

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Benefits Administration

*Inspection of  
VA Regional Office  
Montgomery, Alabama*

April 11, 2016  
15-04987-198

# ACRONYMS

OIG	Office of Inspector General
RVSR	Rating Veterans Service Representative
SMC	Special Monthly Compensation
TBI	Traumatic Brain Injury
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VSC	Veterans Service Center

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# Highlights: Inspection of VA Regional Office Montgomery, AL

## Why We Did This Review

The Veterans Benefits Administration has 56 VA Regional Offices (VAROs) that process disability claims and provide services to veterans. We evaluated the Montgomery VARO to see how well it accomplishes this mission. We sampled claims we considered at increased risk of processing errors; thus, these results do not represent the overall accuracy of disability claims processing at this VARO.

## What We Found

VARO staff did not accurately process 13 of the 47 disability claims (28 percent) reviewed, resulting in 77 improper payments to 6 veterans totaling \$89,853. The 13 cases with errors related to temporary 100 percent disability evaluations. Most of the errors occurred because VARO staff delayed scheduling medical reexaminations despite receiving reminder notifications—taking on average 1 year and 3 months to do so. All 13 traumatic brain injury claims VARO staff completed from January to June 2015 were accurate. In addition, all four Special Monthly Compensation and ancillary benefits claims completed by VARO staff from July 2014 through June 2015 were accurately processed.

VARO staff established the correct dates of claim for 30 cases reviewed in the electronic record. However, 10 of the 30 benefit reduction cases we reviewed had processing delays. Generally, the errors related to prioritization of workload. Effective management of this workload can reduce the

risk of improper payments and provide better stewardship of taxpayer funds.

## What We Recommended

We recommended the VARO Director implement plans to ensure staff take timely action to schedule required medical reexaminations and to review the 15 temporary 100 percent disability evaluations remaining from our inspection universe. We also recommended the Acting Under Secretary for Benefits (USB) implement a time frame in which staff are required to schedule medical reexaminations after receiving reminder notifications. Furthermore, we recommended the VARO Director implement a plan to prioritize actions related to benefits reductions to minimize improper payments to veterans.

## Agency Comments

The VARO Director concurred with our recommendations. The USB agreed the timely scheduling of medical examinations promotes efficiency and financial stewardship; however, the Veterans Benefits Administration did not reinstate a timeliness goal. We determined the planned actions lacked urgency and financial stewardship. We will follow up as required.

A handwritten signature in black ink that reads "Brent E. Arronte".

**BRENT E. ARRONTE**  
Deputy Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

### **Objective**

The Benefits Inspection Program is part of the Office of Inspector General's (OIG) efforts to ensure our nation's veterans receive timely and accurate benefits and services. The Benefits Inspection Divisions contribute to improved management of benefits processing activities and veterans' services by conducting onsite inspections at VA Regional Offices (VAROs). These independent inspections provide recurring oversight focused on disability compensation claims processing and the performance of Veterans Service Center (VSC) operations. The objectives of the inspections are to:

- Evaluate how well VAROs are accomplishing their mission of providing veterans with access to high-quality benefits and services.
- Determine whether management controls ensure compliance with VA regulations and policies; assist management in achieving program goals; and minimize the risk of fraud, waste, and other abuses.
- Identify and report systemic trends in VARO operations.

When we identify potential inaccuracies, we provide this information to help the VARO understand the procedural improvements it can make to ensure enhanced stewardship of financial benefits. We do not provide this information to require the VARO to adjust specific veterans' benefits. Processing any adjustments per this review is clearly a Veterans Benefits Administration (VBA) program management decision.

In addition to this oversight, inspections may examine issues or allegations referred by VA employees, members of Congress, or other stakeholders.

### **Other Information**

- Appendix A includes details on the Montgomery VARO and the scope of our inspection.
- Appendix B outlines criteria we used to evaluate each operational activity and a summary of our inspection results.
- Appendix C provides the Montgomery VARO Director's comments on a draft of this report.

# RESULTS AND RECOMMENDATIONS

## I. Disability Claims Processing

**Claims Processing Accuracy**

The OIG Benefits Inspection team focused on evaluating the accuracy in processing the following three types of disability claims and determined their effect on veterans’ benefits:

- Temporary 100 percent disability evaluations
- Traumatic brain injury (TBI) claims
- Special monthly compensation (SMC) and ancillary benefits

We sampled claims related only to specific conditions that we considered at higher risk of processing errors. As a result, the errors identified do not represent the universe of disability claims or the overall accuracy rate at this VARO.

**Finding 1 Montgomery VARO Needs To Improve the Processing of One Type of Disability Claim**

VARO staff did not accurately process one of the three types of high-risk disability claims we reviewed. Overall, VARO staff incorrectly processed 13 of the total 47 disability claims (28 percent) we sampled, resulting in 77 improper monthly payments to 6 veterans totaling approximately \$89,853.\* Table 1 reflects processing errors identified during our review.

**Table 1. Montgomery VARO Disability Claims Processing Accuracy for Three High-Risk Claims Processing Areas**

Type of Claim	Claims Reviewed	Claims Inaccurately Processed: Affecting Veterans’ Benefits	Claims Inaccurately Processed: Potential To Affect Veterans’ Benefits	Claims Inaccurately Processed: Total
Temporary 100 Percent Disability Evaluations	30	6	7	13
TBI Claims	13	0	0	0
SMC and Ancillary Benefits	4	0	0	0
<b>Total</b>	<b>47</b>	<b>6</b>	<b>7</b>	<b>13</b>

*Source: VA OIG analysis of VBA’s temporary 100 percent disability evaluations paid at least 18 months; TBI disability claims completed from January through June 2015; and SMC and ancillary benefits claims completed from July 2014 through June 2015.*

\*All calculations in this report have been rounded when applicable.

**Temporary  
100 Percent  
Disability  
Evaluations**

VARO staff incorrectly processed 13 of the 30 temporary 100 percent disability evaluations we reviewed. VBA policy requires a temporary 100 percent disability evaluation for a veteran's service-connected disability following a surgery or when specific treatment is needed. At the end of a mandated period of convalescence or treatment, VARO staff must request a follow-up medical examination to help determine whether to continue the veteran's 100 percent disability evaluation.

For temporary 100 percent disability evaluations, VSC staff must input suspense diaries in VBA's electronic system. A suspense diary is a processing command that establishes a date when VSC staff must schedule a reexamination. As a suspense diary matures, the electronic system generates a reminder notification through the Veterans Service Network to alert VSC staff to schedule the medical reexamination. The reminder notifications are part of VBA's 800 Series work items—the 810 work items include reminders to schedule required medical examinations. VSC staff then have 30 days to process the reminder notification by establishing the appropriate control to initiate action.

Effective July 2015, VBA modified its policy that required staff to process reminder notifications within 30 days of receipt, which includes reminder notifications to schedule required medical examinations. The modified guidance no longer included the 30-day timeliness requirement; however, it stated that VAROs must consistently prioritize reminder notifications that have the potential to result in overpayments, underpayments, or potential financial hardship. We are concerned that the modified policy lacks the financial stewardship expected of VBA program management officials and provides an opportunity for each of VBA's 56 VAROs to interpret this policy differently.

Without effective management of these temporary 100 percent disability ratings, VBA is at an increased risk of paying inaccurate financial benefits. Available medical evidence showed 6 of the 13 processing errors we identified affected veterans' benefits and resulted in 77 improper monthly payments to 6 veterans. Improper payments totaled approximately \$89,853 and occurred from January 2006 to October 2015. Details on the six errors affecting benefits follow.

- Three errors occurred when VARO staff did not timely reduce benefits after receiving medical evidence that showed the veterans' conditions no longer supported the temporary 100 percent disability evaluations. As a result, the following improper payments were made:
  - One veteran was overpaid approximately \$31,195 over a period of 1 year and 5 months. This was the most significant overpayment we identified.

- Another veteran was overpaid approximately \$12,970 over a period of 8 months.
- A veteran was overpaid approximately \$12,082 over a period of 8 months.
- A Rating Veterans Service Representative (RVSR) incorrectly continued the evaluation of prostate cancer as 100 percent disabling when the medical evidence showed the condition was in remission. As a result, the veteran was overpaid approximately \$15,352 over a period of 8 months.
- An RVSR incorrectly established a higher level of SMC based on a temporary 100 percent disability evaluation of prostate cancer. As a result, the veteran was overpaid approximately \$11,799 over a period of 2 years and 8 months.
- An RVSR did not establish the correct effective date for the increased evaluation of prostate cancer to 100 percent disabling. As a result, the veteran was underpaid approximately \$6,456 over a period of 4 months. This was the only underpayment we identified.

The remaining 7 of the total 13 errors had the potential to affect veterans' benefits. For all seven cases, VARO staff delayed scheduling the required VA reexaminations despite receiving reminder notifications to do so. VARO management agreed with our assessments in the 13 cases.

The majority of the processing inaccuracies resulted from inadequate VARO management oversight to ensure staff took timely action to schedule medical reexaminations upon receipt of reminder notifications. We reviewed claims in advance of our site visit and found that VARO staff had delayed requesting reexaminations on average for 1 year and 3 months. Until VARO staff obtain the medical evidence needed to reevaluate each case, the temporary 100 percent disability evaluations continue uninterrupted.

Interviews with VARO management revealed reminder notifications to schedule required medical reexaminations were not timely processed because VBA's Central Office and Southern District instructed the VARO to focus on the national strategic plan to reduce the backlog of rating-related claims pending over 125 days. The focus on this specific workload affected the VARO's ability to timely process reminder notifications. After completing our review of 30 available claims, we provided VARO management with the 15 claims remaining from our universe of 45 to determine whether similar action is required.

*Follow-Up to  
Prior VA OIG  
Inspection*

In our previous report, *Inspection of the VA Regional Office, Montgomery, Alabama* (Report No. 11-04432-77, February 1, 2012), VARO staff incorrectly processed 19 of the 30 temporary 100 percent disability evaluations (63 percent) we reviewed. Most of the errors occurred because



VARO management did not provide adequate oversight to ensure staff took action to schedule VA medical reexaminations.

We did not make recommendations for improvement in 2012 because, in response to our national report, *Audit of 100 Percent Disability Evaluations* (Report No. 09-03359-71, January 24, 2011), VBA agreed to modify the electronic system to automatically populate suspense diaries in the electronic record. Our report stated, “If VBA does not take timely corrective action, they will overpay veterans a projected \$1.1 billion over the next 5 years.” VBA completed modifications to the electronic system in June 2011 and June 2012.

During our November 2015 inspection, we continued to find that VARO staff delayed scheduling the required VA medical reexaminations despite receiving reminder notifications to do so. Although the system was modified and reminder notifications generate from the suspense diaries, it is our assessment that the policy change in July 2015 that excluded the 30-day timeliness requirement to process reminder notifications will further impair the VARO’s ability to complete this work in a timely manner. In addition, we are concerned about lapses in financial stewardship given that VBA, to include the Southern District and the Montgomery VARO, did not prioritize this workload.

### **TBI Claims**

The Department of Defense and VBA commonly define a TBI as a traumatically induced structural injury or a physiological disruption of brain function caused by an external force. The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral. VBA policy requires staff to evaluate these residual disabilities. In addition, VBA policy requires that employees assigned to the appeals team, the special operations team, and the quality review team complete training on TBI claims processing.

In response to a recommendation in our report, *Systemic Issues Reported During Inspections at VA Regional Offices* (Report No. 11-00510-167, May 18, 2011), VBA agreed to develop and implement a strategy for ensuring the accuracy of TBI claims decisions. In May 2011, VBA provided guidance to VARO directors to implement a policy requiring a second signature on each TBI case an RVSR evaluates until the RVSR demonstrates 90 percent accuracy in TBI claims processing. The policy indicates second-signature reviewers come from the same pool of staff as those used to conduct local station quality reviews.

VSC staff correctly processed all 13 TBI claims completed from January 1 through June 30, 2015. We attributed the improved accuracy rates for TBI disability claims processing to the VARO’s training. For example, staff reported training helped clarify the need for mental and TBI

examinations in cases in which the veteran had a co-existing mental condition.

*Follow-Up to  
Prior VA OIG  
Inspection*

In our previous report, *Inspection of the VA Regional Office, Montgomery, Alabama* (Report No. 11-04432-77, February 1, 2012), we determined 4 of the 23 cases completed by VARO staff contained processing errors. Generally, errors associated with TBI claims processing occurred because VARO staff incorrectly interpreted VBA policy and used their own interpretations of medical examination results to decide TBI claims when medical professionals failed to provide opinions. We recommended the Montgomery VARO Director develop and implement a plan to ensure staff return insufficient medical examination reports to health care facilities to obtain the evidence needed to support decisions on TBI claims.

We did not identify any of these errors during this inspection. Given the improvement demonstrated by VARO staff when processing TBI claims, we concluded the VARO's actions in response to our prior recommendation were effective.

*Special  
Monthly  
Compensation  
and Ancillary  
Benefits*

As the concept of rating disabilities evolved, it was realized that for certain types of disabilities, the basic rate of compensation was not sufficient for the level of disability present. Therefore, SMC was established to recognize the severity of certain disabilities or combinations of disabilities by adding an additional compensation to the basic rate of payment. SMC represents payments for "quality of life" issues such as the loss of an eye or limb, or the need to rely on others for daily life activities, like bathing or eating. Generally, VBA grants entitlement to SMC when these conditions exist:

- Anatomical loss or loss of use of specific organs, sensory functions, or extremities
- Disabilities that render the veteran permanently bedridden or in need of aid and attendance
- Combinations of severe disabilities that significantly affect locomotion
- Existence of multiple, independent disabilities evaluated as 50 to 100 percent disabling
- Existence of multiple disabilities that render the veteran in need of such a degree of special skilled assistance that, without it, the veteran would be permanently confined to a skilled-care nursing home

Ancillary benefits are secondary benefits that VBA staff must consider when evaluating claims for SMC. Examples of ancillary benefits are:

- Dependents' Educational Assistance under title 38 United States Code, Chapter 35

- Specially Adapted Housing Grants, which allow veterans with certain disabilities such as amputations or paralysis to purchase or renovate a barrier-free home
- Special Home Adaptation Grants, which help blinded veterans or those with upper-extremity handicaps to renovate a home
- Automobile and Other Conveyance and Adaptive Equipment Allowance

VBA policy requires staff to address the issues of SMC and ancillary benefits whenever they can grant entitlement. We examined whether VARO staff accurately processed entitlement to SMC and ancillary benefits associated with anatomical loss, loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse.

We determined the VSC staff correctly followed VBA policy for processing all four SMC claims completed from July 2014 through June 2015. As such, we made no recommendation for improvement in this area.

## Recommendations

1. We recommended the Montgomery VA Regional Office Director develop and implement a plan to ensure staff take timely actions on reminder notifications to request medical reexaminations.
2. We recommended the Montgomery VA Regional Office Director conduct a review of the 15 temporary 100 percent disability evaluations remaining from our inspection universe as of August 11, 2015, and take appropriate actions.
3. We recommended the Acting Under Secretary for Benefits implement a time frame in which staff are required to schedule medical reexaminations to ensure accurate benefits payments to veterans.

### Management Comments

The Montgomery VARO Director concurred with the recommendations. The Director developed and implemented a plan to identify 25 of the oldest 810 work items to determine if an examination is warranted. VARO staff are required to submit a weekly report to the Assistant Veterans Service Center Manager to ensure compliance with the planned corrective actions. The Director also reported that VARO staff reviewed and took appropriate actions on the remaining 15 temporary 100 percent disability evaluations remaining from OIG's inspection universe.

The Acting Under Secretary for Benefits (USB) agreed that all medical reexaminations should be scheduled timely to ensure that veterans receive decisions on claims as expeditiously as possible. The USB described the medical reexamination process as one step in a complex, multi-step process—requiring due process notification prior to reduction, hearing

request, or the submission of evidence which extends the time required to process this workload. According to the USB, beginning in April 2016, VBA will distribute a weekly report to field offices to easily identify benefit reduction cases, including temporary 100-percent evaluations that require action. VBA agreed that setting expectations for the processing of temporary 100-percent evaluations, including scheduling examinations, will promote the efficiency of claims processing and strengthen financial stewardship. VBA plans to assess the various actions involved in reviewing and processing temporary 100 percent evaluations to determine appropriate processing expectations.

**OIG Response**

The actions taken by the VARO Director are sufficient to close recommendation 2; however, we will continue to monitor the planned corrective actions for recommendation 1. Identifying and taking action on the 25 oldest 810 work items pending at the Montgomery VARO each week may result in a reduction in the average days the work items had been pending, but it will have little effect on the total number of 810s pending in its inventory. As of August 31, 2015, the VARO had 943 pending 810s—reducing this number by 100 per month lacks the urgency necessary to ensure accurate benefits payments.

VBA agreed that setting expectations for the processing of temporary 100 percent evaluations, including scheduling examinations, promotes the efficiency of claims processing and strengthens financial stewardship. However, VBA did not reinstate a timeliness goal for VARO staff to schedule required medical reexaminations. Delayed actions to schedule reexaminations lack financial stewardship to minimize improper payments.

In response to a similar recommendation in a previously published report, the USB stated VBA would increase its focus on the timely processing of temporary 100 percent disability evaluations, to include processing reminder notifications to schedule medical reexaminations within VBA's 30-day standard.<sup>1</sup> However, in July 2015, VBA changed its policy for processing reminder notifications and removed the 30-day timeliness standard.

As indicated in this report, VBA completed modifications of its electronic system in June 2011 and June 2012 to ensure suspense diaries that generate reminder notifications for required reexaminations were automatically populated. The absence of a timeliness standard to process the resulting reminder notifications appears to be out of line with VBA's system modifications. As was the case at the Montgomery VARO, staff delayed requesting the required medical reexaminations on average, 1 year and 3 months. Delays in scheduling medical reexaminations may result in

<sup>1</sup> *Inspection of the VA Regional Office, St. Petersburg, FL* (Report No. 15-00001-436, August 25, 2015)

improper benefits. We will continue to follow up with the Montgomery VARO Director and VBA on the remaining recommendations as required.

## II. Data Integrity

### *Dates of Claim*

To ensure all claims receive proper attention and timely processing, VBA policy directs that staff use the earliest date stamp shown on the claim document as the date of claim. VBA relies on accurate dates of claim to establish and track key performance measures, including the average days to complete a claim. We focused our review on whether VSC staff followed VBA policy for establishing dates of claim in the electronic record.

VARO staff established correct dates of claims in the electronic record for all 30 veterans' cases we reviewed. As such, we determined VARO staff followed VBA policy when establishing claims in the electronic record and made no recommendation for improvement in this area.

## III. Management Controls

### *Benefits Reductions*

VBA policy provides for the payment of compensation to veterans for conditions they incurred or aggravated during military service. The amount of monthly compensation to which a veteran is entitled may change because his or her service-connected disability may improve. Improper payments associated with benefits reductions generally occur when beneficiaries receive payments to which they are not entitled because VAROs do not take the actions required to ensure correct payments for their levels of disability.

When the VARO obtains evidence that a lower disability evaluation would result in a reduction or discontinuance of current compensation payments, VSC staff must inform the beneficiary of the proposed reduction in benefits. In order to provide beneficiaries due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level. If the VARO does not receive additional evidence within that period, RVSRs will make a final determination to reduce or discontinue the benefit. On the 65<sup>th</sup> day following due process notification, action is required to reduce the evaluation and thereby minimize overpayments.

On April 3, 2014, and again on July 5, 2015, VBA leadership modified its policy regarding the processing of claims requiring benefits reductions. The modified policy no longer included the requirement for VARO staff to take "immediate action" to process these reductions. In lieu of merely removing the vague standard of "immediate," VBA should have provided clearer guidance on prioritizing this work to ensure sound financial stewardship of these monetary benefits.

## **Finding 2**      **Montgomery VARO Did Not Prioritize Workload To Ensure Timely Action on Proposed Benefits Reductions**

VARO staff delayed processing 10 of 30 cases involving benefits reductions—all 10 of these affected veterans' benefits. This occurred because management did not prioritize this workload. As a result, VA made 60 improper payments to 10 veterans from February 2014 to October 2015, totaling approximately \$99,178.

### *Delayed Processing Actions*

For the cases with processing delays, an average of 6 months elapsed before staff took the required actions to reduce benefits. The most significant improper payment occurred when VARO staff proposed to reduce a veteran's benefits after medical evidence showed the medical condition had improved. Staff proposed the reduction action in September 2013; however, the final rating decision to reduce benefits did not occur until May 2015—1 year and 6 months beyond the date when the reduction should have occurred. As a result, the veteran received approximately \$30,943 in improper payments.

VARO management agreed with our assessments in these 10 cases. However, VARO management reported this workload was not timely processed because the VARO was required to comply with nationally directed mandates involving workload management. Compliance with the nationally mandated workload requirements affected the VARO's ability to dedicate the appropriate number of resources to address benefit reduction cases.

It is a VBA management responsibility to ensure this workload is processed timely because it has the potential to entail millions of dollars in improper payments. When VBA lacks sufficient staff to address properly its management responsibilities, it should make its case for an increase in full-time equivalents through the normal budget process. Without ensuring this work is processed timely, delays in processing benefits reductions result in unsound financial stewardship of veterans' monetary benefits and fail to minimize improper payments.

### **Recommendation**

4. We recommended the Montgomery VA Regional Office Director implement a plan to prioritize actions related to benefits reductions to minimize improper payments to veterans.

### *Management Comments*

The VARO Director concurred with our recommendation and implemented a plan to ensure claims processing staff prioritize actions related to benefits reductions. The plan included increased staffing on the Non-Rating team to enable the Veteran Service Center to centralize the processing of benefit

reduction actions. Additionally, the Director stated the staff relocated to the Non-Rating team would be assigned only non-rating workload, further allowing for the prioritization of benefit reduction claims.

**OIG Response** The Director's comments and actions are responsive to the recommendation.

## Appendix A VARO Profile and Scope of Inspection

<b>Organization</b>	The Montgomery VARO administers a variety of services and benefits, including compensation benefits; vocational rehabilitation and employment assistance; fiduciary services; specially adapted housing grants; benefits counseling; and outreach services to homeless, elderly, minority and women veterans, and public affairs.
<b>Resources</b>	As of October 2015, the Montgomery VARO reported a staffing level of 262.9 full-time employees. Of this total, the VSC had 212 employees assigned.
<b>Workload</b>	As of October 2015, VBA reported the Montgomery VARO had 6,815 pending compensation claims with 1,009 (15 percent) pending greater than 125 days. As reported by VBA's Systematic Technical Accuracy Review program as of October 2015, the overall claims-based accuracy of the VARO's compensation rating-related decisions was 91.3 percent. We did not test the reliability of these data.
<b>Scope and Methodology</b>	<p>VBA has 56 VAROs and a VSC in Wyoming that process disability claims and provide a range of services to veterans. In November 2015, we evaluated the Montgomery VARO to see how well it accomplishes this mission.</p> <p>We reviewed selected management, claims processing, and administrative activities to evaluate compliance with VBA policies regarding benefits delivery and nonmedical services provided to veterans and other beneficiaries. We interviewed managers and employees and reviewed veterans' claims folders. Prior to conducting our onsite inspection, we coordinated with VA OIG criminal investigators to provide a briefing designed to alert VARO staff to the indicators of fraud in claims processing.</p> <p>Our review included 30 of the total 45 temporary 100 percent disability evaluations (67 percent) selected from VBA's corporate database. These claims represented all instances in which VARO staff had granted temporary 100 percent disability evaluations for at least 18 months as of August 11, 2015. This is generally the longest period a temporary 100 percent disability evaluation may be assigned without review, according to VBA policy. We provided VARO management with 15 claims remaining from our universe of 45 claims for review. We reviewed all 13 disability claims related to TBI that the VARO completed from January through June 2015. We examined all four veterans' claims involving entitlement to SMC and related ancillary benefits completed by VARO staff from July 2014 through June 2015.</p> <p>We reviewed 30 of 3,613 dates of claims (&lt;1 percent) pending at the VARO during the period from April through June 2015, pending as of</p>



August 11, 2015. In addition, we looked at 30 of the 227 benefit reductions cases (8 percent) VARO staff completed from April through June 2015.

**Data Reliability**

We used computer-processed data from the Veterans Service Network's Operations Reports and Awards. To test for reliability, we reviewed the data to determine whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. We also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, we compared veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates as provided in the data received with information contained in the 107 claims folders we reviewed. The 107 claims folders related to temporary 100 percent disability evaluations, TBI claims, SMC and ancillary benefits, as well as completed claims related to dates of claims and benefits reductions.

Our testing of the data disclosed that they were sufficiently reliable for our inspection objectives. Our comparison of the data with information contained in the veterans' claims folders reviewed in conjunction with our inspection of the VARO did not disclose any problems with data reliability.

**Inspection 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*.

## Appendix B Inspection Summary

Table 2 reflects the operational activities inspected, applicable criteria, and whether or not we had reasonable assurance of VARO compliance.

**Table 2. Montgomery VARO Inspection Summary**

Operational Activities Inspected	Criteria	Reasonable Assurance of Compliance
<b>Disability Claims Processing</b>		
Temporary 100 Percent Disability Evaluations	Determine whether VARO staff properly reviewed temporary 100 percent disability evaluations. (38 CFR 3.103(b)), (38 CFR 3.105(e)), (38 CFR 3.327), (M21-1 MR Part IV, Subpart ii, Chapter 2, Section J), (M21-1MR Part III, Subpart iv, Chapter 3, Section C.17.e)	No
Traumatic Brain Injury Claims	Determine whether VARO staff properly processed claims for service connection for all disabilities related to in-service TBI. (FL 08-34 and 08-36) (Training Letter 09-01)	Yes
Special Monthly Compensation and Ancillary Benefits	Determine whether VARO staff properly processed SMC and correctly granted entitlement to ancillary benefits. (38 CFR 3.350, 3.352, 3.807, 3.808, 3.809, 3.809a, 4.63, and 4.64), (M21-1MR IV.ii.2.H and I)	Yes
<b>Data Integrity</b>		
Dates of Claim	Determine whether VARO staff accurately established dates of claim in the electronic records. (38 CFR 3.1 (p) and (r)), (M21-4, Appendix A and B), (M21-1MR, III.ii.1.C.10.a), (M21-1MR, III.ii.1.B.6 and 7), (M21-1MR, III.ii.2.B.8.f), (M21-1MR, III.i.2.A.2.c) (VBMS User Guide), (M21-4, Chapter 4.07), (M23-1, Part 1, 1.06)	Yes
<b>Management Controls</b>		
Benefits Reductions	Determine whether VARO staff timely and accurately processed disability evaluation reductions or terminations. (38 CFR 3.103(b)(2)), (38 CFR 3.105(e)), (38 CFR 3.501), (M21-1MR.IV.ii.3.A.3.e), (M21-1MR.I.2.B.7.a), (M21-1MR.I.2.C), (M21-1MR.I.ii.2.f), (M21-4, Chapter 2.05(f)(4)), ( <i>Compensation &amp; Pension Service Bulletin</i> , October 2010)	No

Source: VA OIG

CFR=Code of Federal Regulations, FL=Fast Letter, M=Manual, MR=Manual Rewrite, VBMS=Veterans Benefits Management System

## Appendix C Management Comments – Director of the Montgomery VARO

### Department of Veterans Affairs

### Memorandum

**Date:** March 7, 2016  
**From:** Director, VA Regional Office Montgomery, Alabama  
**Subj:** OIG Draft Report – Inspection of the VA Regional Office, Montgomery, Alabama  
**To:** Assistant Inspector General for Audits and Evaluations (52)

1. Attached is the Montgomery Regional Office's response to the OIG Draft Report: Inspection of the VA Regional Office, Montgomery, Alabama.
2. Questions may be referred to the Director's Office, at (334) 213-3400.

*(Original signed by:)*

CORY A. HAWTHORNE

Attachment

**Attachment**

**Montgomery VA Regional Office Comments/Responses  
to the Office of Inspector General (OIG) Draft Report Inspection  
of the VA Regional Office, Montgomery, Alabama**

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

OIG Recommendation 1: “We recommended the Montgomery VA Regional Office Director develop and implement a plan to ensure staff take timely actions on reminder notifications to request medical reexaminations.”

Montgomery VARO Response: The Montgomery VARO concurs with this recommendation. Specific action will be taken on a weekly basis to identify and work the oldest 25 end product (EP) 810 series work items (631A Future Physical Examination or 631R Review Need for Reevaluation matures). If the review determines that an examination is warranted, the Montgomery Regional Office will establish an EP 310 based on the original date of the EP 810.

The Spec Ops/Non-Rating Team Coach will submit the 25 case report on a weekly basis to the Assistant Veterans Service Center Manager to ensure this action occurs.

As this plan is now developed and implemented, the Montgomery Regional Office requests closure of this action item.

OIG Recommendation 2: “We recommended the Montgomery VA Regional Office Director conduct a review of the 15 temporary 100 percent disability evaluations remaining from our inspection universe as of August 11, 2015, and take appropriate actions.”

Montgomery VARO Response: The Montgomery VARO concurs with this recommendation. Our office has conducted a review and taken appropriate action on the 15 temporary 100 percent disability evaluations. Specific action taken by our office is shown on the attached spreadsheet.

The Montgomery RO requests closure of this recommendation.

OIG Recommendation 4: “We recommended the Montgomery VA Regional Office Director implement a plan to prioritize actions related to benefits reductions to minimize improper payments to veterans.”

Montgomery VARO Response: Concur. The Montgomery VARO concurs with this recommendation. On February 1, 2016, our office implemented a plan to ensure claims processing staff prioritizes actions related to benefit reductions. The plan included staffing the Non-Rating team with an additional three Veterans Service Representatives (VSRs), two Rating Veterans Service Representatives (RVSRs), and one Senior Veterans Service Representative (SVSR). This staffing allocation increased the Non-Rating team from 7 to 13 fulltime employees. Prior to the staffing reallocation and centralization, benefits reduction claims were rated by RVSRs on the Core, Express, or Special Operations teams, and were managed along with rating-related claims. The increase in staff on the Non-Rating team has enabled the Veterans Service Center to centralize the processing of benefit reduction actions to one location. Additionally, the RVSRs relocated to the Non-Rating team will only be assigned non-rating workload, further allowing for the prioritization of benefit reduction claims.

The Montgomery RO requests closure of this recommendation.

Attachments\*:

- Workload Management Plan dated January 25, 2016 (Recommendation 4 response)
- Spreadsheet identifying action taken on the 15 remaining 100% evaluations (Recommendation 2 response)

*\*OIG Note: Due to the length of the attachments referred to here, they are not included in this report and may be obtained by contacting the OIG Information Officer.*

## Appendix D Management Comments – Under Secretary for Benefits

### Department of Veterans Affairs

### Memorandum

**Date:** March 23, 2016  
**From:** Acting Under Secretary for Benefits (20)  
**Subj:** OIG Draft Report - Inspection of the VA Regional Office, Montgomery, Alabama  
**To:** Assistant Inspector General for Audits and Evaluations (52)

Attached is VBA's response to recommendation 3 in the OIG draft report: Inspection of the VA Regional Office Montgomery, Alabama.

Questions may be referred to Ruma Mitchum, 202-632-8987.

*(Original signed by:)*

DANNY G.I. PUMMIL

Attachment

**Veterans Benefits Administration (VBA)  
Comments on OIG Draft Report  
Inspection of the VA Regional Office Montgomery, Alabama**

**VBA concurs with OIG's findings in the draft report and provides the following comment in response to the recommendation:**

Recommendation 3: We recommended that the Acting Under Secretary for Benefits implement a time frame in which staff are required to schedule medical examinations to ensure accurate benefits payments to veterans.

VBA Response: Concur in principle. An end product (EP) 810 is automatically established when a diary from a 631A Future Physical Examination or 631R Review Need for Reevaluation matures. The claim is then referred to the rating activity at the regional office (RO) for review. If the review determines that the RO should proceed with an exam, an EP 310 rating claim is established with the date of the original EP 810 as the date of claim. The RO schedules an examination and completes the rating when the exam results are received. Therefore, the timeliness of the EP 310 includes the time between the auto-establishment of the EP 810 to the final rating decision.

As of March 7, 2016, the average days pending (ADP) for EP 310s was 85 days and the average days to complete (ADC) was 91 days (fiscal year to date). This level of performance is consistent with VBA's commitment in response to the "Follow-up Audit of 100 Percent Disability Evaluations," closed in November 2015, to complete temporary 100-percent reviews in 180 days or less. VBA's regional offices must manage the review process, to include ordering exams, to meet this performance expectation. Additionally, as of March 7, 2016, the ADP for all claims in the rating bundle was 91 days and the ADC was 127.5 days (fiscal year to date).

VBA agrees that medical examinations should be scheduled timely to ensure that Veterans receive decisions on claims as expeditiously as possible. However, the medical examination is just one step required to complete a benefit review and adjustment. For example, the review of temporary 100-percent disability benefits is a complex, multi-step process that includes due-process notification prior to making a reduction. This can result in a hearing request and/or the submission of additional evidence, thereby extending the processing timeframe.

Additionally, VBA is developing a report that will allow field offices to easily identify benefit reduction cases, including temporary 100-percent evaluations, requiring action. Beginning in April 2016, this report will be distributed to ROs on a weekly basis.

VBA agrees that setting expectations for the processing of temporary 100-percent evaluations, including scheduling examinations, will promote the efficiency of claims processing and strengthen financial stewardship. To that end, VBA will assess the various actions involved in reviewing and processing temporary 100-percent evaluations to determine appropriate processing expectations, balancing available resources and workload demands.

Target Completion Date: May 31, 2016

## Appendix E    **OIG Contact and Staff Acknowledgments**

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OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Nora Stokes, Director Kristine Abramo Christopher Beltz Casey Crump Kyle Flannery Suzanne Love Lisa Van Haeren Nelvy Viguera Butler
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