



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Delays in the Processing of
Survivors' and Dependents'
Educational Assistance
Program Benefits
Led to Duplicate Payments

AUDIT

REPORT # 18-01278-13

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Executive Summary

Why the OIG Did This Audit

The VA Office of Inspector General (OIG) conducted this audit to determine whether Veterans Benefits Administration (VBA) staff adjusted compensation benefits in the Survivors' and Dependents' Educational Assistance (DEA) Program in a timely manner and accurately processed DEA Program benefits payments.

The DEA Program is VA's second-largest education program with 100,275 participants in fiscal year 2017 receiving benefits worth more than \$553 million.¹ The DEA Program provides monthly payments for education and training to dependents and spouses of veterans who have permanent and total service-related medical conditions and receive compensation at the 100 percent disability level. Dependent children and surviving spouses of veterans who died while on active duty, or as a result of a service-related condition, are also eligible for DEA Program benefits.

Also, veterans with dependent children attending school and between 18 and 23 years of age are eligible to receive an additional allowance in their disability compensation benefits for each child attending school.²

However, DEA Program benefits cannot overlap. The veteran cannot receive an additional allowance at the same time the dependent children begin receiving DEA Program benefits. Typically, when the dependent children begin receiving benefits, Veterans Claims Examiners (VCEs) at Education Service Regional Processing Offices (RPOs) notify the VA Regional Office (VARO) controlling the veteran's claims folder. This notification explains that DEA Program benefits are being paid to the dependent children of the veteran and prompts the Veterans Service Representatives (VSRs) to stop paying the additional school child allowance to the veteran.³

Delayed adjustments to disability compensation benefits cause overpayments that veterans will have to repay, which can be a hardship for seriously disabled veterans.

What the Audit Found

Delays in the processing of DEA-related compensation benefit adjustments led to duplicate payments. The OIG estimated that during the 2017 academic school year, 1,300 of

¹ Department of Veterans Affairs Congressional Submission, FY 2019.

² The school child allowance for veterans receiving disability compensation benefit payments at the 100 percent level effective December 1, 2017, was \$266.13 per month.

³ M21-1 Adjudication Procedures Manual, Part III, Subpart iii, Chapter 6, Section B, Topic 3, *Adjustment of Disability and Survivors Benefits Based on a Child's Receipt of Education Benefits*.

1,900 veterans' (70 percent) received the additional school child allowance while their dependent received DEA Program benefits. This resulted in overpayments totaling approximately \$4.5 million through February 1, 2018. If VBA staff were to continue to delay processing DEA-related compensation benefits, an estimated \$22.5 million in improper payments could occur over a five-year period.⁴ These overpayments will need to be repaid by those veterans.⁵

The OIG found that VBA's Office of Field Operations (OFO) and Compensation Service did not have a timeliness standard for processing DEA-related compensation benefit adjustments. The OIG considered 90 days to be a reasonable amount of time for VSRs to complete the DEA-related compensation benefit adjustments once the VARO had received notification of a dependent's receipt of DEA Program benefits.⁶

The OIG found that duplicate payments occurred in three adjustment statuses—*not established*, *pending*, or *completed*. The OIG estimated:

- 830 veterans' cases were considered *not established* when the VCEs sent an email notification of DEA benefit to the VARO; however, there was no evidence in the veteran file that the VARO processed the required benefit adjustment. The OIG further estimated that all these cases exceeded 90 days.
- 260 veterans' cases were considered *pending* when VSRs identified that a duplication of benefits occurred, but the adjustment to the veteran's compensation benefit to end the school child payments and stop the overpayments was still waiting to be assigned from National Work Queue (NWQ). The OIG further estimated that all these cases exceeded 90 days.
- 230 veterans' cases were considered *completed* when VSRs identified that a duplication of benefits occurred and completed the necessary adjustment to the veteran's compensation benefit to end the school child payments but not before an overpayment had occurred due to processing delays. An estimated 170 veterans' cases exceeded 90 days.

Based on these results, the OIG reviewed the DEA Program mailboxes for all 58 VAROs and discovered that 25 had about 3,100 total unread DEA notification emails from VCEs, as of

⁴ The Office of Management and Budget Memorandum M-15-02, October 2014, Appendix C to Circular A-123, defines an improper payment as any payment that should not have been made, or there is insufficient documentation to support the payment.

⁵ The estimated \$22.5 million in improper payments was calculated by multiplying by five the estimated \$4.5 million in improper compensation overpayments.

⁶ This determination was made following OIG discussions with VARO staff and management. VARO staff and management the OIG interviewed included Veterans Service Representatives, Supervisory VSRs, Veterans Service Center Managers (VSCM), Assistant VSCMs, and Directors.

May 7, 2018. The remaining 33 VAROs did not have any unread DEA notification emails. These unread emails all potentially required DEA-related compensation benefit adjustments and, therefore, equate to an unidentified amount of benefit duplication and overpayments.

The OIG determined that VCEs generally processed DEA benefit payments accurately during the 2017 academic school year. VCEs correctly calculated payment amounts for an estimated 16,500 new DEA participants' claims (97 percent). The OIG did identify five errors in calculation generating incorrect payment amounts for enrollment hours and incorrect final payment dates entered in the electronic claims processing system. Because of these errors, VCEs improperly paid participants \$1,606 representing about .18 percent of total payments.

Why This Occurred

The OIG determined that multiple causes contributed to delays in the processing of DEA-related compensation benefit adjustments. These causes included the lack of management over the electronic mailboxes at the VARO, and other regional and national levels; an ineffective notification process; and the lack of system functionality to flag cases with duplication of benefits. In addition, NWQ workload distribution rules caused duplication of benefits cases to be delayed even when they are ready for processing.

Some VAROs were not checking the DEA Program electronic mailboxes for a notification from the VCEs to stop the additional allowance to the veteran. The OIG determined that VBA did not have a specific requirement or timeliness standard for checking the mailboxes. The OIG interviewed veterans service center managers and VARO directors responsible for overseeing the DEA Program mailboxes and determined that each level of supervision failed to effectively monitor the mailboxes. For example, the Oakland, California, VARO Veterans Service Center Manager stated that the mailbox had not been monitored for three years because of changes in management and a lack of reassignment of duties.

A Supervisory Management Analyst with VBA's OFO stated that national monitoring procedures did not exist for the DEA Program mailboxes. Although both OFO and Compensation Service staff conduct site visits periodically at each VARO, no protocols were created to review the DEA Program mailboxes. According to the same analyst, this was because the site visits cannot realistically include checking every aspect of what's contained in VBA's manual.

VBA did not have electronic system functionality in place to identify cases with potential duplication of benefits and relied on the outdated and ineffective email notification process to identify these cases. According to management and staff the OIG interviewed, a solution might

be the addition of a Veterans Benefits Management System notification for DEA-related compensation benefit adjustments whenever VCEs paid DEA Program benefits to a dependent.⁷

Workload distribution rules in the NWQ contributed to the overpayment of benefits. The NWQ is a rule-based workload distribution tool that assigns cases daily to VAROs nationwide based on staffing capacity, national claims processing priorities, and special missions. VA has established priority cases that, when ready for the next action, receive a higher priority than non-priority cases. High-priority cases include veterans who are homeless, terminally ill, seriously injured, former prisoners of war, Medal of Honor recipients, those who have amyotrophic lateral sclerosis, face financial hardship, or are over age 85. According to the NWQ Deputy Director, DEA-related compensation benefit adjustments are non-priority cases. The NWQ Deputy Director explained how the NWQ assigns non-priority cases as soon as they are ready for the next action if there is enough VARO capacity to assign them. If there is no capacity, the NWQ does not immediately assign the cases when they are ready for processing, even though these cases present a high risk of creating overpayments to veterans. The longer the DEA-related compensation benefit adjustments remain in the NWQ waiting to be assigned to a VARO for removal of the school child allowance, the greater the amount of the overpayment.

Finally, the OIG interviewed VCEs, RPO supervisors, and education officers regarding the small number of inaccurate DEA benefit payments to determine the reasons these incorrect payment calculations occurred. Reportedly, these errors occurred because VCEs rushed to complete claims in order to meet increased RPO productivity requirements. In addition, Education Service posited these errors were clerical errors made by the VCEs. The OIG determined that the number of errors in new DEA Program benefits claims were not significant to project to the entire universe of claims. Therefore, the OIG made no recommendations for improvement in this area.

What the OIG Recommended

The OIG recommended the Under Secretary for Benefits:

- Direct Compensation Service and Office of Field Operations to develop and implement processes and procedures that ensure monitoring of DEA Program electronic mailboxes and timely establishment of compensation adjustments.
- Direct Education Service to develop and implement an effective process to ensure receipt of DEA Program benefit notifications by VA Regional Office staff.
- Ensure Compensation Service and Education Service develop electronic system functionality to identify cases with potential duplication of benefits when a dependent begins receiving DEA Program payments.

⁷ The Veterans Benefits Management System is a web-based electronic claims processing system.

- Ensure the National Work Queue and Compensation Service assign cases with compensation adjustments to remove the school child allowance as soon as the cases are ready for processing.
- Ensure Office of Field Operations takes prompt action to adjust benefits for cases in the OIG sample in which payment duplications had not been identified.

Management Comments

The Under Secretary for Benefits concurred with all the recommendations. The Under Secretary for Benefits provided acceptable action plans for all five recommendations. The OIG will monitor VBA's progress and follow up on implementation of the recommendations until all proposed actions are completed.



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Contents

Executive Summary	i
Abbreviations	vii
Introduction	1
Results and Recommendations	4
Finding 1: Delays in the Processing of DEA-related Compensation Benefit Adjustments Led to Duplicate Payments	4
Recommendations 1–5	14
Finding 2: DEA Program Benefits Payments Were Generally Processed Accurately	16
Appendix A: Scope and Methodology	20
Appendix B: Statistical Sampling Methodology	22
Appendix C: Monetary Benefits in Accordance with Inspector General Act Amendments	29
Appendix D: Management Comments	30
OIG Contact and Staff Acknowledgments	33
Report Distribution	34

Abbreviations

BDN	Benefits Delivery Network
DEA	Survivors' and Dependents' Educational Assistance
FY	Fiscal Year
NWQ	National Work Queue
OFO	Office of Field Operations
OIG	Office of Inspector General
RPO	Regional Processing Office
VA	Department of Veterans Affairs
VARO	VA Regional Office
VBA	Veterans Benefits Administration
VBMS	Veterans Benefits Management System
VCE	Veterans Claims Examiner
VSCM	Veterans Service Center Manager
VSR	Veterans Service Representative



Introduction

Objective

To determine whether Veterans Benefits Administration (VBA) staff processed compensation benefit adjustments related to the Survivors' and Dependents' Educational Assistance (DEA) Program timely and accurately processed DEA Program benefits payments.

DEA Program

The DEA Program is VA's second-largest education program. In fiscal year (FY) 2017, 100,275 participants received DEA Program benefits with payments of over \$553 million.⁸ The DEA Program provides monthly payments for education and training to dependent children and spouses of veterans with permanent and total service-related medical conditions who receive compensation at the 100 percent disability level. Dependent children and surviving spouses of veterans who died while on active duty or as a result of a service-related condition are also eligible for DEA Program benefits.⁹ Eligible dependents and survivors may use DEA Program benefits for up to 45 months of education or training for undergraduate or graduate degrees, courses leading to a certificate or diploma from business, technical, or vocational schools, apprenticeship, and on-the-job training programs. VA pays DEA Program benefits monthly and determines the payment rates based on the type of education or training received, and whether it is full-time or less than full-time. As of October 1, 2017, the monthly rate for institutional training for full-time attendance was \$1,041; three-quarters time is \$780; and half-time attendance was \$519. If the veteran is found eligible for DEA, the dependent children can apply on their own accord and do not require the veteran's approval as part of the application process unless the dependent is under legal age; then a parent or guardian must sign the application.

Veterans with dependent children attending school and between 18 and 23 years of age are eligible to receive an additional allowance in their disability compensation for each child attending school. The school child allowance for veterans receiving disability compensation benefits payments at the 100 percent disability level was \$266.13 per month effective December 1, 2017. This additional allowance does not apply to spouses.

When dependent children choose to participate in the DEA Program and receive monthly payments, VBA staff must adjust a veteran's compensation disability benefit to stop paying the additional school child allowance for that same dependent as it would result in a duplication of

⁸ Department of Veterans Affairs Congressional Submission, FY 2019.

⁹ 38 U.S.C. §§ 3500 to 3566.

benefits.¹⁰ Delayed adjustments to disability compensation benefits cause overpayments that veterans must repay, which can be a hardship for seriously disabled veterans.

Education Services

Veterans Claims Examiners (VCEs) at the three Regional Processing Offices (RPOs) located in Buffalo, New York; Muskogee, Oklahoma; and St. Louis, Missouri, are responsible for reviewing and determining student eligibility and processing payments for DEA Program benefits. VBA's Education Service is generally responsible for the following

- Developing and implementing education regulations, policy guidance, and procedures
- Managing education benefits quality assurance, payment accuracy, and program appraisal
- Developing, maintaining, and enhancing education information technology systems

Compensation Services

Veterans Service Representatives (VSRs) and Senior VSRs, located in 58 VA Regional Offices (VAROs), are responsible for adjusting veterans' disability compensation benefits when a dependent attending school chooses to receive DEA Program benefits. VBA's Compensation Service is generally responsible for the following

- Issuing and administering compensation regulations, policy guidance, and procedures
- Developing, facilitating, and overseeing training for compensation staff
- Controlling and overseeing compensation benefits quality assurance

DEA-related Compensation Benefit Adjustments

When VCEs process the first payment of DEA Program benefits for a dependent, they send an email notification to the DEA Program electronic mailbox at the VARO that controls the veteran's claims folder.¹¹ After receipt and review of the email notification, a VSR must determine whether they need to adjust the veteran's disability compensation benefits. VSRs review the veteran's record to determine if VA paid (or VA is still paying) a school child allowance for the same dependent receiving DEA Program benefits during the same period. If an adjustment is needed, the VSR must determine whether the benefit adjustment requires notification of this action to the veteran. For benefit adjustments that require this notice, the veteran has 65 days to respond with evidence showing this adjustment should not be made. If the

¹⁰ M21-1 Adjudication Procedures Manual, Part III, Subpart iii, Chapter 6, Section B, Topic 3, *Adjustment of Disability and Survivors Benefits Based on a Child's Receipt of Education Benefits*.

¹¹ M21-1 Adjudication Procedures Manual, Part III, Subpart iii, Chapter 6, Section B, Topic 3, *Adjustment of Disability and Survivors Benefits Based on a Child's Receipt of Education Benefits*, Section a, *RPO Notification of ROs Concerning Initial Awards of Education Benefits*.

veteran fails to respond or submits insufficient evidence, the school child allowance is stopped, and a final decision notice is sent to the veteran.¹² This benefit adjustment is added to the VBA's National Work Queue (NWQ) workload while awaiting the veteran's response. After 65 days or receipt of the veteran's response, the case should be redistributed and assigned to a VARO to complete the benefit adjustment.

¹² M21-1 Adjudication Procedures Manual, Part III, Subpart iii, Chapter 6, Section B, Topic 3, *Adjustment of Disability and Survivors Benefits Based on a Child's Receipt of Education Benefits*.

Results and Recommendations

Finding 1: Delays in the Processing of DEA-related Compensation Benefit Adjustments Led to Duplicate Payments

The VA Office of Inspector General (OIG) estimated that during the 2017 academic school year, 1,300 of 1,900 veterans (70 percent) received the additional school child allowance while their dependent received DEA Program benefits, resulting in improper compensation overpayments totaling approximately \$4.5 million through February 1, 2018. The OIG further estimated that if VBA staff continued to delay processing DEA-related compensation benefits, an estimated \$22.5 million in improper payments could occur over a five-year period.^{13, 14} Veterans must repay these overpayments.

Checking the DEA Program electronic mailbox is the VARO's first step to identify the need to adjust a veteran's benefits. The OIG reviewed the DEA Program mailboxes for all 58 VAROs and discovered that 25 VAROs had about 3,100 total unread DEA benefit notification emails from the VCEs in their mailboxes, as of May 7, 2018. The remaining 33 VAROs did not have any unread DEA emails. These unread emails all potentially required DEA-related compensation benefit adjustments and, therefore, equate to an unidentified amount of benefit duplication and overpayments. Overpayments will continue to accumulate until the compensation benefit is adjusted to stop paying the veterans the additional school child allowance.

The OIG determined that multiple causes contributed to delays in the processing of DEA-related compensation benefit adjustments. These causes included the lack of management over the electronic mailboxes at the VARO, and other regional and national levels; an ineffective notification process; and lack of system functionality to flag cases with duplication of benefits. In addition, NWQ workload distribution rules caused duplication of benefits cases to be delayed even when they were ready for processing.

What the OIG Did

The OIG selected a statistical sample of 100 veterans from a universe of almost 1,900 veterans with potential duplication of benefits between DEA Program participants and veterans receiving school child compensation for those same participants. The education documentation for the dependent receiving DEA Program benefits was reviewed to determine the effective dates of

¹³ The Office of Management and Budget Memorandum M-15-02, October 2014, Appendix C to Circular A-123, defines an improper payment as any payment that should not have been made, or there is insufficient documentation to support the payment.

¹⁴ The estimated \$22.5 million in improper payments was calculated by multiplying by five the estimated \$4.5 million in improper compensation overpayments.

DEA Program benefits and the date VCEs notified the VAROs that DEA Program benefits had been granted. The OIG reviewed the related veterans' files in the Veterans Benefits Management System (VBMS) to determine if the files contained the notification emails from the VCEs and documentation of a benefit reduction, such as a notification letter to the veteran.¹⁵ Share was used to determine if work products were established.¹⁶ The OIG also calculated the timeliness of establishing and processing adjustments to compensation benefits. When it was determined that a duplication of benefits had occurred, the OIG calculated the overpayment amount using the appropriate rate for each month of duplication.

This finding discusses

- Duplication of school child and DEA Program benefits during the 2017 academic school year, as well as the overall impact of delays in processing
- Details of VARO DEA Program mailbox review
- Lack of monitoring by management at VAROs and OFO
- Ineffective notification process between RPOs and VAROs
- Lack of system functionality to identify cases with duplication of benefits
- Workload distribution rules in the NWQ contributing to overpayments of benefits

Duplication of School Child and DEA Program benefits

VBA's OFO is responsible to ensure that VBA delivers benefits and services in an effective and efficient manner including the development of achievable performance measures. In the absence of OFO and Compensation Service having an established timeliness standard for processing DEA-related compensation benefit adjustments, the OIG interviewed VARO staff and management to help determine how long it should take to process these cases. The OIG also conducted an interview that included Compensation Service Quality Assurance chiefs, Compensation Service Central Office consultants and program analysts regarding processing times for DEA-related adjustments. During this interview, the consultants provided input to address the determination of processing timeliness. Based on these discussions, the OIG considered 90 days—from the time a VARO receives notification of a dependent's receipt of DEA Program benefits to the time VBA staff complete the DEA-related compensation benefit adjustments—to be a reasonable period. The 90 days include a 60-day period for veterans to send evidence showing why compensation benefit should not be adjusted and five days to allow for receipt of evidence, known as the due process period.^{17, 18}

¹⁵ The Veterans Benefits Management System is a web-based electronic claims processing system.

¹⁶ Share is a Microsoft Windows®-based application that interfaces with other VBA systems and databases to retrieve veteran information.

¹⁷ 38 CFR §3.103, *Procedural due process and appellate rights*

The OIG estimated that delayed processing of DEA-related compensation benefit adjustments during the 2017 academic school year resulted in 1,300 of 1,900 veterans' receiving duplicate benefits through February 1, 2018. The estimated average overpayment that each veteran must repay was approximately \$3,400.

The OIG found that duplicate payments occurred in three adjustment statuses:

Adjustments Not Established. Veterans' cases were considered not established when VCEs had sent an email notification of DEA Program benefits to the VARO; however, there was no evidence in the veterans' file that the VARO processed the required benefit adjustment.

Adjustments Pending. Veterans' cases were considered in pending status when VSRs had identified that a duplication of benefits occurred, but the adjustment to the veteran's compensation benefit to end the school child payments and stop the overpayments had not been completed. These adjustments cases were in the NWQ, waiting to be assigned.

Adjustments Completed. Veterans' cases were considered in completed status when VSRs had identified that a duplication of benefits occurred and completed the necessary adjustment to the veteran's compensation benefit to end the school child payments. However, overpayments had occurred before the benefit adjustments were completed because of processing delays.

Table 1 summarizes the estimated number and percentage of cases with duplication of benefits the OIG identified in one of three DEA-related compensation benefit adjustment statuses along with the estimated average days for processing those benefits.

Table 1. Estimated Veterans' Cases with Duplication of Benefits

Adjustment status	Number of cases	Percentage of cases	Average number of days
Not established	830	44%	380
Pending	260	14%	340
Completed	230	12%	250
Total	1,300	70%	350

Source: VA OIG analysis and projections of statistically sampled cases with duplication of school child and DEA Program benefits during 2017 academic school year. Due to rounding, the numbers and percentages may not sum.

¹⁸ M21-1 Adjudication Procedures Manual, Part I, Chapter 2, Section C, Topic 1, *General Information on the Adverse Action Proposal Period.*

In total, the OIG calculated an estimated \$4.5 million of overpayments for the 1,300 veterans' cases related to delays in the processing of DEA-related compensation benefit adjustments.¹⁹ For the estimated 830 veterans' cases in which VARO staff did not establish DEA-related compensation benefit adjustments and the 260 veterans' cases in which adjustments were still pending, overpayments will continue to accumulate until VARO staff complete the adjustments.

Table 2 summarizes the estimated overpayments by adjustment status.

Table 2. Estimated Overpayments

Adjustment status	Estimated amount (in millions)
Not established	\$2,900
Pending	\$968
Completed	\$633
Total overpayments	\$4,500

Source: VA OIG statisticians' projection of estimated overpayments involving cases with duplication of benefits during 2017 academic school year.

Due to rounding, numbers do not sum.

Adjustments Not Established

The OIG estimated that VARO staff had not identified the need to process DEA-related compensation benefit adjustments in 830 veterans' cases (44 percent). Therefore, VARO staff had not started the process of adjusting the veterans' compensation benefits. The OIG estimated that an average of 380 days had passed between the time VCEs granted DEA Program benefits and notified VAROs, and the time the OIG reviewed these cases in February 2018.

Furthermore, the OIG estimated that all 830 veterans' cases (100 percent) exceeded 90 days since VCEs provided DEA benefit notifications to VAROs as of February 2018. Overpayments will continue to accumulate until VSRs adjust the compensation benefits to stop paying the veterans the additional school child allowance. The average estimated overpayment to each veteran in this adjustment status as of February 2018 was \$3,500. Example 1 illustrates such adjustment.

¹⁹ The OIG calculated the overpayment amount for the 70 sample cases using the appropriate rate for each month there was a duplication of benefits that totaled \$239,369. This total was extrapolated to an estimated \$4.5 million in overpayments.

Example 1

On January 11, 2017, the VCE sent an email notification to the VARO's DEA Program mailbox that a dependent child began receiving DEA Program benefits in January 2017. A veteran was also receiving the additional school child allowance for this dependent. However, at the time of the OIG's review in February 2018, VARO staff were not aware and had not adjusted the veteran's compensation benefits to stop paying the school child allowance. Therefore, VBA overpaid the veteran approximately \$3,300 over a period of 13 months from January 2017 to February 2018.

Adjustments Pending

The OIG estimated that DEA-related compensation benefit adjustments were pending in 260 veterans' cases (14 percent) and that all the cases (100 percent) were pending for longer than 90 days after establishment of the adjustment as of February 2018. Veterans' cases were considered in pending status when VSRs had identified that a duplication of benefits occurred, but the adjustment to the veteran's compensation benefit to end the school child payments and stop the overpayments had not been completed. This is a result of cases waiting to complete the 65-day due process period and/or to be assigned by the NWQ to a VARO. Overall, for those 260 cases, the OIG estimated that it took an average of 340 days for VARO staff to establish DEA-related compensation benefit adjustments from the date VCEs notified VAROs of the DEA Program benefits.

Overpayments will continue to accumulate until VSRs adjust the compensation benefits to stop paying the veterans the additional school child allowance. The average estimated overpayment to each veteran in this adjustment status as of February 2018 was \$3,700. This example describes a case in such an adjustment status.

Example 2

On February 21, 2017, the VCE sent an email notification to the VARO's DEA Program mailbox that a dependent child began receiving DEA Program benefits in August 2016. A veteran was also receiving the additional school child allowance for this dependent. In July 2017, VARO staff established a DEA-related adjustment. While the adjustment was pending, the school child payments automatically stopped in January 2018 based on the dependent's anticipated graduation date. However, at the time of the OIG's review in February 2018, the adjustment was still pending in the NWQ because this adjustment had not been added to a VSR's work queue. Therefore, VBA overpaid the veteran approximately \$4,200 over a period of 17 months from August 2016 to January 2018.

Adjustments Completed

The OIG estimated that it took an average of 250 days for VSRs to complete approximately 230 DEA-related compensation benefit adjustments from the date VCEs notified VAROs of the DEA Program benefits. An estimated 170 of 230 veterans' cases (75 percent) took more than 90 days for VSRs to complete the adjustments. The average estimated overpayment to each veteran in this adjustment status was \$2,800. This example describes a case in such an adjustment status.

Example 3

On February 17, 2017, a VCE sent an email notification to the VARO's DEA Program mailbox that a dependent child began receiving DEA Program benefits as of August 2016.²⁰ VSRs established a DEA-related compensation benefit adjustment on February 17, 2017, because a veteran was receiving the additional school child allowance for a dependent who began receiving DEA Program benefits in August 2016. The adjustment case was in the NWQ from April 8, 2017, through September 28, 2017 (163 days). On October 21, 2017, a VSR completed the adjustment and stopped paying the school child allowance for the dependent. The completed adjustment ended any additional duplicate payments; however, when the payments were ended, VBA had overpaid the veteran approximately \$3,400 over a period of 15 months from August 2016 to October 2017.

Details of VARO DEA Program Mailbox Review

The OIG interviewed VARO staff responsible for handling the DEA Program electronic mailboxes at 11 VAROs.²¹ Checking and reviewing the DEA Program electronic mailbox is the VARO's first step to identify the need to adjust a veteran's benefits. The OIG determined that there was no specific local requirement or timeliness standard for how often the mailboxes should be checked. The Compensation Service procedures manual also does not include a timeliness standard for checking the mailboxes. Staff at seven VAROs stated that they were not checking the DEA Program mailboxes before the OIG's audit.²² For example, a VSR at one VARO in April 2018 reported that she could not be sure but believed the mailbox had last been

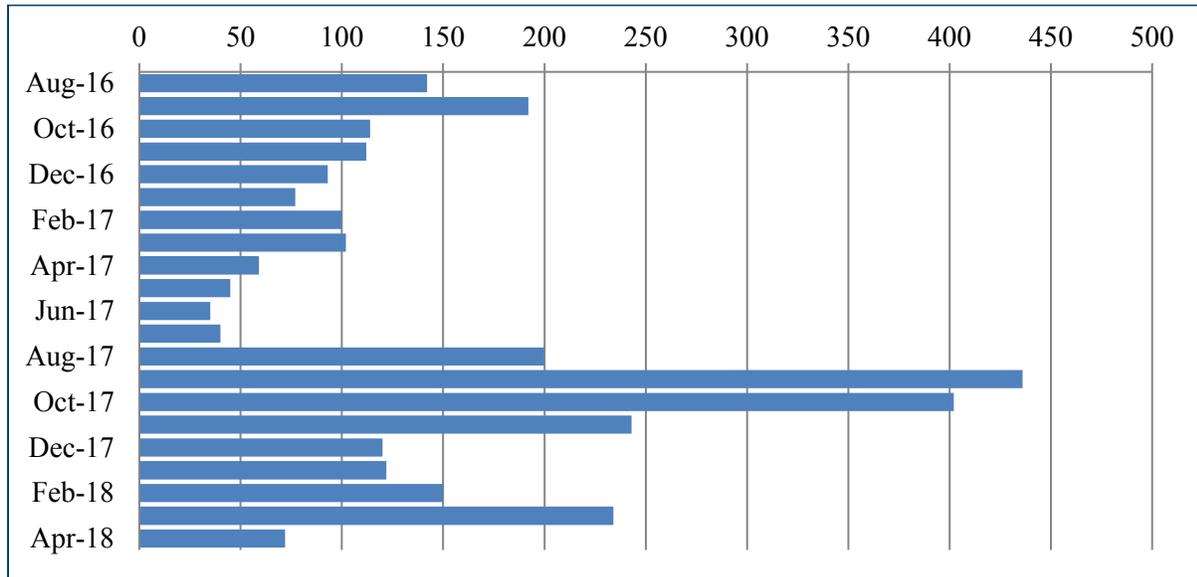
²⁰ Dependents may apply retroactively (up to one year) for DEA benefits. While the effective date for benefits was August 2016, the RPO notified the VARO at the time the dependent applied, and benefits were established in February 2017.

²¹ The 11 VAROs were Atlanta, Georgia; Baltimore, Maryland; Houston, Texas; Jackson, Mississippi; Muskogee, Oklahoma; Oakland, California; Philadelphia, Pennsylvania; Roanoke, Virginia; St. Louis, Missouri; St. Petersburg, Florida; and Waco, Texas.

²² The seven VAROs were Atlanta, Georgia; Jackson, Mississippi; Houston, Texas; Roanoke, Virginia; Oakland, California; St. Petersburg, Florida; and Waco, Texas.

checked in November or December 2017. At another VARO, a VSR stated that he checked the mailbox approximately once a week but had no requirement of how frequently he needed to do so.

Based on the results from interviews and the significant number of duplicate payments found, the OIG reviewed copies of DEA Program electronic mailboxes for all 58 VAROs as of May 7, 2018. Twenty-five of the VAROs had a total of about 4,600 unread emails in their DEA Program mailboxes, which included about 3,100 unread DEA benefit notification emails (67 percent) from VCEs.²³ Three of these 25 VAROs were included in the seven VAROs where staff stated that they were not checking the mailboxes. The remaining 33 VAROs had no unread DEA-related emails, which included the other four of seven VAROs where staff were interviewed. Staff at these four VAROs started checking the mailboxes and reading emails following the OIG's interviews. The Oakland, California; Reno, Nevada; San Juan, Puerto Rico; and St. Paul, Minnesota VAROs all had unread emails sent by VCEs as early as August 2016. All the nearly 3,100 unread emails potentially required DEA-related compensation adjustments. Figure 1 presents the total number of unread emails received in the DEA mailboxes for each month from August 2016 through April 2018 at the 25 VAROs. The displayed month, such as August 2016, represents the date the email was received.



*Figure 1. Unread emails from August 2016 through April 2018 at 25 VAROs.
(Source: VA OIG analysis of 58 VARO DEA Program electronic mailboxes as of May 7, 2018.)*

²³ The 25 VAROs were Albuquerque, New Mexico; Anchorage, Alaska; Boston, Massachusetts; Buffalo, New York; Cheyenne, Wyoming; Chicago, Illinois; Cleveland, Ohio; Des Moines, Iowa; Huntington, California; Indianapolis, Indiana; Lincoln, Nebraska; Manila, Philippines; Montgomery, Alabama; Nashville, Tennessee; Oakland, California; Pittsburgh, Pennsylvania; Providence, Rhode Island; Reno, Nevada; San Diego, California; San Juan, Puerto Rico; St. Paul, Minnesota; St. Petersburg, Florida; Waco, Texas, Washington, District of Columbia; and Wichita, Kansas.

Lack of Monitoring by Management at VAROs and OFO

The OIG interviewed supervisors, Veterans Service Center Managers (VSCMs), assistant VSCMs, VARO directors and assistant directors at 11 VAROs responsible for overseeing the DEA mailboxes and DEA-related compensation benefit adjustments. Staff at seven of 11 VAROs (63 percent) stated that they had not been monitoring the DEA Program mailboxes before the OIG audit. The OIG's interviews revealed that

- VSCMs were unaware of the need to monitor or that backlogs existed in the DEA Program electronic mailboxes prior to the OIG inquiries and request for interviews. For example, the Oakland VARO VSCM stated that the mailbox had not been monitored for three years because managers had been reassigned, but not their mailbox monitoring duties.
- VARO directors and assistant directors did not effectively monitor the mailboxes because of higher priorities, such as nationally identified workload targets. For example, the Houston VARO Assistant Director stated that the mailbox had not been on his radar because it was not part of the nationally identified work targets and not considered a workload priority at the VARO. Since the interviews, mailbox monitoring activities have resumed and resources have been shifted to address the mailbox backlog.

In addition to VARO management's poor monitoring of the DEA Program mailbox and workload, mailbox duties were not included in the recurrent VARO site visits conducted to review their performance. Both OFO and Compensation Service Quality Assurance staff conduct site visits periodically at each VARO; however, the site visit procedures did not include a review of the DEA Program mailboxes. According to an OFO Supervisory Management Analyst, this was because the site visits cannot include everything covered in the VBA manual. An OFO Acting Deputy stated that the scope of the site visits is high level for each VBA service area, such as Compensation Service, and focuses on big picture items for each VARO. As a result of this high-level focus, there is no specific review for the management of DEA Program mailboxes. The OFO Supervisory Management Analyst further stated that they did not have any national monitoring procedures for the DEA Program mailboxes. OFO instead relies on the results of the Compensation Service Quality Assurance's site visits to make recommendations for improvements and solutions to VAROs. During the OIG's audit, OFO became aware that VARO managers were not providing effective monitoring of the DEA Program mailboxes. As a result, OFO will be sending weekly reminders to VAROs about monitoring the mailboxes and likely add the mailboxes to future site visit procedures.

Ineffective Notification Process between RPOs and VAROs

Duplication of school child and DEA Program benefits occurred because of the ineffective email notification process between RPOs and VAROs at the time of the first DEA benefit payments.

According to Compensation Service staff, the use of email and electronic mailboxes is ineffective because this process does not allow for the establishment of a workload item that can be tracked and monitored at the time the DEA benefit is paid. Having to manually monitor the electronic mailboxes for notification and determining whether a compensation adjustment is required adds extra steps and time prior to the claim entering the NWQ.

The Muskogee RPO had already noticed the ineffectiveness of the DEA Program mailbox as a way to notify the VAROs and begun testing alternatives before the OIG audit. For his part, the Education Officer had tested various alternatives to using the mailbox process to notify Compensation Service about new DEA benefit payments, such as

- Sending the DEA benefit notifications to VBA's Centralized Mail Processing Center. The DEA benefit notifications were scanned into VBMS, but they were either categorized as "no action needed" or returned to the RPO because the processing center identified the notice as workload for Education rather than Compensation Service.
- Revising the DEA benefit notification document header to specifically state the action to be taken by the VARO like removing the dependent, if applicable. At the time of the OIG site visit in February 2018, the Muskogee Education Officer had tested three of the revised notifications by sending them to VBA's Centralized Mail Processing Center. According to the Education Officer, the process worked and the DEA benefit notification document was scanned into VBMS, and a claim was established.

These alternatives could improve the tracking and accountability of the compensation benefit adjustments at the start of the process.

Lack of System Functionality to Identify Cases with Duplication of Benefits

VBA did not have electronic system functionality in place to identify cases with potential duplication of compensation and DEA Program benefits, and only relied on the ineffective email notification process to inform VARO staff of newly granted DEA Program benefits. According to the Compensation Service Quality Assurance Chiefs and Compensation Service Central Office consultants and program analysts the OIG interviewed, the email notification process was outdated and ineffective. Some of these individuals suggested a solution like adding a VBMS notification for a DEA-related compensation benefit adjustment whenever VCEs grant DEA Program benefits to a dependent.

The OIG interviewed a Business Application Analyst, the Chief for Technical Rules Development within Compensation Service's Business Management, and Business Management's Assistant Director. Compensation Service Business Management staff are responsible for the development and maintenance of business line software applications, systems, and data. Technical Rules Development is responsible for the development of claims

processing functionality, including business process analysis, requirements, testing, training, and help desk support. The Analyst stated that it was not beneficial to use the email notification process to communicate about adjustments as email messages often get lost. The Analyst also noted that Compensation Service staff could collaborate with their counterparts in Education Service to add VBMS notifications for DEA-related compensation benefit adjustments. Finally, the Analyst suggested adding VBMS functionality that identified cases with DEA Program benefits so that VSRs could check them more frequently.

The Chief did not think it would be difficult to develop a VBMS notification for DEA-related compensation adjustments. Because of limited information technology funding for staffing resources, the Assistant Director stated that this project would have to be weighed against other planned or in-progress functionality. The Chief explained how Education Service would need to work with Compensation Service to determine which data to use and where to store them, but ultimately thought they could work out a solution to automatically identify cases with duplication of benefits in VBMS.

Workload Distribution Rules in the NWQ Contributing to Overpayments of Benefits

The NWQ is a rule-based workload distribution tool that assigns cases daily to VAROs nationwide based on staffing capacity, national claims processing priorities, and special missions. VA has established priority cases that receive a higher priority than non-priority cases. High priority cases include veterans who are homeless, terminally ill, seriously injured, former prisoners of war, Medal of Honor recipients, those who have amyotrophic lateral sclerosis, face financial hardship, or are over age 85.

According to the NWQ Deputy Director, DEA-related compensation adjustments are non-priority cases. The NWQ Deputy Director explained how the NWQ assigns non-priority cases as soon as they are ready for the next action if there is enough VARO capacity to assign them. If there is no capacity, the NWQ does not immediately assign the cases when they are ready to work. These cases present a high risk of creating overpayments to veterans. The OIG determined that the longer DEA-related compensation adjustments remain in the NWQ—waiting to be assigned to a VARO for removal of the school child allowance—the greater the amount of the overpayment. Non-priority cases are prioritized based on VBA-established goals, guidance from OFO and NWQ leaders, and collaboration with other VBA business lines. The NWQ distributes non-priority cases based on workload analysis of VBA's pending cases inventory, with the cases pending the longest assigned first. The Deputy Director further stated that there is no official timeliness goal established for assigning these cases when they are ready to work. According to the Deputy Director, the NWQ began distributing and controlling the non-priority workload in April 2017, with the average time in the NWQ for a case requiring due process being 231 days. The average number of days in the NWQ continued to decrease and, in March

2018, the average number of days was 176 days for these cases. The OIG estimated an average of 180 days for the DEA-related compensation adjustments in the NWQ as of February 2018. As of May 2018, the average time these non-priority cases were pending assignment in the NWQ was 96 days.

Once the NWQ assigns the cases to a VARO, the VSRs generally complete the adjustment based on the time in queue requirement of five days or less. The DEA-related compensation adjustments do not require the VSRs to complete additional discovery or research work, as long as the veteran did not object to the adjustment. Therefore, these compensation benefit adjustments can be completed easily in the VBMS to immediately stop the additional benefit payment.

Conclusion

VBA did not detect and correct an estimated \$4.5 million in overpayments to some veterans in a timely manner. These veterans had permanent and total service-related medical conditions, received compensation at the 100 percent disability level, and had dependents who participated in the DEA Program. VBA could decrease overpayments to veterans by implementing a more effective first DEA benefit notification process between RPOs and VAROs and ensuring monitoring and management of that process. VBA could also minimize overpayments to veterans by developing electronic system functionality to identify cases with the potential for duplication when a dependent begins receiving DEA Program benefits. Finally, VBA could further minimize overpayments associated with DEA-related compensation adjustments by ensuring the NWQ distributes these cases as soon as they are ready for processing.

Recommendations 1–5

1. The OIG recommended the Under Secretary for Benefits direct Compensation Service and Office of Field Operations to develop and implement processes and procedures that ensure monitoring of Survivors' and Dependents' Educational Assistance electronic mailboxes and timely establishment of compensation adjustments.
2. The OIG recommended the Under Secretary for Benefits direct Education Service to develop and implement an effective process to ensure receipt of Survivors' and Dependents' Educational Assistance benefit notifications by VA Regional Office staff.
3. The OIG recommended the Under Secretary for Benefits ensure Compensation Service and Education Service develop electronic system functionality to identify cases with potential duplication of benefits when a dependent begins receiving Survivors' and Dependents' Educational Assistance payments.

4. The OIG recommended the Under Secretary for Benefits ensure the National Work Queue and Compensation Service assign cases with compensation adjustments to remove the school child allowance as soon as the cases are ready for processing.
5. The OIG recommended the Under Secretary for Benefits ensure Office of Field Operations takes prompt action to adjust benefits for cases in the OIG sample in which payment duplications had not been identified.

Management Comments and OIG Response

The Under Secretary for Benefits concurred with Recommendations 1–5. The Under Secretary provided acceptable action plans for all five recommendations.

To address Recommendation 1, OFO issued guidance to VAROs on the monitoring of the DEA Program electronic mailboxes and timely establishment of compensation adjustments, through no fewer than bimonthly reviews of the mailbox.

To address Recommendation 2, Education Service will develop and implement procedures to ensure receipt of DEA Program benefit notifications by VARO staff by the end of June 2019.

To address Recommendation 3, Compensation Service and Education Service will develop a recurring report to identify cases with potential duplication of benefits when a dependent begins receiving DEA Program payments.

To address Recommendation 4, the NWQ is working with Compensation Service to obtain a claim attribute that will readily identify cases with compensation adjustments to remove the school child allowance. Once this claim attribute is available, the NWQ will create a business rule to assign cases with compensation adjustments to remove the school child allowance when they are ready for processing.

To address Recommendation 5, OFO worked with Compensation Service to obtain procedures to adjust benefits for cases in which payment duplications had not been identified. OFO will assign these cases to the appropriate VARO for action.

The Under Secretary for Benefits' comments and actions are responsive to the recommendations. The OIG will consider closing Recommendation 1 after reviewing the OFO's first quarterly certification that confirms monitoring of the DEA Program mailboxes. The OIG will monitor VBA's progress and follow up on implementation of the recommendations until all proposed actions are completed.

Finding 2: DEA Program Benefits Payments Were Generally Processed Accurately

VCEs correctly calculated payment amounts for an estimated 16,500 new DEA participants' claims (97 percent) for the 2017 academic school year. The OIG identified five errors due to calculating incorrect payment amounts for enrollment hours and incorrect final payment date entered in the electronic claims processing system. As a result of these errors, VCEs improperly paid participants \$1,606. The total amount of payments to participants in the OIG sample was about \$897,000, so the \$1,606 improper payments were only .18 percent of total payments. The OIG interviewed VCEs, RPO supervisors, and education officers to determine the reasons these incorrect payment calculations occurred. These individuals speculated that the errors occurred because VCEs rushed to complete claims in order to meet increased RPO productivity requirements. In addition, Education Service posited that these were clerical errors made by the VCEs. The OIG determined that the number of errors in new DEA benefit claims were not significant to project to the entire universe of claims. Therefore, the OIG made no recommendations for improvement in this area.

What the OIG Did

The OIG assessed a statistical sample of 150 new DEA benefit claims from a universe of 17,079 new DEA benefit claims processed by VCEs from August 1, 2016, through July 31, 2017. The OIG assessed payment accuracy of the claims by reviewing the DEA participants' electronic records. To determine payment accuracy, the OIG reviewed claim documentation in The Image Management System and used the VBA Education Service standardized claim processing worksheets to calculate elements of the claim for up to three school terms. These elements included enrollment hours, payment start dates, monthly payment rates, and final payment date.

The finding discusses:

- DEA Program payment accuracy
- Reasons for incorrect payment calculations

DEA Program Payment Accuracy

VCEs accurately processed 145 of 150 new DEA benefit claims sampled (97 percent). Overall, the OIG estimated that VCEs correctly calculated payment amounts for 16,500 new DEA participants (97 percent). These OIG results aligned with Education Service's Quality Assurance reported DEA Program payment accuracy for the RPOs in FY 2017 as presented in Table 3.

Table 3. FY 2017 Quarterly DEA Program Payment Accuracy²⁴

RPO	4th quarter (July 2016 - September 2016)	1st quarter (October 2016 - December 2016)	2nd quarter (January 2017 - March 2017)	3rd quarter (April 2017 - June 2017)	FY 2017
Buffalo	96%	94%	97%	97%	97%
Muskogee	98%	97%	97%	91%	96%
St. Louis	100%	97%	91%	97%	96%

Source: VBA Education Service FY 17 Quarterly Quality Assurance reports.

Details of Cases with Incorrect Payment

DEA Program benefits are paid monthly to DEA participants while they are attending school or training. The monthly payment rates are determined based on the type of training or education received and whether the enrollment is full-time or less than full-time. For example, as of October 1, 2017, the monthly rate for institutional education and training for full-time attendance is \$1,041; three-quarters time is \$780; and half-time attendance is \$519. The OIG identified a small number of errors centered on inaccurate calculation of enrollment hours and final payment date.

Enrollment Hours

The OIG identified two claims in which VCEs calculated the incorrect enrollment hours, resulting in underpayments of \$668 and overpayments of \$861. For example, in one case, the VCE entered the participant's enrollment time as three quarters instead of full-time, resulting in an underpayment of the participant's monthly payment rate. Enrollment time is calculated based on the number of credit hours the participant is enrolled for the school or training term. Inaccurate calculation of the enrollment time resulted in an incorrect payment rate for the school term.

Example 4

A dependent child began receiving DEA Program benefits effective August 29, 2016. According to enrollment documentation from the school, during the participant's third term, the participant's enrollment was reduced from 12 to 7 credit hours. The participant's payment was not appropriately reduced from the

²⁴ Education Service's FY 2017 DEA Program payment accuracy reporting is from July 1, 2016, through June 1, 2017, or the fourth quarter of FY 2016 through the third quarter of FY 2017. Education Service Quality Assurance reviewed between 124 to 149 DEA Program cases for each RPO to determine the accuracy of payments for FY 2017.

full-time attendance rate of \$1,041 to the half-time attendance rate of \$510. This resulted in an \$861 overpayment to the participant.

Final Payment Date

The OIG identified three claims in which VCEs entered the incorrect final payment date when processing the DEA claim, which resulted in overpayments of \$77. VCEs use VBA's Benefits Delivery Network (BDN) to process DEA benefit claims.²⁵ When entering claim information, BDN requires VCEs to add an extra day to the last day of the term to ensure participants receive payment for the entire term.²⁶ If the incorrect final payment date is entered, it will cause an improper payment to be made to the DEA participant.

Example 5

A dependent child began receiving DEA Program benefits effective January 14, 2017, with an end-of-term date of May 5, 2017. The correct final payment date for this claim was May 6, 2017, after adding an extra day. However, when processing the claim, the VCE entered the end-of-term date as May 7, 2017. This resulted in a \$17 overpayment to the participant.

Impact of Incorrect Payment Calculations

As a result of these errors, VCEs improperly paid participants a total of \$1,606, representing \$938 in overpayments and \$668 in underpayments. The total amount of payments to participants in the OIG sample was about \$897,000; therefore, the \$1,606 in improper payments was only .18 percent of total payments. Education Service addressed the overpayments based on their administrative error procedures. These procedures included recording the administrative error on the Quality Assurance spreadsheet, obtaining Education Section Chief's approval for the error amount, and recording this information in the participant's The Image Management System folder. For errors that resulted in an underpayment, the dependent was paid the amount of the underpayment identified by the OIG.²⁷

Reasons for Incorrect Payment Calculations

The OIG interviewed VCEs, RPO supervisors, and education officers to determine the reasons these incorrect payment calculations occurred. They speculated these errors occurred because VCEs rushed to complete claims in order to meet increased RPO productivity requirements. In addition, Education Service posited these errors were clerical errors made by the VCEs. The OIG

²⁵ BDN is Education Service's primary benefit award processing and payment system.

²⁶ M22-4, Part 2, Chapter 6, Subchapter 2, 6.11.e.

²⁷ M22-4 Part 3, Chapter 2, Subpart 1, Section 2.02, *Erroneous Payments Due to Administrative Error*.

determined these errors were not systemic as enrollment term and final payment date were done correctly on an estimated 16,500 new DEA participants' claims (97 percent).

Conclusion

In general, VCEs were accurately processing new DEA benefit claims. The OIG estimated that VCEs correctly calculated payment amounts for 16,500 new DEA participants' claims (97 percent). The OIG identified five errors from calculating incorrect payment amounts for enrollment hours and incorrect final payment dates entered in the electronic claims processing system. Because of these errors, VCEs improperly paid participants \$1,606. The OIG determined the number of errors in new DEA benefit claims to be insignificant and did not warrant a projection to the entire universe of claims. Therefore, the OIG made no recommendations for improvement in this area.

Management Comments and OIG Response

The OIG made no recommendations related to Finding 2. No comments were submitted by the Under Secretary for Benefits, and so no OIG follow-up is required.

Appendix A: Scope and Methodology

Scope

The OIG conducted its audit work from February through September 2018. The audit evaluated new DEA Program benefit claims and related compensation benefit adjustments completed from August 1, 2016, through July 31, 2017, which was the 2017 academic school year.

Methodology

To accomplish the audit objective, the OIG identified and reviewed applicable laws, regulations, policies, procedures, and guidelines related to DEA Program benefits and related compensation benefit adjustments. The OIG performed site visits at the Muskogee, Oklahoma, RPO and VARO. The OIG interviewed and obtained testimonial information related to work processes associated with DEA Program benefits and related compensation benefit adjustments from Muskogee RPO and VARO management and staff. In addition, the OIG interviewed and obtained testimonial information related to those work processes from VARO directors, assistant directors, VSCMs, assistant VSCMs and supervisors from these VAROs:

- Atlanta, Georgia
- Baltimore, Maryland
- Houston, Texas
- Jackson, Mississippi
- Oakland, California
- Philadelphia, Pennsylvania
- Roanoke, Virginia
- St. Louis, Missouri
- St. Petersburg, Florida
- Waco, Texas

The OIG interviewed and obtained testimonial information from program analysts, management analysts, consultants, and Quality Assurance chiefs from VBA's Compensation Service, Education Service, and the OFO. The OIG also received copies of the 58 VARO DEA Program electronic mailboxes as of May 7, 2018, and reviewed individual emails within those 58 mailboxes.

In coordination with VA OIG statisticians, the OIG reviewed a proportional random sample of 150 new DEA benefit claims stratified by the three RPOs for DEA benefit payment accuracy. The OIG also reviewed a proportional random sample of 100 veterans' cases with potential duplication of benefits between DEA Program participants and veterans receiving school child compensation for those same participants. The OIG then determined the number of months

during which veterans received duplicate benefits and the dollar value for those benefits. Appendix B provides more details on the statistical sampling methodology.

The OIG used VBA's VBMS, The Image Management System, and Share to review the sample veteran claims folders and relevant documentation required to assess whether staff accurately determined DEA benefit payments and how long veterans received duplicate benefits and the associated dollar values. The OIG discussed the findings with VBA officials and included their comments where appropriate.

Fraud Assessment

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators by taking actions such as:

- Soliciting the OIG's Office of Investigations for indicators
- Reviewing OIG hotline complaints and concerns for indicators
- Conducting fraud assessments to identify fraud risks significant to the objective

The OIG did not identify any instances of fraud or potential fraud during this audit.

Data Reliability

The OIG used computer-processed data from VBA's BDN. To test for reliability, the OIG determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The OIG also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the OIG compared veterans' names, file numbers, social security numbers, VARO numbers, date of claims, and decision dates as provided in the data received in the 250 claims folders reviewed.

Testing of the data disclosed that they were sufficiently reliable for the audit objective. Comparison of the data with information contained in the veterans' claims folders reviewed did not disclose any problems with data reliability.

Government Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Appendix B: Statistical Sampling Methodology

Approach

To accomplish its objective, the audit team reviewed a statistical sample of new DEA Program benefit claims processed from August 1, 2016, through July 31, 2017, which was the 2017 academic school year. The audit team also reviewed a statistical sample of cases with potential duplication of benefits between DEA Program participants and veterans receiving school child compensation for those same participants during the same period. The team used statistical sampling to quantify the extent of cases in which VCEs at the RPO incorrectly processed DEA Program benefits, as well as the extent of cases in which VSRs at the VARO did not minimize cases with duplication of DEA and compensation benefits for the same dependents.

Population

The audit population included 17,079 new DEA benefit claims from August 1, 2016, through July 31, 2017. The audit team obtained the sample of new DEA benefit claims from this population. The audit team excluded the 15,192 cases with no potential for benefits duplication. Some 11,899 cases were excluded because the DEA participant was a spouse and overpayment of school child payments did not apply. From the remaining 5,180 cases, the OIG conducted analysis of payment data, which further excluded cases in which the veterans were not receiving school child payments and this left 1,887 veterans' cases with the potential of overpayments.

Sampling Design

The OIG selected a statistical sample of 150 new DEA benefit claims stratified by the three RPOs for DEA benefit payment accuracy. The OIG also selected a statistical sample of 100 veterans' cases with potential duplication of benefits between DEA Program participants and veterans receiving school child compensation for those same participants. The OIG stratified the 100 veterans' cases by their estimated potential overpayments.

Weights

The OIG calculated estimates in this report using weighted sample data. Sampling weights are computed by taking the product of the inverse of the probabilities of selection at each status of sampling.

Projections and Margins of Error

The OIG used WesVar software to calculate the weighted universe estimates and associated sampling errors. WesVar employs replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design. The margins of error and confidence intervals are indicators of the precision of the estimates. If the OIG

repeated this audit with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time.

Table 4 shows the projections of the estimated veterans' cases with duplication of benefits by adjustment status.

**Table 4: Summary of Projections and Confidence Intervals for Cases
with Duplication of Benefits by Adjustment Status**

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Adjustments not established	831 (44.0%)	158 (8.4%)	673 (35.7%)	988 (52.4%)	44
Adjustments pending	264 (14.0%)	110 (5.8%)	154 (8.2%)	375 (19.8%)	14
Adjustments completed	226 (12.0%)	103 (5.4%)	123 (6.5%)	329 (17.4%)	12
Total cases with duplication of benefits	1,321 (70.0%)	146 (7.7%)	1,175 (62.3%)	1,466 (77.7%)	70

Source: VA OIG statistician's projection of estimated cases with duplication of benefits. The OIG obtained the data from VBA's BDN.

Table 5 shows the projections for the overpayments resulting from veterans' cases with duplication of benefits by adjustment status through February 1, 2018.

**Table 5: Summary of Projections and Confidence Intervals
for Resulting Overpayments by Adjustment Status**

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Adjustments not established	\$2,919,458	\$595,096	\$2,324,362	\$3,514,554	44
Adjustments pending	\$968,070	\$411,893	\$556,177	\$1,379,963	14
Adjustments completed	\$633,277	\$312,847	\$320,429	\$946,124	12
Total overpayments	\$4,520,805	\$567,535	\$3,953,270	\$5,088,339	70
Average overpayment per veteran with adjustment not established	\$3,515	\$270	\$3,245	\$3,786	44
Average overpayment per veteran with adjustment pending	\$3,664	\$311	\$3,352	\$3,975	14
Average overpayment per veteran with adjustment completed	\$2,803	\$554	\$2,249	\$3,357	12
Total average overpayment per veteran	\$3,423	\$199	\$3,224	\$3,622	70

Source: VA OIG statistician's projection of overpayments through February 1, 2018, by adjustment status based on audit team sample data analysis.

Table 6 shows the projections of the average days from the date VCEs granted DEA Program benefits and notified VAROs through February 1, 2018, for veterans' cases with adjustments not established.

**Table 6: Summary of Projections and Confidence Intervals for Average Days
from Date VCEs Notified VAROs of DEA Program benefits**

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days from RPO notification date	383	22	361	405	44

Source: VA OIG statistician's projection of estimated average days from date of RPO notification through February 1, 2018. The OIG obtained the data from VBA's BDN.

Table 7 shows the projections of the average days from the date VCEs notified VAROs of dependents' receipt of DEA Program benefits to the date VARO staff established veterans' cases with adjustments pending.

Table 7: Summary of Projections and Confidence Intervals for Average Days from Date VCEs Notified VAROs of DEA Program benefits to Date Adjustment Established

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days from RPO notification date to establishment date	345	46	299	391	14

Source: VA OIG statistician's projection of estimated average days from date of RPO notification to date of adjustment establishment. The OIG obtained the data from VBA's BDN.

Table 8 shows the projections of the average days from the date VCEs notified VAROs of dependents' receipt of DEA Program benefits to the date VARO staff completed the adjustments.

Table 8: Summary of Projections and Confidence Intervals for Average Days from Date VCEs Notified VAROs of DEA Program benefits to Date Adjustment Completed

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days from RPO notification date to adjustment completion date	245	65	180	311	12

Source: VA OIG statistician's projection of estimated average days from date of RPO notification to date of adjustment completion. The OIG obtained the data from VBA's BDN.

Table 9 shows the projections of the average days for the total estimated cases with duplication of benefits.

Table 9: Summary of Projections and Confidence Intervals for Average Days from RPO Notification Date for the Total Estimated Cases with Duplication of Benefits

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days from RPO notification date for total estimated cases with duplication of benefits	352	18	344	370	70

Source: VA OIG statistician's projection of estimated average days from date of RPO notification to date of adjustment completion. The OIG obtained the data from VBA's BDN.

Table 10 shows the projections of the estimated cases that exceeded 90 days from the date VCEs provided VAROs with DEA Program benefits notification as of February 1, 2018, for veterans' cases with adjustments not established.

Table 10: Summary of Projections and Confidence Intervals for Estimated Cases Exceeding 90 Days from Date VCEs Notified VAROs of DEA Program benefits

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Cases exceeding 90 days from RPO notification date	831 (100%)	158 (19%)	673 (81%)	988 (100%)	44

Source: VA OIG statistician's projection of estimated cases exceeding 90 days from date of RPO notification of DEA Program benefits as of February 1, 2018. The OIG obtained the data from VBA's BDN. Table 11 shows the projections of the estimated veterans' cases that were pending for longer than 90 days after the establishment of the adjustment as of February 1, 2018.

Table 11: Summary of Projections and Confidence Intervals for Estimated Cases Pending Longer than 90 Days after Adjustment Establishment

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Cases pending longer than 90 days after adjustment establishment	264 (100%)	110 (41.8%)	154 (58.2%)	375 (100%)	14

Source: VA OIG statistician's projection of estimated cases pending longer than 90 days after adjustment establishment as of February 1, 2018. The OIG obtained the data from VBA's BDN.

Table 12 shows the projections of the estimated veterans' cases that took more than 90 days for VARO staff to complete the adjustments.

Table 12: Summary of Projections and Confidence Intervals for Estimated Cases That Took More than 90 Days to Complete Adjustments

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Cases that took more than 90 days to complete adjustments	170 (75.1%)	91 (22.1%)	79 (53.0%)	260 (97.2%)	9

Source: VA OIG statistician's projection of estimated cases that took more than 90 days for VARO staff to complete the adjustments. The OIG obtained the data from VBA's BDN.

Table 13 shows the projections of the estimated average days in the NWQ from the date VAROs established the adjustment through February 1, 2018, for veterans' cases pending.

Table 13: Summary of Projections and Confidence Intervals for Average Days in the NWQ for Claims Pending after Adjustment Established

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days in NWQ from date VARO established adjustment through February 1, 2018	202	44	159	246	14

Source: VA OIG statistician's projection of estimated average days in the NWQ for claims pending after adjustment was established. The OIG obtained the data from VBA's BDN.

Table 14 shows the projections of the estimated average days in the NWQ from the date VAROs established the adjustment through the date VARO staff completed the adjustments.

Table 14: Summary of Projections and Confidence Intervals for Average Days in the NWQ for Adjustments Completed

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days in NWQ from date VARO established adjustment through date VARO completed adjustment	165	61	103	226	12

Source: VA OIG statistician's projection of estimated average days in the NWQ for adjustments completed. The OIG obtained the data from VBA's BDN.

Table 15 shows the projections of the estimated average days in the NWQ from the date VAROs established the adjustment through February 1, 2018, for pending adjustments or the date VARO staff completed the adjustments.

Table 15: Summary of Projections and Confidence Intervals for Average Days in the NWQ for Total Estimated Cases with Adjustments Pending and Completed

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Average days in NWQ for total estimated cases with adjustments pending and completed	185	36	149	221	26

Source: VA OIG statistician's projection of estimated average days in the NWQ for the total estimated cases with adjustments pending and completed. The OIG obtained the data from VBA's BDN. Table 16 shows the projections of the estimated new DEA participants' claims with correctly calculated payment amounts.

Table 16: Summary of Projections and Confidence Intervals for Estimated Cases with Correctly Calculated Payment Amounts for New DEA Participants

Result	Projection	Margin of error	Lower limit 90% confidence interval	Upper limit 90% confidence interval	Sample size
Cases with correctly calculated new DEA participant payment amounts	16,515 (96.7%)	408 (2.4%)	16,106 (94.3%)	16,923 (99.1%)	145

Source: VA OIG statistician's projection of estimated cases in which VCEs correctly calculated new DEA participant payment amounts. The OIG obtained the data from VBA's BDN.

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

Recommendation	Explanation of benefits	Better use of funds	Questioned costs
1-4	The OIG estimated that if VBA staff continue to delay the processing of DEA-related compensation benefits as identified in this audit and to generate overpayments through the duplication of benefits, based on payment rates in effect at the time of this audit, improper payments could balloon over a five-year period.	\$0	\$22.5 million
	Total	\$0	\$22.5 million

Appendix D: Management Comments

Department of Veterans Affairs Memorandum

Date: November 5, 2018

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report – Audit of VBA's Survivors' and Dependents' Educational Assistance Program
(Project No. 2018-01278-R4-0044)

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

1. Attached is VBA's response to the OIG Draft Report: Audit of VBA's Survivors' and Dependents' Educational Assistance Program.
2. Questions may be referred to Renetta Johnson, Sr. Program Analyst, Office of Program Integrity & Internal Controls at (202) 632-8699.

(Original signed by)

Paul R. Lawrence, Ph.D.

Attachment

Veterans Benefits Administration (VBA)

Comments on OIG Draft Report

Audit of VBA's Survivors' and Dependents' Educational Assistance Program

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

Recommendation 1: The Under Secretary for Benefits direct Compensation Service and Office of Field Operations to develop and implement processes and procedures that ensure monitoring of DEA Program electronic mailboxes and timely establishment of compensation adjustments.

VBA Response: Concur. The procedures for handling and processing the initial award of Dependents Educational Assistance (DEA) or education benefits from the regional processing office (RPO) to the regional office (RO) Chapter 35 mailbox is outlined in *Part III, Subpart iii, Chapter 6, Section B, Topic 3, Block a* of the M21-1, Adjudication Procedures Manual. The guidance in this section contains step-by-step instructions for handling e-mails from RPOs that notify an RO of an initial award of education benefits to a child (see *Attachment A*).

On October 18, 2018, the Office of Field Operations (OFO) issued guidance to ROs on the monitoring of the DEA Program electronic mailboxes and timely establishment of compensation adjustments, through no fewer than bi-monthly reviews of the mailbox (see *Attachment B*).

VBA requests closure of this recommendation.

Recommendation 2: The Under Secretary for Benefits direct Education Service to develop and implement an effective process to ensure receipt of DEA Program benefit notifications by VARO staff

VBA Response: Concur. Education Service will develop and implement procedures to ensure receipt of DEA program benefit notifications by VARO staff by the end of June 2019.

Target Completion Date: June 30, 2019.

Recommendation 3: The Under Secretary for Benefits ensure Compensation Service and Education Service develop electronic system functionality to identify cases with potential duplication of benefits when a dependent begins receiving DEA Program payments

VBA Response: Concur. Compensation Service and Education Service will develop a recurring report to identify cases with potential duplication of benefits when a dependent begins receiving DEA Program payments.

Target Completion Date: June 30, 2019

Recommendation 4: The Under Secretary for Benefits ensure the National Work Queue and Compensation Service assign cases with compensation adjustments to remove the school child allowance as soon as the cases are ready for processing.

VBA Response: Concur. The National Work Queue (NWQ) is working with Compensation Service to obtain a claim attribute that will readily identify these cases. Once this claim attribute is available, NWQ will create a business rule to assign cases with compensation adjustments to remove the school child allowance when they are ready for processing.

Target Completion Date: June 30, 2019

Recommendation 5: The Under Secretary for Benefits ensure Office of Field Operations takes prompt action to adjust benefits for cases in our sample where payment duplications had not been identified.

VBA Response: Concur. OFO worked with Compensation Service to obtain procedures to adjust benefits for cases where payment duplications had not been identified. OFO will assign these cases to the appropriate RO for action.

Target Completion Date: June 30, 2019

Request for Copies

OIG Note: VBA attachments A and B are not included in this report. Any request for copies of the attachments may be submitted to VA OIG's Release of Information Office.

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

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