

**STATEMENT OF  
LINDA A. HALLIDAY  
ASSISTANT INSPECTOR GENERAL FOR AUDITS AND EVALUATIONS  
OFFICE OF INSPECTOR GENERAL  
DEPARTMENT OF VETERANS AFFAIRS  
BEFORE THE  
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
FIELD HEARING ON  
"RHETORIC v. REALITY: INVESTIGATING THE CONTINUED  
FAILURES OF THE PHILADELPHIA VA REGIONAL OFFICE"  
OCTOBER 3, 2014  
BURLINGTON COUNTY COLLEGE, PEMBERTON CAMPUS  
PEMBERTON, NEW JERSEY**

Chairman Runyan and Ranking Member Titus, thank you for the opportunity to discuss the results of the Office of Inspector General's (OIG) work related to the Veterans Benefits Administration (VBA). We will focus on previously issued reports regarding the Philadelphia VA Regional Office (VARO), as well as recent situations that have come to our attention through the VA OIG Hotline and directly from current and former VARO employees. I am accompanied today by Nora Stokes, Director, OIG Bay Pines Benefits Inspection Division; Al Tate, Audit Manager, Atlanta Audit Division; and Jeffrey Myers, Benefits Inspector, San Diego Benefits Inspection Division.

**BACKGROUND**

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.

The OIG's Benefits Inspection Program was created at the request of Congress in 2009 to review individual VARO operations. We are on schedule to complete a review of each VARO approximately every 3 years. Our inspections focus on high-risk functional areas within each VARO's Veterans Service Center (VSC) such as disability claims processing, management controls, workload management, eligibility determinations, and public contact. In addition, our inspectors identify and report on systemic issues impeding VARO performance, including examining issues or allegations referred by VA employees, Members of Congress, VA leadership, or other stakeholders. Upon completion of each inspection, we issue a report to the VARO Director on the results and publish a report with the Director's comments. We completed benefits inspections of the Philadelphia VARO in October 2009 and again in August 2012.

In May 2014, we received a number of allegations through the VA OIG Hotline of mismanagement at the Philadelphia VARO. We were concerned that many of these allegations included indicators that VARO staff have a serious mistrust of VARO management. Based on our initial assessment at the VARO, we performed an unannounced visit to the Philadelphia VARO on June 19, 2014, and issued a Management Advisory Memorandum on June 20, 2014, to alert the Under Secretary for Benefits (USB) of situations requiring corrective actions (Exhibit A). Shortly thereafter, OIG issued another notification to the Under Secretary on July 23, 2014, outlining concerns about facility conditions at the VARO facility located at 4700 Wissahickon Avenue.

To summarize, from the date of our unannounced visit to the Philadelphia VARO on June 19, 2014, until our last visit on August 15, 2014, VA OIG benefits inspectors, auditors, and criminal and administrative investigators conducted over 150 interviews with VARO management and staff to assess the merits of over 100 complaints and allegations of gross mismanagement and potential wrongdoing. In general, most staff we interviewed felt the working environment at the Philadelphia was hostile and did not trust management because they felt they were not treated fairly or with respect. Generally, employee complaints addressed a broad range of issues including unfair work assignments; discriminatory practices based on disability, race, and gender; and denial of a reasonable accommodation request. Our work related to these allegations is ongoing, therefore we must limit our testimony today to our two prior benefits inspections and the concerns raised in the management advisory notices to the USB.

### **OIG BENEFITS INSPECTIONS OF THE PHILADELPHIA VARO**

Since we first began benefits inspections of VAROs in April 2009 to present, we have conducted 93 benefits inspections at VAROs and have consistently reported the need for enhanced policy guidance, oversight, workload management, training, and supervisory review to improve the accuracy and timeliness of disability claims processing and VARO operations.

During our first inspection of the Philadelphia VARO in October 2009 we reviewed claims processing actions related to claims for temporary 100 percent disability evaluations, post-traumatic stress disorder, traumatic brain injuries, and herbicide exposure-related disabilities.<sup>1</sup> The overall inaccuracy rate for the 120 claims reviewed was 33 percent, resulting in improper payments to 14 veterans totaling just over \$475,000. Moreover, we identified 21 errors with the potential to impact veterans' benefits if left uncorrected, and 4 other miscellaneous errors. We made other recommendations for improving VSC operations, the safeguarding of veterans' personally identifiable information (PII), and the processing of adjustments in fiduciary claims for veterans.

Prior to the start of inspections for each new fiscal year, we review the protocols and change as needed or appropriate. For the fiscal year 2012 inspections, we

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<sup>1</sup> *Inspection VA Regional Office Philadelphia, Pennsylvania, March 4, 2010.*

discontinued our review of post-traumatic stress disorder claims due to policy changes that relaxed stressor requirements. We also discontinued our review of herbicide-related claims due to significant improvement in claims processing action associated with these types of claims.

While conducting our second benefits inspection work onsite in August 2012, we reviewed claims processing actions related to claims for temporary 100 percent disability evaluations and traumatic brain injuries.<sup>2</sup> In comparison with our previous inspection, the overall inaccuracy rate for the 60 claims reviewed in 2012 increased slightly. Within this sample of 60 claims, we identified improper payments to 4 veterans totaling \$194,130 and 18 errors with the potential to impact veterans' benefits if left uncorrected. Additionally, we reported that VARO staff did not comply with VBA policy when processing health care entitlement decisions for Gulf War veterans. This report also included recommendations for the VSC to improve its homeless veterans outreach efforts. Based on information received from VBA, we closed our report in November 2013 indicating that they had acted on our recommendations in the report. The effectiveness of the actions taken by VBA will need to be assessed during our next inspection.

While the claims processing inaccuracy rates from both inspections were at unacceptably high levels, they remained somewhat consistent between 2009 and 2012. At the same time, the VARO's inventory of pending rating-related claims more than doubled—from 7,182 pending in 2009 to 15,615 in 2012. Further, it took VARO staff an average of 122 days in 2009 to complete rating-related claims whereas in 2012 it took 288 days to complete similar work. Despite the increase in inventory and time to process claims, the VSC experienced a reduction of 94 positions from April 2009 to March 2014. Based on repeated areas of non-compliance with VBA policy, we remained concerned about the VARO's ability to process high-risk disability claims accurately and timely.

During our 2012 inspection, we also found that the Philadelphia VARO management team continued to face multiple challenges within the Veterans Service Center. These challenges included the need to improve oversight of operational activities, gain control over workload, and improve the accuracy of disability claims processing.

### **Comparison to Other VA Regional Offices**

Our benefits inspection protocols are designed to review disability claims processing actions we consider at increased risk of processing errors. Therefore, our inspection results do not represent the overall accuracy of disability claims processing at the VAROs. Noteworthy, to date, none of the VAROs inspected have been totally compliant with all operational areas reviewed. The following offers a comparison of our Philadelphia VARO inspection results with those of other offices previously inspected in the same time frame.

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<sup>2</sup> *Inspection VA Regional Office Philadelphia, Pennsylvania, April 9, 2013.*

- October 2009 Benefits Inspection: From April 2009 through September 2010, we published 16 VARO inspection reports. Of the 16 VAROs on which we reported, the Jackson, Mississippi, VARO had the highest level of overall compliance (70 percent) with VBA policy in the areas inspected. The Philadelphia VARO was the 6<sup>th</sup> most compliant of 16 VAROs inspected, with an overall compliance rate of 55 percent when our report was published in March 2010.
- August 2012 Benefits Inspection: From January through September 2013, we published 20 VARO inspection reports. Of the 20 VAROs, the Milwaukee and Denver VAROs had the highest level of overall compliance (80 percent). The Philadelphia VARO was tied with five other VAROs for being the 13th most compliant, with an overall compliance rate of 20 percent when we published our report in April 2013.

### **ALLEGATIONS OF MISMANAGEMENT**

Since May 2014, we received numerous allegations regarding the operations of the Philadelphia VARO. Allegations included a broad range of issues such as “cooking the books” referring to data manipulation and taking actions that appear to reduce workload backlogs, mail mismanagement, and potential duplicate payments. Further, one allegation raised concerns that the Fast Letter 13-10 guidance issued by VBA provided opportunities for “cheating” on the dates of mishandled claims (Exhibit B). Several allegations raised concerns of inappropriate reprisals against whistleblowers. This led us to make an unannounced visit to the VARO on June 19, 2014. Since our June 2014 work began we expanded our work to include reviewing allegations of:

- Staff not timely scanning documents into Virtual VA, the electronic claims repository.
- Staff inappropriately shredding or destroying military and returned mail that could not be delivered.
- Staff hiding mail within the VARO.
- Staff "cherry picking" and processing easily appealed claims out of order, potentially misrepresenting performance.
- Staff not addressing over 32,000 electronic inquiries from veterans and beneficiaries.

The paramount issue is the Fast Letter guidance. In issuing this guidance, VBA deviated from its longstanding policy of establishing dates of claims, which adversely affected claims processing for many VAROs across the Nation. By design, the Fast Letter guidance required claims processing staff to apply current dates to older claims previously overlooked. Many of the Philadelphia VARO staff told us they took exception to this Fast Letter guidance on adjusting dates of claims and thus we concluded those actions were inherently contrary to VA core value of integrity.

### **Philadelphia VARO and Fast Letter 13-10**

VBA uses dates of claims within the electronic processing environment to control and manage its claims inventory and generally prioritize which cases staff will process first. VBA policy states that the date of claim is the earliest date a claim is received at a VA

facility. Each document VA receives in any of its facilities or locations where it has a presence must be annotated with the date of receipt. Incorrect application of dates of claims results in delayed claims processing actions and compromises the integrity of reported time it takes VARO staff to process claims.

On May 20, 2013, VBA issued Fast Letter 13-10, which provided an exception to this longstanding date of claim policy. The Fast Letter guidance advised staff to adjust dates of claims for unadjudicated claims to a more current date, that is, the date each claim was “discovered” in the claims folder. VARO staff were to use a special designator, “Unadjudicated Claims Discovered,” to identify these unprocessed claims in the electronic record. Without this electronic label, VBA staff cannot identify claims where the dates of claims were adjusted under the new guidance. The Fast Letter also reminded staff to consider the earliest date stamp shown on the claim document when determining the effective date for benefits payments—a requirement VBA staff must follow for all claims, found/discovered or otherwise. Additionally, the Fast Letter required the VARO Director or Assistant Director to approve each adjusted date of claim and send an email notification to VBA Compensation Service.

During our onsite review beginning June 19, 2014, we identified 30 instances where the Philadelphia VARO’s Pension Management Center (PMC) staff adjusted dates of claims using the Fast Letter guidance. However, in some of the cases, we determined staff had misapplied the guidance. The following are examples of how VARO staff misapplied the guidance.

- PMC managers instructed claims processing staff to apply the “date discovered” rule to manage their backlog of mail.
- PMC staff cancelled claims that were already established and pending in the electronic record and reestablished the claims using current dates. PMC staff were already aware that the claims existed, so they should have used original date of claim not the “date discovered” rule. Such actions made the average days that claims were pending appear better than if staff had used the original dates the claims were received.

While the VARO Assistant Directors signed the memorandums approving the adjusted dates of claims to recent dates, they did not provide the required notification to VBA Compensation Service after VARO staff adjudicated the claims. Philadelphia VARO management indicated the Fast Letter guidance was confusing as their explanation for misapplying the guidance. We disagreed and felt the guidance provided in this 3-page Fast Letter was clear even though it deviated from longstanding policy that ensured consistency and accuracy regarding how long a veteran waited for his or her claim to be processed.

### **Mail Management Concerns**

During our initial walk-through of the VSC during an unannounced visit in June 2014, we found mail bins full of claims and associated evidence that had not been scanned into Virtual VA since 2011. We became concerned that evidence located in these mail bins

was needed for processing future claims because until the documents are scanned, claims processing staff may be making decisions without all of required evidence.

Another concern centered on the electronic date stamps used by PMC staff at the Intake Processing Center to record dates of claims on the documents received. Management told us that each claims assistant maintained a key that allowed access to the mechanism inside the stamp where they could adjust the electronic date. As such, the opportunity existed for staff to misrepresent dates of claims. Although we did not find any instance during our limited review where staff changed the electronic dates, we did find one instance where the electronic date stamp incorrectly stamped documents with a future date. Management indicated they were aware of this problem and had instructed staff to cross out the incorrect date stamps and re-stamp the documents with the correct dates of claims.

### **Duplicate Records and Payments Allegations**

VARO staff also showed us several instances where veterans or their dependents received duplicate payments resulting from duplicate records in VBA's electronic system. We were told that this is an ongoing problem, both in the PMC and the VSC. Although management was aware of this issue, it was not a priority to make corrections in spite of the potential for improper payments.

In our report, *Audit of VBA's Pension Payments* (September 4, 2013) , we substantiated that VBA's corporate database contained duplicate pension records, and that these duplicate records occurred because VBA relied on PMC staff to identify pre-existing records prior to creating a new record. VBA did not have system controls in place to prevent users from creating duplicate records. As of September 30, 2014, 6 of the 8 recommendations in this report remain open.

### **VBA's Response**

The USB agreed to do the following to address the issues that we reported on:

- Issue a moratorium on Fast Letter 13-10 while VBA determined the appropriate way to move forward.
- Prioritize scanning the claims and associated evidence we identified in mail bins into Virtual VA.
- Establish a key control point, limiting employees' access to keys for electronic date stamps.
- Prioritize the correction of duplicate claims to reduce the risk of potential improper payments.

We plan to follow up on the corrective action taken in future benefit inspections.

### **FACILITY CONDITIONS**

Based on numerous complaints we received from VARO staff about the physical conditions in which they work, we dispatched a group of administrative investigators to the Philadelphia VARO. VARO employees told us, and by our own observations, we

learned of unacceptable conditions at VARO workspace located at 4700 Wissahickon Avenue. According to employees, the environment within this building (a separate building located close to the main VARO) has adversely affected employee health, morale, and productivity. Based on our own observations, we identified several areas that violated VA's Occupational Safety and Health (OSH) standards leading the OIG to issue a Management Implication Notification to the Under Secretary on July 23, 2014, outlining these concerns. For more details on the conditions, please see Exhibit C which is attached.

We recommended the USB take immediate action to ensure that the VBA workspace at 4700 Wissahickon Avenue complies with VA's OSH directives and handbooks, occupational safety and health requirements contained in Federal laws, regulations, and Executive Orders. We also advised that the Under Secretary ensure the protection and safeguarding of all veterans' records.

## **CONCLUSION**

These are challenging times for VA in general and VBA specifically, as they attempt to work through the compensation claims backlog while simultaneously implementing multiple initiatives to move VBA into an electronic, paperless environment. From an oversight perspective, these process changes require an increase in oversight at all levels. Management involvement is critical to minimize the financial risk of making inaccurate benefit payments, maintain a balanced approach to processing all workloads, and ensure the accurate and timely delivery of benefits and services.

Our work at the Philadelphia VARO is ongoing and we will issue a report upon completion of our work. Moving forward, the VARO leadership must work to restore the trust of employees and promote open communication. They can succeed by working transparently and engaging the staff to work together to deliver vital services and benefits to veterans and their families.

This concludes my statement and we would be happy to answer any questions that you or Congresswoman Titus may have.

# **EXHIBIT A**

**OIG MANAGEMENT ADVISORY –  
ISSUES OF CONCERN WITH  
PROCESSING CLAIMS AT THE  
PHILADELPHIA  
VA REGIONAL OFFICE  
JUNE 20, 2014**

# 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 Claims 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 where 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 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

# **EXHIBIT B**

VETERANS BENEFITS  
ADMINISTRATION  
FAST LETTER 13-10



DEPARTMENT OF VETERANS AFFAIRS  
Veterans Benefits Administration  
Washington, D.C. 20420

**TL 09-04 is rescinded due to issuance of this FL**

May 20, 2013

Director (00/21)  
All VBA Regional Offices and Centers

In Reply Refer To: 212A  
Fast Letter 13-10

SUBJ: Guidance on Date of Claim Issues

## Purpose

This fast letter provides guidance for establishing dates of claim including guidance for previously unadjudicated claims that are found or “discovered” in the claims folder.

## Date of Claim Establishment

VA regional office staff should document claim receipt dates in claim folders and in the electronic systems in accordance with [M21-1MR. III.ii.1.B.5](#) and [M21-1MR.III.ii.1.C.10](#).

The date of claim for claims establishment purposes is as follows:

- For first or third party information, the *earliest date* the information is received in any Department of Veterans Affairs facility. This date should be identified from the earliest VA date stamp. Date stamps can be from any VA entity, including but not limited to, Regional Office (RO), Pension Management Center (PMC), Veterans Affairs Medical Center (VAMC) or Records Management Center (RMC). ([M21-1MR III.i.1.2.b](#)).

**Exception:** Use the date a previously unadjudicated claim is discovered as the date of claim for system control purposes. The earliest date stamp shown on the discovered document shall not be used as the date of claim for purposes of establishing the EP, but it must be considered when determining the effective date if benefits are granted. This will ensure that the claimant is paid properly.

**Important:** A contention-level special issue has been created in MAP-D titled “Unadjudicated Claims Discovered” that should be used when establishing EPs for these claims.

Director (00/21)

- For messages generated as a result of matching programs and BDN write-outs, the date shown on the message, or if no date is shown, the date of the review. ([M21-1 V.III., 19.10](#)).
- **Exception:** BDN write-outs and 800 Series Work Items with the legend "Processing Date - Cycle XX, Month/Year" will use the Hines cycle schedule for date of claim purposes. Please see the [Hines Cycle Schedule](#) for more information.
- For due process, the date the notice of proposed adverse action is sent. ([M21-1MR.I.2.B.7.b](#))
- For EP 930 that is established to (a) correct a case worked erroneously or (b) to control an EP that was cleared prematurely, use the same date of claim of the underlying EP prematurely cleared or incorrectly processed. ([M21-4, Appendix C, Section II](#), and [M21-1MR III.i.1.2.b](#))

## Previously Unadjudicated Claims Discovered in Claims Folder

Authorization to establish a date of claim for a previously unadjudicated claim or "discovered" claim will be approved by the RO Director, or his/her designee, which will be no lower than an Assistant Director. The claim's establishment must be notated on the document by the Director, or his/her designee. This applies to either a paper notation in the claims folder or an electronic notation in the electronic record. After the claim is adjudicated, the Director must send an email to Compensation Service at [VAVBAWAS/CO/212A](#) with "Unadjudicated Claim Discovered" in the subject line and the following information concerning the claim:

- SSN or claim number
- Claimant name
- End product
- Date of claim (reflecting the date of discovery of the unadjudicated claimed issues)
- Effective date (reflecting the effective date for payment purposes, if applicable)

## CUE and Effective Date

The instructions provided in this fast letter do not govern assignment of effective dates for claim decision purposes or claims for clear and unmistakable error (CUE). In order for a CUE to occur, a decision has to have been made on a claim. Any newly "discovered" claims discussed above have never been decided; therefore, CUE is not applicable in these cases. See [38 CFR 3.105\(a\)](#) for more information on CUEs.

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Director (00/21)

Effective date guidance is covered in 38 U.S.C. § 5110, [38 CFR 3.400](#) and [38 CFR §3.157](#). Please refer to this guidance when deciding the correct effective date to be assigned.

## Questions

If you have any questions about this letter, please e-mail [VAVBAWAS/CO/212A](mailto:VAVBAWAS/CO/212A).

*/S/*  
David R. McLenachen  
Director  
Pension and Fiduciary Service

*/S/*  
Thomas J. Murphy  
Director  
Compensation Service

# **EXHIBIT C**

**OIG MANAGEMENT IMPLICATION  
NOTIFICATION – OCCUPATIONAL  
SAFETY AND HEALTH  
JULY 23, 2014**

# 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 4700 Wissahickon Avenue, 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.



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 unsecured 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.



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.



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](http://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.

James J. O'Neill