

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

*Review of
Alleged Data
Manipulation at the
VA Regional Office
Houston, TX*

September 30, 2014
14-04003-298

ACRONYMS

OIG	Office of Inspector General
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration

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EXECUTIVE SUMMARY

On July 10, 2014, the Office of Inspector General received an allegation from Veterans Benefits Administration (VBA) senior leadership in VA Central Office that a Houston VA Regional Office (VARO) employee inappropriately changed or removed system controls for benefits claims without taking proper actions on the claims. VBA uses electronic system controls to identify types of claims, and manage and measure its pending and completed workloads. Generally, such controls should remain in place until all required actions are completed on claims, including providing notices of benefits decisions to the claimants.

We substantiated the allegation that the employee inappropriately cleared, changed, and cancelled controls in the electronic record used to track and identify benefits claims without taking proper actions to complete the claims. The VARO's independent review team determined the employee incorrectly cleared system controls in 136 (44 percent) of 308 claims, making these unfinished claims appear completed. We sampled 60 of the 308 cases and determined the independent review team accurately identified whether corrective actions were needed and established new controls where required. Further, we found the employee incorrectly changed or cancelled system controls in 38 of 51 additional claims we sampled. The employee believed the actions were appropriate and would improve production, but conceded making mistakes during what he said was a period of immense stress. To address the issue, VBA leadership initiated administrative action, to include removal of the employee's system access.

These inappropriate actions misrepresented the VARO's claims inventory and timeliness measures, and impaired its ability to measure and manage its workloads. Further, some veterans may never have received decisions on their claims if the VARO's independent review team had not discovered the improper actions by the employee. Our review did not identify any fraud resulting in personal financial gain; however, the inappropriate actions described in this report undermine program effectiveness. Therefore, we recommended the Houston VARO Director take immediate action to fully review and correct, as appropriate, all actions the employee took to clear, change, or cancel controls for claims. We also recommended the Director confer with VA Regional Counsel to determine the appropriate administrative action to take, if any, against this employee.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

RESULTS AND RECOMMENDATIONS

Allegation **Did a Houston VARO Employee Inappropriately Change or Remove Claims Processing Controls?**

On July 10, 2014, the Office of Inspector General received an allegation from Veterans Benefits Administration (VBA) senior leadership in VA Central Office that a Houston VA Regional Office (VARO) employee inappropriately changed or removed system controls for benefits claims without taking proper actions on the claims.

Background

A Houston VARO employee notified VARO leadership that another employee had cleared a system control for a claim without taking action to complete the claim. VBA uses electronic system controls to identify types of claims, and manage and measure its pending and completed workloads. Generally, such controls should remain in place until all required actions are completed on claims, including providing notices of benefits decisions to the claimants. In addition, VBA uses these controls to identify pending claims that require action.

VBA leadership tasked an independent team to review the allegation. The VARO team evaluated the employee's actions and found that, beginning in March 2014, the employee cleared controls for claims without completing rating decisions or notifying the claimants as required. The team determined the employee incorrectly cleared controls in 136 (44 percent) of 308 instances from March to June 2014, making these unfinished claims appear to be completed. As a result, VBA leadership initiated certain administrative actions, including removal of the employee's system access, and referred the allegation to the Office of Inspector General.

What We Did

We conducted a site visit at the Houston VARO to assess the merits of the allegation. We obtained and reviewed the results of the VARO's internal review of what had occurred. We interviewed the employee who was the subject of the allegation, as well as VARO leadership. Further, we sampled instances where the employee took actions to clear, change, or cancel controls for benefits claims to determine whether the actions were appropriate. Also, we reviewed each sample to determine whether fraudulent payments resulted from the employee's inappropriate actions.

What We Found

We found that a Houston VARO employee inappropriately cleared, changed, and cancelled controls used to track and identify benefits claims without taking proper actions. We first sampled 60 of the 308 cases the VARO team had identified and reviewed where this employee cleared controls for claims. We determined that in all 60 cases, the VARO team accurately identified whether corrective action was needed and established new controls where

required. If the VBA team had not identified the cases needing corrective actions, the claimants may never have received decisions on their claims.

From a list provided by the VARO, we sampled cases where the employee changed and cancelled controls used to track and identify benefits claims from October 2013 through June 2014. We found that in 30 (83 percent) of 36 cases available for review, the employee incorrectly changed controls to indicate that the claims were not rating claims. Further, in 8 (53 percent) of 15 cases available for review, the employee incorrectly cancelled controls for claims while issues remained pending. Our review did not identify any fraud resulting in personal financial gain; however, the inappropriate actions described in this report undermine program effectiveness.

We interviewed the employee involved in the allegation who indicated no intent to clear, change, or cancel controls to improve the VARO's claims inventory and timeliness measures. The employee stated that VARO management had not provided directions to take the inappropriate actions, nor did the employee instruct other staff to take similar actions. The employee also thought the actions taken were appropriate and would improve production. Conversely, the employee conceded making mistakes and using bad judgment and said the actions occurred during a period of immense stress.

Conclusion

Based on our interviews and examination of a total 111 actions, we substantiated the allegation that the employee inappropriately cleared, changed, and cancelled system controls for benefits claims. These actions had the adverse impact of misrepresenting the VARO's claims inventory and timeliness measures, while impairing the VARO's ability to monitor and manage its workload. Further, some veterans may never have received decisions on their claims if the VARO's independent review team had not identified the inappropriate actions. We briefed VARO management on the results of this review on July 25, 2014. Given the nature and seriousness of the employee's errors, we believe the VARO needs to take immediate action to fully review and correct, as appropriate, all actions this employee took to inappropriately clear, change, or cancel controls for claims.

Recommendations

1. We recommended the Houston VA Regional Office Director take immediate action to fully review and correct, as appropriate, all actions the employee took to clear, change, or cancel controls for claims.
2. We recommended the Houston VA Regional Office Director confer with Regional Counsel to determine the appropriate administrative action to take, if any, against this employee.

**Management
Comments**

The VARO Director concurred with our recommendations and reviewed all 136 inappropriately cleared actions and all 38 inappropriately cancelled or changed actions. The VARO is processing these claims in accordance with regulations to ensure the proper delivery of benefits. Further, the Director conferred with Regional Counsel to determine the appropriate administrative action to take against the employee.

OIG Response

The Director's comments and actions are responsive to the recommendations. We will follow up on management's actions during future inspections.

**Government
Standards**

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* except those assessing internal controls.

Appendix A Management Comments

Department of Veterans Affairs

Memorandum

Date: September 18, 2014
From: Director, VA Regional Office, Houston, Texas
Subj: Review of Alleged Data Manipulation at the VA Regional Office, Houston, Texas
To: Assistant Inspector General for Audits and Evaluations (52)

1. The Houston VARO provides the following response to the OIG investigation and report regarding *Alleged Data Manipulation at the Houston VA Regional Office*.
2. Please refer questions to Jane Hill, Program Analyst, at 713-383-1720.

(original signed by:)

Pritz Navaratnasingam
Director

Attachment

Attachment

The Houston Regional Office provides the following response to the OIG investigation and report regarding the alleged data manipulation at the Houston VARO.

Recommendation 1: We recommended the Houston VA Regional Office Director take immediate action to fully review and correct, as appropriate, all actions the employee took to clear, change, or cancel controls for claims.

Director Response: Concur

The Houston Regional Office has reviewed all 136 inappropriately cleared actions and all 38 inappropriately cancelled or changed actions. The Regional Office is processing these claims in accordance with regulations to ensure the proper delivery of benefits. VBA requests closure of this recommendation.

Recommendation 2: We recommended the Houston VA Regional Office Director confer with Regional Counsel to determine the appropriate administrative action to take, if any, against this employee.

Director Response: Concur

The Houston VA Regional Office conferred with Regional Counsel and took the appropriate administrative action.

Appendix B **OIG Contact and Staff Acknowledgments**

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720
Acknowledgments	Brent Arronte, Director Brett Byrd Jeff Myers Diane Wilson

Appendix C Report Distribution

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