

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Inspection of
VA Regional Office
Oakland, California*

February 11, 2016
15-05023-112

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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Report Highlights: Inspection of VA Regional Office Oakland, CA

Why We Did This Review

The Veterans Benefits Administration (VBA) has 56 VA Regional Offices (VAROs) and a Veterans Service Center in Wyoming that process disability claims and provide services to veterans. In October 2015, we evaluated the Oakland VARO to see how well it accomplishes this mission. We sampled claims that we considered at increased risk of processing errors. These results do not represent the accuracy of all disability claims processing at this VARO.

What We Found

The Oakland VARO did not consistently process one of the three types of disability claims we reviewed. Overall, staff did not accurately process 8 of 70 disability claims (11 percent) reviewed. As a result, 20 improper monthly payments were made to 3 veterans totaling approximately \$17,100.

Staff incorrectly processed 4 of 30 temporary 100 percent disability evaluation cases we reviewed; however, we did not identify a systemic trend. These results showed improvement from our previous inspection in 2012, where 16 of 30 contained processing inaccuracies. Results from our current inspection also showed claims processing staff accurately processed all 30 traumatic brain injury claims—a significant improvement from our 2012 inspection, where 17 of the 30 claims sampled contained errors.

Oakland VARO staff incorrectly processed 4 of 10 special monthly compensation (SMC) claims, but followed VBA's policy

for establishing dates of claim in 29 of the 30 claims we reviewed. Furthermore, staff did not correctly process, or delayed processing, 3 of 30 benefits reductions cases; however, we did not identify a systemic trend.

What We Recommended

We recommended the Oakland VARO Director conduct a review of the 58 temporary 100 percent disability evaluations remaining from the inspection universe. We also recommended the Director implement a plan to ensure staff comply with the second-signature requirements for higher-level SMC claims. Furthermore, we recommended the Acting Under Secretary for Benefits ensure that the approved training materials for higher levels of SMC are updated and accurate.

Agency Comments

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

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

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

TABLE OF CONTENTS

Introduction.....	1
Results and Recommendations	2
I. Disability Claims Processing	2
Finding Oakland VARO Needs To Improve the Processing of One Type of Disability Claim	2
Recommendations.....	8
II. Data Integrity.....	10
III. Management Controls	11
Appendix A VARO Profile and Scope of Inspection.....	13
Appendix B Inspection Summary	15
Appendix C Acting Under Secretary for Benefits Comments	16
Appendix D VARO Director’s Comments.....	18
Appendix E OIG Contact and Staff Acknowledgments	20
Appendix F Report Distribution	21

INTRODUCTION

Objective

The Benefits Inspection Program is part of the VA 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 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.

We provide this information to help the VARO make procedural improvements 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 Oakland 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 Acting Under Secretary for Benefits comments on a draft of this report.
- Appendix D provides the Oakland 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 increased risk of claims 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

Oakland VARO Needs To Improve the Processing of One Type of Disability Claim

Oakland VARO staff did not consistently process entitlement to SMC and ancillary benefits. Overall, VARO staff incorrectly processed 8 of the total 70 disability claims we sampled, resulting in 20 improper monthly payments to 3 veterans totaling approximately \$17,100* at the time of our inspection. Table 1 reflects processing errors identified during our review.

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

Type of Claim	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	1	3	4
TBI Claims	30	0	0	0
SMC and Ancillary Benefits	10	2	2	4
Total	70	3	5	8

Source: VA OIG analysis of the Veterans Benefits Administration's temporary 100 percent disability evaluations paid at least 18 months, TBI disability claims, and SMC and ancillary benefits claims completed from July 1, 2014, through June 30, 2015.

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

**Temporary
100 Percent
Disability
Evaluations**

VARO staff incorrectly processed 4 of 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 medical reexamination. As a suspense diary matures, the electronic system generates a reminder notification to alert VSC staff to schedule the medical reexamination. VSC staff then have 30 days to process the reminder notification by establishing the appropriate control to initiate action.

When the VARO obtains evidence that a lower disability evaluation would result in reduced compensation payments, Rating Veterans Service Representatives (RVSRs) 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.

Effective management of these temporary 100 percent disability ratings can reduce VBA's risks of paying inaccurate financial benefits and provide improved stewardship of taxpayer funds. Available evidence showed 1 of the 4 processing errors affected benefits and resulted in 10 improper monthly underpayments to a veteran totaling approximately \$1,000. These improper monthly benefits payments occurred from November 2014 to September 2015. Details on the error affecting benefits follow.

- An RVSR correctly granted entitlement to SMC for a medical condition associated with a veteran's temporary 100 percent disability. However, the RVSR used the incorrect effective date of August 5, 2015, instead of October 31, 2014, the date medical evidence shows the entitlement arose. As a result, the veteran was underpaid approximately \$1,000 for 10 months from November 2014 to September 2015. VARO management concurred with this error.

The remaining three errors had the potential to affect veterans' benefits. VSC management concurred with all three errors. Following are details on these three errors.

- In the first case, VSC staff established a control of November 2007, as a reminder to have a veteran's temporary 100 percent disability

reexamined. Despite the control being in place, the reexamination did not occur at that time. On July 31, 2015, approximately 8 years later, a reminder notification generated to alert staff about the reexamination needed for the veteran's prostate cancer. At the time of our review, staff still had not taken action to resolve this issue. As a result, the veteran may have received improper monthly benefits payments.

- In the next case, the medical evidence confirmed a veteran's active cancer with surveillance as treatment. Despite instructions to postpone the veteran's January 2015 reexamination for prostate cancer until June 2016, VARO staff did not establish a control in the electronic system as needed. With no current control in place, the veteran may not receive a reexamination as required.
- In the last case, an RVSR continued a veteran's temporary 100 percent disability evaluation and requested a medical reexamination for June 2020. Instead of a reexamination, VSC staff should have granted entitlement to the additional benefit of Dependents' Educational Assistance because the medical evidence confirmed a permanent heart condition in October 2007. If we had not identified this at the time of our review, the veteran's dependents would not be aware of their additional benefit entitlement.

The four temporary 100 percent disability cases reviewed that contained processing inaccuracies occurred for different reasons and did not constitute a common trend, pattern, or systemic issue for the Oakland VARO. As such, we determined VARO staff generally followed VBA policy when processing these cases and we made no recommendation for improvement in this area. We provided VARO management with 58 claims remaining from their universe of 88 claims for review to determine if action is required.

*Follow-Up to
Prior VA OIG
Inspection*

In our previous report, *Inspection of the VA Regional Office, Oakland, California* (Report No. 12-00247-175, May 10, 2012), VARO staff incorrectly processed 16 of 30 temporary 100 percent disability evaluations we reviewed. The reasons for these inaccuracies varied, including staff not establishing reminders for future medical examinations as required. In response to a recommendation in our report, *Audit of 100 Percent Disability Evaluations* (Report No. 09-03359-71, January 24, 2011), the Acting Under Secretary for Benefits agreed to review all temporary 100 percent disability evaluations and ensure each had a future examination date entered in the electronic record. As such, we made no specific recommendation for improvement to the Oakland VARO during our 2012 benefits inspection.

During our October 2015 inspection, there were no similar errors identified from our 2012 inspection. As the VARO was generally compliant during the current inspection, VBA's response to our 2011 recommendation appears to have been effective.

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. Additionally, 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 previous annual 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.

Oakland VARO staff correctly processed all 30 TBI claims we reviewed. Interviews with management and staff attributed the processing accuracy of these claims to training, the use of TBI Disability Benefits Questionnaires to evaluate TBI residuals, and the creation of a special operations team to work TBI cases. Based on our inspection and the accuracy rate for TBI claims, we determined VARO staff are following VBA policy when processing TBI claims. Therefore, we made no recommendation for improvement in this area.

**Follow-Up to
Prior VA OIG
Inspection**

In our previous report, *Inspection of the VA Regional Office, Oakland, California* (Report No. 12-00247-175, May 10, 2012), we determined 17 of 30 TBI cases reviewed contained processing errors. We attributed the errors to staff incorrectly interpreting VBA policy and using inadequate medical examinations to make decisions. In response to our recommendations, the Director reported that the VSC provided TBI training for all decision makers. In addition, decision makers received training on review of medical examinations that included the topic of insufficient examinations. As a result, the OIG closed the recommendations in September 2012. Given the significant improvement demonstrated by VARO staff when processing TBI claims, we conclude the VARO’s actions in response to our prior recommendations 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 the following 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 that are 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 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
- Special Home Adaptation Grants
- 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 focused our review on 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.

Prior to April 2015, VBA policy left the requirement for a second signature for these cases to the discretion of the VSC manager. However, VBA revised this policy to state that a second signature is always required on all higher levels of SMC cases.

VARO staff incorrectly processed 4 of 10 claims involving SMC and ancillary benefits—2 errors affected veterans' benefits and resulted in improper payments to veterans totaling approximately \$16,100. These errors represented 10 improper monthly payments from January 2014 to July 2014, and from December 2014 to April 2015. VARO management concurred with all errors we identified. Details on the errors affecting benefits follow.

- An RVSR failed to grant service connection for a veteran's loss of use of both hands. Consequently, the RVSR assigned an incorrect effective date

of March 9, 2015, for increased SMC, although medical evidence showed he had loss of use of all four extremities effective November 26, 2014. In addition, the RVSR assigned an incorrect SMC code to determine the veteran's disability benefits payments while hospitalized at government expense. As a result, VA underpaid the veteran approximately \$14,500 over a period of 4 months, and he may receive improper payments if ever hospitalized at government expense.

- In another case, an RVSR did not assign the appropriate level of SMC for a veteran with bilateral blindness. As a result, VA overpaid the veteran approximately \$1,600 over a period of 6 months.

The remaining two errors had the potential to affect veterans' benefits. Details on the two errors follow.

- An RVSR assigned incorrect SMC codes for a veteran. VBA policy requires staff to reduce some SMC benefits if a veteran receives hospital care at VA expense. As a result, the veteran may receive improper payments if ever hospitalized at government expense.
- In the last case, an RVSR denied the highest rate of SMC for aid and attendance but did not address a veteran's claim for a lower rate of SMC based on aid and attendance, as required by VBA policy. As a result, it is possible the veteran could receive a higher rate of SMC once VARO staff address this issue.

Generally, the errors occurred because the VARO did not have a second-signature policy for these cases, as VARO management was not aware of this April 2015 requirement until recently. All four errors we found did not have a second signature, and three of these errors occurred after VBA made this a requirement. Most of the VARO staff we interviewed were not aware of this change in policy. The RVSRs assigned to the special operations team stated VARO management informed them about this new requirement a couple of weeks before our October 2015 inspection; however, they did not provide instructions on how to implement it. The VSC manager acknowledged that VARO management missed the April 2015 change in policy, as they have had to keep up with many recent VBA policy changes.

Interviews with VARO management and staff revealed that higher levels of SMC cases are complex and difficult to process. Additionally, they all agreed that a second review of these cases would be helpful. VARO management stated that they are working on local procedures, for SMC second signatures, but currently did not have one in place. If VARO management had timely implemented a second-signature policy, these errors may not have occurred.

**Observation of
Outdated and
Inaccurate
VBA SMC
Training
Materials**

During our inspection, we were informed that VBA's Compensation Service higher-level SMC training materials are outdated and inaccurate. VARO staff located in Sacramento last received higher levels of SMC training in August 2015 and staff located in Oakland received this training in September 2015. We could not assess the effectiveness of this training because VARO staff completed the cases we reviewed prior to these training sessions. However, we did receive copies of the training materials and found that they differed. Instructors altered some of the training materials approved by VBA Compensation Service.

VARO management and staff explained that instructors altered these materials because training approved by VBA Compensation Service often contained outdated information. Further, one employee noted that the review exercises provided by VBA Compensation Service contained incorrect information. We reviewed VBA's approved higher levels of SMC training and found that it did contain outdated and incorrect information. For example, some of the review exercises provided incorrect SMC codes in their answers. As we continue to find errors involving higher levels of SMC in our inspections, we believe it is critical that VBA ensure training materials on this subject are updated and accurate in a timely manner.

Recommendations

1. We recommended the Oakland VA Regional Office Director conduct a review of the 58 temporary 100 percent disability evaluations remaining from the inspection universe of 88, and take appropriate action.
2. We recommended the Oakland VA Regional Office Director implement a plan to ensure all claims processing staff comply with the Veterans Benefits Administration's second-signature policy for higher levels of special monthly compensation claims.
3. We recommended that the Acting Under Secretary for Benefits ensure that approved higher levels of special monthly compensation training materials are updated and accurate.

**Management
Response**

The Director concurred with our recommendations. The Director reported the VARO will complete the review of the 58 temporary 100 percent disability evaluations and take all appropriate actions. The target completion date is February 29, 2016. Further, the Director stated the VARO provided training on second-signature rating requirements to include higher-level SMC claims, and supervisors were given instruction on control procedures to ensure second-signature compliance.

The Acting Under Secretary for Benefits concurred with our recommendation to ensure training materials for higher levels of special monthly compensation are updated and accurate. Compensation Service stated they have removed the training packet that contained inaccurate

scenarios, and will update and repost the training materials by February 29, 2016.

**OIG
Response**

The Acting Under Secretary for Benefits and the VARO Director's comments and actions are responsive to the recommendations. We will follow up as required.

II. Data Integrity

Dates of Claim

To ensure all claims receive proper attention and timely processing, VBA policy directs staff to 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 incorrectly established 1 of 30 dates of claim we reviewed in VBA's electronic systems of record. This error did not affect or have the potential to affect veterans' monthly benefits. In this case, staff improperly established a date of claim based on documents misfiled in a different veteran's electronic claims folder.

Because VARO staff accurately recorded dates of claims for 29 of the 30 claims we reviewed, we concluded staff generally followed VBA policy when establishing claims in the electronic systems of records. As such, we made no recommendation for improvement in this area.

III. Management Controls

Benefits Reductions

VBA policy provides for 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. Such instances are attributable to VAROs not taking the actions required to ensure correct payments for the veterans' current levels of disability.

When a 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 benefits reduction. In order to provide the beneficiary 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 veteran does not provide additional evidence within that period, an RVSR must make a final determination to reduce or discontinue the benefit.

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

VSC staff delayed processing or incorrectly processed 3 of 30 cases involving proposed benefits reductions—all 3 affected veterans' benefits. These processing inaccuracies resulted in overpayments totaling approximately \$7,700, and one underpayment totaling approximately \$6,300, representing nine improper monthly payments to three veterans from April to September 2015. VARO staff concurred with all three errors identified.

Processing Delays

Processing delays occurred in 2 of the 30 claims that required rating decisions to reduce benefits. Details on the errors follow.

- In the first case, VSC staff sent a letter to a veteran on November 5, 2014, proposing to reduce the evaluation for his prostate cancer; due process expired January 9, 2015. Staff did not take action to reduce the evaluation until May 2015. As a result, VA overpaid the veteran approximately \$6,500 over a period of 4 months. This case contained the most significant overpayment and delay.

- VSC staff sent a letter to a veteran on January 30, 2015, proposing to discontinue entitlement to Individual Unemployability and Dependents Educational Assistance; due process expired April 6, 2015. However, staff did not take action to discontinue entitlement to Individual Unemployability until May 2015. As a result, VA overpaid the veteran approximately \$1,200 over a period of 1 month.

As we identified only two delay errors and we did not identify a common trend, pattern, or systemic issue, we made no recommendation for improvement in this area.

*Accuracy
Error*

VARO staff incorrectly processed 1 of 30 cases involving benefits reductions. Specifically, VSC staff made a final determination to reduce benefits utilizing a due process letter that was sent to a veteran that contained an inaccurate benefit payment amount. Although the lower amount shown in the electronic system was correct, the due process letter revealed an incorrect higher payment amount. As a result, VA underpaid the veteran approximately \$6,300 over a period of 4 months and this amount will continue until he receives a correct due process notification letter. As we did not identify a common trend, pattern, or systemic issue, we made no recommendation for improvement in this area.

Appendix A VARO Profile and Scope of Inspection

Organization	The Oakland VARO administers a variety of services and benefits, including compensation benefits; vocational rehabilitation and employment assistance; benefits counseling; public affairs; and outreach to homeless, elderly, minority, and women veterans.
Resources	As of September 2015, the Oakland VARO reported a staffing level of 319.7 full-time employees. Of this total, the VSC had 261.6 employees assigned.
Workload	As of September 2015, VBA reported the Oakland VARO had 8,225 compensation claims pending with 944 (11 percent) pending greater than 125 days.
Scope and Methodology	<p>VBA has 56 VAROs and a VSC in Cheyenne, WY, that process disability claims and provide a range of services to veterans. In October 2015, we evaluated the Oakland 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 88 temporary 100 percent disability evaluations (34 percent) selected from VBA's Corporate Database. These claims represented instances in which VBA staff had granted temporary 100 percent disability evaluations for at least 18 months as of August 21, 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 58 claims remaining from our universe of 88 claims as of August 21, 2015, for review. We reviewed 30 of 49 disability claims related to TBI (61 percent) and all 10 claims involving entitlement to SMC and ancillary benefits completed by VARO staff from July 1, 2014, through June 30, 2015.</p> <p>We reviewed 30 of 2,301 dates of claim (1 percent) recorded in VBA's Corporate Database from April 1, 2015, through June 30, 2015, as of August 21, 2015. Additionally, we looked at 30 of 390 completed claims (8 percent) that proposed reductions in benefits from April 1, 2015 through June 30, 2015.</p>

**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 were missing from key fields, included calculation errors, or were outside the time frame requested. We assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Further, we compared veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates provided in the data received with information contained in the 130 claims folders we reviewed related to temporary 100 percent disability evaluations, TBI claims, SMC and ancillary benefits, dates of pending claims at the VARO, and completed claims involving proposed 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 we reviewed did not disclose any problems with data reliability.

This report references VBA's Systematic Technical Accuracy Review data. As reported by VBA's Systematic Technical Accuracy Review program as of September 2015, the overall claims-based accuracy of the VARO's compensation rating-related decisions was 95.1 percent. We did not test the reliability of these data.

**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. Oakland VARO Inspection Summary

Operational Activities Inspected	Criteria	Reasonable Assurance of Compliance
Disability Claims Processing		
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)	Yes
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)	No
Data Integrity		
Dates of Claim	Determine whether VARO staff accurately established claims in the electronic records. (38 CFR 3.1(p) and (r)), (38 CFR 3.400), (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), (<i>VBMS User Guide</i>), (M21-4, Chapter 4.07), (M23-1, Part 1, 1.06)	Yes
Management Controls		
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 & Pension Service Bulletin</i> , October 2010)	Yes

Source: VA OIG

CFR=Code of Federal Regulations, FL=Fast Letter, M=Manual, MR=Manual Rewrite

Appendix C Acting Under Secretary for Benefits Comments

Department of Veterans Affairs

Memorandum

Date: January 27, 2016

From: Acting Under Secretary for Benefits (20)

Subj: OIG Draft Report - Inspection of the VA Regional Office, Oakland, California

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

1. Attached is VBA's response to recommendation 3 for the OIG draft report: Inspection of the VA Regional Office Oakland, California
2. Questions may be referred to Ruma Mitchum, 632-8987.

(original signed by:)

Danny G.I. Pummill

Attachment

Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Inspection of the VA Regional Office Oakland, California

Compensation Service has reviewed the training information and agrees with OIG's findings.

VBA provides the following comments in response to recommendation 3 in the OIG Draft Report:

Recommendation 3: We recommended that the Acting Under Secretary for Benefits ensure that approved higher levels of special monthly compensation training materials are updated and accurate.

VBA Response: Concur. Compensation Service has removed the higher level special monthly compensation (SMC) training packet that contained inaccurate scenarios from the Learning Catalog. The SMC training materials will be updated and re-posted by February 29, 2016.

Target Completion Date: February 29, 2016

Appendix D VARO Director's Comments

Department of Veterans Affairs

Memorandum

Date: January 26, 2016
From: Director, VA Regional Office Oakland, California
Subj: Inspection of the VA Regional Office, Oakland, California
To: Assistant Inspector General for Audits and Evaluations (52)

1. The Oakland VARO's comments are attached on the OIG Draft Report: *Inspection of VA Regional Office Oakland, California.*
2. Please refer questions to the Director's Office at (510) 637-6000

(original signed by:)
Julianna M Boor

Attachment

Oakland VA Regional Office

Attached Responses

January 26, 2016

Recommendation 1: We recommended the Oakland VA Regional Office Director conduct a review of the 58 temporary 100 percent disability evaluations remaining from the inspection universe of 88, and take appropriate action.

Oakland VARO Response: Concur

Oakland Regional office will complete the review of the 58 temporary 100 percent disability evaluations by February 29, 2016, taking appropriate actions as required.

Recommendation 2: We recommended the Oakland VA Regional Office Director implement a plan to ensure all claims processing staff comply with the Veterans Benefits Administration's second-signature policy for higher levels of special monthly compensation claims.

Oakland VARO Response: Concur

Oakland Regional Office provided training on this topic on September 23, 2015. Additionally, on October 30, 2015, Oakland RO provided clarification to employees on second signature rating requirement to include higher level SMC claims. On November 6, 2015, supervisors were also instructed on control procedure for claims involving second signature requirement to ensure compliance.

Oakland Regional Office respectfully requests closure of this recommendation.

Appendix E **OIG Contact and Staff Acknowledgments**

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Dana Sullivan, <i>Director</i> Ed Akitomo Jason Boyd Daphne Brantley Bridget Byrd Yolanda Dunmore Michele Stratton Nelvy Viguera Butler
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Appendix F Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Assistant Secretaries
Office of General Counsel
Veterans Benefits Administration Pacific District Director
VA Regional Office Oakland Director

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Barbara Boxer, Dianne Feinstein
U.S. House of Representatives: Pete Aguilar, Karen Bass, Xavier Becerra,
Ami Bera, Julia Brownley, Ken Calvert, Lois Capps, Tony Cárdenas,
Judy Chu, Paul Cook, Jim Costa, Susan Davis, Jeff Denham,
Mark DeSaulnier, Ann G. Eshoo, Sam Farr, John Garamendi, Janice Hahn,
Mike Honda, Jared Huffman, Duncan D. Hunter, Darrell Issa,
Steve Knight, Doug LaMalfa, Barbara Lee, Ted Lieu, Zoe Lofgren,
Alan Lowenthal, Doris O.Matsui, Kevin McCarthy, Tom McClintock,
Jerry McNerney, Grace Napolitano, Devin Nunes, Nancy Pelosi,
Scott Peters, Dana Rohrabacher, Lucille Roybal-Allard, Ed Royce,
Raul Ruiz, Linda Sánchez, Loretta Sanchez, Adam Schiff, Brad Sherman,
Jackie Speier, Eric Swalwell, Mark Takano, Mike Thompson,
Norma Torres, David Valadao, Juan Vargas, Mimi Walters,
Maxine Waters

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