

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Review of
Claims-Related Documents
Pending Destruction at
VA Regional Offices*

April 14, 2016
15-04652-146

ACRONYMS

| | |
|------|-------------------------------------|
| OIG | Office of Inspector General |
| RMO | Records Management Officer |
| RMT | Records Management Technician |
| VA | Department of Veterans Affairs |
| VARO | Veterans Affairs Regional Office |
| VBA | Veterans Benefits Administration |
| VBMS | Veterans Benefits Management System |

To Report Suspected Wrongdoing in VA Programs and Operations:

Telephone: 1-800-488-8244

Email: vaoighotline@va.gov

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



Highlights: Review of Claims-Related Documents Pending Destruction at VA Regional Offices

Why We Did This Review

In January 2015, the Office of Inspector General (OIG) received an anonymous allegation that Los Angeles VA Regional Office (VARO) staff were inappropriately shredding mail related to veterans' disability compensation claims. We could not substantiate Los Angeles VARO staff inappropriately shredded claims-related documents prior to our review. However, we identified Los Angeles VARO staff were not following Veterans Benefits Administration's (VBA) policy on the management of veterans' and other governmental paper records. In August 2015, we made recommendations to the Los Angeles VARO Director and published the interim report on August 17, 2015. We then conducted unannounced inspections at 10 other VAROs to determine if this was a systemic issue. We focused this review on the improper destruction of veterans' claims-related documents at those 10 VAROs.

What We Found

VBA's controls were not effective to prevent VARO staff from potentially destroying claims-related documents. We identified 69 of 155 claims-related documents improperly scheduled for destruction, which staff at 6 of the 10 VAROs had not properly associated with veterans' claims folders. Two of these documents affected benefits, 9 had the potential to affect benefits, and 58 did not affect benefits, but were still required to be included in the veterans' claims folders or VBA's electronic systems and could have been destroyed thereafter. As we identified

problems at 6 of the 10 VAROs, we concluded this is a systemic issue within VBA.

Noncompliance with policy, inadequate controls, and outdated guidance can lead to the potential destruction of claims-related documents. Both VARO staff and management found VBA's policy confusing and did not always receive annual training as required. Further, records management staff did not consistently review documents or maintain violation logs. These actions put documents at risk for inappropriate destruction, which could result in loss of claims and medical evidence, incorrect decisions, and delays in claims processing.

What We Recommended

We recommended the Acting Under Secretary for Benefits ensure VARO compliance with policy, update and clarify policy and procedures, and provide training where needed.

Agency Comments

The Acting Under Secretary for Benefits concurred with our recommendations. Management's planned actions were responsive and we will follow up as required.

GARY K. ABE
Acting Assistant Inspector General
for Audits and Evaluations

TABLE OF CONTENTS

| | | |
|-----------------------------------|---|----|
| Introduction..... | 1 | |
| Results and Recommendations | 3 | |
| Finding | VBA’s Controls for Records Disposition Were Not Fully Effective in Safeguarding Veterans’ Claims-Related Documents..... | 3 |
| | Recommendations | 16 |
| Appendix A | Background | 19 |
| Appendix B | Scope and Methodology | 20 |
| Appendix C | Management Comments..... | 21 |
| Appendix D | OIG Contact and Staff Acknowledgments..... | 25 |
| Appendix E | Report Distribution..... | 26 |

INTRODUCTION

Objective

This review focused on whether Veterans Benefits Administration (VBA) staff at VA Regional Offices (VARO) were in compliance with records disposition guidance for veterans' claims-related documents.

Background

Our prior report,¹ which concluded that VBA needed to improve the handling, processing, and protection of claims-related documents, describes how the Office of Inspector General (OIG) had examined inappropriate shredding of veterans' claim information at four VAROs; found that the VAROs inappropriately placed claims-related documents in shred bins; and we determined the problem to be systemic. At the time, VBA did not require a supervisor or other official review documents placed in shred bins, or that a final review of documents placed in shred bins be done prior to destruction.

Los Angeles Hotline and Unannounced Inspections

A January 20, 2015, anonymous allegation that staff at the Los Angeles VARO were inappropriately shredding mail related to veterans' disability compensation claims led to our finding that Los Angeles VARO staff was not following VBA's policy on management of veterans' and other governmental paper records.

We issued an interim report² and a final report³, where we recommended that the Los Angeles VARO Director implement a plan to ensure staff comply with VBA's policy for handling, processing, and protection of claims-related documents. We also recommended the director assess the effectiveness of training provided to staff on VBA's policy and provide documentation to VA OIG that corrective action had been taken on the eight cases we identified.

What We Did

To determine whether this was an isolated incident or a systemic issue, we conducted unannounced inspections at 10 VAROs across the nation⁴ to review all claims-related documents pending destruction contained in shred bins, as of 11:00 A.M. EDT, on July 20, 2015.

By conducting unannounced inspections, we could assess the VAROs' controls over the record destruction process for all documents gathered since the last time the VAROs prepared documents for destruction prior to July 20, 2015. We obtained approximately 438,000 documents awaiting

¹ *Audit of VA Regional Office Claim-Related Mail Processing* (Report No. 08-01759-234, September 30, 2009)

² *Interim Report - Review of Alleged Shredding of Claims-Related Evidence at the VA Regional Office Los Angeles, California* (Report No. 15-04652-448, August 17, 2015)

³ *Review of Alleged Shredding of Claims-Related Evidence at the VA Regional Office Los Angeles, California* (Report No. 15-04652-266, April 14, 2016)

⁴ Atlanta, GA; Baltimore, MD; Chicago, IL; Houston, TX; New Orleans, LA; Oakland, CA; Philadelphia, PA; Reno, NV; San Juan, PR; and St. Petersburg, FL.

destruction from the 10 VAROs, and we reviewed all 155 documents that were claims related.

***Other
Information***

- Appendix A provides additional pertinent background information.
- Appendix B provides details on our scope and methodology.
- Appendix C provides the Acting Under Secretary for Benefits comments on a draft of this report.

RESULTS AND RECOMMENDATIONS

Finding **VBA's Controls for Records Disposition Were Not Fully Effective in Safeguarding Veterans' Claims-Related Documents**

VBA's controls were not fully effective in preventing VARO staff from destroying claims-related documents at 6 of the 10 VAROs, where we performed unannounced inspections. We found that 69 of 155 claims-related documents (45 percent)—which VARO staff had not matched to veterans' claims folders—were improperly scheduled for destruction. VARO staff had not marked these claims-related documents, as required before placing the documents in shred bins.

Generally, errors occurred because management and staff found VBA's policy on the management of veterans' and other governmental paper records unclear and confusing. Furthermore, records management staff did not consistently perform the duties of their position because some were assigned duties outside of their responsibilities to review documents scheduled for destruction. VBA's policy is outdated, lacks standardized procedures for records management staff, and increases the likelihood for VARO staff to destroy claims-related documents without supervisory-level review.

In our review of these 10 VAROs, we found 69 claims-related documents improperly scheduled for destruction. However, the potential effect on veterans should not be minimized. Considering that there are 56 VAROs and if weekly shredding is conducted, it is highly likely that claims-related documents at other VAROs are being improperly scheduled for destruction that could result in loss of claims and evidence, incorrect decisions, and delays in claims processing.

Criteria

VBA requires staff to file, in a claims folder, essential documents with evidentiary, legal, or administrative value. VBA policy also requires staff upload all file mail to an electronic claims folder to ensure that an accurate historical record is maintained for each veteran's claims folder. In January 2011, VBA revised its 2008 policy on the management of veterans' and other governmental paper records. The policy states that VAROs provide each employee with a red envelope and a red box in which to place documents to be shredded.

The red envelope is for duplicate claims-related documents, which require legible initials of the employee and the employee's supervisor to determine if destruction is appropriate. The following are types of documents considered as claims-related:

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

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

- CAPRI records⁵
- Draft rating decisions, notification letters, and MAP-D letters⁶
- Duplicate rating decisions, notification letters, and MAP-D letters
- Training materials

VBA's January 2011 policy also states that record management staff will place all materials approved for destruction in shredding bins. During our unannounced inspections to the 10 VAROs, we observed records management staff storing all documents prepared for shredding in large gray bins.

Claims-Related Documents Scheduled To Be Improperly Destroyed

We reviewed approximately 438,000 documents awaiting destruction in gray shredding bins at the 10 VAROs we inspected, and identified 155 claims-related documents requiring the initials of employees and supervisors. Examples of the remaining documents included scratch paper, envelopes, internally generated papers, draft or duplicate decisions and letters, and training materials. VARO staff incorrectly placed 69 of the 155 claims-related documents (45 percent) in the gray shredding bins at 6 of the VAROs. These documents were not available in the veterans' claims folders or VBA's electronic systems. Two of these documents affected benefits, 9 had the potential to affect benefits, and 58 did not affect benefits but were still required to be included in the veterans' claims folders or VBA's electronic systems prior to destruction. Because we identified

⁵ The Compensation and Pension Record Interchange (CAPRI) is an information technology initiative to improve service to disabled veterans by promoting efficient communications between the Veterans Health Administration and VBA.

⁶ Modern Awards Processing Development (MAP-D) is an application designed to facilitate the development phase of claims processing.

problems at 6 of the 10 VAROs, we concluded this is a systemic issue within VBA.

Table 1 summarizes our review of the claims-related documents found in gray shredding bins at the 10 VAROs we inspected. We did not identify any claims-related documents submitted for shred at the San Juan VARO, and found that this station had significantly fewer documents in its shredding bins than the other nine VAROs.

Table 1. Claims-Related Documents Inappropriately Placed in Shred Bins

| VARO | Number Reviewed | Number Incorrectly in Shred Bin | Number Affecting Benefits | Number With Potential To Affect Benefits | Number That Did Not Affect Benefits |
|----------------|-----------------|---------------------------------|---------------------------|--|-------------------------------------|
| Atlanta | 71 | 55 | 1 | 2 | 52 |
| Baltimore | 7 | 0 | 0 | 0 | 0 |
| Chicago | 20 | 1 | 0 | 1 | 0 |
| Houston | 5 | 2 | 0 | 2 | 0 |
| New Orleans | 12 | 1 | 0 | 0 | 1 |
| Oakland | 10 | 0 | 0 | 0 | 0 |
| Philadelphia | 8 | 4 | 0 | 1 | 3 |
| Reno | 16 | 6 | 1 | 3 | 2 |
| San Juan | 0 | 0 | 0 | 0 | 0 |
| St. Petersburg | 6 | 0 | 0 | 0 | 0 |
| Total | 155 | 69 | 2 | 9 | 58 |

Source: VA OIG review of claims-related documents at 10 VAROs

The two documents identified as having affected benefits and that VARO staff erroneously placed in gray shredding bins are described below.

- On October 16, 2013, Reno VARO staff received faxed evidence from the VA Southern Nevada Healthcare System. The evidence, a statement and supporting documents from a social worker, showed that the veteran died at a nursing home paid by VA. According to VBA policy, eligibility for reimbursement of burial costs exists if a veteran’s death occurs while under VA care. On October 30, 2013, VBA received a claim for burial benefits, which was incorrectly denied on January 6, 2014, because the faxed evidence had not been considered.

We found the faxed evidence in a gray shredding bin without the required signatures or initials, indicating that a supervisor did not review these documents to ensure they were appropriate for destruction. We also could not find electronic versions of these documents or copies in the claims file. As a result, the claimant did not receive the \$722 burial allowance to which the claimant was entitled, as required. In addition, VA may reimburse some or all of the costs for related transportation of the veteran's remains. Had we not discovered these claims-related documents proving burial allowance entitlement, VARO staff would have destroyed them before reconsidering the claim.

- On May 11, 2015, Atlanta VARO staff received a copy of a veteran's divorce agreement and uploaded it to the veteran's electronic claims folder. However, VARO staff did not establish an action in the electronic system to remove the veteran's spouse from his benefits payments, as required. On July 9, 2015, VARO staff received congressional correspondence with a duplicate copy of the veteran's divorce agreement. The correspondence requested that action be taken to remove the veteran's spouse from his benefits payments in order to minimize any overpayment and avoid a financial burden. Again, VARO staff did not establish a control in the electronic system to remove the spouse. We found the correspondence incorrectly placed in a gray shredding bin without all required signatures or initials. We could not find an electronic version of the correspondence in VBA's electronic system or copies in the claims file.

On September 21, 2015, after receiving documentation of the error OIG identified, VARO staff notified the veteran that his spouse would be removed from his award. As a result of the delay, VA overpaid the veteran a total of \$648.28, which he is now required to repay. Had we not discovered these claims-related documents, Atlanta VARO staff may not have removed the veteran's spouse, as the veteran had requested multiple times, creating a more serious financial burden.

The nine documents pending destruction that had the potential to affect benefits are described below.

- Houston VARO staff received a veteran's appeals form dated May 27, 2014. However, VARO staff closed the appeal on March 20, 2015, stating the office never received a document requesting an appeal. On June 26, 2015, the veteran faxed an appeals form to the Houston VARO notifying the office of his intent to appeal a previous disability decision. Staff incorrectly placed the appeals form in a gray bin for shredding without the required signatures or initials. We did not find an electronic version of this document. Had we not discovered this claims-related document, VARO staff would have shredded it instead of ensuring its inclusion in the file, as required. In August 2015, VARO staff incorrectly notified the veteran that the form was untimely.

- Atlanta VARO staff incorrectly placed congressional correspondence with evidence to support a veteran's claim in a bin for shredding without the required signatures or initials. This congressional correspondence was received on March 30, 2015. The veteran's claim has been pending since July 25, 2011, and the evidence the veteran provided in March 2015 was related to this claim. He received notification of a provisional denial of his original claim for service connection under VBA's special initiative to process claims pending over 1 year old on July 25, 2013; and had not received a final decision or the opportunity to appeal. Atlanta VARO staff included these documents in the electronic record after being notified of the error by OIG. However, an earlier review of this evidence may have alerted VARO staff that the veteran had not yet received a final decision with appellate rights, as required. Further, because the evidence was not part of the claims file, we have no assurance that other VAROs, which may process future claims from this veteran, would have access to these documents.
- At the Houston VARO, we found copies of a veteran's military personnel records, including discharge documents, which VARO staff incorrectly placed in a gray shredding bin without the required signatures or initials. We did not find an electronic version of this correspondence, and the electronic system did not contain all of the veteran's periods of active duty service. Had we not discovered these claims-related documents, VARO staff would have shredded them instead of ensuring their inclusion in the file, as required. As a result, future claims decisions might not consider all of the veteran's periods of active duty.
- Correspondence dated September 24, 2014, including a veteran's bank account information was incorrectly placed in a gray shredding bin by the Chicago VARO staff without the required signatures or initials. The bank account information submitted by the veteran was different from the direct deposit information located in his electronic record. We did not find an electronic version of this correspondence. Had we not discovered these claims-related documents, VARO staff would have shredded them instead of ensuring their inclusion in the file, as required. In addition, VARO staff may not have acted on information indicating the veteran may have wanted his direct deposit information changed.
- At the Philadelphia VARO, we found an administrative decision regarding whether a widow's marriage entitled her to VA benefits dated March 30, 2015. This claims-related document was found incorrectly placed in a gray shredding bin without the required signatures or initials. The decision determined that the marriage to the veteran was valid for VA purposes. We did not find an electronic version of this document nor did we locate a copy in the paper claims folder. Had we not discovered this claims-related document, VARO staff could have shredded it instead of ensuring its inclusion in the file, as required. Without evidence of the

administrative decision, VARO staff could unnecessarily re-adjudicate the validity of the widow's marriage.

- We identified four cases of VARO staff incorrectly placing medical evidence in gray bins for shredding without all of the required signatures or initials. We found three of these documents at the Reno VARO, and a congressional inquiry with attached medical evidence at the Atlanta VARO. We did not find electronic versions of these documents. Had we not discovered these claims-related documents, Reno VARO staff would have inappropriately shredded them. As a result, VBA staff at any VARO would not consider this evidence in future claims decisions. Atlanta VARO staff included the congressional correspondence and attached medical evidence in the electronic record after being notified of the error by OIG. However, because the evidence was not part of the claims file, we have no assurance that other VAROs, which may process future claims from this veteran, would have access to these documents.

The 58 documents pending destruction that did not affect benefits are described below.

- We found six documents that VARO staff inappropriately placed in bins for shredding without all required signatures or initials. None of these documents affected veterans' benefits. However, if shredded, they would not have become part of the veterans' claims files, as required.
- Atlanta VARO staff inappropriately placed 52 additional congressional inquiries in gray shredding bins without all required signatures or initials. Atlanta VARO staff included these congressional inquiries in the electronic record after being notified of the errors by OIG. However, because the evidence was not part of the claims files, we had no assurance that other VAROs, which may process future claims from these veterans, would have access to these documents.

*Management
Views on
Inaccuracies
Identified*

Management at the Chicago, Houston, New Orleans, Philadelphia, and Reno VAROs concurred with the errors we identified at their VARO. However, Atlanta VARO management disagreed with all 55 errors we identified involving congressional correspondence and associated documents, including privacy release forms, and in some cases, lay or medical evidence. Per VBA policy, documents with evidentiary, legal, or administrative value are required to be included in the claims files. These documents contained evidence related to veterans' benefits and privacy release forms required to legally release veterans' information to congressional representatives. Further, VARO staff are required to provide timely responses to congressional correspondence, which are tracked and measured for work credit. Workload statistics are used to substantiate proper staffing requirements, determine productive capacity, and form the annual budget

submission. As such, these documents contain evidentiary, legal, and administrative value and should be maintained in the claims folders.

Atlanta VARO management stated the majority of the congressional correspondence had no evidentiary, legal, or administrative value and were therefore not required to be included in the claims files. However, VBA policy states even redundant correspondence and status inquiries requiring no action should be filed in veterans' claims folders. Despite its continued disagreement, VARO staff uploaded these documents into the veterans' files after receiving our notifications of errors. VARO management also disagreed that shredding these documents had any effect because they retained copies locally. While we acknowledge that VARO management maintained local copies of these documents, this evidence was not part of the claims files at the time of our review. As such, we have no assurance that other VAROs, which may process future claims from these veterans, would have access to these documents if we had not identified these errors.

We interviewed senior VBA officials to obtain their perspectives on the errors we identified at the Atlanta VARO. The officials agreed that some congressional inquiries include documents with evidentiary value should be included in the claims files. They also agreed that congressional inquiries and privacy release forms have legal and administrative value. However, they did not all agree that staff are required to include them in claims files. One official agreed that the documents should be included. Another stated that only documents that could affect a veteran's claim decision are required to be included, and documents with only legal or administrative value are extraneous. A third official felt the documents should probably be included, but the guidance was unclear.

We acknowledge that the current policy does not specifically direct staff to maintain all congressional inquiries and associated documents in claims files. However, VBA's general policy requiring documents with evidentiary, legal, or administrative value to become part of the claims files mandates that they be included. If VARO staff were allowed to determine whether these documents have value on a case by case basis, they could make incorrect or inconsistent determinations, resulting in claims files missing pertinent claims-related documents. As one VBA official noted, a policy of inclusion protects veterans and other clients.

**Claims-
Related
Documents
Without
Required
Signatures**

VBA policy requires both the employee's and the supervisor's signatures or initials written on claims-related documents prior to placing them in shred bins. The supervisor's signature is to indicate that they have verified that the claims-related document is appropriate to shred. None of the 69 claims-related documents placed in shred bins in error contained the required number of signatures. We found an additional 61 documents without proper signatures or initials, however they were appropriate to shred because they were available in the veterans' claims folders. We concluded

these 130 documents bypassed VBA’s internal control requiring supervisory review of all claims-related documents prior to shredding. As a result, there is no assurance that VBA staff are following all controls in place to ensure documents are appropriately prepared for destruction.

Table 2 summarizes the total number of claims-related documents reviewed that did not contain the required two signatures at each of the 10 VAROs we inspected.

Table 2. Claims-Related Documents Without the Required Two Signatures in Shred Bins

| VARO | Documents Not Appropriate for Shred | Documents Appropriate for Shred | Total Documents Without Any Required Signatures | Total Documents With Only One Signature |
|----------------|--|--|--|--|
| Atlanta | 55 | 16 | 5 | 66 |
| Baltimore | 0 | 0 | 0 | 0 |
| Chicago | 1 | 16 | 11 | 6 |
| Houston | 2 | 2 | 3 | 1 |
| New Orleans | 1 | 2 | 3 | 0 |
| Oakland | 0 | 10 | 1 | 9 |
| Philadelphia | 4 | 2 | 5 | 1 |
| Reno | 6 | 7 | 11 | 2 |
| San Juan | 0 | 0 | 0 | 0 |
| St. Petersburg | 0 | 6 | 6 | 0 |
| Total | 69 | 61 | 45 | 85 |

Source: VA OIG review of claims-related documents at 10 VAROs

Potential Screen Print Documents

In addition, we were unable to ascertain whether 72 of the documents we found were internally generated screen prints or duplicate copies of claims-related documents. According to VBA policy, screen prints do not require any signatures; however, duplicate copies of claims-related documents require two signatures.

**Inadequate
Safeguarding
of Claims-
Related
Documents**

According to VBA policy, Records Management Officers (RMO) are required to maintain controlled access to shred bins and any authorized shredders. This means that they must ensure that no one gains unauthorized access to the shred bins. Most of the VAROs we inspected kept their shred bins locked in a secure room. However, we did find a few instances in which shred bins were not completely secured.

At the Atlanta VARO, we found two shred bins that were left unlocked and thus freely accessible to staff. In one bin, we found congressional correspondence that was not associated with veterans' files. By leaving these bins unlocked in unsecured areas, VARO staff could be placing claims-related documents in them without the RMO's knowledge and potentially circumvent the intended controls. As a result, evidentiary documents are at risk of inappropriate destruction.

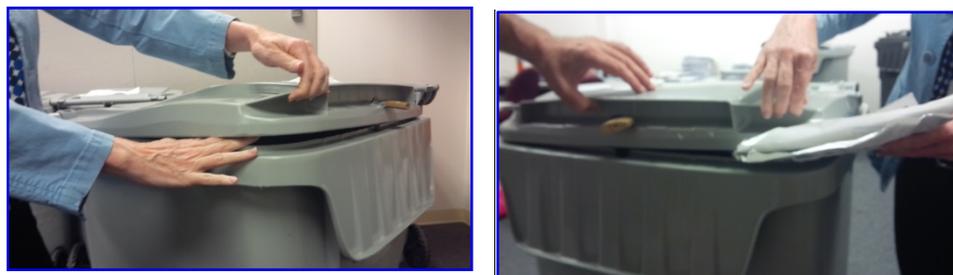
Figure 1. Unsecured Bin Found at the Atlanta VARO



Source: VA OIG; Atlanta VARO, Intake Processing Center at 12:35 pm on July 20, 2015

At the Philadelphia VARO, RMO shred bins could still be opened after they were locked. We showed how a hand could be slipped through the shred bin lid while it was locked and documents could be added to the bin. Although these bins were found in a secured locked room, if left unattended, this would make it possible for documents to be placed in locked bins without the RMO's knowledge.

Figure 2. Locked Shred Bins That Could Still Be Opened at the Philadelphia VARO



Source: VA OIG; Philadelphia VARO; Conference Room 5 at 11:22 am and 11:24 am on July 29, 2015

***Noncompliance
With Policy***

Generally, the errors we found occurred because management did not ensure staff complied with VBA's policy for safeguarding veterans' documents. Furthermore, staff and management stated VBA's policy was confusing and outdated. We found staff prepared documents for shredding without obtaining the required signatures and did not always receive annual records management training. Records management staff did not consistently review documents or maintain violation logs, as required. As a result, claims-related documents are at risk of being inappropriately destroyed.

***Signature
Requirements***

We found instances where staff were not following VBA's signature requirements for disposing of claims-related documents at 8 of the 10 VAROs. Managers and VARO staff stated the policy did not clearly delineate signature requirements for all claims-related documents. For example, an employee we interviewed acknowledged that he did not always sign documents placed in the red boxes because he was unsure which of the documents required signatures and had not received feedback about missing signatures. When asked why employees were not following signature requirements, one supervisor stated the signature requirement had no value. Management and staff noted that training would be a helpful reminder of the proper annotation requirements.

***Training
Requirements***

Management did not ensure that records management staff provided annual training to all VARO staff on the proper procedures for managing veterans and other governmental paper records as required. Staff at numerous VAROs stated they could not recall when records management staff provided training. Records management staff at one VARO most recently provided training in June 2015. However, the VARO did not conduct this training for all employees. At other VAROs, records management staff did not provide recent formal training; instead, they provided individual training, as needed, when collecting shred materials.

***Records
Management
Staff Review
Requirements***

VBA's 2008 policy created the position of RMO to ensure the appropriate management and safeguarding of veterans' records, including the review of specific types of documents before being shredded. VBA revised the policy in January 2011 to establish an optional full-time position—the Records Management Technician (RMT)—in addition to the RMO. Duties of the RMO and RMT positions include reviewing all claims-related documents submitted for shredding. They are also required to conduct spot-checks of all non-claims-related material to ensure that the documents are properly identified for shredding.

Records management staff did not consistently perform these duties at some of the VAROs we reviewed. For example, an RMO did not review any documents submitted for shredding in 2015. At the same VARO, management directed the RMT to review a weekly sample of only three of the total bins. This occurred because records management staff were assigned other unrelated duties. Management stated the large volume of

shred documents prevented records management staff from performing a complete review as required.

Similarly, another RMO stated that he only reviewed samples of the total collected claims-related documents due to the large volume of documents that require review. Furthermore, records management staff at three VAROs stated that they were assigned additional duties that inhibited their shred review responsibilities. Based on the insufficient records management processes we observed at these VAROs, staff did not appropriately review all claims-related documents designated for shredding.

*Maintaining
Violation Logs*

The RMO or RMT is also responsible for identifying and separating any documents that are claims-related and which require, but do not have, a second signature. They are to record these documents in a log and return them to the supervisor for discussion with the employee, and record any documents that are inappropriately submitted for destruction. These violations should be logged with the date, the employee's name, and the reason the material was determined inappropriate for destruction. Records management staff are required to report any deficiencies to VARO directors. VAROs should retain the logs for 2 years.

At the 10 VAROs we reviewed, records management staff did not consistently maintain violation logs. The New Orleans and Reno VAROs did not maintain violation logs as required. At the New Orleans VARO, records management staff reported that they did not have a current log because they have not had violations in the last 2 years. If a violation occurred, the RMO would create a log. At the Reno VARO, the RMO stated that he had not received guidance on maintaining a violations log but that there had not been any violations in the last 5 years. Eight of the 10 VAROs we reviewed maintained violation logs. Only three of the eight VAROs had recorded violations within the current year. At one VARO, the records management staff did not have recent log updates because they would not record a document missing signatures as a violation, unless it was a chronic problem originating from one employee. Based on our findings of claims-related documents inappropriately placed in the shred bins, it is highly unlikely for VAROs to have had no violations within the last 2 fiscal years.

Table 3 summarizes the existence and status of violation logs at each of the 10 VAROs we inspected.

Table 3. VARO Shred Logs Activity Indicating the Last Date the VARO Identified a Violation

| VARO | Shred Log | Last Shred Log Documentation |
|----------------|-----------|------------------------------|
| Atlanta | Yes | February 2013 |
| Baltimore | Yes | July 2015 |
| Chicago | Yes | July 2015 |
| Houston | Yes | June 2015 |
| New Orleans | No | None |
| Oakland | Yes | October 2012 |
| Philadelphia | Yes | December 2012 |
| Reno | No | None |
| San Juan | Yes | June 2014 |
| St. Petersburg | Yes | January 2014 |

Source: VA OIG analysis of shredding procedures at 10 VAROs

Inadequate Controls

Errors we found also occurred because VBA’s shredding policy contained control weaknesses. Supervisors are not required to document or track shredding violations. Additionally, records management staff are only required to spot-check documents identified by employees as non-claims-related. Furthermore, the policy lacks standardized procedures for the collection of documents submitted for shredding. Because of these weaknesses, records management staff may not always identify claims-related documents submitted inappropriately for destruction, and management may not be able to identify systemic trends.

Lack of Documentation and Tracking by Supervisors

Supervisors are required to review and sign claims-related documents submitted by employees indicating that destruction is appropriate. However, supervisors are not required to document the violations they find. Additionally, supervisors are required to notify employees when records management staff find violations but are not required to track the violations. Therefore, there is no record to determine error trends or systemic issues or monitor staff’s comprehension of the policy at the supervisory review level.

*Potential for
Non-Review of
Claims-Related
Documents*

VBA policy does not require that employees keep claims-related documents separate from non-claims-related documents after supervisory review. Records management staff are only required to conduct spot checks of all non-claims-related documents to ensure staff properly identified them for destruction. Supervisors are not required to review any non-claims-related material. If an employee or supervisor did not separate claims-related documents for review, the only control in place would be a spot check by records management staff.

Therefore, when employees do not properly identify claims-related documents, it is possible that records management staff will not review all claims-related material inappropriately placed for shred. For example, an employee at the Oakland VARO explained that he does not separate claims-related documents from other material submitted for shred. He was not aware of the requirement to separate claims-related material for review. As a result, all of his documents would only be subject to a spot check by records management staff.

Additionally, the policy lacks procedures for collection of documents, which creates the potential for claims-related documents to bypass all review controls. For example, records management staff at one VARO collected shred bins for review after staff combined claims-related documents and non-claims-related materials. Since the records management staff at this VARO only reviewed a sample of the shred bins, they did not review all claims-related documents, as required. Furthermore, if employees did not correctly mark these documents, records management staff would not know who submitted the documents for shredding if a violation occurred.

***Outdated
Guidance***

VBA most recently updated its policy on management of veterans' and other governmental paper records in January 2011. However, as part of its larger organizational transition effort, VBA implemented the Veterans Benefits Management System (VBMS), an electronic claims processing system. By the end of June 2013, all 56 VAROs were processing claims using VBMS. The problem is that VBA's shredding policy does not contain specific procedures for documents generated from VBMS. Management and staff at some VAROs were unclear on how to prepare these documents for destruction. Interviews with staff at several VAROs made it clear that VBA policy should be updated in order to address the paperless environment.

Some management and staff considered documents printed from VBMS to be internally generated screen prints. VBA policy does not require that employees sign or initial internally generated screen prints prior to destruction. However, VBA policy does require that employees and supervisors sign or initial duplicate claims-related documents submitted by veterans, their representatives, or third parties external to VA. We found 72 claims-related documents whose origin we were unable to determine (internally generated screen prints from VBMS or duplicates submitted to the

VARO). Staff stated that it would be beneficial if the electronic systems automatically annotated all documents printed from VBMS to clearly identify them as being internally generated.

Conclusion

VARO management and staff did not always safeguard veterans' and other governmental paper records. Noncompliance with policy, inadequate controls, and outdated guidance led to the potential destruction of claims-related documents. Staff prepared documents for shredding without obtaining the required signatures, and records management staff did not always provide annual training or review documents, as required. Additionally, VBA's shredding policy contained control weakness because supervisors are not required to document or track shredding violations, and records management staff are only required to spot-check documents identified by employees as non-claims-related. The policy also lacked standardized procedures for the collection of documents submitted for shredding. Furthermore, VBA has not updated its policy to include procedures for electronic claims processing. This could result in claims decisions that did not consider all submitted evidence and would, overall, have a negative effect on veterans' benefits.

Recommendations

1. We recommended the Acting Under Secretary for Benefits revise Veterans Benefits Administration's Policy on Management of Veterans' and Other Governmental Paper Records to ensure documents printed from Veterans Benefits Management System are clearly identified.
2. We recommended the Acting Under Secretary for Benefits revise Veterans Benefits Administration's Policy on Management of Veterans' and Other Governmental Paper Records to include detailed, standardized procedures for the collection and review of material by records management staff at VA Regional Offices.
3. We recommended the Acting Under Secretary for Benefits implement a plan to ensure all claims-related documents receive the mandated levels of review to comply with Veterans Benefits Administration's policy.
4. We recommended the Acting Under Secretary for Benefits implement a plan that requires supervisors to conduct periodic reviews of employees' red boxes and track all shredding policy violations they identify.
5. We recommended the Acting Under Secretary for Benefits implement a plan to ensure records management staff comply with Veterans Benefits Administration's policy to track all shredding violations they identify.
6. We recommended the Acting Under Secretary for Benefits implement a plan to ensure management and staff receive refresher training on the

proper handling of both claims-related and non-claims-related documents.

7. We recommended the Acting Under Secretary for Benefits develop specific procedures regarding the maintenance and disposition of congressional correspondence.

**Management
Comments**

The Acting Under Secretary for Benefits concurred with our recommendations, and agreed the records management policy needs to be revised to align with the current electronic document storage (VBMS eFolder) and centralized mail handling. VBA will also revise associated roles and responsibilities, with deliberate consideration given to compliance enforcement and oversight, and will ensure procedures are in place to track all shredding violations identified.

The Acting Under Secretary for Benefits also stated Phase 2 of the Records Management Accountability and Training initiative to ensure records management compliance and proper control, storage, and maintenance of mail and other benefit and claim-related documents will be scheduled, with a target completion date of May 31, 2016. Finally, VBA is in the process of clarifying procedures for the maintenance and disposition of congressional correspondence.

The Acting Under Secretary for Benefits stated that every veteran's record is important and regrets these human errors occurred. However, he further stated VBA does not agree that the reported error rate is indicative of a systemic issue.

OIG Response

The Acting Under Secretary for Benefit's planned corrective actions are responsive to the recommendations, and we will follow up as required. However, we disagree with the statement that the error rate is not indicative of a VBA systemic issue and must point out that the potential effect on veterans should not be minimized. In our review of the 10 VAROs, we reviewed 438,000 documents awaiting destruction in gray shredding bins. As we explained in the report, the shred bins contained documents that were non-claims-related documents, such as scratch paper, envelopes, internally generated papers, draft or duplicate decisions and letters, and training materials. Once non-claims-related documents were separated from the claims-related documents, we found 155 claims-related documents. Of the 155 claims-related documents, 69 (45 percent) were improperly scheduled for destruction. Two of the documents affected benefits, 9 had the potential to affect benefits, and 58 did not affect benefits but were still required to be included in the veteran's claims folders or VBA's electronic system prior to destruction. We disagree with VBA's assertion that only .0025 percent of the 438,000 documents reviewed by the OIG had the potential to affect benefits. We believe that 45 percent is a truer representation of the issue and is indicative of a systemic issue.

Considering we reviewed only 10 of 56 VAROs, and if weekly shredding is conducted, it is highly likely that claims-related documents at other VAROs were being improperly scheduled for destruction. This could result in the loss of additional claims and evidence, incorrect decisions, and delays in claims processing. Further, these documents were not available in the veterans' claims folders or VBA's electronic systems.

Appendix A Background

Management of Paper Records Policy

VBA established policy for review and appropriate destruction of veterans' and other governmental paper records. Three new positions were established to ensure proper management and safeguarding of veterans' records.

- **Records Management Officers (RMOs):** Are responsible for overseeing all programs established for the management of veterans' records and is the subject matter expert and records liaison for administrative records. The RMO works closely with other records management staff and other agencies to protect personally identifiable information of veterans and employees from unauthorized use, disposal, and destruction. They provide records management guidance as needed to staff and conduct frequent sampling and spot checks to ensure compliance with station shredding policies. Additionally, the RMO is required to conduct annual training for all VARO staff relating to the maintenance, review, and appropriate destruction of veterans' paper records.
- **Division Records Management Officers (DRMOs):** DRMO duties are to be collateral, generally performed by supervisors. One DRMO is to be designated for every 15–20 employees in the division. The director is to determine the appropriate number of DRMOs at a regional office or other VBA facility to fully carry out the DRMO responsibilities.
- **Records Management Technicians (RMTs):** Assists the RMO in managing, maintaining, and properly disposing of veterans' records and personally identifiable information. The RMT is to replace the DRMO in order to reduce the VARO supervisory records review and approval process to claims-related material only.

Responsibilities

The policy established that each employee is to be issued a red envelope and a red box. The red envelopes are used only for claims-related documents that are required to be signed by the employee and the supervisor prior to destruction. Generally, claims-related documents are duplicate material of evidentiary nature. The red boxes are used for documents that require one signature by the employee. Additionally, the red boxes are for internally generated papers, not appropriate for inclusion the claims files that require no signatures. Employees are responsible for ensuring all items in their designated shredding containers meet the guidelines of the policy.

RMOs and RMTs are responsible for retrieving and reviewing all claims-related documents submitted for shredding, spot checking non-claims-related documents, and ensuring that all material is properly identified for destruction. Also, RMOs and RMTs are required to provide training for all VARO employees regarding the appropriate destruction of veterans' paper documents.

Appendix B Scope and Methodology

Scope

We conducted our review from July through September 2015, and focused on claims-related documents pending destruction contained within records management shred bins as of 11:00 a.m. Eastern Time on July 20, 2015. We conducted unannounced inspections in order to assess the VAROs' controls over the record destruction process for all documents gathered since the last time the VARO prepared documents for destruction prior to July 20, 2015. We obtained approximately 438,000 documents awaiting destruction from the 10 VAROs, and we reviewed all 155 documents that were claims-related.

Methodology

To accomplish our objective, we reviewed applicable laws, regulations, policies, procedures, and guidelines. We interviewed officials from VBA's Policy and Procedures staff, Benefits Assistance staff, Procedures and Program Development staff, and VBA's Privacy staff. We also interviewed VARO directors, supervisors, records management staff, and employees.

In our previous interim report,⁷ we substantiated that Los Angeles VARO staff were not following VBA's policy on management of veterans' and other governmental paper records. To determine whether this was an isolated incident or a systemic issue throughout VBA, we conducted unannounced inspections at the following 10 judgmentally selected VAROs: Atlanta, GA; Baltimore, MD; Chicago, IL; Houston, TX; New Orleans, LA; Oakland, CA; Philadelphia, PA; Reno, NV; San Juan, PR; and St. Petersburg, FL.

Government Standards

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

⁷ *Interim Report - Review of Alleged Shredding of Claims-Related Evidence at the VA Regional Office Los Angeles, California* (Report No. 15-04652-448, August 17, 2015)

Appendix C Management Comments

Department of Veterans Affairs

Memorandum

Date: March 7, 2016
From: Acting Under Secretary for Benefits (20)
Subj: Subj: OIG Draft Report – Review of Claims-Related Documents Pending Destruction at VA Regional Offices - VAIQ 7670400
To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached is VBA's response to the OIG Draft Report: Review of Claims-Related Documents Pending Destruction at VA Regional Offices.
2. Questions may be referred to Margaret Oberlander, Program Analyst, at 461-9271.

(original signed by:)

DANNY G.I. PUMMILL

Attachment

Veterans Benefits Administration (VBA)

Comments on Office of Inspector General (OIG) Draft Report

Review of Claims-Related Documents Pending Destruction at VA Regional Offices

VBA provides the following comments:

VBA is committed to ensuring Veterans' records are protected, maintained, and disposed of in accordance with policy. VBA has over 18,000 field employees engaged in claims processing who may handle documents in the course of processing Veterans' claims. In the course of reviewing 438,000 documents, the OIG found that 69 of 155 claims-related documents were inappropriately submitted for destruction. Of these 69 documents, 55 found at the Atlanta Regional Office (RO) were associated with the processing of Congressional inquiries. At issue is whether VBA policy requires these documents, of which 52 had no impact on benefits, to be maintained in the Veterans' claims folders. The Atlanta RO's interpretation of the policy was consistently applied locally; however, the report findings demonstrate the need for clarification of the policy at the national level.

With 52 of the 69 documents subject to policy interpretation, the incidence of non-compliance is reduced to 17 claims-related documents. Of the 17 documents only 11, or .0025 percent of the 438,000 documents reviewed by the OIG, had the potential to affect benefits. VBA knows that every Veteran's record is important and regrets these human errors. However, we disagree that a fraction of a percentage error rate is indicative of a systemic issue.

As noted in the report, the latest revision to VBA's policy on the management of Veterans' and other governmental paper records was published in 2011. Between 2011 and now, VBA has undertaken the largest claims processing transformation in its history. This transformation includes converting to the Veterans Benefits Management System (VBMS), an electronic claims processing environment for compensation claims. VBMS provides an electronic claims folder for maintaining claim-related documents, as well as various tools and automation capabilities. VBA currently processes 99.8 percent of compensation claims through this automated application.

Beginning in fiscal year (FY) 2014 through early FY 2015, VBA deployed its Centralized Mail Initiative to 56 ROs and one Pension Management Center (PMC). The Centralized Mail Initiative reroutes inbound compensation and pension claims-related mail directly to vendor-operated document conversion sites, minimizing the amount of claims-related paper documents ROs now receive. Additionally, VBA enhanced its online claims filing capability through eBenefits and the Stakeholder Enterprise Portal. Taken together, these initiatives significantly strengthen the systemic protection of Veterans' claims-related documents by digitizing documents up front in the claims process and associating them sooner into the electronic claims folder.

The following comments are submitted in response to the recommendations in the OIG draft report:

Recommendation 1: We recommended the Acting Under Secretary for Benefits revise Veterans Benefits Administration's Policy on Management of Veterans' and Other Governmental Paper Records to ensure documents printed from Veterans Benefits Management System are clearly identified.

VBA Response: Concur in principle. VBA agrees the records management policy needs to be revised to align with the current environment that provides electronic document storage (VBMS eFolder) and centralized mail handling. Once the new policy is established, VBA will evaluate the feasibility and resource requirements associated with modifying the system to identify documents printed from the eFolder.

Target completion date: September 30, 2016

Recommendation 2: We recommended the Acting Under Secretary for Benefits revise Veterans Benefits Administration's Policy on Management of Veterans' and Other Governmental Paper Records to include detailed, standardized procedures for the collection and review of material by records management staff at VA Regional Offices.

VBA Response: Concur. The purpose of the records management policy is to provide detailed and standardized procedures pertaining to the handling of paper records. VBA will revise this policy to align with the current environment that provides electronic document storage and centralized mail handling.

Target completion date: May 31, 2016

Recommendation 3: We recommended the Acting Under Secretary for Benefits implement a plan to ensure all claims-related documents receive the mandated levels of review to comply with Veterans Benefits Administration's policy.

VBA Response: Concur. Document review requirements are established in policy and in the position descriptions of the Records Management Officer (RMO) and Records Management Technician (RMT). These requirements include reviewing actions taken by regional office employees, including supervisors, to validate that all claims-related documents receive the mandated levels of review. Supervisory staff in the Support Services Division (SSD) are responsible for overseeing the performance of the RMOs and RMTs. As VBA revises the records management policy and associated roles and responsibilities to better reflect the current operational environment, deliberate consideration will be given to compliance enforcement and oversight.

Target completion date: May 31, 2016

Recommendation 4: We recommended the Acting Under Secretary for Benefits implement a plan that requires supervisors to conduct periodic reviews of employees' red boxes and track all shredding policy violations they identify.

VBA Response: Concur. VBA is committed to ensuring Veterans' records are protected, maintained, and disposed of appropriately. As VBA revises the records management policy and procedures, we will assess the roles and responsibilities to be performed by personnel and ensure procedures are in place to track all shredding violations identified.

Target completion date: May 31, 2016

Recommendation 5: We recommended the Acting Under Secretary for Benefits implement a plan to ensure records management staff comply with Veterans Benefits Administration's policy to track all shredding violations they identify.

VBA Response: Concur. VBA is committed to ensuring Veterans' records are protected, maintained, and disposed of appropriately. As VBA revises the records management policy and procedures, we will assess the roles and responsibilities to be performed by personnel and ensure procedures are in place to track all shredding violations.

Target completion date: May 31, 2016

Recommendation 6: We recommended the Acting Under Secretary for Benefits implement a plan to ensure management and staff receive refresher training on the proper handling of both claims-related and non-claims-related documents.

VBA Response: Concur. In May 2015, the Office of Field Operations (OFO) implemented the Records Management Accountability and Training (RMAT) initiative to ensure records management compliance and proper control, storage, and maintenance of mail and other benefit and claim-related documents. The first phase of RMAT included a thorough review of onsite workspaces, out-based workspaces, and alternative workspaces. The first phase was completed in September 2015 with no significant findings of non-compliance. Phase 2 of RMAT will be scheduled as soon as the revision to the VBA policy for records management is complete.

Target completion date: May 31, 2016

Recommendation 7: We recommended the Acting Under Secretary for Benefits develop specific procedures regarding the maintenance and disposition of congressional correspondence.

VBA Response: Concur. VBA is in the process of clarifying procedures for the maintenance and disposition of Congressional correspondence.

Target Completion Date: June 30, 2016

Appendix D **OIG Contact and Staff Acknowledgments**

| | |
|-------------|---|
| OIG Contact | For more information about this report, please contact the Office of Inspector General at (202) 461-4720. |
|-------------|---|

Acknowledgements

| | |
|-------------------------|-------------------------|
| Dana Sullivan, Director | |
| Kristine Abramo | Wen Hsu |
| Ed Akitomo | Michael Kelly |
| Jason Boyd | Kerri Leggiero-Yglesias |
| George Boyer | Russ Lewis |
| Orlan Braman | Suzanne Love |
| Daphne Brantley | Sean Lupten |
| Nilda Bueno | Jamillah Mallory |
| Brett Byrd | Johnny McCray |
| Bridget Byrd | Jeffrey Myers |
| Matthew Byrne | Cynnde Nielson |
| Robert Campbell | Kimberly Nikraves |
| Dennis Capps | Stephen Nose |
| John Cintolo | Brandon Parrinello |
| Cherelle Claiborne | John Pawlick |
| Dustin Clark | David Piña |
| Marci Davis | Susan Popp |
| Glenn Dawkins | Leon Roberts |
| Sophia Demco | Jessica Rodriguez |
| Michael Derick | Jose Salazar |
| Clenes Duhon | Eric Sanford |
| Yolanda Dunmore | Michael Schiltz |
| Chris Enders | Jimmy Sembiring |
| Michelle Elliott | Charanpreet Singh |
| Ramon Figueroa | Brenda Stepps |
| Mayann Fitzgerald | Maria Stone |
| Kyle Flannery | Michele Stratton |
| Nathan Fong | Rachel Stroup |
| Robin Frazier | Michael Tomasello |
| Kevin Gibbons | Lisa Van Haeren |
| Lee Giesbrecht | Joseph Vivolo |
| Milan Gokaldas | Leo Wang |
| Theresa Golson | Mark Ward |
| Glen Gowans | Claudia Wellborn |
| Tyler Hargreaves | Ora Young |
| Nate Holman | |

Appendix E Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

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