



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

**Audit of
VA Regional Office
Claim-Related Mail Processing**

To Report Suspected Wrongdoing in VA Programs and Operations

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Executive Summary

Results in Brief

The Office of Inspector General (OIG) conducted this audit to evaluate whether VA regional offices (VAROs) effectively managed mailroom operations and controlled the timely and accurate processing of claim-related mail. In fiscal year (FY) 2008, VBA processed about 20 million pieces of incoming mail and 13 million pieces of outgoing mail. Both the significant number of claim-related documents handled by VARO mailrooms and the potential effect on the processing of veterans claims that can occur if documents are inappropriately handled or destroyed make this a high-risk area for VBA.

VAROs needed to improve the handling, processing, and protection of claim-related documents, as well as in meeting mailroom security and other operational requirements. The use of amnesty periods and the extensive volume of mail recovered while taking these proactive initiatives are strong indicators that controls over mail management in VAROs were ineffective. The audit found some claim-related documents at the four VAROs visited were inappropriately placed in shred bins, a problem that appeared to be systemic. We also noted that VBA mail processing deficiencies led to unnecessary delays in establishing control of claims in VBA's "SHARE" system after receipt, and some claim dates were incorrectly entered into the system. In addition, VAROs do not effectively use X-ray machines to scan mail for threat objects and improvements are needed to strengthen mailroom security plans and practices.

Background

The OIG has identified the lack of timeliness for processing compensation and pension claims as a serious management challenge for the Department for the past several years. During this audit, we were informed some VAROs held "mail amnesty" periods to encourage VARO employees to turn in unprocessed claim-related documents in their possession without penalty or repercussions. Although these mail amnesty periods were considered necessary to ensure all veterans' claim information was processed, the use of mail amnesty periods and the numerous documents recovered while taking these proactive initiatives indicates that controls over processing claim-related mail in VAROs were ineffective. For example,

- In July 2007, the Detroit VARO reported that almost 16,000 pieces of unprocessed mail that were apparently being held by VARO employees. They included an estimated 700 claims not put under proper control and 2,700 medical records and/or pieces of medical information not in VBA information systems or associated claim files. In response to our draft report, VBA indicated that the majority of the remaining documents recovered were drop-file mail requiring no action by the VARO except to be filed in the claims folders.

- In October 2008, a mail amnesty at the New York VARO resulted in the recovery of over 700 documents from its employees.

After learning about the mail amnesties, we requested and obtained representations from the Directors of the four VAROs visited indicating they were not aware of any significant issues or problems related to processing of incoming mail at their VARO that were not disclosed to the OIG or occurred subsequent to completion of our on-site work.

Findings

VAROs needed to improve the handling, processing, and protection of claim-related documents, as well as in meeting mailroom security and other operational requirements.

VARO staff inappropriately placed documents needed for claims-processing in shred bins. An employee at the Detroit VARO told us that veterans' claim-related documents may have been placed in VARO shred bins for destruction. OIG auditors searched the shred bins located near the VARO mailroom and Triage Team areas and found documents needed for processing veterans' claims in shred bins awaiting routine destruction.

A similar search of shred bins at the other three VAROs where we had planned our audit work identified similar documentation. Our review of the contents of 37 (30 percent) of 125 shred bins at 4 VAROs identified a total of 132 claim-related documents inappropriately placed in the bins. The 132 claim-related documents consisted of 45 documents that could affect the benefits of 44 claimants and 87 documents that would not have affected claimants' benefits but should have been retained in claim files. After hearing the results of our probes, VBA directed all VAROs to search and inventory the contents of every shred bin within their VAROs, and verify that the contents did not include documents needed for processing claims. Based on this inventory VBA discovered claim-related documents in shred bins awaiting destruction at 41 VBA locations nationwide, including 40 of the 57 VAROs and VBA's Records Management Center in St. Louis, MO.

In response to these findings and VBA's own administrative review results, VBA issued a new and comprehensive policy in November 2008 regarding procedures for the maintenance, review, and appropriate destruction of veterans' paper records located in all VBA facilities and work sites.

VARO mail processing deficiencies contribute to unnecessary delays in establishing control of claims. VBA mail processing deficiencies led to unnecessary delays in establishing control of claims in VBA's "SHARE" system. In FY 2008, VBA placed 82 percent of claims under control (entered claim information into SHARE application to officially establish claim) in seven days or less after receipt; however, it took an average of 32.5 days to place the remaining 18 percent of claims under control. VAROs could improve control time proficiency by improving procedures to identify, analyze, and

monitor conditions that contribute to the delays in establishing control of claims, and ensuring that VAROs follow established and improved procedures.

The date of receipt for claim-related documents was not always entered correctly. Our review at four VAROs revealed incorrect dates entered for 22 (9 percent) of 238 claims established during May 1 through July 31, 2008. These incorrect dates did not appear to be intentional, but rather the result of human error. In response to the OIG's February 2009 report, Review of VA Regional Office Compensation and Pension Claim Receipt Dates (Report No. 09-00189-81) on this issue, VBA indicated they were establishing new procedures to test the accuracy of claim dates. Therefore, we offered no additional recommendations.

Mail processing and mailroom operations need improvements. We also identified the following conditions impacting mail-processing activities at VAROs:

- VAROs did not effectively use X-ray machines to scan incoming mail.
- VARO mailrooms did not fully comply with critical mailroom operations security requirements recommended by Federal regulations and General Services Administration (GSA) guidance.
- VARO mailrooms did not follow all required procedures for the proper handling of negotiable instruments.
- One VARO mailroom visited did not adequately protect Personally Identifiable Information (PII) awaiting destruction or in outgoing mail.

Conclusion

VBA has adequately addressed our concerns by establishing controls to ensure that important claim-related documents are not improperly discarded, and establishing new procedures to test the accuracy of claim dates. Nevertheless, improvements need to be made in mailroom operations management to ensure that a higher percentage of incoming claims are put under timely control. VARO security could also be improved by more effectively using X-ray machines to scan incoming mail and implementing guidance in accordance with recommended, government-wide mailroom security standards and guidelines. Until VBA completes the actions necessary to address these issues, VBA cannot be assured claims are being processed in a timely manner and government property, VARO employees, visitors, and other tenants are protected from unnecessary risks.

Recommendations

1. We recommend the Under Secretary for Benefits require VAROs to implement procedures to identify, analyze, monitor, and take actions to address conditions contributing to delays in establishing control of incoming claims within VBA’s 7-day requirement.
2. We recommend the Under Secretary for Benefits develop and issue policy guidance to establish VARO requirements to scan incoming mail and how VARO X-ray machines should be used to improve security.
3. We recommend the Under Secretary for Benefits develop and issue policy and standards concerning initial and recurring training and certification requirements for personnel who operate X-ray machines to scan incoming mail at VBA facilities.
4. We recommend the Under Secretary for Benefits develop and issue policy guidance for all VAROs regarding mailroom physical security based on requirements enumerated in 41 CFR, Part 192, Mail Management, and in the GSA Mail Center Security Guide.
5. We recommend the Under Secretary for Benefits issue guidance on establishing the minimum interval for updating VBA mailroom security plan risk analyses.

Management Comments and OIG Response

The Under Secretary for Benefits concurred with our findings and recommendations. VBA will revise and/or issue new policy and guidance in the areas of improving control over establishing new claims, and addressing mailroom security requirements and lapses noted during the audit, including the use of X-ray machines to scan incoming mail for threat items. VBA should be commended for taking proactive actions in advance of issuance of this report to address some of the concerns uncovered during the audit and as a result of previous OIG and internal VBA reviews. We incorporated VBA’s technical comments to our report where appropriate.

In particular, in November 2008, VBA officials put new controls in place to help ensure applications for benefits and other official documentation are not improperly destroyed in response to work uncovered during the audit and briefings provided to senior VA and VBA management. In addition, during the course of our audit, VBA took action to improve controls over claim dates subsequent to the discovery of the problem at the New York VARO and in response to a February 2009 OIG report.

Therefore, for both of these areas, no additional recommendations were provided to VBA. Planned corrective actions for our recommendations were responsive to our concerns and we will close the recommendations when all proposed actions have been completed by VBA. Appendix D contains the full text of the Under Secretary’s comments.

(original signed by:)

BELINDA J. FINN
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Introduction

Purpose

This audit evaluated whether VA regional offices (VAROs) have effective controls for the timely and accurate processing of claim-related mail and effectively manages its mailroom operations.

Background

In FY 2008, VBA paid over \$36.3 billion in disability compensation to about 3.2 million veterans and \$3.8 billion in pension compensation to approximately 514,000 veterans and survivors. VBA processed 20 million pieces of incoming mail and 13 million pieces of outgoing mail in FY 2008. According to VBA, numerous studies have shown that delays in properly controlling incoming mail significantly contribute to delays delivering benefits to veterans.

A significant first step in processing claims is the rapid handling and delivery of incoming mail to action offices within a VARO. All received and dispatched mail is processed by VARO mailrooms (or mail centers). Date stamping the mail to show the date the VARO received the mail and then moving the mail into the Triage Team and other points within the VARO as soon as possible are the most significant aspects of mailroom operations. VA policy states the objective of incoming mail management is to deliver mail to the action office within the shortest possible time after receipt, at least within 4 to 6 hours whenever possible.

A measure for processing mail associated with Compensation and Pension (C&P) claims is control time. VBA's goal is for 80 percent of claims to be established within seven days of receipt. Control time is the amount of time it takes to enter or establish a claim in VBA's SHARE computer application after receipt of a claim. Appendix C of this report contains detailed information on the VAROs' control time performance

During this audit, we were informed some VAROs held "mail amnesty" periods to encourage VARO employees to turn in unprocessed claim-related documents in their possession without penalty or repercussions. Although these mail amnesty periods were considered necessary to ensure all veterans' claim information was processed, the use of mail amnesty periods and numerous documents recovered while taking these proactive initiatives indicates that controls over processing claim-related mail in VAROs were ineffective. For example,

- In July 2007, the Detroit VARO reported that almost 16,000 pieces of unprocessed mail that were apparently being held by VARO employees. They included an estimated 700 claims not put under proper control and

2,700 medical records and/or pieces of medical information not in VBA information systems or associated claim files. In response to our draft report, VBA stated that the remaining documents recovered were drop-file mail requiring no action by the VARO except to be filed in the claims folders.

- In October 2008, a mail amnesty at the New York VARO resulted in the recovery of over 700 documents from its employees.

According to *41 CFR, Part 102-192, Mail Management*, all agencies that spend more than \$1 million per year on postage are required to develop and maintain an annual mail management and security plan. Regulations further state the “mail center is a major gateway into any business or government agency...Security is critical for this critical nerve center.” Shortly after the anthrax attacks of 2001, GSA issued the *GSA Mail Center Security Guide* to assist Federal mail center managers in keeping mail centers safe and secure. It provides an outline of the planning and preparation that is appropriate for a Federal mail center.

Results and Conclusions

Findings

VAROs needed to improve the handling, processing, and protection of claim-related documents, as well as in meeting mailroom security and other operational requirements. The use of amnesty periods and the extensive volume of mail recovered while taking these proactive initiatives are strong indicators that controls over mail management in VAROs are ineffective. The audit found some claim-related documents at the four VAROs visited were inappropriately placed in shred bins, a problem that appeared to be systemic.

We also noted that VBA mail processing deficiencies led to unnecessary delays in establishing control of claims in VBA's "SHARE" system after receipt, and some claim dates were incorrectly entered into the system. VAROs do not effectively use X-ray machines to scan incoming mail for threat objects and improvements are needed to strengthen mailroom security plans and practices.

Claims Documents Inappropriately Placed in Shred Bins

Information needed to support the processing of claims was inappropriately discarded in 37 shred bins located at the four VAROs visited. All information about our nation's veterans must be treated with the highest level of confidentiality and the utmost respect. Employees may only destroy records in accordance with approved records control schedules and must never remove records from VA without authorization. Shred bins provide employees with a place to dispose of unnecessary documents containing Personally Identifiable Information (PII). Without effective controls for processing and safeguarding documents, claim information is at risk of being misplaced or inappropriately destroyed.

Document shredding is generally part of routine records management functions performed in VAROs. Shred bins were located in different work areas throughout the four VAROs visited.

An employee at the Detroit VARO told us that veterans' claim-related documents may have been placed in VARO shred bins for destruction. OIG Auditors searched the shred bins located near VARO Triage Team areas and found claim-related documents. We then reviewed the documents, compared them to electronic and paper file records to determine whether the documents found in the shred bins had been recorded as received and whether the VARO had taken action in response to the information contained in those documents. Our search of shred bins at the other three VAROs identified additional documents that were inappropriately discarded.

The OIG reported preliminary findings to Congress in separate white papers issued in October and December 2008. In total, at the four VAROs, we recovered a total of 132 documents from examined shred bins of which 45 documents could have affected claim benefits and 87 other documents, such as death certificates, correspondence from the veterans, and award documents that would not have affected claims but should have been retained in claims files. (See Table 1 for additional details).

Table 1. Documents Found in Shred Bins

Documents Identified in Shred Bins	VA Regional Offices				TOTAL
	Detroit	St. Petersburg	St. Louis	Waco	
Documents Affecting Benefits					
Original Claims	2	4	0	0	6
Reopened Claims	1	10	2	0	13
Burial Benefits	0	4	0	0	4
Dependency Claims	1	1	1	0	3
Death Benefits	0	1	0	0	1
Informal Claims	4	0	0	0	4
Miscellaneous	6	6	0	2	14
Subtotal	14	26	3	2	45
Documents Not Affecting Benefits	69	12	3	3	87
TOTALS	83	38	6	5	132

The 45 documents that delayed the processing of the claimants' benefits or otherwise impacted the claim included:

- **Original claims for benefits (6).** These claims included two from Global War on Terrorism (GWOT) veterans that should have received priority processing. We found no record of receipt and VARO managers confirmed that the claims were never established.
- **Reopened claims for benefits (13).** These claims represented requests for increased compensation, new entitlement to pension benefits, or entitlement to service connection for additional disabilities. For 10 of the 13 claims, there was no record of receipt or action by the VAROs to establish a claim. Although the VARO had established the remaining three claims cases, for two of these claims, the private medical evidence submitted by the claimant was discarded, and there were no copies in the official records. For the third claim, the VARO used the date of a telephone inquiry instead of the earlier original claim date on the records found in the shred bin.
- **Claims for burial benefits (4).** The VARO had no record of receipt or processing of these claims for reimbursement of burial expenses.
- **Dependency claims (3).** These claims included two requests for benefits on behalf of claimants' children and an application to add a dependent to an

existing claim. The VAROs had no record of receipt and no evidence of any action.

- **Claim for death benefits (1).** The VARO had no record that this claim for death benefits by a surviving spouse was received or acted upon.
- **Informal claims (4).** An informal claim preserves the claimant's date of eligibility for benefits for a 1-year period, indicating a claimant's intent to apply for one or more benefits. The discarded informal claims identified the date the VARO received the document, which is necessary to ensure the correct date of eligibility. However, the VAROs had no record of receipt and control of these documents.

For example, a veteran did not receive full disability benefits due because the VARO had not taken any action on the informal claim received prior to the claim being discarded in a shred bin. The VARO received the veteran's informal claim on January 31, 2008. In February 2008, the VARO received the veteran's formal claim and established the claim in SHARE with a February 12, 2008, date of claim. The VARO awarded benefits to the veteran based on the February 12, 2008, date of claim, with a payment date of March 1, 2008. The VARO should have awarded benefits based on a January 31, 2008, date of claim with a payment date of February 1, 2008. As a result, the veteran did not receive the entitled disability benefit payment of \$117 for the month of February 2008.

- **Miscellaneous documents (14).** These documents included write-outs and returned mail that the VAROs had not acted upon and could affect claimants' benefits. A write-out is notification to VA that a discrepancy exists between a veteran's computer record and the amount of monthly benefits the veteran is receiving. VARO employee action is required to reconcile the discrepancy.

Actions Taken by VA and VBA Leadership. On October 14, 2008, the Inspector General briefed the prior Secretary of Veterans Affairs, the Under Secretary for Benefits, and other senior VA officials concerning claim-related documentation found in shred bins. Immediately following this briefing, VA senior management directed every VARO to suspend all document shredding. In addition, the Under Secretary for Benefits instructed VARO Directors to inventory the contents in shred bins, report all claim-related mail or original supporting documents found in shred bins, and certify that documentation is not being inappropriately destroyed.

On October 27, 2008, VBA reported to OIG that VARO inventories of shred bins identified 500 documents affecting benefit entitlements and eight documents that VAROs were required to return to claimants. VBA revised that number of documents to 474 after completing its review of the VARO inventories. Of the 57 VAROs, 40 (71 percent) reported that shred bins included documents affecting

benefit entitlements. VBA's Records Management Center in St. Louis, MO, also reported that six documents were inappropriately discarded. Of the 474 documents, 242 (52 percent) were at three VAROs—Columbia, SC (95 documents); St. Louis, MO (94 documents); and Cleveland, OH (53 documents). The remaining 232 documents were at 37 other VAROs and the Records Management Center. The number of documents in shred bins at these facilities ranged from 1 to 95.

In November 2008, VBA officials improved controls to help ensure applications for benefits and other official documentation are not improperly destroyed. On March 12, 2009, we conducted a spot check of the physical controls for 15 shred bins at the St. Petersburg VARO and found all shred bins locked and secure in that VARO. We will assess the effectiveness of these new controls over shredding operations in future reviews of VAROs.

Extent of Inappropriate Claim-Related Shredding Cannot Be Determined.

The contents of the bins OIG reviewed contained 14 or fewer days of material because the shred bins at the four VAROs were generally emptied weekly or bi-weekly. We did not have sufficient information to project the findings to the universe of VAROs to determine whether the findings represented the typical contents for each shred bin or to know what occurred prior to or after our audit.

Lack of Controls Are Contributing Factors. At the time this audit began, VBA had no requirement for any supervisor or other official to review documents placed in the shred bins. Further, no requirement existed for any type of official review of documents placed in shred bins prior to their destruction. Therefore, an employee could easily dispose of documents, either intentionally or unintentionally. The identification of documents inappropriately slated for shredding nationwide occurred because of a general lack of management controls that allowed employees unrestricted access to shred bins.

While documents may have been unintentionally disposed of by employees, VARO officials indicated that the focus on production quotas for processing incoming claim-related documents could have potentially motivated some employees facing a backlog of work to conceal and/or destroy official documents instead of filing or processing them. Similar concerns were raised in a congressional hearing by members of Congress, a VBA employee/union representative, and representatives from veterans' organizations.

We consider any loss of claim-related documents to be unacceptable. These actions result in an inaccurate or incomplete record of activities needed to process a veteran's claim, delay claims processing, and potentially result in denial, under, or overpayment of benefits. We commend VBA for the immediate response to address the documentation-shredding problem. We will monitor corrective actions at the VAROs to ensure veterans' claims and records are appropriately protected.

VARO Mail Processing Deficiencies Contributed to Delays in Claims

VAROs could reduce control times by addressing avoidable delays in mail processing practices. While the agency is successfully placing 82.4 percent of claims under control within 7 days of receipt, in FY 2008, we found that the average control time for the remaining claims was 32.5 days, and 13 of the 57 VAROs did not meet the processing goal of placing 80 percent of claim-related mail under control.

At the four VAROs visited, we sampled 120 claims to determine the reasons that some claims were not established within the 7-day requirement and determined that the majority of delays, 103 (86 percent) were avoidable:

- For 62 (60 percent) of 103 claims, Triage staff responsible for establishing control of claims in the SHARE system did not establish these claims within seven days of receipt because they did not effectively prioritize their work or they incorrectly calculated the 7 day requirement for establishing claims:
 - Claims assistants did not effectively manage their workload to ensure claims nearing the 7-day requirement were given priority. As a result, some work on claims did not start until after the 7-day requirement lapsed.
 - Some claims assistants did not know how to correctly calculate the 7-day requirement in accordance with VBA policy. VBA calculates day one of control time using the date of the earliest VA date stamp on the claim. However, these claims assistants considered the day after the earliest VA facility date stamp as day one. In addition, some claims assistants incorrectly thought days were computed using business days (excluding weekends and holidays) instead of calendar days as stated in VBA policy. As a result, claims assistants may not have been aware that they had already exceeded the 7-day requirement when they established control of the claims.
- For 26 (25 percent) of 103 claims, the Triage staff responsible for screening and reviewing incoming claim-related mail inappropriately routed claims to another team or regional office for processing. These claims should have been placed under control by Triage personnel but were not. The primary causes for inaccurate screening and reviewing of incoming claims occurred because employees either lacked necessary experience or were not thoroughly reviewing incoming mail. Consequently, they missed requests for new claims included in correspondence pertaining to other matters such as an appeal.
 - For example, at one VARO, the employee assigned the responsibility of reviewing, screening, and routing incoming claim-related mail did not possess in-depth claims processing experience and consequently, did not identify 13 claims during the screening process. This employee

inappropriately routed the claims to other teams and contributed to an average control time delay of 45 days.

- For 8 (8 percent) of 103 claims, end products (EP) used as identifiers for tracking claims were inappropriately canceled and subsequently re-established. VSC managers could not consistently determine why claims were inappropriately canceled because evidence to show what happened was not always available in either the computer applications used to track claims or in the claim folders.
 - For example, available evidence at one VARO showed a request to reopen a claim was received on June 10, 2008, and established on June 13, 2008, (4-day control time) using an EP identifier to track the claim. VSC management stated that a VSC employee inappropriately canceled the EP when they sent the claimant an application in response to the claim. When the VSC received the application, they re-established the claim on July 9, 2008. Instead of cancelling the EP, the VARO should have continued processing the claim under the initial EP pending receipt of additional information from the claimant. Because the claim had to be re-established using the date the initial claim was received on June 10, 2008, the elapsed days to establish control of the claim increased to 30 days.
- For 7 (7 percent) of 103 claims, claim-related mail received by other VARO program offices, such as the Director's office and the Homeless Coordinator, were not submitted to the Triage teams within seven days of receipt.

The lack of effective management oversight and monitoring contributed to claim processing delays and ultimately to delayed delivery of benefits. VBA policies require management to check progress toward achieving goals as well as monitor workflow management and inventory control to ensure claims are promptly put under control. VAROs could improve control time proficiency by improving procedures to identify, analyze, and monitor conditions that contribute to the delays in establishing control of claims, and ensuring that VAROs follow established and improved procedures. Because VAROs did not have adequate procedures in place to identify, analyze, and monitor recurring deficiencies and address inadequate workflow deficiencies that contribute to avoidable delays, managers did not prevent the delay in placing 103 (86 percent) of 120 claims under control within seven days.

Incorrect Receipt Dates Impaired Data Integrity

Reviews performed at the four VAROs visited determined the date of receipt for claim-related documents was not always entered correctly. The date of receipt (stamped onto a document when received by any VA office, not just VBA

mailrooms) shows the date of entitlement for an award of pension, compensation, or dependency. The date of receipt is also used by VBA to track the timeliness of claim processing and to monitor internal workflow.

In September 2008, a VBA administrative investigation concluded that some employees were directed by supervisors at the New York VARO to intentionally record inaccurate claim dates in order to ensure that claims were reported as being established within 7 days of receipt by the VARO. Our review at VAROs in St. Petersburg, FL; Waco, TX; Detroit, MI; and St. Louis, MO, identified a 9 percent error rate in the accuracy of claim dates entered into SHARE. Table 2 summarizes our review of the claims at the four VAROs visited:

Table 2. Incorrect Claim Receipt Dates

VARO	Claims Files Reviewed	Did not Use Earliest VA Facility Date Stamp	Pre-Discharge Diary Date Not Updated	Other	Total Errors	Error Rate
St. Petersburg	60	1	0	0	1	2%
Detroit	58	4	1	2	7	12%
St. Louis	60	2	3	0	5	8%
Waco	60	8	0	1	9	15%
TOTALS	238*	15	4	3	22	9%

*Two of the 240 claims in our original sample were determined not to be within the scope of our review and thus omitted.

- We found no evidence the errors were intentional. Reviews of the files and interviews with VARO managers, coaches, and employees indicated that these errors were the result of accidental typographical errors or a misunderstanding by some staff of established requirements and procedures. Fifteen of the 22 claims with inaccurate claim receipt dates (representing 6.3% of the total claims reviewed) were not established using the earliest date of receipt by a VA facility, as required.
- Four claims established with incorrect dates were identified as Pre-Discharge claims entered into the SHARE system with an estimated date of discharge from military service as a projected date of claim. Upon receipt of the claimant’s military discharge form DD-214, the VARO did not update SHARE to reflect the correct date of claim.
- The three claims classified as “Other” in Table 2 included two claims that were established with incorrect dates of receipt due to unintentional typographical errors. Another claim identified as having been established with an incorrect date was a reopened claim inaccurately identified by a VSC employee as an informal claim, who then inappropriately canceled control of the claim and sent the claimant an application for benefits. When the VARO received the application, they re-established the claim using the date stamped on the

application, instead of the date stamped on the claimant's original request to reopen a claim.

Of the 22 claims, 5 were inaccurately reported as being established within 7 days after receipt. Instead, they should have been reported as being established by the VARO ranging from 8 to 18 days after receipt. At three of four VAROs, incorrect claim dates could have affected benefit payment dates for 5 of 238 claims reviewed (2 percent). The VAROs updated the claim receipt dates after the errors were identified by the OIG Audit team and brought to the VAROs' attention. On September 16, 2009, we confirmed in SHARE and MAP-D that benefits had not been adversely impacted for these 5 claims.

VBA policy requires VARO management to ensure the accuracy of data entered into VBA computer applications. VBA managers are required to perform quality reviews to ensure staff follows prescribed procedures when recording information. VBA managers must assess the quality of data such as disposition codes, suspense dates, and the proper recording of requested and received claim evidence. We noted, however, that supervisory and/or quality reviews performed of claim date accuracy varied at each VARO location visited and in some instances were not performed as required:

- At the Waco VARO, the VARO quality review team conducted the reviews. A quality review checklist was used by the VARO that included a test for date of claim accuracy. The VARO's quality review of 1,680 claims during FY 2008 identified only two errors. In contrast, our review identified 9 (15 percent) of 60 claims established during June 1, 2008 through July 31, 2008, with date of claim inaccuracies.
- At the St. Petersburg VARO, the quality reviews performed by their staff did not include date of claim accuracy.
- At the Detroit VARO, no quality reviews were performed from January through September 2008.
- At the St. Louis VARO, management could not provide evidence that quality reviews were performed prior to February 2008.

Discussions with VBA officials disclosed that VBA training material provided to claims assistants does not specifically define the date of claim. As a result, it is possible that claims assistants responsible for establishing control of claims may not be aware of policy requirements. According to VBA officials, training material is currently being updated to address this weakness.

During the course of our audit, VBA took action to improve controls over claim dates subsequent to the discovery of the problem at the New York VARO. VBA's response to the OIG's February 2009 report, *Review of VA Regional Office*

Compensation and Pension Benefit Claim Receipt Dates, (Report number 09-00189-81) stated that, in November 2008, VBA's Compensation and Pension Service began reviewing date of claim accuracy on all Systematic Technical Accuracy Reviews (STAR), and that the date-of-claim accuracy reviews will be a permanent addition to the STAR program to ensure continued monitoring.

Entering inaccurate claim dates can result in incorrect eligibility dates used to calculate veterans' benefits or inaccurate reporting of timeliness statistics for all pending and completed claims, potentially inflating both employee and VARO performance. Further, it impairs the reliability of data used to make management decisions. In addition to changes already made by VBA, the OIG made recommendations in a recent report to VBA concerning the need to improve controls over SHARE claim date reliability.

Specifically, we recommended that VBA establish accuracy goals to measure and monitor claim date reliability and require VAROs to perform a Systematic Analysis of Operations to validate SHARE claim date accuracy and adequacy of claim date documentation in claims folders. Therefore, we are not making additional recommendations for this area in this report, which began prior to both the VBA internal review and the subsequent OIG special review of the date of claims issue.

Use of X-ray Machines for Mail Scanning Unlikely to Improve VARO Security

VBA lacks adequate assurance that x-ray mail scanning practices are sufficient because VAROs do not scan all incoming mail or inconsistently use X-ray machines to scan incoming mail for potential threat objects. Despite Federal regulations recommending the use of X-ray technology to scan mail at Federal mailrooms, VBA reported that only 29 of the 51 VAROs required to scan incoming mail either operate their own X-ray machines or are located in Federal buildings where Federal Protective Service (FPS) or GSA personnel scan incoming mail.

In addition, VAROs visited had inconsistent practices for using X-ray machines to scan incoming mail and did not provide adequate, recurring training to mailroom personnel to ensure that X-ray machine operators are sufficiently skilled to identify threat objects that may be embedded in incoming mail. This is occurring due to a lack of VBA policies and guidance that govern the acquisition and use of X-ray machines as well as training for employees to identify threat objects. As a consequence, employees, visitors, and other building occupants could be unnecessarily exposed to threat objects introduced through VARO mail operations.

Federal guidance and VBA policy. *41 CFR, 102-192, Mail Management* prescribes the policies for the efficient, economical, and secure management of incoming, internal, and outgoing mail in Federal agencies and recommends the x-raying of mail as part of an agency's mail security plan. According to *41 CFR, Part 102-192.85*, every Federal agency and agency location that has one or more full time personnel processing mail must implement a written mail security plan. In addition, *41 CFR Part 102-192* states that mail centers should acquire X-ray machines to scan mail if possible, and all mail, regardless of carrier, should be x-rayed. If mail volume does not permit this practice, all packages should be x-rayed.

The *GSA Mail Center Security Guide* was first published in the wake of the 2001 anthrax attacks, recognizing the increased importance of mail center security. This guidance recommends that mail operations acquire X-ray machines to scan incoming mail, noting that mail centers are vulnerable to threats including mail bombs. It further emphasizes the need for trained X-ray machine operators. VBA Mail Managers believe it should be mandatory for all VAROs to have incoming mail scanned to comply with Federal requirements.

In 2001, VBA's Office of Facilities, Access and Administration (OFAA), formerly known as Office of Access Management and Facilities, performed an assessment to identify physical security vulnerabilities subsequent to the 2001 terrorism and anthrax attacks. The assessment considered physical security at VAROs and determined that VAROs with 50 or more Full Time Equivalent Employees (FTEs) should enhance their security with the use of X-ray machines for mailroom operations. This policy applies to 51 of the 57 VAROs.

VBA lacks assurance that incoming mail is x-rayed where required. According to VBA officials, as of September 2008, only 29 of the 51 VAROs required to scan incoming mail used X-ray technology. Twenty-one VAROs required to scan incoming mail are located in Federal buildings where FPS or GSA personnel scan incoming mail. The remaining eight VAROs operate their own X-ray machines to scan incoming mail. This occurred because:

- VBA has not performed a vulnerability assessment since 2001. As a result, VBA lacks current information and reasonable assurance that the current standard for determining whether the mix of VAROs (based on the number of FTE) that scan incoming mail and those that do not is still appropriate.

The Office of Facilities, Access and Administration has not provided oversight of the deployment of X-ray machines and scanning incoming mail. OFAA could not provide information on which VAROs scan incoming mail until after all VAROs were queried in response to our initial request for information.

VAROs do not effectively use X-ray machines. In 2002, VBA provided funds to 18 VAROs to purchase X-ray machines based on responses to the

2001 vulnerability assessments. Some of the 18 VAROs that received X-ray machines as part of VBA's 2002 deployment either never used them, no longer use them, or do not use them to scan all incoming mail for potential threats.

Interviews with managers from 7 of the 18 VAROs disclosed:

- Six of the seven VAROs reported that their X-rays were either broken or had been made surplus. Two of these seven reported having never used their machines because they believed their sites were not at risk.
- One of seven VAROs reported only using its machine to x-ray what the Chief of the Support Services Division termed "suspicious" mail items, which had not occurred in more than 2 years.

Furthermore, VAROs visited did not use their X-ray machines consistently. In fact, we found one VARO that did not scan mail for more than 2½ years when its machine was no longer operational and chose not to have the machine repaired. The VARO did not resume scanning mail until October 2008 when it received a new machine.

VBA has not established national training and certification standards for operating mailroom X-ray machines. VBA has not issued guidance to VAROs regarding the training, recertification, and testing standards for VARO X-ray machine operators to identify threat items that could be introduced into VBA's mail stream. Instead, training for the use of the machines to identify threat items has been left to the discretion of individual VAROs. Consequently, the type and frequency of training varied across VAROs:

- At one VARO, initial training for identifying suspicious items was limited to using the X-ray machine to scan mail items to identify a lipstick case and a pair of sunglasses.
- At another VARO, recurring training had not been conducted for at least 4 years.
- At a third VARO, local VA police provided training in FY 2007. However, the VARO could not provide documentation or specifics on the training provided. Employees hired after the training in 2007 received no formal training.
- Three VAROs could not provide documentation to show the type of training provided to X-ray machine operators.

In addition, none of the three VAROs identified above used "Threat Image Projection" (TIP) software. The GSA Mail Center Security Guide recommends that training provided to X-ray machine operators should include identifying mail bombs and agencies should consider using software that randomly inserts an image of a suspicious object among images of actual letters and packages scanned.

TIP is a software program that projects images of threat items onto X-ray images of carry-on bags as a way to test the abilities of X-ray operators. TIP can be used to help train X-ray machine operators and keep them alert to potential threat items, but it can also be used as a method to monitor operator performance.

GSA guidance emphasizes the need for trained X-ray technicians, noting, that “training is necessary to qualify someone to inspect letters and packages by X-ray. Basic security procedures listed in *41 CFR* includes recognizing and reporting suspicious packages and maintaining a log of employee training, including regular refresher training.

An FPS official interviewed indicated that FPS provides X-ray machine scanning services, operated primarily by FPS contractors, in hundreds of Federal buildings and federally occupied facilities nationwide. The official further indicated that all X-ray machines used by FPS and their contractors are required to have TIP software installed, and FPS contractors must provide 8 hours of training to X-ray machine operators every 3 years. He stated that X-ray machine operators need to be well trained, tested, and regularly recertified to be effective and proficient with X-ray machines and have the ability to routinely identify threat objects. He indicated that some other agencies use web-based training for X-ray operators.

Despite Federal guidance and the potential threat of dangerous items being introduced into its VARO mail stream, VBA has not issued guidance to VAROs regarding acquiring, deploying, and using X-ray machines or for the training, recertification, and testing standards for VARO X-ray machine operators to identify suspicious items. Unless VBA promulgates comprehensive policy or guidance to VAROs concerning the use of X-ray machines to scan incoming mail and ensure X-ray machine operators receive initial and recurrent training and certification, VAROs will continue to be vulnerable to threats that may be introduced into the VBA mail stream.

VBA Mailrooms Not Fully Compliant with Security Requirements

VBA mailroom operations visited have not fully complied with critical mailroom security requirements. Although each of the four VAROs visited had security plans, the plans did not include all of the standards needed for the VAROs to have effective mail center security programs that would minimize disruptions to mail operations from potential threats. The VAROs did not perform annual reviews of security plans, which according to Federal guidance should include a risk assessment, opening and closing procedures, and continuity of operations plans (COOP). VAROs do not routinely update their risk assessments to identify changes or current information.

According to *41 C.F.R. 102-92, Mail Management*, all Federal agencies are required to have written security plans for mail operations at the agency level and

any facility where one or more full time personnel process mail. The mail center security plan has many objectives. A few include protecting mail center staff and all other employees and building occupants; avoiding unwarranted, costly, and disrupting evacuations; and providing a visible mail screening operation. In addition, the security plan should be updated whenever circumstances warrant, but as a minimum, it is required to be reviewed annually.

Large agencies must verify that facility security plans have been reviewed at the agency level. The agency annual report, signed by the VA Mail Manager and sent to GSA, must state that all facility security plans have been reviewed by a competent authority within the past year. *Appendix B, 41 CFR 102-192*, lists standards that effective mail center security plans should address. GSA's 2004 Security Guide provides additional guidance for developing security plans.

Security Plan Review. None of the four VAROs visited reviewed their mail center security plan at least annually. One VARO manager stated that inadequate manpower contributed to their lack of performing annual reviews.

Risk Assessment. According to the *GSA Mail Center Security Guide*, the first step in developing a security program is a site-specific risk assessment for mail centers and their operations. The purpose of a risk assessment is to determine the likelihood that identifiable threats will harm a Federal agency or its mission. The *GSA Mail Center Security Guide* describes a risk assessment as a snapshot in time that needs to be updated whenever operations change or there are significant changes in the organization.

- One VARO was not able to provide any documentation showing a risk assessment, had been performed prior to May 2008. The VARO's security plan specified risk assessments are to be performed January of each year.
- One VARO had not completed a risk assessment, as suggested by GSA, on their mailroom operations, since 1995.
- Two VAROs provided risk assessments dated March 2008.

Physical Security. According to *41 CFR, Part 102-192, Mail Management, Appendix B*, mail center managers should develop detailed procedures for opening and closing the mail center. The procedures should include the use of checklists, which should be posted and signed daily. GSA's Mail Center Security Guide provides guidance covering the mailroom checklist that includes the securing of postage meters and other assets.

None of the four VAROs included opening and closing procedures in their security plans or had any written opening and closing procedure checklists. In addition, two of the VAROs did not secure their postage meters after business hours to prevent unauthorized use and one VARO did not maintain adequate control and accountability of postage stamps. During business hours, the VARO

kept stamps in an unlocked cabinet accessible to non-mailroom personnel. In addition, the mailroom personnel did not perform reconciliations of stamps.

Continuity of Operations Plans. According to *41 CFR, Part 102-192, Mail Management, Appendix B*, managers should have a written continuity of operations plan (COOP) to deal with emergency situations. The plan should include current contact information; the location and contents of a “fly-away” kit; and quarterly testing of the COOP. According to GSA, a “fly-away” kit should, at a minimum, consist of COOP checklists, key contact lists, diskettes or CDs with critical files, any specialized tools that are routinely used, maps to alternate sites, and any other information and equipment related to an emergency operation.

- At one VARO, the COOP did not contain current contact information. For example, the COOP did not list the current incumbent serving as the Chief, Support Services Division as the emergency preparedness coordinator and the point of contact for Administrative, Security, Building and Facilities, and Failure Assessment.
- At three of the four VAROs, their COOP did not list the location and contents of “fly-away” kits.
- None of the four VARO mailrooms conducted required quarterly tests of their COOP.

Although VAROs received instructions from OFAA in 2006 to follow *41 CFR*, mailroom managers claimed to be unaware of the requirements. OFAA Mail Managers are responsible for ensuring VAROs have mailroom security plans and that the plans are in compliance with *41 CFR*. OFAA did not provide sufficient oversight to ensure that VARO mailroom security plans were meeting all requirements. OFAA Mail Managers acknowledged responsibility for reviewing VARO mailroom security plans; however, the managers did not identify any of the missing elements we identified. The Mail Managers stated they do not perform comprehensive or detailed reviews of mailroom security plans because they are unable to devote the time, nor do they have the staff necessary to fulfill this duty.

Conclusion

VBA has adequately addressed our concerns by establishing controls to ensure that important claim-related documents are not improperly discarded, and establishing new procedures to test the accuracy of claim dates. Nevertheless, improvements need to be made in mailroom operations to ensure that a higher percentage of incoming claims are put under timely control. VARO security could also be improved by more effectively using X-ray machines to scan incoming mail and implementing guidance in accordance with recommended, government-wide mailroom security standards and guidelines. Until VBA completes the actions

necessary to address these issues, VBA cannot be assured claims are being processed in a timely manner and government property, VARO employees, visitors, and other tenants are protected from unnecessary risks.

Recommendations

1. We recommend the Under Secretary for Benefits require VAROs to implement procedures to identify, analyze, monitor, and take actions to address conditions contributing to delays in establishing control of incoming claims within VBA's 7-day requirement.
2. We recommend the Under Secretary for Benefits develop and issue policy guidance to establish VARO requirements to scan incoming mail and how VARO X-ray machines should be used to improve security.
3. We recommend the Under Secretary for Benefits develop and issue policy and standards concerning initial and recurring training and certification requirements for personnel who operate X-ray machines to scan incoming mail at VBA facilities.
4. We recommend the Under Secretary for Benefits develop and issue policy guidance for all VAROs regarding mailroom physical security based on requirements enumerated in 41 CFR, Part 192, Mail Management, and in the GSA Mail Center Security Guide.
5. We recommend the Under Secretary for Benefits issue guidance establishing the minimum interval for updating VBA mailroom security plan risk analyses.

Management Comments and OIG Response

The Under Secretary for Benefits concurred with our findings and recommendations. VBA will revise and/or issue new policy and guidance in the areas of improving control over establishing new claims, and addressing mailroom security requirements and lapses noted during the audit, including the use of X-ray machines to scan incoming mail for threat items. We incorporated VBA's technical comments to our report where appropriate.

VBA should be commended for taking proactive actions in advance of issuance of this report to address some of the concerns uncovered during the audit and as a result of previous OIG and internal VBA reviews. In particular, in November 2008, VBA officials put new controls in place to help ensure applications for benefits and other official documentation are not improperly destroyed in response to work uncovered during the audit and briefings provided to senior VA and VBA management. In addition, during the course of our audit, VBA took action to

improve controls over claim dates subsequent to the discovery of the problem at the New York VARO and in response to a February 2009 OIG report.

Therefore, for both of these areas, no additional recommendations were provided to VBA. Planned corrective actions for our recommendations were responsive to our concerns and we will close the recommendations when all proposed actions have been completed by VBA. Appendix D contains the full text of the Under Secretary's comments.

Scope and Methodology

We evaluated claim-related mail processing and management of mailroom operations at four VAROs (St. Petersburg, FL; St. Louis, MO; Detroit, MI; and Waco, TX). We selected St. Petersburg, FL, and Waco, TX VAROs because they had the highest volume of completed claims in FY 2007 (11.5 percent of all rating claims completed) that together accounted for a significant percentage of mail processed within VBA nationwide. We chose VAROs in St. Louis, MO, and Detroit, MI because they accounted for a minimum of at least 1 percent of all claims completed in FY 2007, but consistently performed below VBA's control time standard.

To determine whether claim-related documents that could affect benefits or were required to be retained for record-keeping purposes were inappropriately discarded, we analyzed the contents of shred bins in or near Triage Team areas at the four VAROs visited. After identifying documents that appeared to have been inappropriately placed in the shred bins, other sources of claim documentation were searched. This included claim folders and/or electronic systems such as SHARE, Modern Award Processing-Development (MAP-D), and Control of Veterans Records System (COVERS). We did this search to determine whether the documents found in the shred bins had been received and recorded and whether there was evidence that any action had been taken in response to the information contained in those records.

We also reviewed a statistical sample of 240 compensation benefits claims to determine whether the VAROs used the correct dates to establish the claims and analyzed whether causes for claims not established within 7 days of receipt were avoidable. We subsequently dropped 2 of the 240 claims because we determined they were not within the scope of our review. Of the 238 claims, 120 were not established within 7 days of receipt. We analyzed these 120 claims to determine whether causes for claims not established within 7 days of receipt were avoidable.

For each claim, the date of claim contained in claims folders was compared with the date of claim reported in VETSNET Operations Reports (VOR). VSC managers and coaches were also interviewed to determine causes for errors and claims not established in a timely manner. In addition, at each VARO visited, we selected separate pieces of outgoing mail to determine if the mail was processed in a way that provided reasonable assurance veterans' PII was not released inappropriately.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis

Appendix A

for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Other Matters Identified and Impacting Specific VARO Mailroom Operations

St. Louis VARO Mailroom Did Not Adequately Protect Personally Identifiable Information

The St. Louis VARO did not adequately protect PII contained on documents awaiting destruction or have effective measures in place to prevent the release of PII on outgoing FedEx address labels. Mailroom personnel placed documents containing PII in three large, open bins located in the loading dock area of the VARO mailroom. The bins held potentially thousands of documents awaiting destruction. Some examples of the documents found in the bins were COVERS print outs and veterans' medical examination reports. In addition, we discovered an additional 60 COVERS print outs in a box next to computer equipment awaiting disposition. Each COVERS document contained a veteran's name, social security, and VA claim number.

We reviewed copies of all FedEx labels (141) used on outgoing mail, dated June 2 through July 2, 2008, to determine whether the labels inappropriately contained PII. We identified nine FedEx labels that inappropriately listed veterans' names and social security or VA claim numbers. After we informed VARO management of the issue, they conducted an internal review and determined one VARO employee had prepared these labels for shipment of claims folders to VA's Board of Veterans Appeals.

According to VARO management, it was common practice for mailroom operations to place documents containing PII in the large bins located in the loading dock area. This practice exposed PII to theft by non-VA personnel who are not always escorted in the mailroom area. A VARO representative stated that the new procedures VBA implemented should ensure VARO employees do not inappropriately discard claim-related documents. Documents awaiting destruction that contain PII are now placed in secured bins inside the offices of VARO supervisors. In addition, the VARO counseled and provided training to the employee who inappropriately included PII on FedEx labels. We consider the actions taken acceptable and the issue to be resolved. Therefore, we are not making additional recommendations for this issue.

VARO Mailrooms Inconsistently Follow Required Procedures for Handling Negotiable Instruments

Two VAROs visited did not consistently follow required procedures for processing negotiable instruments, such as endorsed checks, money orders, or drafts received in and opened by mail room personnel. VARO mailroom staff did

not submit negotiable instruments found in incoming mail to designated personnel, prepare duplicate registry logs used to record receipt of negotiable instruments, initial the registry logs, and perform reconciliations of the registry logs.

- At one VARO, when mail clerks found negotiable instruments in the incoming mail, they placed them in a tray accessible by non-mailroom personnel for login later instead of giving them to the designated mail clerk.
- At two VAROs, both the mail clerks who find negotiable instruments in the incoming mail and the registry log-in mail clerk were not initialing the registry log as required.
- Reconciliations of the duplicate registry logs maintained by one VARO mailroom and the original registry log signed and returned from the agent cashier were not performed to check for accuracy. The reconciliation could not be accomplished because the original registry log was given to the agent cashier and the mailroom did not make a duplicate to compare to the original.

According to *VBA Manual M23-1, Chapter 1, Mail Management*, mailroom personnel that find a negotiable instrument in the incoming mail are to take the instrument to the mail clerk assigned to perform the log-in function. Both are required to initial the registry log, which is to be prepared in duplicate. Mail operations maintain a duplicate of the registry log and submit the original to the agent cashier who signs and returns it. The mail operations supervisor or another employee who was not responsible for the log-in function compares the original with the duplicate to determine accuracy.

VARO mailroom staff received initial training for processing negotiable instruments; however, the VAROs did not provide recurring training to ensure staff stays familiar with and understands the policy. We found:

- At one VARO, mailroom staff did not follow prescribed policy because the supervisor misinterpreted the requirements and therefore, established incorrect procedures.
- At another VARO, mailroom staff continued to follow long established local procedures for processing negotiable instruments and were not aware that local procedures were not compliant with policy.

Not following the procedures for processing negotiable instruments increases the probability that lost or stolen negotiable instruments will go undetected. In addition, beneficiaries may not receive credit for repaying or returning excess benefit payments. We reported this issue to VARO management during our site visit and at the exit briefing with VBA management. Therefore, we have no further recommendations.

VBA National Control Time Performance

The data presented below indicates the percentage of claims placed under control within seven days for FYs 2007 and 2008. The list is ordered by VARO from highest to lowest percentage for FY 2008. VBA's national performance standard is 80 percent.

VARO	2007	2008	VARO (cont'd)	2007	2008		
1	Sioux Falls, SD	93.6%	94.3%	30	Houston, TX	83.6%	84.5%
2	Fargo, ND	84.8%	93.3%	31	Cleveland, OH	73.6%	84.2%
3	Louisville, KY	87.3%	92.6%	32	Huntington, WV	87.7%	83.8%
4	Ft. Harrison, MT	90.1%	91.8%	33	Little Rock, AR	83.7%	83.8%
5	White River Junction, VT	91.0%	90.8%	34	Salt Lake City, UT	69.0%	83.8%
6	Muskogee, OK	90.9%	89.8%	35	Los Angeles, CA	74.0%	83.5%
7	Indianapolis, IN	87.9%	89.1%	36	San Diego, CA	81.3%	83.5%
8	Reno, NV	88.5%	88.8%	37	Montgomery, AL	77.2%	82.8%
9	Manila, PI	88.7%	88.5%	38	Columbia, SC	88.5%	82.6%
10	St. Petersburg, FL	84.9%	88.5%	39	National Average	82.9%	82.4%
11	Winston-Salem, NC	89.0%	88.5%	40	Pittsburgh, PA	68.1%	81.9%
12	Providence, RI	90.2%	88.1%	41	Albuquerque, NM	86.5%	81.3%
13	Boise, ID	88.5%	87.9%	42	Seattle, WA	82.7%	81.3%
14	Phoenix, AZ	83.0%	87.9%	43	Lincoln, NE	85.7%	81.1%
15	Hartford, CT	82.0%	87.7%	44	New Orleans, LA	76.9%	80.8%
16	Boston, MA	78.7%	87.6%	45	Roanoke, VA	86.3%	80.7%
17	Portland, OR	81.7%	87.6%	46	Jackson, MS	60.4%	79.3%
18	Denver, CO	87.8%	87.4%	47	Milwaukee, WI	85.6%	78.5%
19	Buffalo, NY	82.4%	87.2%	48	Oakland, CA	82.0%	77.4%
20	Anchorage, AK	85.5%	86.7%	49	Honolulu, HI	75.4%	77.2%
21	Waco, TX	86.5%	86.5%	50	Newark, NJ	84.2%	76.4%
22	Nashville, TN	83.6%	86.4%	51	St. Louis, MO	86.0%	76.2%
23	Wichita, KS	80.7%	86.2%	52	Philadelphia, PA	83.4%	75.8%
24	Togus, ME	92.7%	85.9%	53	Wilmington, DE	91.1%	75.5%
25	Des Moines, IA	80.6%	85.4%	54	St. Paul, MN	90.3%	68.4%
26	San Juan, PR	87.0%	84.9%	55	Detroit, MI	83.5%	64.0%
27	Manchester, NH	86.4%	84.8%	56	Baltimore, MD	77.6%	61.8%
28	Atlanta, GA	83.9%	84.7%	57	New York, NY	79.9%	48.6%
29	Chicago, IL	83.4%	84.5%	58	Washington, DC	44.2%	34.2%

Under Secretary for Benefits Comments

**Department of
Veterans Affairs**

MEMORANDUM

Date: September 14, 2009

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report— Audit of VA Regional Office Claim-Related Mail Processing
—WebCIMS 436807

To: Assistant Inspector General for Audit (52)

1. Attached are VBA's comments to OIG's Draft Report: Audit of VA Regional Office Claim-Related Mail Processing.
2. Questions may be referred to Nancy Holly, Program Analyst, at 461-9199.

(original signed by:)

P. W. Dunne

Attachment

Attachment:

VBA COMMENTS TO OIG DRAFT REPORT
Audit of VA Regional Office Claim-Related Mail Processing

VBA provides the following technical comments on OIG's draft report:

Page i, 2nd bulleted paragraph from the bottom; and Page 1, last bulleted paragraph:

"In July 2007, the Detroit VARO reported that almost 16,000 pieces of unprocessed mail that were apparently being held by VARO employees. They included an estimated 700 claims not put under proper control and 2,700 medical records and/or pieces of medical information not in VBA information systems or associated claims files."

VBA Comment: We request that this paragraph be revised in both the Executive Summary and the report to clearly indicate that the remaining 79 percent of the 16,000 pieces of mail in Detroit was drop-file mail requiring no action by the regional office except to be filed in the claims record. Without that clarification, this paragraph is misleading.

Page iii, 1st paragraph:

Entire paragraph beginning "The date of receipt for claim-related documents was not always entered correctly."

VBA Comment: This paragraph leads with and therefore gives primary focus to a problem that was uncovered during an internal review conducted by VBA and that was the subject of a previous OIG report. We do not believe it is necessary to continue to include those findings in the executive summary of this report, particularly when this audit found any incorrect dates to be unintentional and the result of human error.

Page iii, Conclusion:

"In addition, improvements are needed to ensure that ...important claim-related documents are not improperly discarded."

VBA Comment: This statement is not supported by the full report, which states that VBA took appropriate action to address this problem. Spot checks of the shred binds located at the St. Petersburg RO showed full compliance with the new VBA procedures. The report concludes VBA took actions to help ensure that important claims-related documents are not improperly discarded. The Executive Summary should be changed to reflect the findings and conclusion recorded in the report.

Page 8, last paragraph:

VAROs could improve control time proficiency by establishing procedures to identify, analyze, and monitor conditions that contribute to the delays in establishing control of claims. Because VAROs did not have procedures in place to identify, analyze, and monitor conditions recurring deficiencies and address inadequate workflow practices that contribute to avoidable delays, managers did not prevent the delay in placing 103 (86 percent) of 120 claims under control within 7 days.

VBA Comment: VBA has established policies, guidance and rules designed to monitor, analyze and take action to address conditions that result in processing delays. The deficiencies identified by the OIG occurred when these practices were not followed.

Page 9, 2nd paragraph:

Entire paragraph beginning "In September 2008" through "and all errors appeared unintentional but one."

VBA Comment: We do not believe it is necessary to continue to highlight findings from a previous OIG review.

Page 10, Table 3. Potential Effects Resulting from Claim Date Inaccuracies:

VBA Comment: OIG identified 5 of 238 cases with an incorrect date of claim that "could affect benefit payment." We request that this finding be amended to reflect the number of cases, if any, that payments were affected. If none, please make that clear.

Page 18, Conclusion:

"VBA's practices for tracking control data and handling critical documents call into question the validity of VARO-reported timeliness statistics, could result in delay of benefits to veterans, and indicates that VARO mailroom operations are high-risk areas."

VBA Comment: This statement attributes the problems found to "VBA's practices". We believe it more appropriate to discuss the problems in terms of deficiencies in following appropriate policies and procedures rather than presenting them as "practices." We object to the implication that we have established practices that produce these undesirable results.

Recommendation 1: We recommend the Under Secretary for Benefits require VAROs to implement procedures to identify, analyze, monitor, and take actions to address conditions contributing to delays in establishing control of incoming claims within VBA's 7-day requirement.

VBA Response: Concur. VBA has established guidance designed to monitor, analyze and take action to address conditions that result in delays to establish control of incoming claims. VBA will revise M21-4, Manpower Control and Utilization in Adjudication, to ensure workload management plans incorporate control time reviews in order prevent delays in claims establishment. Compliance with VBA guidance is reviewed during Compensation & Pension site visits and through announced and unannounced site visits conducted by Area Offices.

Target Completion Date: November 1, 2009.

Recommendation 2: We recommend the Under Secretary for Benefits develop and issue policy guidance to determine which VAROs should scan incoming mail and how VARO x-ray machines should be used to improve security.

VBA Response: Concur. VBA will provide interim policy guidance to locations that currently have x-ray machines. VA's Director of Records Management Service, will form a working group to develop the VA mail security policy. This policy will be applicable VA wide.

Target Completion Date: November 1, 2009 (VBA interim policy guidance).

Recommendation 3: We recommend the Under Secretary for Benefits develop and issue policy and standards concerning initial and recurring training and certification requirements for personnel who operate x-ray machines to scan incoming mail at VBA facilities.

VBA Response: Concur. Training will be provided to personnel who currently operate x-ray machines to scan incoming mail at VBA facilities. Policy standards concerning initial and recurring training and certification requirements will be developed concurrently with the Department mail security policy.

Target Completion Date: November 1, 2009 (Initial training)

Recommendation 4: We recommend the Under Secretary for Benefits develop and issue policy guidance for all VAROs regarding mailroom physical security based on requirements enumerated in *41 CFR, Part 192, Mail Management*, and in the *GSA Mail Center Security Guide*.

VBA Response: Concur. VBA will provide interim policy guidance to all VAROs regarding mailroom physical security based on requirements specified in 41 CFR, Part 192, Mail Management, and in the GSA Mail Center Security Guide.

Final policy guidance will be implemented upon development by the VA Mail Manager. Additionally, VBA will coordinate with the Office of Operations, Security and Preparedness to develop a plan for an annual review of VARO mail security plans by a security subject matter expert, as required by 41 CFR § 102-192.70 (e).

Target Completion Date: November 1, 2009 (VBA interim policy guidance).

Recommendation 5: We recommend the Under Secretary for Benefits issue guidance establishing the minimum interval for updating VBA mailroom security plan risk analyses.

VBA Response: Concur. VBA will issue policy guidance establishing the requirement for an annual mailroom security plan risk assessment, as required by 41 CFR, Part 192, Mail Management.

Target Completion Date: November 1, 2009

OIG Contact and Staff Acknowledgments

OIG Contact	Timothy Crowe (727) 395-2422
Acknowledgments	Berry Ward Kristine Abramo Dennis Capps Charles Chiarenza Melissa Colyn Kristopher Kasey Johnny McCray Lee Giesbrecht

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