

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

INTERIM REPORT

*Review of
Alleged Shredding of
Claims-Related
Evidence at the VA
Regional Office
Los Angeles, California*

August 17, 2015
15-04652-448

ACRONYMS

OIG	Office of Inspector General
RMO	Records Management Officer
SSD	Support Services Division
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration

To Report Suspected Wrongdoing in VA Programs and Operations:

Telephone: 1-800-488-8244

Email: vaoighotline@va.gov

(Hotline Information: <http://www.va.gov/oig/hotline>)



EXECUTIVE SUMMARY

On January 20, 2015, the Office of Inspector General (OIG) received an anonymous allegation that staff at the Los Angeles VA Regional Office (VARO) were shredding mail related to veterans' disability compensation claims. The complainant also alleged that supervisors were instructing staff to shred these documents. In February 2015, we conducted an unannounced inspection at the Los Angeles VARO to assess the merits of the allegation.

We substantiated that the Los Angeles VARO staff was not following Veterans Benefits Administration's (VBA) January 2011 policy on management of veterans' and other Governmental paper records. Although we cannot quantify or identify claims-related documents that the VARO may have shredded prior to our review, we found nine claims-related documents that VARO staff incorrectly placed in personal shred bins for non-claims related documents. Eight of the nine documents had the potential to affect veterans' benefits and one had no effect on the veteran's benefits. Since VARO staff placed these nine claims-related documents in shred bins for non-claims related documents, these nine documents bypassed the first VBA control requiring supervisory review of claims-related documents before shredding. Of the nine claims-related documents, five did not have required initials of both the employee and supervisor and the remaining four had only the employee's initials. If VARO staff and their supervisors followed VBA policy, these nine claims-related documents would not have been placed in personal shred bins that are designated for non-claims related documents.

In response to an OIG report on inappropriate shredding of veterans' claims in November 2008, VBA created the permanent position of a Records Management Officer (RMO) to ensure the appropriate management and safeguarding of veterans' records, to include providing oversight of the shredding of documents. The RMO serves as the VARO's final control to prevent shredding of claims-related documents.

We found that there was no RMO at the Los Angeles VARO from August 2014 until our inspection in February 2015. The RMO was promoted to another position in August 2014, and the Assistant Director determined that it was not necessary to fill the RMO position. We found that Support Services Division (SSD) staff that took over the duties of the RMO lacked training regarding maintaining, reviewing, protecting, and appropriately destroying veterans' and other Governmental paper records. The Assistant Director assumed that the RMO had provided SSD staff with training but did not ensure this had occurred. SSD staff stated they would only complete a "cursory review" as they dumped all collected documents and material in shred bins for contractor shredding. When asked to define "cursory review", SSD staff stated they would observe documents as they dumped the documents into the bin destined for contractor shredding.

We determined that SSD staff were not properly trained and their cursory reviews were inadequate to identify and separate any claims-related documents from other documents. They were not familiar with claims-processing activities and lacked the knowledge needed to identify

claims or claims-related documents. Additionally, there is no control preventing VARO staff from incorrectly placing claim-related documents in the wrong shred container.

Lastly, the VARO failed to provide any documentation of shredding logs for the past 2 years. SSD staff only kept certificates of each shredding event carried out by the shredding contractor. SSD staff were unaware of VBA's requirement to log any material that was determined inappropriate for destruction or identify staff that did not follow VBA policy. In the absence of the shredding logs, we could not measure the effectiveness of the RMO/SSD reviews over the past 2 years to prevent claims-related documents from being improperly destroyed compared to what we found during our 1 week on site. This was a missed opportunity for the VARO to identify their training needs on the management of veterans' paper records.

Because the Los Angeles VARO did not consistently follow VBA's controls, it is likely that VARO staff would have inappropriately destroyed the nine claims-related documents we found. The shredding of these documents would have prevented the documents from becoming part of the veterans' permanent record and potentially affect veterans' benefits. We could not determine whether the VARO staff improperly shredded documents prior to our review. This is because the VARO destroyed documents prior to our arrival, as part of the VARO's normal records disposition process. Finally, we did not substantiate that Los Angeles VARO supervisors instructed their staff to shred claims-related mail.

We recommend the VARO Director implement a plan and assess the effectiveness of training to ensure VARO staff comply with VBA's policy for handling, processing, and protection of claims-related documents and other Governmental records. We also recommend that the VARO Director take proper action on the eight cases that had the potential to affect veterans' benefits.

In order to determine whether this is an isolated problem or a systemic issue, we have initiated surprise inspections at 10 selected VAROs across the nation. These 10 sites are Atlanta, GA; Baltimore, MD; Chicago, IL; Houston, TX; New Orleans, LA; Oakland, CA; Philadelphia, PA; Reno, NV; San Juan, PR; and St. Petersburg, FL. We expect to publish a final report and offer additional recommendations for improvement once the results of the 10 VARO inspections are complete. We will request the Under Secretary's comments and publish the Los Angeles VARO Director's action plan when we publish the summary results of our surprise inspections.



LINDA A. HALLIDAY
Deputy Inspector General

TABLE OF CONTENTS

Results and Recommendations	1
Allegation The Los Angeles VARO Was Inappropriately Shredding Veterans' Claim Information.....	1
Recommendations	7
Appendix A OIG Contact and Staff Acknowledgments.....	9
Appendix B Report Distribution	10

RESULTS AND RECOMMENDATIONS

Allegation The Los Angeles VARO Was Inappropriately Shredding Veterans' Claim Information

On January 20, 2015, the Office of Inspector General (OIG) received an anonymous allegation that staff at the Los Angeles VA Regional Office (VARO) were inappropriately shredding mail regarding veterans' disability compensation claims. The complainant also alleged that VARO supervisors were instructing their staff to shred these documents. In February 2015, we conducted an unannounced inspection at the Los Angeles VARO to assess the merits of the allegation.

We substantiated that the Los Angeles VARO staff was not following Veterans Benefits Administration's (VBA) January 2011 policy on management of veterans' and other Governmental paper records. Although we could not quantify or identify claims-related documents that the VARO may have shredded prior to our review, we did find nine claims-related documents inappropriately placed in shred bins. Eight of the nine documents had the potential to affect veterans' benefits and one had no effect on the veteran's benefits. We did not substantiate that VARO supervisors were instructing their staff to shred claims-related documents.

Background

In our previous report, *Audit of VA Regional Office Claim-Related Mail Processing* (Report No. 08-01759-234, September 30, 2009), we found that VBA needed to improve the handling, processing, and protection of claims-related documents. During the course of 2008-2009, OIG examined inappropriate shredding of veterans' claim information at four VAROs. OIG found that these four VAROs inappropriately placed some claims-related documents in shred bins. The problem was determined to be systemic. VBA had no requirement for any supervisor or any other official to review documents placed in shred bins. Further, VBA had no requirement for any final review of documents placed in shred bins prior to destruction. The findings were reported to Congress in separate white papers issued in October and December 2008. In response to our findings and the results of VBA's own follow-on administrative review, VBA issued additional policy guidance in November 2008 that established the following:

- Staff and supervisor review procedures to protect against inappropriately shredding veterans' and other Governmental paper records
- The positions of Division Records Management Officer (DRMO) and Records Management Officer (RMO) to ensure the appropriate management and safeguarding of veterans' records, to include the review of specific types of documents before being shredded

Criteria

VBA has since revised its policy. VBA's January 2011 policy established an optional full-time position, the Records Management Technician (RMT). Each VARO could replace their DRMO position with an RMT. VBA made this change to provide more time for VARO supervisors to devote toward claims processing activities. Supervisors had previously performed DRMO responsibilities as a collateral duty.

RMOs/RMTs are responsible for reviewing all claims-related materials submitted for shredding, spot-checking non-claims-related materials, and ensuring that the destruction of documents complies with VBA policy. They are also responsible for maintaining a log of all violations that includes the date submitted for destruction, employee's name, and the reason the material was determined inappropriate for destruction. The VARO should retain the log for 2 years.

Shredding of Documents

The VARO provides each employee with a red envelope and a red box in which to place documents to be shredded. The red envelope is for duplicate claims-related documents, which require legible initials of the employee and the employee's supervisor. The following are types of documents considered as claim-related:

- Claims and evidentiary submissions deemed duplicates submitted by the veteran or representative.
- Waivers, administrative decisions, formal findings, etc., submitted by the veteran or representative that are determined to be duplicate VA documents of evidentiary nature.
- Duplicate evidentiary submissions from third parties external to VA.
- Computer-generated write outs that are usually included in veteran claims records.

The red box is for non-claims related documents that require only the employee's initials. The following are types of documents considered as non-claims related:

- CAPRI records
- Draft rating decisions, notification letters, and MAP-D letters
- Duplicate rating decisions, notification letters, and MAP-D letters
- Training materials

The RMO/RMT then collects the envelopes and boxes directly from the employees, and reviews all claims-related documents submitted for shredding. They are also to conduct spot-checks of all non-claims material to ensure that the documents are properly identified for shredding. The RMO/RMT are also required to identify and separate any documents that are claims-related that requires a second signature. These documents are to be

recorded in a log and returned to the supervisor to discuss with the employee. After the RMO/RMT approves the documents to be shredded, the documents are placed in a grey shred bin to be shredded by a contractor. The shredding contractor and the RMO must document each shredding event.

What We Did

We interviewed management and staff at the Los Angeles VARO. In addition, we reviewed VBA's policy for managing veterans' and other Governmental paper records, as well as the VARO's procedures for disposal of documents containing personally identifiable information. We reviewed approximately 13,800 pieces of documents to be shredded. These documents were contained in the VARO's locked grey shredding disposal containers, as well as individual employee red shred boxes on the appeals team, the intake processing center, the mailroom, the file room, the public contact team, and the Veterans Service Center Manager's office. In addition, we determined whether VARO staff placed claims-related documents destined for shredding in claim folders or VBA's electronic systems.

What We Found

We found nine claims-related documents that VARO staff incorrectly placed in their red shred boxes instead of their red envelopes. Eight of the nine documents had the potential to affect veterans' benefits and one had no effect on the veteran's benefits. Since staff placed these nine claims-related documents in red shred boxes, the documents only required the employee's initials. Of the nine claims-related documents, five did not have any initials and the remaining four had only the employee's initials. This indicates that these errors bypassed the first VBA control requiring supervisory review of claims-related documents before shredding.

VARO Did Not Have a RMO

To determine whether the RMO/RMT would have identified the nine claims-related documents, we planned to interview the RMO/RMT¹ about the thoroughness of the RMO's reviews of documents placed in staffs' red shred boxes. The RMO serves as the VARO's final control to prevent shredding of claims-related documents. However, there was no RMO at the Los Angeles VARO from August 2014 until our inspection in February 2015. The RMO was promoted to another position in August 2014, and the Assistant Director made the determination that it was not necessary to fill the RMO position.

The Assistant Director stated that she made this decision because the Los Angeles VARO was not only in a full electronic state with mail processing, but was also processing 99 percent of their claims electronically. However, while we were onsite, we found nine bins of unprocessed paper mail requiring VARO review. She also said that the RMO found his duties required less time to complete.

¹ The Los Angeles VARO did not have a RMO/RMT.

The Assistant Director stated that she transferred the RMO duties to Support Services Division (SSD) staff to include the responsibility of oversight of shredding at the VARO. However, the Assistant Director could not provide us with documentation that the Los Angeles VARO's higher headquarters, the Western Area Office, approved the VARO not filling this required VBA position.

*Final Shredding
Control Ineffective*

We found that SSD staff that took over the duties of the RMO lacked training regarding maintaining, reviewing, protecting, and appropriately destroying veterans' and other Governmental paper records. The Assistant Director assumed that the previous RMO had provided SSD staff with training but did not ensure this had occurred. SSD staff stated they would only complete a "cursory review" as they dumped all collected documents and material in the locked grey shred bins. When asked to define "cursory review", SSD staff stated they would observe documents as they dumped the documents from the red shred bins into the grey shred bins.

We determined that SSD staff were not properly trained and their cursory reviews were inadequate to identify and separate any claims-related documents that both employee and their supervisor have or may not have initialed. They are not familiar with claims-processing activities and lack the knowledge needed to identify claims or claims-related documents. Additionally, there is no control preventing VARO staff incorrectly placing claim-related documents in red shred boxes instead of red envelopes. Documents placed in red shred boxes do not require supervisory review because VBA assumes these are non-claims related documents, and RMO's are only required to perform spot-checks on these types of documents.

Lastly, the VARO failed to provide any documentation of shredding logs for the past 2 years. SSD staff only kept certificates of each shredding event carried out by the shredding contractor. SSD staff were unaware of VBA's requirement to log any material that was determined inappropriate for destruction or identify staff that did not follow VBA policy. In the absence of the shredding logs, we could not measure the effectiveness of the RMO/SSD reviews over the past 2 years to prevent claims-related documents from being improperly destroyed compared to what we found during our 1 week on site. This was a missed opportunity for the VARO to identify their training needs on the management of veterans paper records.

*Claims-Related
Documents
Improperly Placed
in Shred Boxes*

We found nine claims-related documents that VARO staff incorrectly placed in their red shred boxes instead of their red envelopes. Of the nine claims-related documents, five did not have any initials or signatures and the remaining four had only the employee's initials. If VARO staff and their supervisors followed VBA policy, these nine claims-related documents would not have been placed in red shred boxes.

As stated earlier, the RMO (in this case SSD staff) is VBA's final control point to prevent shredding of claims-related documents. It is highly unlikely

that SSD staffs' inadequate training, knowledge to identify claims-related documents, and cursory reviews would have detected and prevented SSD staff from dumping these nine documents in a grey shred bin for shredding.

Eight of the nine documents had the potential to affect veterans' benefits and one had no effect on the veteran's benefits. The nine documents are detailed below:

- On December 20, 2014, two homeless veterans submitted disability compensation claims. The VARO staff received these claims at a homeless outreach event. During our review, we discovered VARO staff inappropriately placed these claims in a red shred box without establishing these claims in VBA's electronic system, as required. VBA policy requires that staff place claims under control in the electronic record and inform the claimant of the type of evidence needed to substantiate the claim. VARO staff should have put both claims under control and then initialed and placed the claim document in their red envelope. Their supervisor would then review and initial the document. One of these documents did not contain the initials of the employee or supervisor. The other document only contained the employee's initials. If VARO staff had inappropriately destroyed these claim applications, the VARO would not have considered whether these two homeless veterans were entitled to any benefits. Additionally, if the veterans had to resubmit their benefit applications, the VARO's error would have delayed the consideration of the homeless veterans' claims.
- On January 26, 2015, the VARO received a faxed letter from a veteran's VA medical provider stating that the veteran was unemployable due to his service-connected post-traumatic stress disorder. During our review, we discovered VARO staff inappropriately placed this claim in a red shred box without establishing the claim in VBA's electronic system. VBA considers this type of document an informal claim. VARO staff should have put the claim under control and then initialed and placed the claim document in their red envelope. Their supervisor would then review and initial the document. This document did not contain the initials of either the employee or supervisor. If VARO staff had inappropriately destroyed this letter, the VARO would not have notified the claimant of what additional evidence was necessary to make a claim decision. The veteran may not have received consideration for an increase in benefits to which he may have been entitled. Additionally, if the veteran had to resubmit the medical documentation, the VARO's error would have delayed the consideration of the veteran's claim.
- On December 24, 2014, VARO staff sent a letter to a veteran proposing to reduce the disability evaluation for the veteran's right knee condition. On January 9, 2015, this letter was marked undeliverable and returned to the VARO. During our review, we found VARO staff inappropriately placed the letter in a red shred box. VARO staff should have placed the

letter under control in the veteran's electronic record. This letter did not contain the initials of either the employee or supervisor. VARO staff failed to follow VBA's return mail procedures to satisfy due process notification requirements. VBA allows 60 days from the notification letter for the veteran to submit additional evidence to show that compensation payments should continue at their present level. If VARO staff had inappropriately destroyed this letter, the veteran's current monthly payments would have potentially been at risk of improper reduction because VARO staff did not notify the veteran of the proposed reduction.

- On December 18, 2014, VARO staff sent a letter to a veteran notifying him of the decision regarding entitlement to VA benefits. On January 9, 2015, this letter was marked undeliverable and returned to the VARO. During our review, we found VARO staff inappropriately placed the letter in a red shred box. VARO staff should have placed the letter under control in the veteran's electronic record. This letter did not contain the initials of either the employee or supervisor. VARO staff failed to follow essential return mail procedures to satisfy due process notification requirements. If VARO staff had inappropriately destroyed this letter, the veteran may not be aware of his right to appeal the decision, which is within one year of the date of the notification letter.
- On December 18, 2013, a veteran submitted an informal claim. On October 22, 2014, VARO staff sent a formal application to the veteran in response to his informal claim. On December 17, 2014, this letter was marked undeliverable and returned to the VARO. During our review, we found VARO staff inappropriately placed the letter in a red shred box. VARO staff should have placed the letter under control in the veteran's electronic record. This letter did not contain the initials of either the employee or supervisor. VARO staff failed to follow essential return mail procedures to satisfy due process notification requirements. If VARO staff had inappropriately destroyed this letter, the veteran may not be aware of the procedures and timeliness requirements needed to formalize his claim.
- On August 8, 2013, a veteran called the VA National Call Center to report a change of address. VARO staff inappropriately placed the report of contact document generated by the call in a red shred box without updating the address. The report only contained the employee's initials. If VARO staff had inappropriately destroyed this report of a change of address without updating his electronic record, the veteran may not receive any future VBA correspondence.
- On December 11, 2013, VARO staff received a letter from a veteran asking why he needed to formalize his appeal. Although the mail contained the name of the veteran and his address, VARO staff annotated the mail as unidentifiable and inappropriately placed it in a red shred box.

VARO staff should have placed the letter under control in the veteran's electronic record. This letter only contained the employee's initials. We were able to identify the veteran using VBA's electronic systems. If VARO staff had inappropriately destroyed this veteran's letter, VBA may not have addressed the veteran's request for information pertaining to his appeal. Additionally, this may have caused an unnecessary delay in VBA considering the veteran's appeal.

- On June 30, 2013, VARO staff received an original letter from another VARO that needed to be associated with a veteran's claims folder. VARO staff inappropriately placed it in a red shred box. However, the veteran's claim number was on the back of the mail, and we were able to locate the claims folder while we were on station. This letter only contained the employee's initials. This had no impact on the veteran's benefits.

Due to noncompliance with VBA policy, poor controls, inadequate oversight, and lack of training, the Los Angeles VARO put veterans' claims-related documents at risk for inappropriate destruction. Because the Los Angeles VARO did not consistently follow VBA's controls, it is likely that VARO staff would have inappropriately destroyed the nine claims-related documents we found. This would have prevented the documents from becoming part of the veterans' permanent record and potentially affect veterans' benefits. Additionally, we did not substantiate that Los Angeles VARO supervisors instructed their staff to shred claims-related mail.

Conclusion

We could not substantiate that the Los Angeles VARO inappropriately shredded some claims-related documents prior to our review. However, VBA's controls to manage veterans' documents appropriately were ineffective at the supervisory and RMO level. Although these nine claims did not get to VBA's final control point before shredding, it is unlikely that SSD staffs' cursory reviews would have detected and prevented these nine claim-related documents from being dumped in a grey shred bin for shredding.

In response to our findings, Los Angeles VARO management reinstated the RMO position and provided VARO staff training on proper shredding procedures. In order to determine whether this is an isolated problem or a systemic issue, we have initiated unannounced inspections at 10 selected VAROs across the nation. We will request the Under Secretary's comments and publish the Los Angeles VARO Director's action plan when we publish the results of our national review.

Recommendations

1. We recommend the VA Regional Office Director implement a plan to ensure the Los Angeles VA Regional Office staff comply with the

Veterans Benefits Administration's policy for handling, processing, and protection of claims-related documents.

2. We recommend the VA Regional Office Director assess the effectiveness of the training provided to the Los Angeles VA Regional Office staff on Veterans Benefits Administration's policy for managing veterans' and other Governmental records.
3. We recommend the VA Regional Office Director provide documentation to VA OIG that proper action has been taken to process the eight cases that had the potential to affect veterans' benefits.

*Government
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*.

Appendix A **OIG Contact and Staff Acknowledgments**

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Acknowledgments	Brent Arronte, Director Jason Boyd Orlan Braman Daphne Brantley Bridget Byrd Claudia Wellborn

Appendix B Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel
Veterans Benefits Administration Western Area Director
VA Regional Office Los Angeles Director

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Barbara Boxer, Dianne Feinstein
U.S. House of Representatives: Pete Aguilar, Karen Bass, Xavier Becerra,
Ami Bera, Julia Brownley, Ken Calvert, Tony Cárdenas, Lois Capps,
Judy Chu, Paul Cook, Jim Costa, Susan Davis, Jeff Denham,
Mark DeSaulnier, Ann G. Eshoo, Sam Farr, John Garamendi, Janice Hahn,
Mike Honda, Jared Huffman, Duncan D. Hunter, Darrell Issa,
Steve Knight, Doug LaMalfa, Barbara Lee, Ted Lieu, Zoe Lofgren,
Alan Lowenthal, Doris O. Matsui, Kevin McCarthy, Tom McClintock,
Jerry McNerney, Grace Napolitano, Devin Nunes, Nancy Pelosi,
Scott Peters, Dana Rohrabacher, Lucille Roybal-Allard, Ed Royce,
Raul Ruiz, Linda Sánchez, Loretta Sanchez, Adam Schiff, Brad Sherman,
Jackie Speier, Eric Swalwell, Mark Takano, Mike Thompson,
Norma Torres, David Valadao, Juan Vargas, Mimi Walters, Maxine Waters

This report is available on our Web site at www.va.gov/oig.