



# Department of Veterans Affairs Office of Inspector General

---

## Combined Assessment Program Review of the VA Regional Office Oakland, California

## **Office of Inspector General**

### **Combined Assessment Program Reviews**

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

**To Report Suspected Wrongdoing in VA Programs and Operations  
Call the OIG Hotline – (800) 488-8244**

# Contents

	Page
<b>Executive Summary</b> .....	i
<b>Introduction</b> .....	1
Regional Office Profile .....	1
Objectives and Scope of the CAP Review .....	1
Follow-Up to Previous CAP Review Recommendations .....	2
<b>Results of Review</b> .....	3
Opportunities for Improvement .....	3
System Messages .....	3
Incarcerated Veterans .....	4
Fiduciary and Field Examination Activities .....	5
Employee Claims File Security .....	6
Benefits Delivery Network Security .....	7
Government Purchase Card Program .....	7
<b>Appendixes</b>	
A. Western Area Director Comments .....	9
B. Regional Office Director Comments .....	10
C. Monetary Benefits in Accordance with IG Act Amendments .....	18
D. OIG Contact and Staff Acknowledgments .....	19
E. Report Distribution .....	20

## Executive Summary

### Introduction

During the period, September 26–October 4, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office Oakland, CA. The regional office is part of the Veterans Benefits Administration (VBA) Western Area. The purpose of the review was to evaluate selected regional office operations, focusing on benefits claim processing and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to 250 employees.

### Results of Review

The CAP review covered nine activities. The regional office complied with selected standards in three activities:

- Automated Information Systems (AIS) Security
- Large Retroactive Payment Controls
- Vocational Rehabilitation and Employment (VR&E)

We identified six activities that needed additional management attention. To improve operations, we made the following recommendations:

- Improve the processing of Benefits Delivery Network (BDN) system messages.
- Promptly reduce benefit payments to incarcerated veterans.
- Promptly complete fiduciary field examinations and accountings.
- Improve security controls for sensitive claims files.
- Strengthen BDN access controls for sensitive veteran-relative files.
- Strengthen administrative controls over the Government Purchase Card Program.

This report was prepared under the direction of Ms. Janet Mah, Director, and Ms. Tamara Jacobson, CAP Review Team Leader, Los Angeles Audit Operations Division.

## **Western Area and Regional Office Directors Comments**

The Western Area and Regional Office Directors agreed with the CAP review findings and recommendations and provided acceptable improvement plans. (See Appendixes A and B, pages 9-17, for the full text of the Directors' comments.) We will follow up on the planned actions until they are completed.

*(original signed by:)*

JON A. WOODITCH  
Deputy Inspector General

## Introduction

### Regional Office Profile

**Organization and Programs.** The regional office provides compensation and pension (C&P), VR&E, and burial benefits to eligible veterans, dependents, and survivors who reside in northern California, except for the counties of Alpine, Lassen, Modoc, and Mono.<sup>1</sup> The regional office also operates a satellite office in Sacramento, CA that provides C&P and VR&E services. The estimated veteran population served by the regional office is 966,000.

During fiscal year (FY) 2004, the regional office authorized approximately \$1.1 billion in C&P payments and processed claims for 56,373 beneficiaries. As of September 30, 2005, the regional office had 2,351 participants in the VR&E program and provided fiduciary oversight for approximately 3,279 incompetent veterans and other beneficiaries.

**Resources.** In FY 2004, regional office general operating expenditures were about \$21.2 million. As of September 2005, the regional office had 258 full-time equivalent employees.

### Objectives and Scope of the CAP Review

**Objectives.** CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA health care and benefits services. The objectives of the CAP review are to:

- Conduct recurring evaluations of selected health care facility and regional office operations focusing on patient care, quality management, benefits, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

**Scope.** We reviewed selected benefits claim processing, financial, and administrative activities to evaluate the effectiveness of benefits delivery and general management controls. Benefits delivery is the process of ensuring that veterans' claims and requests for benefits and services are processed promptly and accurately. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met. The review covered

---

<sup>1</sup> The VA Regional Office in Reno, NV administers VBA benefits for eligible veterans and beneficiaries residing in Alpine, Lassen, Modoc, and Mono counties.

regional office operations from FY 2002 to FY 2005 through August 2005 and was done in accordance with OIG standard operating procedures for CAP reviews.

In performing the CAP review, we interviewed managers and employees, reviewed beneficiary files and financial and administrative records, and inspected work areas. The review covered the following nine activities:

Automated Information Systems Security	Incarcerated Veteran Benefit Adjustments
Benefits Delivery Network Security	Large Retroactive Payment Controls
Employee Claims File Security	System Messages
Fiduciary and Field Examinations	Vocational Rehabilitation and Employment
Government Purchase Card Program	

Activities needing improvement are discussed in the Opportunities for Improvement section (pages 3–8). In this report, we make recommendations for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. For the activities not discussed in the Opportunities for Improvement section, we did not identify any reportable deficiencies.

During the review, we also provided fraud and integrity awareness briefings to 250 regional office employees. These briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

## **Follow-Up to Previous CAP Review Recommendations**

As part of this review, we followed up on recommendations resulting from our prior CAP review of the regional office (*Combined Assessment Program Review of the VA Regional Office Oakland, California*, Report No. 01-02124-71, March 21, 2002). We found that the regional office needed to improve: C&P claims processing timeliness, benefit adjustments to hospitalized veterans, security over sensitive veteran-employee and veteran-relative claims files, management controls over BDN,<sup>2</sup> and AIS security.

Our September 2005 CAP review found improvements were still needed for controls over sensitive claims files and BDN security. The regional office has appointed a full-time Information Security Officer (ISO) to monitor security violations and ensure that users are assigned appropriate system access and sensitivity levels. However, improvements are still needed in the semi-annual reconciliations of sensitive locked files and the processing of benefits certifications to ensure veteran-relative files are electronically locked in BDN. (See Opportunities for Improvement section, page 7.)

---

<sup>2</sup> BDN is VBA's main automated processing system for all C&P awards and related actions. BDN contains C&P master record information for all veterans and beneficiaries and generates the information needed to issue benefit payments.

## Results of Review

### Opportunities for Improvement

#### System Messages – Processing of Benefits Delivery Network System Messages Needed Improvement

**Condition Needing Improvement.** Veterans Service Center (VSC) staff did not promptly process BDN system messages and properly adjust awards. The BDN system generates various system and diary messages indicating that benefit adjustments or record corrections are needed. If veterans and beneficiaries do not submit dependency status questionnaires when required, BDN generates error messages. VBA policy requires regional offices to take initial action on these system messages within 7 days of receipt. When follow-up actions show that award adjustments are not needed, VSC staff are required to date, initial, and annotate on the system message what actions have been taken.

We reviewed a sample of 160 BDN system messages generated for the 3-month period June–August 2005 to determine if appropriate follow-up actions and award adjustments had been made. VSC staff had not processed 132 (82 percent) of the system messages thus creating possible overpayments of about \$3.6 million. The remaining 28 (18 percent) system messages did not require benefit adjustments; however, many had no annotations to show that they had been reviewed or that any follow-up actions had been taken. The Triage Team Coach responsible for system message processing stated that a staffing shortage and higher workload priorities had prevented staff from promptly processing the messages and adjusting the awards.

**Recommendation 1.** We recommended that the Western Area Director ensure that the Regional Office Director requires VSC staff to promptly process BDN system messages and, where appropriate, adjust benefit payments.

The Western Area and Regional Office Directors agreed with the findings and recommendations and reported that controls had been implemented to ensure system messages (write-outs) are reviewed within 7 days of receipt; all write-outs are processed, and have appropriate dates, initials and annotations; write-outs are accurately drop-filed inside claims folders; and actions are taken to immediately process cases that have been identified for possible award adjustments. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.



## **Incarcerated Veterans – Benefit Payments Needed To Be Promptly Reviewed and Adjusted**

**Condition Needing Improvement.** VSC management needed to improve the timeliness of benefit payment reviews and adjustments for incarcerated veterans. Under Federal law, a veteran or beneficiary imprisoned in a Federal, State, or local penal institution within the United States is subject to a reduction or discontinuance of C&P benefits. VA has agreements with the Bureau of Prisons (BOP) and the Social Security Administration (SSA) under which VA is provided periodic listings of inmates who may also be VA beneficiaries. VBA policy requires VSC staff to review these listings and reduce benefit payments for veterans or beneficiaries who have been incarcerated more than 60 days and who meet benefit adjustment criteria.

For the period May 2004–August 2005, VSC had 6 BOP and 14 SSA listings that showed 444 inmates identified as possible VA beneficiaries. These listings are periodically generated based on system matching and sent to the regional office of jurisdiction. A comparison of these listings with the BDN Master Records confirmed that 240 (54 percent) of the 444 inmates were veterans or other beneficiaries whose C&P benefits may have required adjustment. Review of the claims files showed 84 (35 percent) of the 240 veterans or other beneficiaries required due process or the finalization of benefit reductions. Eighty of these 84 beneficiaries may have received overpayments.

If VSC confirms the incarceration of these 80 beneficiaries through the end of September 2005, and there are no apportionments for dependents, overpayments could total as much as \$574,518. Prompt action to review and adjust benefit payments for incarcerated veterans and beneficiaries could prevent or significantly reduce overpayments. The VSC Post-Determination Coach stated that due to a shortage of staff and higher workload priorities within VSC, they had been unable to promptly review incarcerated veteran information and complete related benefit adjustments.

**Recommendation 2.** We recommended that the Western Area Director ensure that the Regional Office Director requires that (a) VSC staff promptly review SSA and BOP listings and initiate due process for incarcerated veterans or beneficiaries and (b) where appropriate, promptly reduce benefits and process related apportionment claims.

The Western Area and Regional Office Directors agreed with the findings and recommendations and reported that specific VSC Post-Determination Team members, including a Super Senior Veterans Service Representative, have been assigned responsibility for the processing of SSA and BOP listings, the initiation of due process, and the processing of related benefit reductions and apportionments. By January 31, 2006, designated staff was to be trained on workload management review and other processes needed to effectively carryout these new responsibilities. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## **Fiduciary and Field Examination Activities – Timeliness of Field Examinations and Accountings Needed Improvement**

**Conditions Needing Improvement.** VSC management needed to ensure that Fiduciary & Field Examination (F&FE) staff improved the timeliness of field examinations and accountings. VBA policy requires F&FE staff to conduct an initial appointment examination within 45 days of receiving notification that a veteran or beneficiary has been declared incompetent. Subsequent field examinations can be scheduled from 1 to 3 years later, depending on the veteran's physical or mental condition and living environment, but it must be completed within 120 days of the scheduled date.

In order to further protect the interests of incompetent veterans and beneficiaries, F&FE staff are required to monitor the fiduciaries' management of the veterans' and beneficiaries' estates. Fiduciaries are required to submit periodic accountings that list the veterans' or beneficiaries' assets, income, and expenses, and F&FE staff are required to analyze these accountings within 14 days of receipt. If a fiduciary does not submit a required accounting within 90 days of its due date, F&FE staff must refer the case to a field examiner, the OIG, or the VA Regional Counsel for follow-up. We reviewed a sample of 15 Principal Guardianship Folders (PGFs) and found that improvements were needed in 2 areas.

Timeliness of Field Examinations. As of July 31, 2005, the "Completed Field Examinations" report from VBA's automated Fiduciary-Beneficiary System showed that 41 (38 percent) of 108 field examinations were not completed within 120 days of the scheduled dates. Our review of 15 PGFs confirmed this condition and identified 6 field examinations which had not been completed within the required timeframe.

Timeliness of Accountings. As of July 31, 2005, the "Completed Accountings" report from VBA's automated Fiduciary-Beneficiary System showed that 52 (76 percent) of 68 accountings were not analyzed within 14 days of receipt. Two fiduciary accounting reviews from our sample of 15 PGFs exceeded the required timeframe by more than 45 days, and the timeliness of 1 fiduciary accounting review could not be evaluated because the date of analysis was not documented.

The VSC Manager stated that the timeliness problems relating to field examinations and reviews of accountings were due to a high backlog of required examinations and limited F&FE staffing.

**Recommendation 3.** We recommended that the Western Area Director ensure that the Regional Office Director requires that F&FE staff complete field examinations and analyze accountings within required timeliness standards.

The Western Area and Regional Office Directors agreed with the findings and recommendations and reported that changes in F&FE workload priorities and staff

schedules have been implemented to reduce accountings over 60 days and to increase the number of accountings that are closed per month. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## **Employee Claims File Security – Controls for Sensitive Claims Files Needed Improvement**

**Conditions Needing Improvement.** VSC management needed to properly identify and secure sensitive claims files. Regional offices are required to transfer sensitive claims files to VBA-designated offices of jurisdiction in order to protect personal information; prevent potential misuse arising from improper access, destruction, or modification of records; and eliminate real or perceived conflicts of interest in determining benefit entitlements. The regional office is the office of jurisdiction for the Los Angeles VA Regional Office's sensitive claim files. We reviewed a sample of 30 sensitive claims files, and we identified two areas in need of improvement.

Semi-Annual Reconciliations of Sensitive Locked Files. The VSC Manager did not perform required semi-annual reconciliations of sensitive locked files scheduled for January and July 2005. This is a repeat finding from our prior CAP review of the regional office. VBA policy requires regional offices that maintain sensitive locked files to perform semi-annual reconciliations in order to ensure that the files are properly secured with appropriate access controls.

Identification of Sensitive Claims Files. VSC managers did not properly identify all sensitive claims files. VBA policy requires VA Form 20-0344a, "Notification of an Employee or Employee-Relative Claims File," to be placed in each veteran-employee or veteran-relative claims file. This form readily identifies the file as a sensitive file, which needs to be secured in a locked cabinet and maintained separately from non-sensitive claims files. Two of the 30 reviewed sensitive claims files did not contain this required form.

**Recommendation 4.** We recommended that the Western Area Director ensure that the Regional Office Director requires that the VSC Manager (a) performs the semi-annual reconciliations of sensitive locked files and (b) ensures that all sensitive claims files contain the required identification form.

The Western Area and Regional Office Directors agreed with the findings and recommendations and reported that the regional office is working to ensure that sensitive files from the Los Angeles VA Regional Office are all properly accounted for and secured and that it is on schedule to complete the semi-annual reconciliations of sensitive locked files by January 31 and July 31, 2006. In addition, all sensitive files now have the required VA Form 20-0344a. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## **Benefits Delivery Network Security – Veteran-Relative Files Needed to Be Locked**

**Condition Needing Improvement.** VBA requires regional offices to implement controls that prevent unauthorized access to BDN and the misuse of related sensitive veteran and beneficiary data. VBA policy requires all employees to complete an “Annual Certification of Veteran Status and Veteran-Relative” (VA Form 20-0344). The ISO is required to review these certifications, query BDN to verify the employees’ and relatives’ status as veterans, and add the identified veteran-employees and veteran-relatives to the regional office’s sensitive file list. Claim files placed on the sensitive file list are electronically locked in BDN to prevent employees from accessing their own files and the files of their relatives and co-workers.

From the 33 certifications submitted by new hires for the 12-month period August 26, 2004, to August 26, 2005, 6 veteran-relatives had not been added to the sensitive file list so that their files could be locked in BDN. The ISO placed a “Notification of an Employee or Employee-Relative Claims File” (VA Form 20-0344a) in the six veteran-relatives’ claims files, but did not add them to the sensitive file list due to an oversight while processing the certifications for a large number of new hires who arrived on the same day.

**Recommendation 5.** We recommended that the Western Area Director ensure that the Regional Office Director requires the ISO to add all identified veteran-relatives to the sensitive file list and electronically lock their files in BDN.

The Western Area and Regional Office Directors agreed with the findings and recommendations and reported that as required on January 10, 2006, the regional office collected the “Annual Certification of Veterans Status and Veteran-Relative” (VA Form 20-0344) from each employee. The ISO then added all the identified veteran-relatives to the sensitive file list and electronically locked the files in BDN. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## **Government Purchase Card Program – Controls Needed To Be Strengthened**

**Conditions Needing Improvement.** Finance Division management and the Purchase Card Coordinator (PCC) needed to strengthen controls over the administration of the Government Purchase Card Program. From October 2003 to July 2005, 35 cardholders made 2,249 purchases totaling \$1,853,819. We reviewed samples of purchase card transactions from this period and determined that improvements were needed in two areas.

Billing and Purchase Documentation. Regional office purchase cardholders did not maintain adequate documentation for purchase card transactions. VA policy requires the

retention of supporting documentation to verify the receipt of goods and services and to certify payments. Our review of 20 purchase card transactions totaling \$76,312 identified 3 transactions totaling \$17,895 that had been certified for payment even though the cardholders lacked the required supporting documentation.

Split Purchases. VA policy prohibits cardholders from splitting purchases to avoid the purchase card spending limits that have been established for each cardholder. Our review of 40 purchase card transactions totaling \$56,858 identified 4 purchases totaling \$14,430 where the cardholders had split the purchases into 8 transactions in order to avoid their purchase card spending limits. For example, a cardholder, whose limit was \$5,000, split an \$8,640 copier paper purchase into two \$4,320 transactions.

**Recommendation 6.** We recommended that the Western Area Director ensure that the Regional Office Director requires that cardholders (a) maintain supporting documentation needed to verify the receipt of goods and services and to certify payments and (b) do not split purchases to circumvent purchase card spending limits.

The Western Area and Regional Office Directors agreed with the findings and recommendations and reported that cardholders have been directed to maintain supporting documentation needed to verify the receipt of goods and services and reminded of the prohibition against splitting purchases. Voucher audit controls have also been implemented to ensure cardholders maintain supporting documentation and to monitor and flag purchases to ensure cardholders are not exceeding their single purchase spending limits. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## Western Area Director Comments

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** January 26, 2005  
**From:** Director, Western Area Office (20F4)  
**Subject:** VA Regional Office Oakland, California  
**To:** Director, Los Angeles Audit Operations Division (52LA)

I reviewed the Draft Report of the CAP review VA Regional Office (RO) Oakland. As the Western Area Director, I appreciate your feedback from the review.

Attached are the Regional Office's implementation plans for your recommendations. We will work with the Regional Office to ensure all open remaining actionable plans are implemented. I have noted that the set target dates from the RO are ambitious and I intend to insure they meet the target completion dates.

Again, thank you for your review. If you have any questions, please do not hesitate to contact me at (602) 627-2746.

Thank you,

*(original signed by:)*  
Diana M. Rubens

Western Area Director

## Regional Office Director Comments

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** January 25, 2006  
**From:** Director, VA Regional Office Oakland California (343/00)  
**Subject:** VA Regional Office Oakland, California  
**To:** Director, Los Angeles Audit Operations Division (52LA)

1. The purpose of this letter is to provide our response to the Draft Report of the Combined Assessment Program Review of January 5, 2006.
2. We appreciate the professional manner in which the survey was conducted. The draft report accurately reflects the findings and discussions held during the review. We concur with the findings and recommendations and have provided specific implementation plans to address the issues raised.
3. If you need further information, please contact Rachel Pennington, Assistant Veteran Service Center Manager at (510) 637-6433.

*(original signed by:)*

C.L. Smith

Director

## **Director's Comments to Office of Inspector General's Report**

The following Director's comments are submitted in response to the recommendations in the Office of Inspector General Report:

### **OIG Recommendations**

**Recommendation 1.** We recommend that the Western Area Director ensure that the Regional Office Director requires VSC staff to promptly process BDN system messages and, where appropriate, adjust benefit payments.

Concur                      **Target Completion Date:** May 1, 2006

We implemented the following action plan, which includes specific countermeasures to ensure we:

- Review system messages (write-outs) within 7 days of receipt
- All write-outs are processed, and have appropriate dates, initials, and annotations
- Accurately drop-file write-outs inside claims folders
- Take action to immediately process cases already identified for possible award adjustments

### **Action Plan**

- A specific employee (Super Senior VSR) in the Triage Team is now responsible for monitoring all incoming BDN system messages, to ensure these messages are reviewed within 7 days. This employee will work in concert with another employee (VSR) who will process these system messages.



- Training on system messages for Triage supervisors and VSRs has been scheduled for January 31, 2006. Training will focus on processing procedures, as well as address problem areas discussed in the draft CAP report.
- All system messages processed by VSRs without the claims folder that requires no other processing action will be routed to the Super Senior for review. The Super Senior will screen these messages to ensure the VSRs are dating, initialing and annotating action(s) taken.
- The Super Senior will coordinate with the Triage Asst. Coach to ensure the messages are immediately routed, attached or dropped in the appropriate claims file.
- Cases identified in the draft CAP report requiring possible award adjustment will be processed immediately. Two employees (VSRs) have been assigned responsibility for completing this project; Triage Team supervisors have oversight responsibility. EP controls as well as due process letters sent on cases identified in the report were sent to veterans. The expected date of completion of this project is May 1, 2006.

**Recommendation 2.** We recommend that the Western Area Director ensure that the Regional Office Director requires that (a) VSC staff promptly review SSA and BOP listings and initiate due process for incarcerated veterans or beneficiaries and (b) where appropriate, promptly reduce benefits and process related apportionment claims.

Concur                      **Target Completion Date:** May 1, 2006

As of January 23, 2006 the overpayments for the 80 beneficiaries could total \$579,682.00 and not \$574,518 noted in the report. In response to this finding, we have implemented the following action plan to ensure a prompt review of SSA and BOP listings and adjust awards, as needed.

- Management has assigned responsibility for this “project” to specific employees in the Post-Determination Team. Lists are delivered directly to the primary VSR assigned to this project. The VSR reviews the lists and immediately scans the individual sheets into Virtual VA for record keeping purposes. The sheets for pension only cases are also immediately mailed to the Pension Maintenance Center. Development actions for those cases that may involve a reduction in service-connected compensation are begun immediately. WIPP is reviewed weekly to determine on which cases can be acted upon.

- Strengthened oversight by assigning Super Senior VSR responsibility for overseeing this project and providing technical guidance to VSRs assigned to the project. The Super Senior VSR will provide monthly status reports to the Post-Determination Team Coach.

- Physically re-located all case files that are part of this review to a central location within the Post-Determination Team.

- Management will ensure training is provided to all employees assigned to this project, to include training on workload management (WIPP) reviews. We will complete all necessary training for these cases by January 31, 2006.

- The 80 cases identified for action by the CAP team require additional information or clarification from the institution. After taking into consideration delay times we normally encounter during processing these cases, we expect to fully resolve these 80 cases by May 1, 2006.

**Recommendation 3.** We recommend that the Western Area Director ensure that the Regional Office Director requires that F&FE staff complete field examinations and analyze accountings within required timeliness standards.

Concur  
30, 2006

**Target Completion Date:** September

With the addition of F&FE staff, timeliness of field examinations completed has steadily improved from a low of 62 percent late in FY 2004 to 38 percent late as of July 31, 2005 as noted in the report. The January 23, 2006 “Completed Field Examinations” report from VBA’s automated Fiduciary-Beneficiary System showed that while 24 (48 percent) of 50 field examinations were not completed within 120 days of the scheduled date, there were only 112 (33 percent) of 337 field examinations pending completion more than 120 days after the scheduled date. As the percentage of cases pending completion continues to improve, we anticipate meeting the 8 percent timeliness standard for all field exams completed by the end of FY 2006.

In October 2005, an action plan was created to deal with the overdue accountings with a specific focus on reducing accountings that were over 60 days old. As a result, overdue accountings have improved from 208 as of October 2005 to 108 as of January 23, 2006, a reduction of 48 percent. We have also achieved a significant increase in the number of accountings closed per month. On average, we closed 47 accountings per month in FY 2005. By comparison, in the 1st quarter FY 2006 we closed 73 accountings per month.

#### Action Plan

- As of 10/07/06, changes were made to the F&FE staff work schedule to permit more time to deal with overdue accountings. Specifically, F&FE staff now receive incoming telephone calls between the hours of 1–4 pm.
- F&FE staff made a commitment to closing two accountings per day, except for a few days at the beginning and end of each month. F&FE staff’s focus at the beginning of the month is assignment of new fiduciary beneficiaries and at the end of the month to close field exams.
- F&FE staff are committed to focusing on Federal accountings over court accountings since the former has the most likely chance of problems.

F&FE staff are also committed to working overtime when needed. Two of the three F&FE staff assigned in this area have worked overtime regularly.

As of January 23, 2006, 108 (83.7 percent) of 129 accountings were still not reviewed within the standard of 14 days. However, as the total quantity of accountings pending continues to decrease and the quantity completed continues to increase, we anticipate being able to analyze accountings within 14 days by the end of FY 2006.

**Recommendation 4.** We recommend that the Western Area Director ensure that the Regional Office Director requires that the VSC Manager (a) perform the semi-annual reconciliation of sensitive locked files and (b) ensure that all sensitive claims files contain the required notification form.

Concur **Target Completion Date:** January 31, 2006

The Oakland Regional Office no longer has responsibility for Honolulu sensitive files; as requested by C&P Service, all of the Honolulu sensitive files were transferred to the San Diego Regional Office, which now has responsibility for keeping these sensitive files in locked files.

We continue to function as the office of jurisdiction for the Los Angeles Regional Office's sensitive claims files. As such, we are currently working with the Los Angeles Regional Office to ensure all of their sensitive files are properly accounted for and secured in Oakland's locked files.

We are also working with Reno Regional Office to ensure that all of Oakland's sensitive files are transferred and secured in Reno. We are currently working with the Information Security Officers (ISOs) from each of these offices – Oakland, Los Angeles, and Reno – to complete this semi-annual reconciliation of locked files. We are on target to complete our semi-annual reconciliation of locked files by January 31, 2006.

As noted in the CAP Report, we expect to complete the next semi-annual reconciliation of locked files by July 31, 2006.

The CAP Report also noted that two of the 30 sensitive claims files did not contain the required VA Form 20-0344a. We have corrected this problem. All sensitive files now have this form in the claims file.

**Recommendation 5.** We recommend that the Western Area Director ensure that the Regional Office Director requires the ISO to add all identified veteran-relatives to the sensitive file list and electronically lock their files in BDN.

Concur                      **Target Completion Date:** January 10, 2006

As required, on January 10, 2006, the Oakland Regional Office collected the “Annual Certification of Veterans Status and Veteran-Relative” (VA Form 20-0344) from each employee. The ISO then added all the identified veteran-relatives to the sensitive file list and electronically locked the files in BDN.

**Recommendation 6.** We recommend that the Western Area Director ensure that the Regional Office Director requires that cardholders (a) maintain supporting documentation needed to verify the receipt of goods and services and to certify payment and (b) do not split purchases to circumvent purchase card spending limits.

Concur                      **Target Completion Date:** January 31, 2006

Purchase cardholders have been directed to maintain supporting documentation verifying the receipt of goods and services procured using their Government purchase cards. Voucher Examiners have been directed to ensure such documentation is of record when auditing payments.

All credit card holders have been reminded that they are expressly prohibited from splitting purchases in order to circumvent credit card spending limits. Our Voucher Audit activity has instituted a new process of flagging all purchases made from the same vendor, on the same date, which total more than the cardholders established single purchase spending limit. Such purchases will be closely monitored. In addition, a review on the monthly Citibank Activities Report will be performed by the Finance Officer to detect any split-order purchases with the review being completed by January 31, 2006. We plan on strongly reemphasizing the prohibition on split purchases during cardholder refresher training scheduled to take place later this year.

## Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1	Benefit adjustments resulting from system messages should be processed.	\$3,649,194
2	Benefit payments to certain veterans who were incarcerated should be reduced.	574,518
	Total	\$4,223,712

## OIG Contact and Staff Acknowledgments

---

OIG Contact	Janet Mah (310) 268-4335
-------------	--------------------------

---

Acknowledgments	Gregory Gladhill Andrew Hamilton Tamara Jacobson Rosetta Kim Tae Kim Michael Seitler
-----------------	---



## Report Distribution

### VA Distribution

Office of the Secretary  
Veterans Benefits Administration  
Assistant Secretaries  
General Counsel  
Director, Western Area Office  
Director, VA Regional Office Oakland, CA

### Non-VA Distribution

House Committee on Veterans' Affairs  
House Appropriations Subcommittee on Military Quality of Life and Veterans Affairs  
House Committee on Government Reform  
Senate Committee on Veterans' Affairs  
Senate Appropriations Subcommittee on Military Construction and Veterans Affairs  
Senate Committee on Government 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: Dennis Cardoza, Jim Costa, John T. Doolittle,  
Anna G. Eshoo, Sam Farr, Wally Herger, Mike Honda, Tom Lantos, Barbara Lee,  
Zoe Lofgren, Dan Lungren, Doris Matsui, George Miller, Devin Nunes, Nancy Pelosi,  
Richard W. Pombo, George P. Radanovich, Fortney Stark, Ellen O. Tauscher,  
Mike Thompson, Lynn C. Woolsey

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.