



US DEPARTMENT OF VETERANS AFFAIRS **OFFICE OF INSPECTOR GENERAL**

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Delays in Pension Automation Updates Led to Some Burial Transportation Benefits Being Incorrectly Processed

Review

24-02430-152

July 15, 2025

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Executive Summary

The mission of the Veterans Benefits Administration (VBA) is to provide benefits and services to veterans, their families, and survivors in a timely and compassionate manner to honor veterans' military service.¹ When a veteran dies and is eligible, VBA continues to support the veteran's survivors through death benefits.² VBA's Pension and Fiduciary Service, which administers the burial benefits program, assists eligible claimants with burial expenses, plot costs, and transportation costs for the veteran's remains.³ The allowance for burial and funeral costs is paid at different rates based on whether a veteran's death was related to a service-connected disability or was non-service-connected.⁴ In addition to the burial allowance, a claimant may be eligible for a onetime plot or interment allowance if the veteran's death was non-service-connected and the veteran was not buried in a national or state cemetery.⁵ Finally, claimants may be eligible for reimbursement for the cost of transporting the veteran's remains to the final resting place.

To streamline claims processing for death benefits, VBA launched a system called pension automation, which first started processing these claims in April 2020. This automation system extracts data from claim applications and documents, such as a death certificate, and uses rules to

¹ VA, *FY 2025 Budget Submission*, vol. 3, *Burial and Benefit Programs and Department Administration*, March 2024, <https://www.va.gov/opa/docs/remediation-required/management/fy2025-va-budget-volume-iii.pdf>.

² For the purpose of death benefits, a veteran is an individual who served in the active military, naval, air, or space service and was discharged or released under conditions other than dishonorable. VA Manual 21-1, "General Veteran Eligibility Criteria," updated November 22, 2024, topic XI.iii.1.B.1 in *Adjudication Procedures Manual*; 38 U.S.C. § 101(2) (2025).

³ VBA may pay the applicable burial benefit to the first person to file a claim for burial benefits from the following list of eligible claimants: a veteran's surviving spouse, the survivor of a legal union between the deceased veteran and the claimant, a veteran's child, a veteran's parent, another relative or friend of the veteran, the executor or administrator of the veteran's estate, or a person acting for the executor or administrator of the estate of the deceased veteran. VA Manual 21-1, "Priority of Payments," updated October 31, 2023, topic XI.iii.1.A.3 in *Adjudication Procedures Manual*; 38 C.F.R. § 3.1702(b) (2024).

⁴ Service-connected disabilities result from diseases or injuries that happened during or were made worse by active military service. Service-connected burial allowance is payable for veterans who died as a result of a service-connected disability or disabilities, who were rated totally disabled (100 percent) for a service-connected disability or disabilities at the time of death (excluding veterans receiving individual unemployability), or when Dependency and Indemnity Compensation is granted. VA Manual 21-1, "SC Burial Allowance," updated May 10, 2024, topic XI.iii.1.B.2 in *Adjudication Procedures Manual*; 38 U.S.C. § 2307 (2021). A veteran is eligible for the non-service-connected burial allowance if the veteran was receiving compensation for a service-connected disability or pension at the time of death; was receiving military retired pay in lieu of compensation at the time of death; had a claim pending at the time of death and has been found entitled to compensation or pension from a date before the date of death; had no family or friends who claim the veteran's body, and there are insufficient resources available in the veteran's estate to cover burial and funeral expenses; or died while under VA care. VA Manual 21-1, "NSC Burial Allowance," updated March 13, 2024, topic XI.iii.1.B.3 in *Adjudication Procedures Manual*; 38 U.S.C. § 2303(a) (2022).

⁵ VA Manual 21-1, "Plot or Interment Allowance," updated March 13, 2024, topic XI.iii.1.B.5 in *Adjudication Procedures Manual*; 38 U.S.C. § 2303 (2022).

generate decisions and notification letters for claims. When the system must be updated, Pension and Fiduciary Service staff create business requirements containing rules for what they need the automation to do and submit these requirements to VA's Office of Information and Technology for implementation.

Given VBA's increased reliance on automation, the VA Office of Inspector General (OIG) conducted this review to determine whether VBA's automation system is accurately processing claims for death benefits.⁶

What the Review Found

The OIG team reviewed a statistical sample of 150 claims for veterans' death benefits completed by automation from January 5, 2023, through March 31, 2024 (the review period), where the claimant was eligible for benefits and the Veterans Benefits Management System eFolder contained the document type "Funeral Bill/Expenses."⁷ The OIG estimated that 10,300 of 12,500 claims (83 percent) contained an error, of which about 2,000 claims (16 percent) resulted in about \$1.9 million in underpayments to survivors.⁸

Although the automation system correctly processed most burial allowances (90 percent) and plot allowances (95 percent), the system did not consistently process transportation reimbursements accurately.⁹ The team estimated that 9,800 transportation claims (79 percent) were improperly processed during the review period. The team identified three types of errors:

- **The automation system prematurely denied transportation claims.** These errors, identified in an estimated 4,000 claims (32 percent), occurred when the automation system prematurely denied reimbursement when transportation expenses were claimed, and the claimants provided the required evidence.¹⁰ According to VBA policy, these claims should have been off-ramped from automation and transferred

⁶ For more information about the review's scope and methodology, see appendix A. For more information about the statistical methodology, see appendix B.

⁷ The data were obtained by identifying end product 160, which is used for burial, plot, and transportation allowance claims. The end product system is the primary workload monitoring and management tool for pension management centers. VA Manual 21-4, "End Product Codes," updated October 9, 2024, appendix B. The Veterans Benefits Management System is a web-based, electronic claims-processing portal.

⁸ Appendix C provides more information about monetary benefits.

⁹ VBA produces a Director's Dashboard, which provides VBA managers with a concise report on performance categories and targets determined by the Office of Field Operations. Managers and staff from the Pension and Fiduciary Service told the OIG team that the quality goal for pension automation is to match the national goals on the Director's Dashboard; for fiscal year 2024, 93 percent accuracy was considered fully successful and 94 percent was considered outstanding.

¹⁰ VA Manual 21-1, "Transportation Benefit," updated November 22, 2024, topic XI.iii.1.B.6 in *Adjudication Procedures Manual*; 38 C.F.R. § 3.1709(b) (2024).

to a claims processor to review the transportation benefits.¹¹ VBA later corrected these errors and paid the transportation benefits before the team’s review; therefore, they did not result in underpayments to claimants.

- **Transportation claims were never reimbursed.** The team estimated that this type of error in 1,300 claims (11 percent) occurred when the transportation field was marked “yes” or left blank and transportation was not paid, even though the claim had supporting evidence.¹² These resulted in about \$743,000 in underpayments to claimants.¹³
- **The notification letter did not provide a decision on transportation.** The team estimated that this type of error occurred in 4,700 claims (38 percent) when VBA did not follow its own procedures—and therefore decisions were not made for transportation expenses, which were then also not addressed in the notification letter sent to claimants as required.¹⁴

The OIG team determined that these errors occurred because the automation system did not have rules to ensure the proper processing of transportation benefits. When a public law expanded eligibility for transportation benefits, effective on January 5, 2023, the system did not have business rules to off-ramp transportation claims to claims processors for review.¹⁵ The Pension and Fiduciary Service knew this law affected the transportation benefit and had started the request to update automation business requirements in August 2022. However, the Pension and Fiduciary Service was not fully aware of the expansion of eligibility for transportation reimbursement until March 2023 when VA’s Office of General Counsel brought it to the service’s attention. Therefore, the request had to be modified to update the automation system to ensure it accounted for all changes to the law. This enhancement was implemented in August 2023 and allowed the automation system to process burial claims and off-ramp potential transportation expenses to a claims processor for review. The Pension and Fiduciary Service identified approximately 5,600 claims processed from January 5, 2023, through the August 2023 enhancement where a transportation benefit may have been improperly denied. These cases were

¹¹ “Off-ramping” the claims refers to when automation routes the claim to a claims processor because form data cannot be extracted or required data points are missing. Pension and Fiduciary Service, “Pension Automation 101,” February 18, 2021; VA Manual 21-1, “Transportation Benefit.”

¹² VBA concurred with the errors identified by the review team and corrected them all by the end of January 2025.

¹³ VA Manual 21-1, “Required Evidence for Burial Benefits,” updated January 5, 2023, topic XI.iii.1.A.4 in *Adjudication Procedures Manual*.

¹⁴ VA Manual 21-1, “Required Evidence for Burial Benefits”; 38 C.F.R. § 3.103(f); VA Manual 21-1, “Notification Requirements,” updated January 8, 2024, topic VI.i.1.B.1 in *Adjudication Procedures Manual*.

¹⁵ Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, Pub. L. No. 116–315.

reviewed by teams at the Philadelphia Pension Management Center, which is the centralized office for processing death benefits, to determine entitlement to the transportation benefit.¹⁶

The OIG team identified about 4,700 claims where a decision on transportation was not made and, therefore, the claimant was not notified because the automation system did not have business rules in place to ensure notification letters aligned with policy. In an interview with the OIG team, a lead program analyst for automation quality and oversight stated that this issue was first identified in August 2022 and the need for an enhancement was created at that time. The chief for data analytics in the Pension and Fiduciary Service suggested to the OIG team that implementing the enhancements faster and having additional resources would be helpful in improving the automation process for veterans' death benefits, given the amount of time it takes to implement an enhancement. The chief for automation quality and oversight also explained that the Pension and Fiduciary Service's requirements along with those from other business lines are updated by the Office of Information and Technology, which could lead to competing priorities due to Office of Information and Technology resources.

Finally, the team identified a discrepancy in VBA policy that potentially led to underpayments to claimants. In these instances, the claimant marked "no" on the application form for the question about whether they were responsible for the veteran's transportation expenses; however, these claimants also submitted an itemized funeral bill with the application showing they incurred transportation expenses. One section of VBA's policy states transportation expenses may be considered claimed if they are "reported on the prescribed form and/or reported on other evidence" submitted at the same time as the prescribed form, such as an itemized funeral bill.¹⁷ However, another section of the manual states that if the application field identifying the responsible party for transportation is checked "no," the transportation benefit should be denied.¹⁸ When presented with the OIG's assessment of the claims reviewed, a VBA representative responded, "The funeral bill shows that the claimant was responsible for billing, but the claimant indicated that they did not incur this expense on the application. ... Since the claimant stated that they did not incur these expenses VA cannot pay this benefit." In December 2024, the Pension and Fiduciary Service clarified to pension management centers that burial transportation benefits may be considered claimed in situations where the claimant indicates that expenses were not incurred but submits additional evidence, such as a funeral bill or statement, at the same time as the death benefits application, indicating that the claimant did incur transportation expenses. After this clarification was issued, the review team offered the

¹⁶ In October 2021, VBA consolidated claims involving a decision for service-connected death or burial, including error corrections, under the jurisdiction of the Philadelphia Pension Management Center. VA Manual 21-1, "Purpose of the PMCs," updated November 20, 2023, topic I.ii.1.B.1 in *Adjudication Procedures Manual*. The Office of Field Operations oversees operations of claims processed at pension management centers and monitors, tracks, and evaluates national workload systems.

¹⁷ VA Manual 21-1, "Transportation Benefit."

¹⁸ VA Manual 21-1, "Required Evidence for Burial Benefits."

Pension and Fiduciary Service an opportunity to review its initial response to the assessment of errors and provide an updated response. The Pension and Fiduciary Service maintained that its initial response aligned with existing VBA policy in place when it received the errors for review. However, the Pension and Fiduciary Service plans to revise VBA policy on transportation benefits to align with the guidance provided in its clarification.

What the OIG Recommended

The OIG made two recommendations to the under secretary for benefits.¹⁹ The first was to update the relevant sections on transportation expenses in the VBA's *Adjudication Procedures Manual* to align with each other, and the second was to ensure automation is consistent with the policy for processing this benefit.

VA Management Comments and OIG Response

The acting principal deputy under secretary for benefits, performing the delegable duties of the under secretary for benefits, concurred with both recommendations and provided responsive action plans, which included updating a relevant section on transportation expenses in the VBA's *Adjudication Procedures Manual* to align with the other section. Additionally, VBA submitted three enhancement requests to the Office of Information and Technology to ensure automation of transportation reimbursements is consistent with procedures.

VBA requested that the OIG close both recommendations. After reviewing documentation provided by VBA, the OIG agreed to close recommendation 1. The OIG will revisit the request to close recommendation 2 once all system enhancements have been implemented. The full management comments are included in appendix D.



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¹⁹ The recommendations addressed to the under secretary for benefits are directed to anyone in an acting status or performing the delegable duties of the position.

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Introduction

The mission of the Veterans Benefits Administration (VBA) is to provide benefits and services to veterans, their families, and survivors in a responsive, timely, and compassionate manner in recognition of their service to the nation.²⁰ When a veteran dies and is eligible, VBA continues to support the veteran's survivors through death benefits.²¹ These benefits, managed by VBA's Pension and Fiduciary Service, help claimants such as a spouse, designated family members, or executors partially offset the costs of burial, plot, and transportation for the veteran's remains.²²

In April 2020, VBA implemented an automated processing system, called pension automation, to streamline claims processing for death benefits. The automation process extracts data from documents, such as a death certificate and applications received from the claimant, and uses business rules to generate a decision and notification letter. When the Pension and Fiduciary Service needs to update the automation system, staff create business requirements containing rules for what they specifically need the automation to do and submit these requirements to VA's Office of Information and Technology. The rules are then used to create the computer language to make automation perform the required actions.

VA reported that since automation began, processing time has decreased from 75 days in 2019 to 38 days as of June 2023. Additionally, the burial claims inventory has decreased from approximately 37,000 claims (as of the end of 2019) to approximately 10,000 (as of June 2023).²³ Given VBA's increased reliance on automation, the VA Office of Inspector General (OIG) conducted this review to determine whether VBA's pension automation is accurately processing claims for death benefits.

Veterans' Death Benefits

VA pays three types of benefits upon the death of an eligible veteran: (1) allowance for burial and funeral costs, (2) allowance for the cost of the plot (gravesite) or interment, and

²⁰ VA, *FY 2025 Budget Submission*, vol. 3, *Burial and Benefit Programs and Department Administration*, March 2024, <https://www.va.gov/opa/docs/remediation-required/management/fy2025-va-budget-volume-iii.pdf>.

²¹ For the purpose of burial benefits, a veteran is an individual who served in the active military, naval, air, or space service and was discharged or released under conditions other than dishonorable. VA Manual 21-1, "General Veteran Eligibility Criteria," updated November 22, 2024, topic XI.iii.1.B.1 in *Adjudication Procedures Manual*; 38 U.S.C. § 101(2) (2025).

²² VBA may pay the applicable burial benefit to the first person to file a claim for burial benefits from the following list of eligible claimants: a veteran's surviving spouse, the survivor of a legal union between the deceased veteran and the claimant, a veteran's child, a veteran's parent, another relative or friend of the veteran, the executor or administrator of the veteran's estate, or a person acting for the executor or administrator of the estate of the deceased veteran. VA Manual 21-1, "Priority of Payments," updated October 31, 2023, topic XI.iii.1.A.3 in *Adjudication Procedures Manual*; 38 C.F.R. § 3.1702(b) (2024).

²³ VA, *FY 2025 Budget Submission*. These numbers were cited by VBA in the budget submission and were not validated by the OIG team.

(3) reimbursement for the cost of transporting the veteran's remains to the final resting place. Applicable death benefits can be paid to the first eligible claimant to file a claim.²⁴

Burial Allowance

Burial allowance is paid at different rates based on whether a veteran's death was related to a service-connected disability or was non-service-connected; it is separate from the plot and transportation allowances.

Service-connected burial allowance is payable for veterans

- who died as a result of a service-connected disability or disabilities,
- who were rated totally disabled (100 percent) for a service-connected disability or disabilities at the time of death (excluding veterans receiving individual unemployability), or
- when Dependency and Indemnity Compensation is granted.²⁵

If a veteran's death is found to be service-connected, VBA will pay the maximum service-connected burial allowance (\$2,000 for veterans who died on or after September 11, 2001).²⁶ If VA pays a service-connected burial allowance, it does not pay an additional plot or interment allowance to any individual or estate.²⁷ However, eligible claimants can also receive payment for transportation benefits.

Non-service-connected burial allowance is payable if a veteran

- was receiving compensation for a service-connected disability or pension at the time of death;
- was receiving military retired pay in lieu of compensation at the time of death;

²⁴ VA Manual 21-1, "Priority of Payments."

²⁵ Service-connected disabilities result from diseases or injuries that happened during or were made worse by active military service. To be eligible for individual unemployability benefits, the claimant must be a veteran who is unable to hold a job (in other words, unable to maintain substantially gainful employment) as a result of service-connected disabilities. Individual unemployability allows VA to pay certain veterans compensation at the 100 percent rate even if VA has not rated their service-connected disabilities at that level. 38 C.F.R. § 4.16 (2014); VA Manual 21-1, "SC Burial Allowance," updated May 10, 2024, topic XI.iii.1.B.2 in *Adjudication Procedures Manual*. Dependency and Indemnity Compensation is a monthly benefit paid to eligible survivors of service members who died in the line of duty or whose death resulted from a service-related injury or illness. 38 C.F.R. § 3.5 (2008); 38 U.S.C. § 2307 (2021).

²⁶ VA Manual 21-1, "SC Burial Allowance"; 38 U.S.C. § 2307 (2021).

²⁷ VA Manual 21-1, "SC Burial Allowance"; 38 U.S.C. § 2307 (2021). When the service-connected burial allowance is paid, the plot or interment allowance is payable to the state, political subdivision of a state, or a tribal organization. 38 U.S.C. § 2303(b)(1) (2022).

- had a claim pending at the time of death and has been found entitled to compensation or pension from a date before the date of death;
- has no family or friends who claim the veteran's body, and there are insufficient resources available in the veteran's estate to cover burial and funeral expenses; or
- died while under VA care.²⁸

If eligible, VBA will pay the maximum non-service-connected burial allowance at the following rates: \$300 for veterans who died on or after October 1, 2022, but before January 5, 2023; \$893 for veterans who died on or after January 5, 2023, but before October 1, 2023; \$948 for veterans who died on or after October 1, 2023, but before October 1, 2024; and \$978 for veterans who died on or after October 1, 2024.²⁹

Plot or Interment Allowance

A plot or interment allowance is a onetime benefit that may be paid if a veteran is not buried in a national or state cemetery.³⁰ "Plot" refers to the final disposal site of the remains, such as a grave, mausoleum vault, or columbarium niche. Plot or interment expenses are associated with the final disposition of the remains and are not confined to the acts done within the burial grounds.³¹ If eligible, VBA will pay the maximum plot or interment allowance at the following rates: \$893 for veterans who died on or after October 1, 2022, but before January 5, 2023; \$893 for veterans who died on or after January 5, 2023, but before October 1, 2023; \$948 for veterans who died on or after October 1, 2023, but before October 1, 2024; and \$978 for veterans who died on or after October 1, 2024.³²

²⁸ A veteran is considered under VA care if the veteran was hospitalized by VA at the time of death or died while hospitalized under VA contract at a non-VA facility; was traveling as authorized at VA's expense to or from a specific place for the purpose of examination, treatment, or care; or was a patient at an approved state veterans' home (a home or residence does not qualify as a VA facility for the purposes of 38 U.S.C. §§ 1701(3), 1703, 1720, or 1741). VA Manual 21-1, "NSC Burial Allowance Based Upon Death While Under VA Care," updated January 5, 2023, topic XI.iii.1.B.4 in *Adjudication Procedures Manual*; 38 U.S.C. § 2303(a) (2022). Based on the changes enacted in the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act for deaths that occur on or after January 5, 2023, all non-service-connected burial allowances will be paid at the same rate regardless of the place of death. VA Manual 21-1, "NSC Burial Allowance," updated March 13, 2024, topic XI.iii.1.B.3 in *Adjudication Procedures Manual*.

²⁹ The \$893 increase was due to the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act.

³⁰ Plot allowance may be paid in addition to the burial allowance for a non-service-connected death. VA Manual 21-1, "Plot or Interment Allowance," updated March 13, 2024, topic XI.iii.1.B.5 in *Adjudication Procedures Manual*; 38 U.S.C. § 2303 (2022).

³¹ 38 C.F.R. § 3.1707 (2024).

³² "Veterans Burial Allowance and Transportation Benefits" (web page), VA, accessed April 24, 2025, <https://www.va.gov/burials-memorials/veterans-burial-allowance/>.

Transportation Reimbursement

Transportation reimbursement covers reasonable expenses incurred to transport a veteran's remains from the place of death to the place of burial.³³ A public law enacted on January 5, 2021, expanded the burial transportation benefit to veterans not buried in a national or covered veterans' cemetery.³⁴ The section of the public law on burial transportation took effect two years later on January 5, 2023, and broadened eligibility when transportation expenses were incurred by the claimant and the veteran died within a state, the place of burial is in any state, and the veteran meets any of the following conditions:

- Died while under VA care
- Was receiving compensation (or receiving military retirement in lieu of compensation) at the time of death
- Was receiving pension at the time of death
- The remains are unclaimed

According to VBA policy, an itemized receipt or statement is required to approve a claim for the transportation benefit (this could be considered evidence showing the claimant incurred the expense).³⁵ VBA will approve transportation expenses that are incurred as claimed on the application and verified through the itemized statement or receipt. Statements or receipts do not have to show paid in full, only that expenses were incurred.³⁶

³³ Reasonable transportation charges must not exceed the charges customarily made to the general public. VA Manual 21-1, "Transportation Benefit," updated November 22, 2024, topic XI.iii.1.B.6 in *Adjudication Procedures Manual*. According to VBA policy, burial includes all recognized methods of disposing of the remains of deceased persons, including cremation, burial at sea, and medical school donation. VA Manual 21-1, "Definitions of Burial Benefit Terms," updated January 5, 2023, topic XI.iii.1.A.1 in *Adjudication Procedures Manual*.

³⁴ Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, §§ 2201 and 2202.

³⁵ The itemized receipt or statement must show the name of the deceased veteran for whom the services and transportation were furnished, the nature and cost of the services and transportation, the name of the claimant who filed for the transportation benefit, and the dates of the services rendered. VA Manual 21-1, "Transportation Benefit."

³⁶ VA Manual 21-1, "Required Evidence for Burial Benefits," updated January 5, 2023, topic XI.iii.1.A.4 in *Adjudication Procedures Manual*.

Traditional Claims Processing for Veterans' Death Benefits Versus Automation

To apply for these benefits, a claimant must submit a signed VA Form 21P-530 or VA Form 21P-530EZ (referred to as the veterans' death benefits application).³⁷ In traditional claims processing, the Philadelphia Pension Management Center is the centralized office for processing claims involving a decision for service-connected death or veteran's death benefits, including error corrections.³⁸ Staff from the pension management center are responsible for the development, rating, and award and authorization activities necessary for these claims, as shown in figure 1 on the next page.³⁹

After a claimant submits an application to VA, veterans service representatives review the claim and assist in gathering evidence needed to evaluate it. Rating veterans service representatives analyze the evidence, request a medical opinion if needed, and make decisions on the claim.⁴⁰ Veterans service representatives implement the decision, determine the effective date, and if applicable, authorize payment. They then send a notification letter to the claimant.⁴¹

³⁷ VA Form 21P-530, Application for Burial Benefits (April 2017). This version of the form continued to be used until May 2024, when the application was superseded by VA Form 21P-530EZ, Application for Burial Benefits (November 2021). Further updates were incorporated in August 2022 to reflect changes based on the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act. VA Form 21P-530EZ is required when VBA cannot automatically pay burial and plot or interment allowance to an eligible surviving spouse. Automatic payments can be made when VBA determines burial benefit eligibility based on the evidence of record or when the surviving spouse is added at the time of the first notice of death. VA Manual 21-1, "General Information on Burial Benefits and Allowances," updated January 5, 2023, sec. XI.iii.1.A in *Adjudication Procedures Manual*.

³⁸ VA Manual 21-1, "Purpose of the PMCs," updated November 20, 2023, topic I.ii.1.B.1 in *Adjudication Procedures Manual*.

³⁹ VA Manual 21-1, "PMC Team Structure and Work Processing," updated March 2, 2023, topic I.ii.1.B.3 in *Adjudication Procedures Manual*. The processing of a decision is commonly referred to as an "award" action, regardless of whether the decision constitutes a grant or denial of benefits.

⁴⁰ In some instances, evidence is needed to show the cause of death was related to a disease or injury that existed during active military service; therefore, a medical opinion may be needed to resolve the claim. VA Manual 21-1, "DIC Under 38 U.S.C. 1310 and 38 U.S.C. 1318," updated December 4, 2024, topic XII.i.1.B.1 in *Adjudication Procedures Manual*.

⁴¹ A notification letter must inform the claimant of VA's decision; for denied claims, the letter must include what is required to grant the claim, and for granted claims, the letter must include the effective date and rates of payments. VA Manual 21-1, "Notification Requirements," updated January 8, 2024, topic VI.i.1.B.1 in *Adjudication Procedures Manual*.

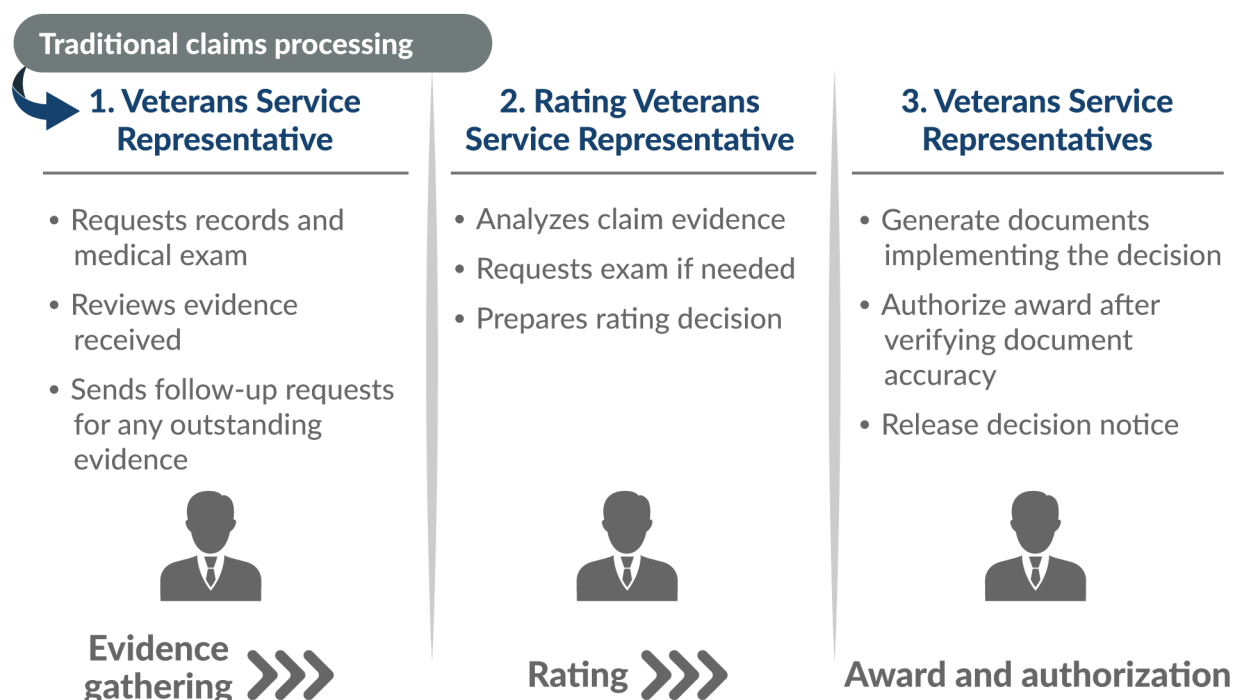


Figure 1. Traditional claims process.

Source: VA OIG's analysis of VA Manual 21-1.

Note: For the award and authorization step, multiple veterans service representatives are involved because decisions cannot be implemented and authorized by the same veterans service representative. Additionally, not all veterans' death benefits claims require each of the bulleted steps in evidence gathering or a rating decision. For example, a claimant applies for non-service-connected burial allowance for a veteran who died from cardiac arrest, and the record shows the veteran was service-connected for posttraumatic stress disorder at the time of death. Since the claimant is requesting only non-service-connected burial allowance, the claim does not require a rating decision.

The automation system uses entries from the veterans' death benefits applications and supporting documents to determine whether the claims can be processed by automation.⁴² If so, the system extracts data from submitted documents and applications and uses business rules to generate decisions and notifications for burial and plot claims.⁴³ If no form data are extracted or required data points are missing, automation will route the claim to a claims processor for review, referred

⁴² According to a chief with the Pension and Fiduciary Service's Pension Automation Quality and Oversight, as of November 2024, there were 98 reasons a claim could be removed from pension automation and transferred to a claims processor for review.

⁴³ VA Manual M21-1, "EP 160 and PA Processing," updated June 8, 2022, topic XI.iii.1.A.6 in *Adjudication Procedures Manual*.

to as “off-ramping” the claim.⁴⁴ Off-ramped claims are reviewed by staff at the Philadelphia Pension Management Center.

Automation cannot process transportation benefits because the system cannot validate itemized statements. The claimant’s answers on the application alert the automation system that transportation may be payable. Figures 2 and 3 show the questions regarding transportation expenses on veterans’ death benefits applications.

PART V – CLAIM FOR TRANSPORTATION REIMBURSEMENT	
19. EXPENSES INCURRED FOR THE TRANSPORTATION OF THE VETERAN'S REMAINS FROM THE PLACE OF DEATH TO THE FINAL RESTING PLACE (Attach itemized receipts)	
\$	

Figure 2. Excerpt of VA Form 21P-530 (the veterans’ death benefits application).

Source: VA Form 21P-530 (April 2017).

Note: This figure replicates the language on the VA form, on which “incurred” is misspelled.

SECTION VI – CLAIM FOR PLOT AND/OR TRANSPORTATION ALLOWANCE	
23. ARE YOU RESPONSIBLE FOR THE VETERAN'S PLOT OR INTERMENT EXPENSES? <input type="checkbox"/> YES <input type="checkbox"/> NO	
24. ARE YOU RESPONSIBLE FOR THE VETERAN'S TRANSPORTATION EXPENSES FROM THE PLACE OF DEATH TO THE FINAL RESTING PLACE? (You must include an itemized receipt)	
<input type="checkbox"/> YES <input type="checkbox"/> NO	

Figure 3. Excerpt of VA Form 21P-530EZ (the veterans’ death benefits application).

Source: VA Form 21P-530EZ (August 2022).

Automation may finalize decisions for other benefits, such as burial or plot allowance, and then off-ramp the claim to the pension management center to address the transportation benefit.⁴⁵ These claims should be reviewed by a claims processor to determine whether transportation benefits are payable (figure 4 on the next page).

⁴⁴ Pension and Fiduciary Service, “Pension Automation 101,” February 18, 2021; VA Manual 21-1, “Transportation Benefit.”

⁴⁵ VA Manual 21-1, “Transportation Benefit.”

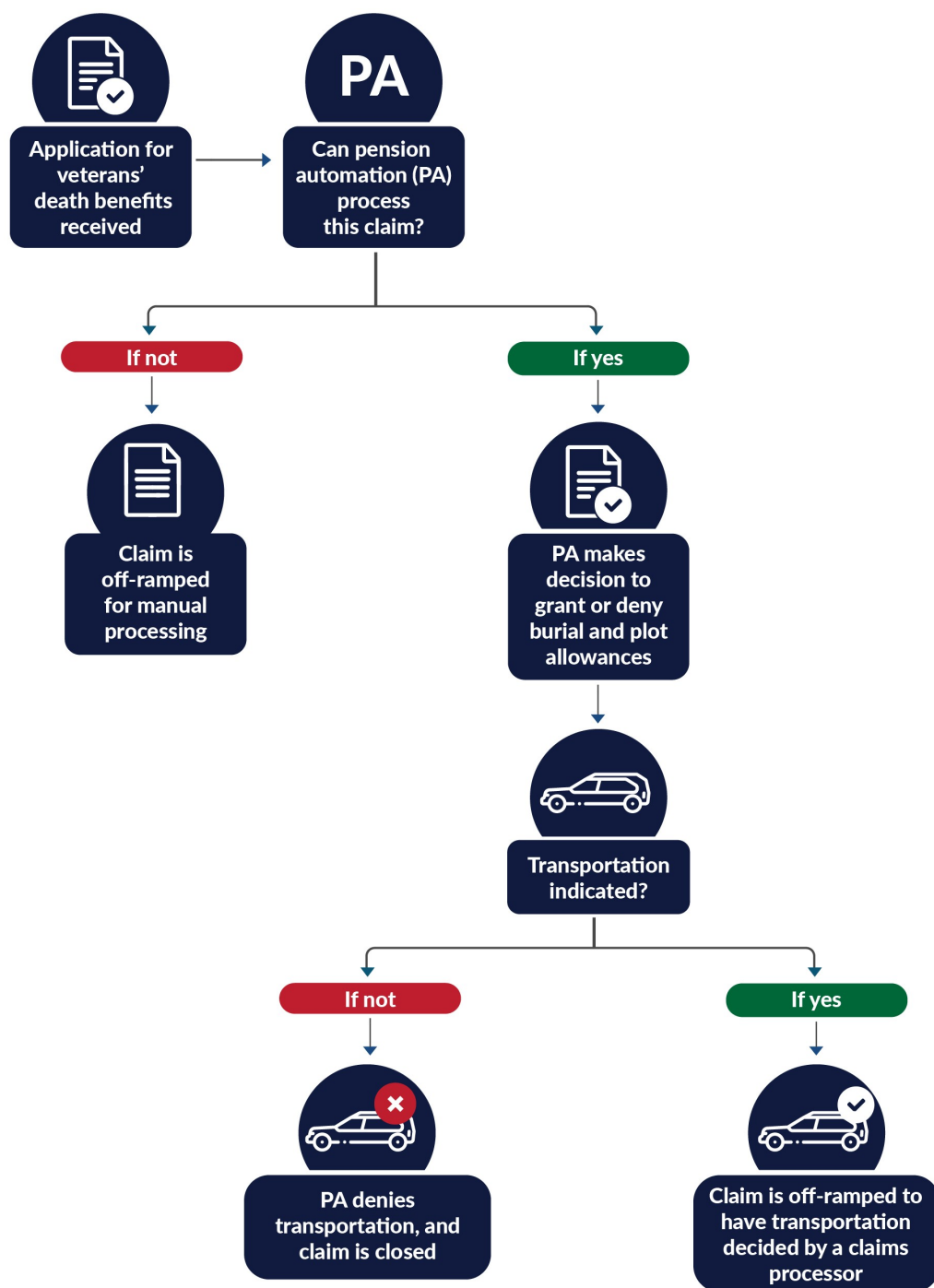


Figure 4. Pension automation claims process.

Source: VA OIG analysis of VBA training materials, applications for burial benefits, business requirement documents, and VA Manual 21-1.

Note: If a claimant provides a number value or leaves the field blank in the veteran's death benefits application (as shown in figure 2) or marks "yes" or leaves the field blank for the question about transportation (as shown in figure 3), transportation is indicated.

Based on a claimant's response to questions about transportation expenses on the application as shown in figures 2 and 3, they should receive a letter notifying them of the transportation decision as noted in figure 5.

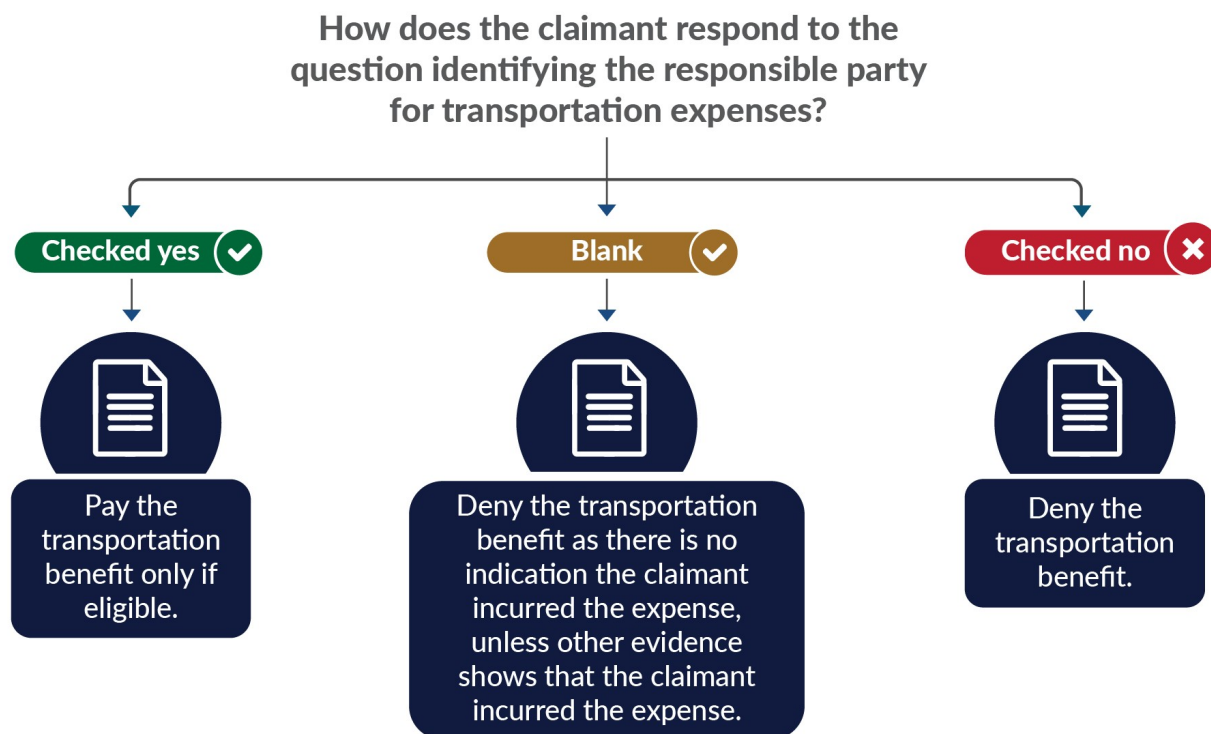


Figure 5. Claims decision process for transportation benefits.

Source: VA OIG analysis of VA Manual 21-1, "Required Evidence for Burial Benefits," updated January 5, 2023, topic XI.iii.1.A.4 in Adjudication Procedures Manual.

Pension and Fiduciary Service

The Pension and Fiduciary Service administers the veterans' death benefits program for survivors and other individuals who paid for the burials or funerals of deceased veterans. In administering this program, the Pension and Fiduciary Service develops rulemaking and policy requirements, oversees training, assesses accuracy of claims processing, and conducts advisory reviews.⁴⁶ Within the Pension and Fiduciary Service, the pension automation quality and oversight team provides oversight and evaluates the quality of automation to identify defects and system enhancements, as noted in figure 6 on the next page.

⁴⁶ VA, 2023 *Functional Organization Manual*, ver. 8.0.

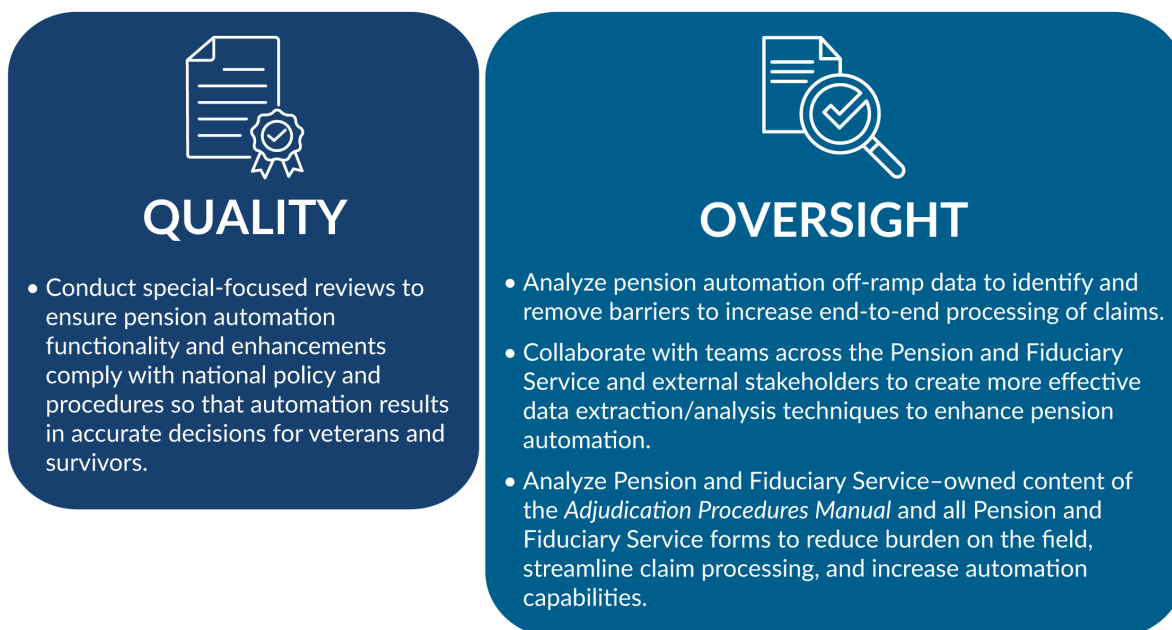


Figure 6. Responsibilities of the Pension and Fiduciary Service’s pension automation quality and oversight team.

Source: VA OIG analysis of VBA’s documentation of the roles and responsibilities of each office in the Pension and Fiduciary Service.

Results and Recommendations

Finding: Automation Did Not Always Accurately Process the Transportation Allowance for Veterans' Death Benefits Claims

The OIG team reviewed a statistical sample of claims for veterans' death benefits completed by automation and found an estimated 10,300 of 12,500 claims (83 percent) had errors, of which about 2,000 claims (16 percent) resulted in about \$1.9 million in underpayments to survivors.⁴⁷ Although automation generally processed burial and plot allowances correctly—90 percent for burial allowances and 95 percent for plot allowances—the system did not consistently process transportation allowances accurately.⁴⁸

The team estimated that automation accounted for approximately 9,800 (79 percent) of the improperly processed transportation claims. Errors included prematurely denying transportation claims, not paying transportation benefits when claimed or when the field was left blank, and not addressing transportation benefits in the decision notification letters. These errors were attributed to inadequate automation business rules, which did not ensure proper routing of transportation claims and accurate notification to claimants of transportation benefits in the decision notification letters. In August 2023, a system enhancement was implemented to update transportation eligibility business requirements. These enhancements addressed some issues, such as inadequate automation business rules that led to premature denials and not paying transportation benefits. However, as of December 2024, the system had not yet been updated to ensure claimants are properly notified of transportation benefit decisions in the letter.

This finding is based on the following determinations:

- Although VBA generally processed burial and plot allowances accurately, transportation benefits were not always processed correctly.
- The Pension and Fiduciary Service initially lacked rules to off-ramp transportation claims affected by the law change.⁴⁹
- Rules were not in place to ensure notification letters aligned with policy.

⁴⁷ Reported values are rounded estimates of projections; therefore, the proportions of reported values may not equal the percentages.

⁴⁸ VBA produces a Director's Dashboard, which provides its managers with a concise report on performance categories and targets determined by the Office of Field Operations. Managers and staff from the Pension and Fiduciary Service told the OIG team that the quality goal for pension automation is to match the national goals on the Director's Dashboard; for fiscal year 2024, 93 percent accuracy was considered fully successful, and 94 percent was considered outstanding.

⁴⁹ Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, §§ 2201 and 2202.

- A discrepancy in VBA policy led to potential underpayments.

What the OIG Did

The OIG team reviewed a random sample of 150 claims for veterans' death benefits completed by automation from January 5, 2023, through March 31, 2024 (the review period) where the claimant was eligible for benefits and the Veterans Benefits Management System eFolder contained the document type "Funeral Bill/Expenses."⁵⁰ The team interviewed staff and managers at the Philadelphia Pension Management Center in Pennsylvania and within the VBA central office. Appendixes A and B provide additional details on the team's actions and the review's scope and methodology.

Although VBA Generally Processed Burial and Plot Allowances Accurately, Transportation Benefits Were Not Always Processed Correctly

Based on the sample, the team estimated 10,300 of 12,500 claims (83 percent) had errors, of which an estimated 2,000 claims (16 percent) resulted in about \$1.9 million in underpayments to survivors.⁵¹ The team found that VBA's automation system correctly processed decisions and sent notification letters for about 90 percent of claims for burial allowances and 95 percent of claims for plot allowances. Burial or plot allowance claims were sometimes incorrectly denied when

- the claimants were not recognized as eligible beneficiaries, or
- the veteran died at a VA medical center or was not considered for service-connected burial allowance when required by VBA policy.⁵²

Meanwhile, the system did not always process claims for transportation benefits accurately. The team determined that the system processed approximately 9,800 transportation claims (79 percent) incorrectly. Table 1 summarizes the most common errors identified by the team.

⁵⁰ The data were obtained by identifying end product 160, which is used for burial, plot, and transportation allowance claims. The end product system is the primary workload monitoring and management tool for pension management centers. VA Manual 21-4, "End Product Codes," updated October 9, 2024, appendix B. The Veterans Benefits Management System is a web-based, electronic claims-processing portal.

⁵¹ Appendix C provides more information about monetary benefits.

⁵² If the veteran was receiving individual unemployability benefits at the time of death, the claim should be forwarded to the rating activity for consideration of service connection for the cause of death. VA Manual 21-1, "Referring Claims Involving Death After Service," updated June 25, 2024, topic XI.ii.1.1 in *Adjudication Procedures Manual*. Automation's accuracy rate for plot allowance claims met VBA's national quality metric (93 percent). Although the accuracy rate for burial allowance did not meet the 93 percent metric, it is not discussed further in this report because there were multiple reasons for the inaccuracies that may not indicate a systemic issue.

Table 1. Summary of Errors

Types of errors	Estimated claims in population
The automation system prematurely denied transportation claims, but these errors were later corrected	4,000
Transportation claims were never reimbursed	1,300
The notification letter did not provide a decision on transportation	4,700

Source: VA OIG analysis of statistically sampled claims for veterans' death benefits.

Note: Claims overlapped in multiple error categories; therefore, the total exceeds 9,800.

The Automation System Prematurely Denied Transportation Claims, but These Errors Were Later Corrected

Errors occurred in about 4,000 claims (32 percent) where the automation system prematurely denied transportation reimbursements. In these claims, transportation expenses were claimed, and the claimant was eligible and provided the required evidence. Automation cannot process transportation benefits because the system cannot validate itemized statements.⁵³ The claimant's answers on the application alert the automation system that transportation may be payable.

According to VBA, these claims should have been off-ramped to a claims processor to address the transportation benefits.⁵⁴ However, the automation system denied the transportation expense and did not off-ramp the claim. During the review, the team found that although automation initially denied these claims incorrectly, VBA corrected the claims before the team's review—and therefore, they did not result in underpayments to claimants, as illustrated in example 1.

Example 1

A veteran died in June 2023 and was receiving VA disability compensation at the time of death.⁵⁵ On June 12, 2023, VBA received a claim for non-service-connected burial allowance, plot allowance, and transportation expenses from the surviving spouse. The spouse provided an itemized funeral receipt with the claim.⁵⁶ On June 29, 2023, the automation system correctly paid the spouse for burial and plot allowances. However, instead of off-ramping the

⁵³ VA Manual 21-1, "Transportation Benefit"; 38 C.F.R. § 3.1709(b) (2024).

⁵⁴ Pension and Fiduciary Service, "Pension Automation 101."

⁵⁵ To be eligible for non-service-connected burial allowance, a veteran must have been receiving pension or compensation at the time of death. VA Manual 21-1, "NSC Burial Allowance"; 38 U.S.C. § 2303(a) (2022).

⁵⁶ For transportation expenses to be reimbursed, VBA requires a claimant to submit an itemized receipt or statement that includes the name of the deceased veteran for whom the services and transportation were furnished, the nature and cost of the services and transportation, the name of the claimant who filed for the transportation benefit, and the dates of the services rendered. VA Manual 21-1, "Transportation Benefit."

claim for transportation to be reviewed by a claims processor, the automation system incorrectly denied the transportation reimbursement. In September 2023, staff from the Philadelphia Pension Management Center corrected this error and reimbursed the spouse \$655 for the transportation benefit.

VBA concurred with the review team’s assessment of all errors where the automation system prematurely denied the transportation claim.

Transportation Claims Were Never Reimbursed

In an estimated 1,300 claims (11 percent), transportation reimbursements were never paid, resulting in about \$743,000 underpayments to claimants. VBA policy states that if a claimant marks “yes” for transportation, the benefit should be paid if eligible, and if this field is left blank, the benefit can be paid if evidence shows that the claimant incurred the expense.⁵⁷ In the estimated 1,300 claims, the transportation field was marked “yes” or left blank, and transportation was not paid, even though the claim had supporting evidence. The automation system did not off-ramp these claims for manual processing; therefore, the claimants were not paid, as illustrated in example 2.

Example 2

A veteran died in March 2023 and was receiving VA disability compensation at the time of death. On May 26, 2023, VBA received a claim for non-service-connected burial allowance from the veteran’s child. The transportation expense section was left blank on the application. Additionally, the claimant provided an itemized funeral receipt with the claim showing they paid \$495 in transportation costs.⁵⁸ On June 5, 2023, the automation system correctly paid the claimant the service-connected burial allowance but did not award transportation reimbursement or off-ramp the claim for review by a claims processor.⁵⁹ As a result, the claimant was underpaid \$495 for transportation expenses.⁶⁰

⁵⁷ VA Manual 21-1, “Required Evidence for Burial Benefits.”

⁵⁸ “Transportation expenses may be considered claimed if they are reported on the prescribed form and/or reported on other evidence submitted at the same time as the prescribed form, such as an itemized funeral bill.” VA Manual 21-1, “Transportation Benefit.”

⁵⁹ The veteran had a 100 percent service-connected disability at the time of death and was entitled to the service-connected burial allowance. VA Manual 21-1, “SC Burial Allowance”; 38 U.S.C. § 2307 (2021).

⁶⁰ After the OIG team notified the Pension and Fiduciary Service of this error in November 2024, it was corrected in January 2025.

VBA concurred with the review team's assessment of all errors in which transportation expenses were claimed or the transportation field was left blank and there was supporting evidence showing the claimant incurred the expense.⁶¹

The Notification Letter Did Not Provide a Decision on Transportation

When a claimant submits a veteran's death benefits application, VBA is required to make a decision on the transportation benefit and then notify the claimant of that decision.⁶² In an estimated 4,700 claims (38 percent), VBA did not follow its procedures and did not make a decision or notify the claimant about transportation expenses. According to VBA policy, if the transportation expenses field is left blank in the application, as shown previously in figures 2 and 3, the benefit should be denied, unless other evidence shows that the claimant incurred the expense. As stated above in figure 4, if transportation is indicated, the claim should be off-ramped to a claims processor. In approximately 1,800 claims, the question about transportation was left blank and a funeral bill was received, but no decision was ever provided on transportation and the claims were not off-ramped. Furthermore, according to VBA policy, if a claimant marks "no" for transportation expenses, the transportation benefit should be denied in the notification letter.⁶³ This occurred in approximately 2,900 claims.

The Pension and Fiduciary Service Initially Lacked Rules to Off-Ramp Transportation Claims Affected by the Law Change

As previously noted, a public law was enacted on January 5, 2021, that broadened eligibility for transportation expenses and it took effect on January 5, 2023.⁶⁴ The Pension and Fiduciary Service was aware the transportation benefit was affected by this public law and started the request to update pension automation business requirements in August 2022. However, they were not aware that the expansion provided entitlement to the transportation benefit for any claimant that incurred transportation expenses and was eligible to receive burial benefits based on a veteran's death that occurred on or after January 5, 2023; therefore, business requirements were not in place to off-ramp transportation claims when the law took effect. This change was identified during the VA Office of General Counsel's second review of the Pension and Fiduciary Service's proposed law change, which was received in March 2023 and noted the

⁶¹ VBA concurred with the errors identified by the review team and corrected them all by the end of January 2025.

⁶² VA Manual 21-1, "Required Evidence for Burial Benefits"; 38 C.F.R. § 3.103(f); VA Manual 21-1, "Notification Requirements."

⁶³ VA Manual 21-1, "Required Evidence for Burial Benefits."

⁶⁴ Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, §§ 2201 and 2202.

effect from this law change.⁶⁵ The Pension and Fiduciary Service acknowledged that it and the VA Office of General Counsel overlooked the effect of this law change during the original review.

A lead program analyst in the Office of Automation Quality and Oversight told the OIG team that while they were aware of the public law change, they received information from the VA Office of General Counsel in early March 2023 about the transportation expansion. The analyst further stated that the August 2022 request to update the automation system had to be modified to ensure it met the public law changes. The pension automation quality and oversight team conducted monthly reviews from October 2022 through June 2024 of claims completed by automation. After the VA Office of General Counsel information was received, the March 2023 pension automation quality report was the first to show claims with errors where the automation system did not evaluate the new transportation requirements.⁶⁶ Subsequent quality reports continued to show these errors.

In August 2023, a Pension and Fiduciary Service automated system enhancement request was implemented to update transportation eligibility business requirements and the automated burial decision letter based on the expanded eligibility. This allowed the automation system to correctly process claims by off-ramping potential transportation expenses to a claims processor for review. The Pension and Fiduciary Service identified approximately 5,600 claims processed from January 5, 2023, through the August 2023 enhancement that required review and where the transportation benefit may have been improperly denied. The Philadelphia Pension Management Center, which was responsible for reviewing these claims, received guidance from the Office of Field Operations for determining entitlement to the transportation benefit under the expanded eligibility.⁶⁷ The guidance, issued in June 2023, specified that the claims would be distributed in July 2023. These claims were reviewed by teams at the Philadelphia Pension Management Center, and the Pension and Fiduciary Service reported the last claim was resolved in February 2024. Figure 7 is a timeline summarizing the public law and the Pension and Fiduciary Service's actions.

⁶⁵ 38 U.S.C. 2303(a) (2022). The proposed law change refers to VA's proposal to amend its adjudication regulations pertaining to burial benefits to conform to the statutory changes enacted by the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 and the Burial Equity for Guards and Reserves Act of the Consolidated Appropriations Act, 2022. Expanded Burial Benefits, 88 Fed. Reg. 65641 (September 25, 2023).

⁶⁶ The March 2023 quality report stated that 45 claims were reviewed and nine claims had errors; the report did not categorize these errors.

⁶⁷ In October 2021, VBA consolidated claims involving a decision for service-connected death or burial, including error corrections, under the jurisdiction of the Philadelphia Pension Management Center. VA Manual 21-1, "Purpose of the PMCs." The Office of Field Operations oversees operations of claims processed at pension management centers and monitors, tracks, and evaluates national workload systems.

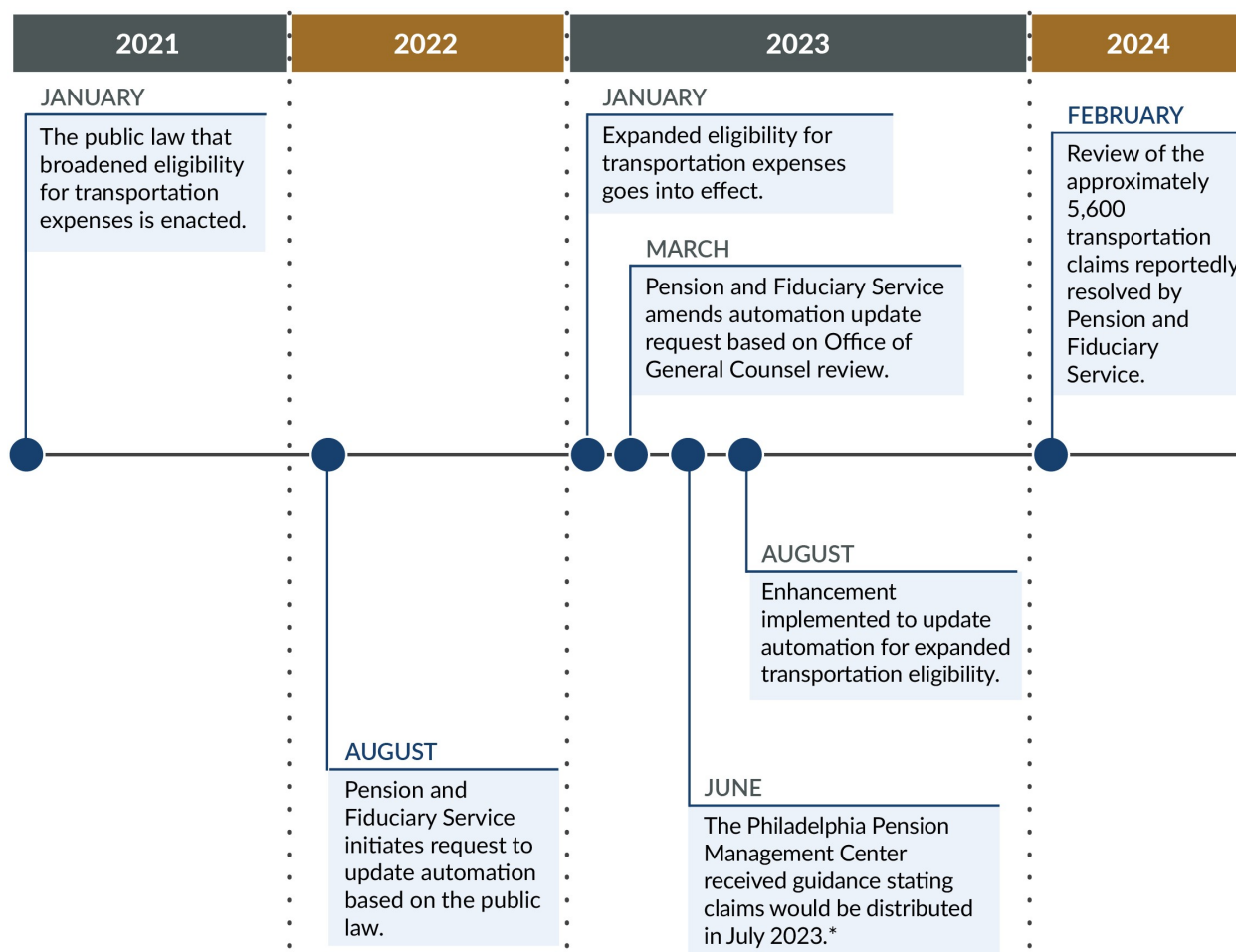


Figure 7. Timeline of public law and Pension and Fiduciary Service actions.

* These claims were part of the review of claims in which the transportation benefit may have been improperly denied.

Source: VA OIG analysis of Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, Pub. L. No. 116–315; discussion with a Pension and Fiduciary Service lead program analyst; Pension and Fiduciary Service email communications; and pension automation business requirements documents.

The OIG is not making a recommendation since the system enhancement was implemented and the Pension and Fiduciary Service reviewed cases potentially affected during this period.

Rules Were Not in Place to Ensure Notification Letters Aligned with Policy

In an estimated 4,700 claims, a decision on transportation was not made and the claimant was not notified. This issue was previously identified by VBA:

- In a quality report dated October 2022, the pension automation quality and oversight team identified claims in which automation failed to properly decide transportation benefit claims. The notification letter should have addressed the

denial of transportation allowance. This quality report also noted that the automation system would have to be enhanced to ensure the letter addressed the denial of transportation.⁶⁸

- A quality report dated October 2023 again identified this issue in a claim where automation did not address transportation in the decision letter. Even though the claimant indicated that they did not pay for transportation expenses, the decision letter should have informed the claimant that the transportation benefit was denied because these costs were not incurred. The quality report also noted that an enhancement request had been prioritized.⁶⁹ However, as of December 2024, this request was still pending implementation.

When the OIG team notified the Pension and Fiduciary Service of the errors identified in the sample review, staff concurred with these errors and noted an enhancement was captured to address this issue. In an interview with the OIG team, a lead program analyst for automation quality and oversight stated that this issue was first identified in August 2022 and created the need for an enhancement.

The analyst explained to the OIG team that the Pension and Fiduciary Service works with the Office of Business Integration to submit and prioritize enhancement requests. Before submitting enhancement requests, teams within the service collaborate on the enhancements, which are prioritized at a higher level, such as the assistant directors. A lead program analyst with pension quality and enhancement stated that the lists of enhancements are reviewed and weighed by all business lines, and they determine how to prioritize these requests each quarter.⁷⁰ A product manager with the Office of Information and Technology told the OIG team that every quarter the Office of Business Integration and the Pension and Fiduciary Service submit their prioritized list of initiatives to prepare for the planning sessions. The Office of Information and Technology then reviews these initiatives and determines what they can accomplish in the next quarter. The offices decide on the items to be completed, meet regularly to clarify requirements, then test and implement them.

The chief for data analytics in the Pension and Fiduciary Service suggested to the OIG team that implementing the enhancements faster and having additional resources would be helpful in improving the automation process for veterans' death benefits, given the amount of time it takes to implement an enhancement. The chief for automation quality and oversight also explained that the Pension and Fiduciary Service's requirements along with those from other business lines are

⁶⁸ Pension and Fiduciary Service, Pension Automation Quality and Oversight Team, "Special Focused Review Findings—Pension Automation," updated October 4, 2022.

⁶⁹ Pension and Fiduciary Service, "Automation Monthly Accuracy Calculation," October 2023.

⁷⁰ VBA has several business lines, including the Compensation Service, the Pension and Fiduciary Service, the Education Service, the Insurance Service, the Loan Guaranty Service, and Veteran Readiness and Employment.

updated by the Office of Information and Technology. This could lead to competing priorities due to Office of Information and Technology resources.

Regardless of prioritization for system enhancement requests, the Pension and Fiduciary Service must ensure notification letters sent to claimants follow VBA policy. Clear communication is critical in providing claimants with the information they need regarding benefits.

A Discrepancy in VBA Policy Led to Potential Underpayments

In an estimated 900 claims (7 percent), the claimant marked “no” for the application’s question “Are you responsible for the veteran’s transportation expenses from the place of death to the final resting place?” as shown previously in figure 3, even though a funeral bill was submitted showing they incurred costs for transportation. VBA policy states that transportation expenses may be considered claimed if reported on the veterans’ death benefits application or reported on other evidence submitted simultaneously, such as an itemized funeral bill.⁷¹ If the other evidence were submitted, this would indicate a “yes” for transportation. As shown above in figure 5, when a claimant marks “yes” to the question regarding transportation of the veteran’s remains, the transportation claim should be paid if eligible. These estimated 900 claims involved approximately \$476,000 in total potential transportation reimbursements. In these claims, the claimant marked “no” while simultaneously submitting an itemized funeral bill showing they incurred transportation expenses, as illustrated in example 3.

Example 3

A veteran died in February 2023 and was receiving VA disability compensation at the time of death. On August 15, 2023, VBA received a claim for non-service-connected burial and plot allowances from the surviving spouse. Although the survivor marked “no” for transportation, they provided an itemized funeral receipt with the claim showing they incurred \$735 in transportation costs. On August 18, 2023, the automation system correctly paid the claimant the non-service-connected burial and plot allowances but did not off-ramp the claim or notify the claimant of the transportation decision. As a result, the claimant may be entitled to \$735 for transportation expenses.

The team identified two sections in VBA’s *Adjudication Procedures Manual* that do not align, which potentially explains why VBA did not pay transportation benefits in the estimated 900 claims (figure 8).

⁷¹ VA Manual 21-1, “Transportation Benefit.”

Required Evidence for Transportation Benefit Claim

- Transportation expenses may be considered claimed if they are reported on the prescribed form **AND/OR** reported on other evidence submitted at the same time as the prescribed form, such as an itemized funeral bill.

Source: VA Manual 21-1, "Transportation Benefit," updated November 22, 2024, topic XI.iii.1.B.6., in Adjudication Procedures Manual.

Expenses for the Veteran's Burial Transportation

- For signed claims on a VA Form 21P-530EZ: If the block identifying the responsible party for transportation expenses is checked **No**, deny the transportation benefit.

Source: VA Manual 21-1, "Required Evidence for Burial Benefits," updated January 5, 2023, topic XI.iii.1.A.4., in Adjudication Procedures Manual.

Figure 8. VBA guidance regarding transportation benefits.

Source: VA OIG analysis of VA Manual 21-1, "Transportation Benefit" and "Required Evidence for Burial Benefits."

In response to the OIG team's notification of errors, a lead program analyst reported,

The funeral bill shows that the claimant was responsible for billing, but the claimant indicated that they did not incur this expense on the application ... VBA may consider the benefit claimed if the question was left blank and a funeral bill was of record, but the benefit cannot be considered if the claimant states that this expense was not incurred ... Since the claimant stated that they did not incur these expenses VA cannot pay this benefit.

During interviews with Pension and Fiduciary Service staff, the team determined that the automation system assigns more value to how a claimant answers questions on the form versus supporting documentation, such as a funeral bill. One chief stated that the form takes precedence since the automation system reads the form first. Another chief noted that the automation system is not able to read the funeral bill, and what the claimant states on the application is accepted to be true information and therefore the basis for making the final decision. Finally, a lead program analyst told the review team that if the claimant marked "no" for transportation but also submits a funeral bill, the application holds more weight; for the automation process to work, the application and signature are accepted as validation of truth.

During interviews with the OIG team, staff and managers at the Philadelphia Pension Management Center provided conflicting answers when asked whether they would grant transportation benefits if a claimant marked “no” but submitted an itemized funeral bill showing these costs were incurred. One manager stated that they would have paid the transportation even if the claimant checked the wrong box, because the evidence shows transportation costs were incurred. They also noted the applications are long and detailed, which can be confusing for claimants.

VBA did not concur with the review team’s assessment of these as errors in November 2024. However, in December 2024, the Pension and Fiduciary Service responded to an inquiry from a pension management center about burial transportation benefits. The Pension and Fiduciary Service clarified that burial transportation benefits may be considered claimed in situations where the claimant indicates that expenses were not incurred but submits additional evidence, such as the funeral bill or statement. According to the Pension and Fiduciary Service, this would suggest that a claimant did incur transportation expenses. After this clarification was issued, the review team referred these errors to the Pension and Fiduciary Service so it could review its initial response to the assessment of errors. The Pension and Fiduciary Service maintained that its initial response to the review team’s assessment aligned with existing VBA policy in place when the service received the errors for review.

After the team’s initial assessment was provided in November 2024, discussions within the Pension and Fiduciary Service resulted in the December clarification. A response from the Pension and Fiduciary Service stated it will be revising the VBA policy on transportation benefits to align with the guidance provided in the service’s clarification.

Conclusion

Although automation generally processed claims for burial and plot allowances correctly, the system did not consistently process transportation allowance claims accurately. Errors included prematurely denying transportation claims, not paying transportation benefits when claimed or when the field was left blank, and not addressing transportation benefits in decision notification letters.

These errors were attributed to inadequate automation business rules, which did not ensure proper routing of transportation claims and accurate notification to claimants of transportation benefit decisions in the notification letters. Finally, the OIG team identified a discrepancy in VBA policy, which could result in transportation benefits not being paid when a claimant marks “no” to the form’s question about whether they are responsible for the costs associated with transporting the veteran’s remains but at the same time submits evidence showing they incurred transportation expenses. Addressing these issues will help ensure VBA consistently and accurately decides veterans’ death benefits claims.

Recommendations 1–2

The OIG made the following recommendations to the under secretary for benefits:⁷²

1. Update the relevant sections on transportation expenses in the Veterans Benefits Administration's *Adjudication Procedures Manual* to align with each other.
2. Ensure automation is consistent with the policy for processing the transportation benefit.

VA Management Comments

The acting principal deputy under secretary for benefits, performing the delegable duties of the under secretary for benefits, concurred with both recommendations. To address recommendation 1, VBA updated a relevant section on transportation expenses in the VBA's *Adjudication Procedures Manual* to align with the other section. For recommendation 2, VBA submitted three system enhancement requests to the Office of Information and Technology so that pension automation is consistent with the policy for processing the transportation benefit; however, two of the three requests are awaiting implementation. The full management comments are included in appendix D.

OIG Response

The OIG considers recommendation 1 closed based on VBA's updates to the section on transportation expenses in the *Adjudication Procedures Manual*. VBA requested closure of recommendation 2 based on documentation of the request for updates to automation. The OIG will revisit the request to close this recommendation after VBA has implemented all three system enhancements.

⁷² The recommendations addressed to the under secretary for benefits are directed to anyone in an acting status or performing the delegable duties of the position.

Appendix A: Scope and Methodology

Scope

The VA Office of Inspector General (OIG) team conducted this review from August 2024 through May 2025. To determine whether automation was accurately processing claims for veterans' death benefits, the team reviewed a statistical sample of these claims completed by pension automation from January 5, 2023, through March 31, 2024.

Methodology

To accomplish its objective, the team completed the following actions:

- Reviewed applicable laws, policies, and procedures related to veterans' death benefits
- Assessed a statistical sample of 150 claims for veterans' death benefits completed by automation from January 5, 2023, through March 31, 2024, where the claimant was eligible for benefits and the Veterans Benefits Management System eFolder contained the document type "Funeral Bill/Expenses"⁷³
- Interviewed and obtained information from managers and staff at the Veterans Benefits Administration (VBA) central office, as well as from the Philadelphia Pension Management Center in Pennsylvania

Internal Controls

The review team assessed VBA's internal controls significant to the objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring.⁷⁴ In addition, the team reviewed the principles of internal controls as associated with the objective. The team identified three components and three principles as significant to the objective.⁷⁵ The team identified internal control weaknesses during this review that are discussed in the report findings and proposed recommendations:

⁷³ The data were obtained by identifying end product 160, which is used for burial, plot, and transportation allowance claims. The end product system is the primary workload monitoring and management tool for pension management centers. VA Manual 21-4, "End Product Codes," updated October 9, 2024, appendix B. The Veterans Benefits Management System is a web-based, electronic claims-processing portal.

⁷⁴ Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

⁷⁵ Since the review was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that may have existed at the time of this review.

- Component: Risk Assessment
 - Principle 7: Identify, Analyze, and Respond to Risks
- Component: Control Activities
 - Principle 11: Design Activities for the Information System
- Component: Monitoring
 - Principle 17: Evaluate Issues and Remediate Deficiencies

Data Reliability

The team used computer-processed data from VBA's Corporate Database and Veterans Benefits Management System Core. To test for reliability, the team determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Additionally, the team compared veterans' names, file numbers, end products, dates of claims, and end product closed dates as provided in the 150 samples to the corresponding Veterans Benefits Management System records.

Testing of the data showed sufficient reliability for the review objective. Comparison of the data with information contained in the Veterans Benefits Management System records for the veterans within the review sample did not disclose any problems with data reliability.

Government Standards

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

Appendix B: Statistical Sampling Methodology

Approach

To accomplish the objective of determining whether pension automation accurately decided claims for veterans' death benefits, the VA Office of Inspector General (OIG) team reviewed a random sample of these claims. The team used statistical sampling to quantify the extent of records where automation accurately decided claims for burial, plot, and transportation allowances.

Population

The review population included 24,089 claims for veterans' death benefits completed by the automation system from January 5, 2023, through March 31, 2024 (the review period), where the claimant was not a funeral home and the Veterans Benefits Management System eFolder contained the document type "Funeral Bill/Expenses."⁷⁶ For the purposes of this review, the team estimated the population to be 12,460 completed during the review period. The difference between the review population and estimated population occurred because the team excluded an estimated 11,629 claims because the claim was not completed by automation or the claimant was not eligible for any benefits.

Sampling Design

In coordination with the OIG statistician, the team reviewed a statistical sample of 150 veterans' death benefits claims completed by the automation system during the review period, where the claimant was eligible for benefits and the Veterans Benefits Management System eFolder contained the document type "Funeral Bill/Expenses." The statistical samples were designed to produce a sufficiently precise estimate of the population error rate, with coefficient of variation of 16 percent or less, at a 90 percent confidence level with expected error rates of at least 20 percent.

Weights

Samples were weighted to represent the population from which they were drawn, and the weights were used in the estimate calculations. For example, the team calculated the error rate estimates by first summing the sampling weights for all sample records that contained the given error, then dividing that value by the sum of the weights for all sample records.

⁷⁶ Burial claims from funeral homes may be paid for a veteran whose remains are unclaimed. VA Manual 21-1, "Priority of Payments," updated October 31, 2023, topic XI.iii.1.A.3 in *Adjudication Procedures Manual*.

Projections and Margins of Error

The projection is an estimate of the population value based on the sample. The associated margin of error and confidence interval show the precision of the estimate. If the OIG repeated this review with multiple sets of samples, the confidence intervals would differ for each sample but would include the true population value approximately 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate estimates, margins of error, and confidence intervals that account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement decreases significantly as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.

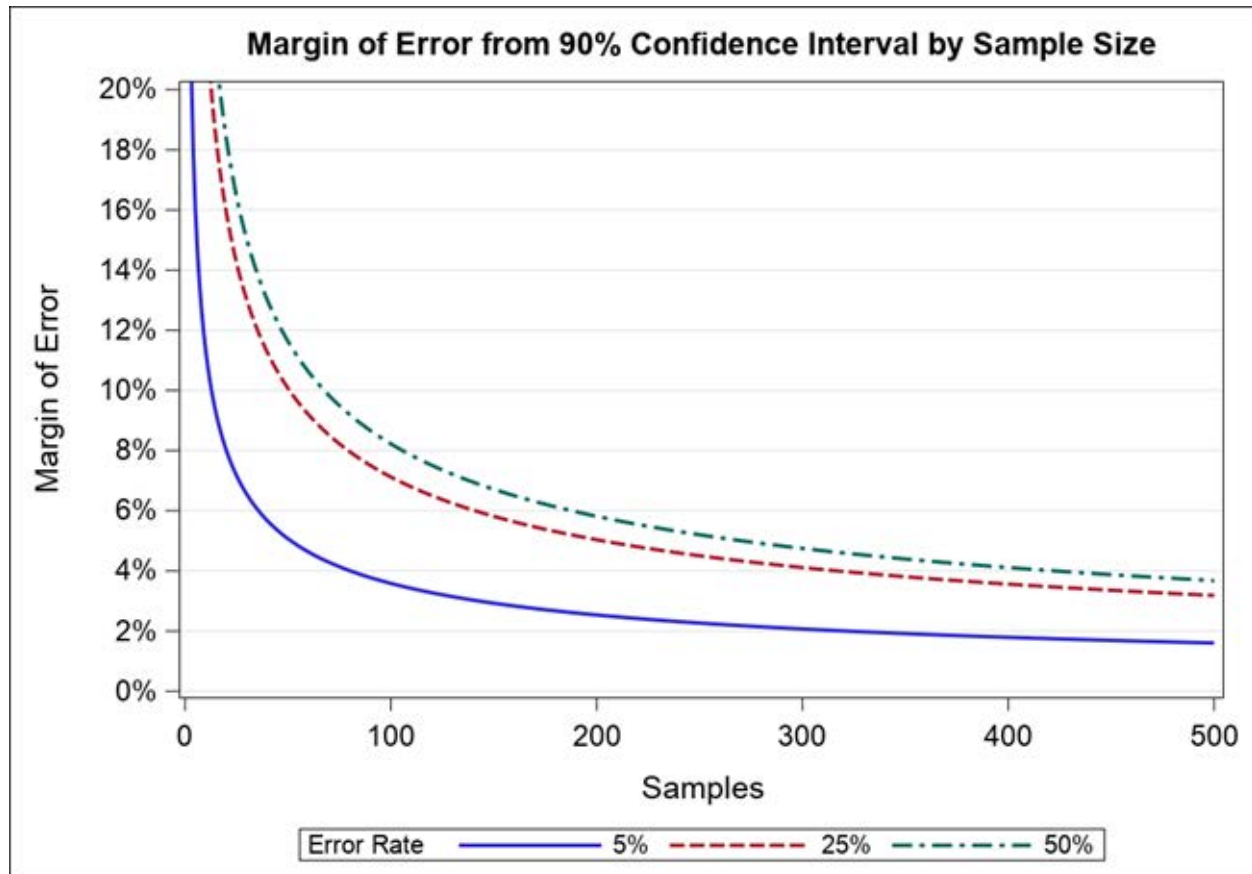


Figure B.1. Effect of sample size on margin of error.

Source: VA OIG statistician's analysis.

Projections

Tables B.1 through B.7 detail the review team’s analysis based on the findings from the statistical sample noted above under the approach and the statistician’s projection of estimated populations.

Table B.1. Estimated In-Scope and Out-of-Scope Populations of Veterans’ Death Benefits Claims with Funeral Bills Completed by Automation, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample size
In-scope population	12,460	1,168	11,291*	13,628	150
Out-of-scope population	11,629	1,168	10,461	12,798*	140

Source: VA OIG analysis.

* Cells with asterisks show projections and confidence intervals that may not total precisely due to rounding.

Table B.2. Estimated Processing Errors of Veterans’ Death Benefits Claims with Funeral Bills Completed by Automation, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample size
Claims inaccurately processed by automation	10,300 (83%)	1,157 (5%)	9,143 (78%)	11,457 (88%)	124
Claims inaccurately processed by automation resulting in an underpayment	1,994 (16%)	644 (5%)	1,349* (11%)	2,638 (21%)	24
Claims where transportation was inaccurately processed by automation	9,802 (79%)	1,149 (6%)	8,653 (73%)	10,950* (84%)	118
Claims where automation prematurely denied transportation, and errors were later corrected	3,987 (32%)	869 (6%)	3,118 (26%)	4,856 (38%)	48
Claims where transportation was never reimbursed	1,329 (11%)	534 (4%)	795 (6%)	1,863 (15%)	16
Claims where automation did not accurately notify claimants	4,735 (38%)	929 (7%)	3,806 (31%)	5,664 (45%)	57

Source: VA OIG analysis.

* Cells with asterisks show projections and confidence intervals that may not total precisely due to rounding.

Table B.3. Estimated Percentage of Veterans' Death Benefits Claims with Funeral Bills Completed Correctly by Automation, with a 90 Percent Confidence Interval

Estimate name	Percent	Margin of error	Lower limit	Upper limit	Sample size
Claims where burial allowance decisions and notifications were correct	90%	4%	86%	94%	135
Claims where plot allowance decisions and notifications were correct	95%	3%	92%	98%	142

Source: VA OIG analysis.

Table B.4. Projected Value of Improper Underpayments, with a 90 Percent Confidence Interval

Estimate name	Projected value	Margin of error	Lower limit	Upper limit	Sample size
Total underpayments	\$1,922,801	\$761,498	\$1,161,302*	\$2,684,299	24
Underpayments associated with claims where transportation was claimed or the field was left blank	\$742,606	\$333,947	\$408,659	\$1,076,553	16

Source: VA OIG analysis.

* Cells with asterisks show projections and confidence intervals that may not total precisely due to rounding.

Table B.5. Estimated Veterans' Death Benefits Claims Where Automation Failed to Address Transportation, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample size
Claims where the claimant left transportation blank	1,827	619	1,208	2,447*	22
Claims where the claimant marked "no" for transportation	2,907	762	2,146*	3,669	35

Source: VA OIG analysis.

* Cells with asterisks show projections and confidence intervals that may not total precisely due to rounding.

Table B.6. Estimated Veterans' Death Benefits Claims with Funeral Bills Completed by Automation Where the Claimant Marked "No," with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample size
Claims where the claimant marked "no" for transportation but had a funeral bill showing costs incurred	914 (7%)	447 (4%)	467 (4%)	1,360* (11%)	11

Source: VA OIG analysis.

* Cells with asterisks show projections and confidence intervals that may not total precisely due to rounding.

Table B.7. Potential Underpayments, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample size
Potential underpayments	\$476,360	\$269,231	\$207,129	\$745,591	11

Source: VA OIG analysis.

Note: The potential underpayments represent money that could be paid to claimants if the two sections of VBA's Adjudication Procedures Manual identified in this report were in alignment.

Appendix C: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs ⁷⁷
1	The OIG estimated that VBA's automation inaccurately processed veterans' death benefits, resulting in about \$1.9 million in improper payments	\$0	\$1.9 million
	Total	\$0	\$1.9 million

Source: VA OIG analysis.

Note: The OIG determined VBA's inaccurate processing led to an estimated \$1.9 million in questioned costs during the review period. The estimate represents payments that were incorrect.

⁷⁷ The OIG questions costs when VA action or inaction (such as spending or failure to fully compensate eligible beneficiaries) is determined by the OIG to violate a provision of law, regulation, contract, grant, cooperative agreement, or other agreement; when costs are not supported by adequate documentation; or when they are expended for purposes that are unnecessary or unreasonable under governing authorities. Within questioned costs, the OIG must, as required by section 405 of the IG Act, report unsupported costs. Unsupported costs are those determined by the OIG to lack adequate documentation at the time of the review. Unsupported costs were not identified during the review.

Appendix D: VA Management Comments

Department of Veterans Affairs Memorandum

Date: June 15, 2025

From: Under Secretary for Benefits (20)

Subj: Office of Inspector General (OIG) Draft Report – Delays in Pension Automation Updates Led to Some Burial Transportation Benefits Being Incorrectly Processed [Project No. 2024-02430-AE-0094] — [VIEWS 13210860]

To: Assistant Inspector General for Audits and Evaluations (52)

Thank you for the opportunity to review and comment on the OIG draft report: Delays in Pension Automation Updates Led to Burial Transportation Benefits Being Incorrectly Processed. The Veterans Benefits Administration (VBA) provides the attached response to the draft report.

<i>The OIG removed point of contact information prior to publication.</i>

(Original signed by)

J. Margarita Devlin

Acting Principal Deputy Under Secretary for Benefits

Performing the Delegable Duties of the Under Secretary for Benefits

Attachments

Attachment

Veterans Benefits Administration (VBA)

Comments on OIG Draft Report

**Delays in Pension Automation Updates Led to Some Burial Transportation Benefits Being
Incorrectly Processed (Project Number (2024-02430-AE-0094))**

The Veterans Benefits Administration (VBA) concurs with the Office of Inspector General's (OIG) draft report findings and provides the following comments in response to the recommendations in the OIG draft report:

Recommendation 1: Update the relevant sections on transportation expenses in the Veterans Benefits Administrative Adjudication Procedures Manual to align with each other.

VBA Response: Concur. VBA has reviewed and updated the relevant sections on transportation expenses in the Veterans Benefits Administrative Adjudication Procedures Manual to align with each other. On April 24, 2025, VBA published updates to M21-1, Part XI, Subpart iii, 1.A to clarify the situations when burial transportation benefits may be paid.

VBA requests closure of this recommendation based on the evidence provided in Attachments A and B that confirm communication of the changes and the publication of the manual revisions.

Recommendation 2: Ensure automation is consistent with the policy for processing the transportation benefit.

VBA Response: Concur. VBA submitted three enhancement requests to the Office of Information and Technology (OI&T) to ensure that automation of transportation reimbursements is consistent with procedures. The enhancements will check for transportation reimbursement eligibility, reinforce off-ramping rules for certain claims, and manage claims when the form entry from the claimant and funeral bill of record in the Veterans Benefits Management System conflict. The requirements have been prioritized for delivery and will be implemented by OI&T.

VBA requests closure of this recommendation based on the evidence provided in Attachments C-E confirming the submission of the requirements to enhance transportation automated claim processing.

*For accessibility, the original format of this appendix has been modified
to comply with Section 508 of the Rehabilitation Act of 1973, as amended.*

OIG Contact and Staff Acknowledgments

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