. We also provided fraud and integrity awareness training for 1,742 VBA employees, and in specific instances, examined issues or allegations referred to the OIG by employees, veterans, Members of Congress, or others.
3. The Under Secretary for Benefits should ensure that all Area Office and Regional Office Directors are advised of the issues identified in this summary report. We may follow up on the issues reported here in future CAP reviews and include new areas of inquiry. This report was prepared under the direction of Ms. Linda Halliday, Director, OIG Audit Planning Division.

(original signed by:)
RICHARD J. GRIFFIN
Inspector General

Introduction

Background

During the period October 2003 through September 2004, the OIG issued 13 reports on CAP reviews completed at VA regional offices (VAROs). Generally, the CAP reviews were conducted during 1-week site visits.

Scope of CAP Reviews

The scope of the CAP reviews performed at each of the regional offices visited focused on benefits administration and financial and administrative management controls. CAP team leaders selected the areas reviewed at each regional office. This report summarizes issues for which recommendations or suggestions were made in two or more CAP reports.

During this period, 1,742 VBA employees attended fraud and integrity awareness briefings conducted during CAP reviews. The briefings included a film on the types of fraud that can occur in VA programs, discussions of the OIG's role in investigating criminal activity, and question and answer sessions.

CAP Reports Issued

The following are the 13 VBA CAP reports issued during the period October 2003 through September 2004.

Report	Area	Report Number	Issue Date
Combined Assessment Program Review of the VA Regional Office Houston, TX	Central	03-02725-093	02/27/04
Combined Assessment Program Review of Veterans Benefits Administration Activities at the Robert J. Dole VA Medical and Regional Office Center Wichita, KS	Central	03-02735-104	03/16/04
Combined Assessment Program Review of the VA Regional Office Lincoln, NE	Central	04-01524-189	08/27/04
Combined Assessment Program Review of the VA Regional Office Buffalo, NY	Eastern	03-02191-047	12/15/03
Combined Assessment Program Review of the VA Regional Office Detroit, MI	Eastern	04-00034-141	05/07/04
Combined Assessment Program Review of the VA Regional Office Columbia, SC	Southern	04-00115-065	01/28/04
Combined Assessment Program Review of the VA Regional Office Winston-Salem, NC	Southern	04-00947-137	04/27/04
Combined Assessment Program Review of the VA Regional Office Jackson, MS	Southern	04-01016-220	09/29/04
Combined Assessment Program Review of the VA Medical/Regional Office Center Cheyenne, WY	Western	03-02029-045	12/19/03
Combined Assessment Program Review of the VA Regional Office San Diego, CA	Western	03-02906-116	03/22/04
Combined Assessment Program Review of the VA Regional Office Albuquerque, NM	Western	04-00009-126	04/13/04
Combined Assessment Program Review of the VA Regional Office Salt Lake City, UT	Western	04-00755-129	04/15/04
Combined Assessment Program Review of the VA Regional Office Seattle, WA	Western	04-01345-165	07/15/04

CAP Findings by Area Office and by Regional Office October 2003 Through September 2004

Area Office	VA Regional Office												
	Central			Eastern		Southern			Western				
CAP Review Areas	VA Regional Office (VARO) Houston, TX	VA Medical and Regional Office Center (VAMROC) Wichita, KS	VARO Lincoln, NE	VARO Buffalo, NY	VARO Detroit, MI	VARO Columbia, SC	VARO Winston-Salem, NC	VARO Jackson, MS	VAMROC Cheyenne, WY	VARO San Diego, CA	VARO Albuquerque, NM	VARO Salt Lake City, UT	VARO Seattle, WA
Compensation and Pension Claims Processing	●	●	●	●	●	●	●	●		●	●	●	●
Fiduciary and Field Examinations	●	●		●	●			●		●	●	●	
Government Purchase Cards										●	●	●	●
Information Management Security	●		●		●	●	●			●	●		
Security of Sensitive Records			●		●	●	●			●	●		
Vocational Rehabilitation and Employment	●	●	●	●	●		●	●	●	●	●	●	●

SHADED = AREA REVIEWED AT THIS SITE
● = IMPROVEMENT NEEDED AT THIS SITE

Summary of CAP Findings

The bullets under each of the following subjects represent recommendations or suggestions made in the CAP reviews that this report summarizes.

1. Compensation and Pension Claims Processing (findings at 12 of 12 regional offices)

- Provide Veterans Service Center (VSC) staff refresher training for the proper and timely processing of Compensation and Pension (C&P) system messages, the automated claims control system, and identification and classification for disability claims and pre-discharge cases.
- Ensure medical facilities comply with requirements to notify the VSC of veterans' hospitalizations.
- Ensure that the VSC staff review VA's Automated Medical Information Exchange System reports and reduce C&P payments as appropriate for veterans who were hospitalized at Government expense for extended periods.
- Provide refresher training concerning required adjustments of C&P payments to hospitalized patients.
- Ensure that the VSC staff take prompt appropriate action to adjust benefits payments, initiate collection actions where necessary, make clothing allowance determinations, and improve the timeliness of the Benefits Delivery Network (BDN) system messages processing.
- Identify all Chapter 35 awards¹ and require the VSC staff to reduce C&P payments to veterans identified as receiving additional compensation for school aged children while the children are receiving Chapter 35 benefits.²

¹ Dependents of veterans who receive compensation for a permanent 100 percent disability, a service-connected disability, or who died on active duty are eligible to receive Chapter 35 benefits.

² VA regulations require VSC staff to discontinue the veterans' additional compensation for school aged children receiving Chapter 35 benefits.

2. Fiduciary and Field Examinations (findings at 8 of 12 regional offices)

- Ensure Fiduciary and Field Examinations (F&FE) staff is trained to perform timely initial and follow-up field examinations and analyses of accountings as required by VBA policy and that the staff complete all field examinations and accountings within required timeframes.
- Legal Instruments Examiners in the F&FE section need to promptly refer cases with past due accountings to field examiners, the OIG, or the VA Regional Counsel as appropriate.
- Ensure fiduciaries submit accounting data within 90 days of scheduled accounting examinations.
- Ensure VSC management reduces the backlog of initial appointments and field examinations to be within the VBA timeliness standards.
- Maintain appropriate documentation in the incompetent veteran principal guardianship folders such as copies of the latest F&FE examinations, properly date stamped “Request for Appointment of a Fiduciary Custodian, or Guardian” forms, “Certificate of Legal Capacity to Receive and Disburse Benefits” forms, and ratings of incompetence.
- Ensure that all F&FE data is accurately reported in the Fiduciary-Beneficiary System.

3. Government Purchase Cards (findings at 4 of 11 regional offices)

- Ensure that the Alternate Government Purchase Card Coordinator is properly designated and trained and that initial and refresher training for all cardholders and approving officials is properly documented.
- Reiterate the need to record the dates of monthly purchase card reconciliations and certifications and ensure that cardholders date their signatures on the monthly purchase card statements to allow monitoring of timeliness.
- Ensure the Government Purchase Card Program Coordinator and the Alternate Government Purchase Card Program Coordinator are not additionally tasked as purchase card approving officials or dispute officers, which violates VA’s policy on separation of duties.

- Ensure warrants are established for cardholders with single purchase limits in excess of \$2,500 and that purchase cardholders who are authorized to make micro-purchases do not exceed their \$2,500 purchase limit thresholds.

4. Information Management Security (findings at 7 of 12 regional offices)

- Include the appropriate information security clauses and annotate the correct sensitivity level in position descriptions for automated information systems (AIS) related positions.
- Ensure that Human Resources Management staff request the appropriate background investigation for AIS related positions.
- Ensure the Information Security Officer (ISO) reports directly to the Director, reviews the BDN Security Violation Log daily, routinely tests network systems to verify that a “strong” password is required to gain access, and that the ISO and BDN System Administrator alternates do not have operational commands to maintain their independence.
- Ensure that computer room walls extend from floor to ceiling for physical security.
- Ensure the information technology (IT) contingency plans are updated to identify mission critical functions, business resumption, contingency planning strategies, and the sequence of tasks to be performed in the event of a disaster. Plans should include a current inventory of available computer equipment, a prioritized list of essential computer functions, and address backup, retention, and restoration of data and software.
- Ensure the security plan provides an overview of security controls and defines user responsibilities for IT security.
- Test the disaster recovery and continuity of operations plan annually, and periodically test cellular phones of key emergency contact staff and vendor personnel.

5. Security of Sensitive Records (findings at 6 of 9 regional offices)

- Secure claims folders of all participants in work-study programs and employee-veterans in locked files at the appropriate designated office of jurisdiction.
- Ensure that all locked files contain the “Notification of an Employee or Employee-Relative C-Files” forms, which documents the reasons why the files are designated as sensitive.
- Ensure that hard copy sensitive records are filed in locked cabinets, and electronic records are secured through the Common Security User Manager application.
- Limit access to keys for locked claims folders to authorized staff and use a centralized log system to control and monitor access to the locked files.
- Ensure the ISO and the VSC Locked Files Custodian jointly conduct and document semiannual audits of sensitive and locked files to ensure that they are securely maintained at the proper location, and that they include employee-relatives and Veteran Service Officer files.
- Reconcile the VSC inventory list with the ISO’s Master Sensitive Files List and routinely update the inventory listing to ensure its accuracy.

6. Vocational Rehabilitation and Employment (findings at 12 of 13 regional offices)

- Develop and document independent living plans with measurable goals and descriptions of the specific services to be provided and explain how these services relate to the veterans’ identified impairments.
- Provide timely services to veterans in applicant, evaluation, and planning status, and reduce backlogs in the applicant status by establishing procedures to ensure timely notification to veteran applicants of Vocational Rehabilitation and Employment (VR&E) entitlement benefits³, and properly document all VR&E actions in the Counseling Evaluation and Rehabilitation (CER) files.

³ Notification to veteran applicants of VR&E entitlement benefits should be made within 60 days of the date of their claim.

- Require that VR&E staff monitor data entry into the automated systems for accuracy, manually correct the data as appropriate, and update the veterans' case status more timely in the CER files.
- Conduct timely periodic record reviews to determine the correct status of veterans, and promptly place in a discontinued or other program status those veterans who are not actively pursuing their training.
- Monitor the proportion of rehabilitated veterans to all veterans exiting the program during the most recent 12-month period and strive to meet the VR&E target rehabilitation rate.
- Promptly identify and input status changes in the Case Status System, and verify and document that veterans have received goods and services for which vendors have requested payments.

OIG Contact

OIG Contact

Dennis Sullivan, OIG Audit Planning Division
Phone Number (202) 565-4685

Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Assistant Secretaries
General Counsel

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on VA, HUD, and Independent Agencies
House Committee on Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on VA, HUD-Independent Agencies
Senate Committee on Government Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.