



# **Department of Veterans Affairs Office of Inspector General**

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## **Combined Assessment Program Review of the VA Regional Office Baltimore, Maryland**

## **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.

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## **Executive Summary**

### **Introduction**

During the week of February 7–11, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Regional Office (VARO) Baltimore, MD. The purpose of the review was to evaluate selected regional office operations, focusing on benefits claims processing and financial and administrative controls. The regional office is under the jurisdiction of the Veterans Benefits Administration's (VBA's) Eastern Area. During the review, we also provided fraud and integrity awareness training to 53 employees.

### **Results of Review**

The CAP review focused on eight operational activities. The regional office complied with selected standards in three activities:

- Benefits Delivery Network (BDN) Security
- Large Retroactive Payment Controls
- Payments to Incarcerated Veterans

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

- Properly reduce compensation and pension (C&P) benefits payments for veterans hospitalized for extended periods at Government expense.
- Maintain control of vocational rehabilitation and employment (VR&E) cases and improve case management documentation.
- Strengthen controls over the Government purchase card program.
- Properly identify and secure sensitive claims folders.
- Strengthen controls for protecting information technology (IT) resources and data.

The report was prepared under the direction of Mr. Michael E. Guier, Director, and Mr. Jehri Lawson, CAP Review Coordinator, Dallas Audit Operations Division.

## **Area and Regional Office Director Comments**

The Eastern Area and Regional Office Directors agreed with the CAP review findings and recommendations and provided acceptable improvement plans. (See pages 11–20 for the full text of the Directors’ comments.) We will follow up on the implementation of the planned improvement actions.

*(original signed by:)*

JON A. WOODITCH  
Acting Inspector General

## Introduction

### Regional Office Profile

**Organization and Programs.** The regional office provides C&P, VR&E, and burial benefits to eligible veterans, dependents, and beneficiaries residing in Maryland. The regional office serves a veteran population of about 484,000. Within the regional office's jurisdiction, approximately 40,000 veterans and survivors are receiving C&P benefits, and about 1,500 veterans are receiving VR&E services.

**Resources.** The regional office's general operating expenditures were about \$10 million in fiscal year (FY) 2004. At the end of FY 2004, the regional office had 125.6 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 claims processing, financial, and administrative activities to evaluate the effectiveness of benefits delivery and general management controls. Benefits delivery is the process of ensuring veterans' claims and requests for benefits or 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.

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 facility operations for FY 2004 and FY 2005 through January 2005 and was done in accordance with OIG standard operating procedures for CAP reviews.

The review covered the following activities:

BDN Security	Large Retroactive Payment Controls
C&P Hospitalization Adjustments	Payments to Incarcerated Veterans
Government Purchase Card Program	Security of Sensitive Records
IT Security	VR&E Program

During the review, we also provided fraud and integrity awareness training to 53 regional office employees. The training covered procedures for reporting suspected criminal activities to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

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 activities not discussed in the Opportunities for Improvement section, there were no reportable deficiencies.

## Results of Review

### Opportunities for Improvement

#### Compensation and Pension Claims Processing – Payments to Hospitalized Veterans Needed To Be Reduced

**Condition Needing Improvement.** Veterans Service Center (VSC) personnel did not properly reduce C&P payments to veterans hospitalized for extended periods of time at Government expense.

In certain situations, Federal law requires reduction of C&P payments to hospitalized veterans. For example, payments to veterans who are entitled to an aid and attendance allowance in addition to their regular disability pension or compensation benefits generally must be reduced to the lower housebound rate if the veterans are hospitalized at Government expense for a period exceeding 1 full calendar month. To identify situations requiring hospital adjustments, VBA policy requires VSC personnel to review reports in the Automated Medical Information Exchange (AMIE) System monthly to become aware of veterans who were admitted to VA medical facilities or VA contract nursing homes.

At our request, the VA Maryland Health Care System and the VA medical centers in Washington, DC, and Martinsburg, WV, identified 167 veterans who had been continuously hospitalized at Government expense for 90 days or more as of December 21, 2004. We compared the information provided by these medical facilities with the C&P records for the 167 veterans and found that C&P payments to 16 of the veterans needed to be reduced. These veterans had been overpaid a total of \$371,355 while hospitalized at Government expense. Benefit payments had not been reduced because VSC personnel overlooked relevant information in claims folders and in the AMIE System regarding the veterans' hospitalizations. As a result of our review, VSC personnel reduced C&P payments to the 16 veterans.

**Recommendation 1.** We recommended that the Regional Office Director ensure that: (a) refresher training emphasizing the importance of reviewing medical information in claims folders and in the AMIE System to identify situations requiring hospital adjustments is provided to VSC personnel and (b) VSC personnel properly process hospital adjustments to prevent overpayments.

The Eastern Area and Regional Office Directors agreed with the finding and recommendations and reported that refresher training will be given to VSC personnel by July 1, 2005, and that the regional office will verify that VSC personnel are properly processing hospital adjustments during its Systematic Analysis of Operations. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.



## **Vocational Rehabilitation and Employment Program – Control of Cases and Documentation Needed Improvement**

**Condition Needing Improvement.** VR&E case managers did not maintain appropriate control of veterans' cases and adequately document decisions to place veterans in rehabilitated status.

The VR&E program provides services and assistance enabling certain veterans to obtain and maintain suitable employment. Veterans participating in the VR&E program are assigned case managers, who oversee their cases and assist them through the different phases of the program.

Case managers use two separate automated systems, the Chapter 31 Case Status System (the Case Status System) and the WINRS<sup>1</sup> System, to manage their case workloads and produce management reports. Case managers assign each program participant to a specific case status as they progress through the rehabilitation process. Generally, veterans pursuing higher education or other training should move sequentially from applicant status through evaluation and planning status, rehabilitation to the point of employability status, employment services status, and rehabilitated status. When veterans complete their training programs or employment services programs and obtain gainful employment, they are classified as rehabilitated. Veterans who temporarily stop their programs but plan to restart in the near future are placed in interrupted status, while veterans who leave the VR&E program without being classified as rehabilitated are placed in discontinued status.

To evaluate the effectiveness of VR&E case management, we reviewed 20 cases, including 5 each from the applicant status, evaluation and planning status, rehabilitation to the point of employability status, and rehabilitated status. We identified two issues requiring management attention.

Control of Veterans' Cases Not Maintained. VBA policy requires that case managers record accurate information in the WINRS and Case Status Systems so they can track and manage their cases locally and VBA can monitor the effectiveness of VR&E programs at its regional offices.

We found two cases where case managers did not maintain appropriate control:

- A case manager placed a veteran's case into evaluation and planning status on May 23, 2003. The case remained in this status for 624 days until February 4, 2005, when it was moved into interrupted status. Although VBA's goal is to move program participants from evaluation and planning status to rehabilitation to the point of

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<sup>1</sup> WINRS is a VR&E case management system. Its name is derived from the first initials of the regional offices where it was piloted: Winston-Salem, NC; Indianapolis, IN; Newark, NJ; Roanoke, VA; and Seattle, WA.

employability status within 120 days, the case manager had not contacted the veteran since May 23, 2003.

- A case manager placed a veteran's case into evaluation and planning status on May 13, 2003. At the time of our review, the veteran had been in that status for 596 days. Documentation in the veteran's Counseling, Evaluation, and Rehabilitation (CER) folder showed that the veteran was placed in extended evaluation status on September 9, 2004. However, the case manager had not contacted the veteran since May 13, 2003, and had not recorded the program status change in the WINRS and Case Status Systems.

Case managers need to remain in frequent contact with veterans to ensure that they are receiving timely and beneficial services. In addition, the WINRS and Case Status Systems need accurate program information so that case managers can effectively monitor veterans' progress in the VR&E program.

Case Management Documentation Not Adequate. Case managers did not maintain adequate documentation supporting decisions to place veterans in rehabilitated status. Case managers are responsible for developing, implementing, and documenting veterans' rehabilitation plans. As part of their responsibilities, case managers must maintain appropriate documentation related to the veterans' rehabilitation in the CER folders. We found that the documentation the case managers maintained in CER folders did not adequately support decisions placing three of five veterans in rehabilitated status. For example, a veteran entered the VR&E program on October 17, 2003, with a goal of obtaining employment as a security guard or correctional officer. The veteran declined training and requested only job placement services. On March 1, 2004, the veteran obtained employment as a school custodian. Subsequently, the case manager developed an "Individualized Employment Assistance Plan" for the veteran on March 18, 2004. The veteran's case was transferred from evaluation and planning status to employment services status on March 25, 2004. The case manager classified the veteran as rehabilitated with a job placement date of September 29, 2004, based on the veteran's job as a school custodian. The veteran was placed in rehabilitated status based on his employment in a job he had obtained prior to receiving employment services. In addition, his employment as a school custodian was outside the scope of his rehabilitation goal.

**Recommendation 2.** We recommended that the Regional Office Director require case managers to: (a) remain in frequent contact with veterans participating in the VR&E program, (b) ensure that program data in the WINRS and Case Status Systems accurately reflects the status of veterans' cases, and (c) maintain adequate documentation to support decisions to place veterans in rehabilitated status.

The Eastern Area and Regional Office Directors agreed with the finding and recommendations and reported that refresher training was given to all case managers

emphasizing the importance of remaining in frequent contact with veterans, file documentation, and properly updating all systems to ensure that program data is accurate. The VR&E Officer will continuously monitor case management and conduct monthly quality reviews of selected cases to ensure that case managers are in compliance with the case management requirements. Immediate feedback and corrective training will be given to case managers when needed. In addition, the regional office has hired two administrative support personnel to allow case managers more time to perform their duties. 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**

**Condition Needing Improvement.** Regional office managers needed to strengthen controls over the Government purchase card program.

As part of our review of the VR&E program, we evaluated the effectiveness of management controls designed to detect inappropriate purchases made by VR&E employees using their Government purchase cards. The purchase card program included 2 approving officials and 11 VR&E cardholders, who made about \$265,000 in purchases during FY 2004. Although there were 81 billing statements associated with these purchases, the billing official only had 52 billing statements in his files.

Purchases Not Reconciled and Certified Promptly. Cardholders did not reconcile their purchases and approving officials did not certify reconciled purchases promptly. VBA policy requires that cardholders reconcile their purchases within 10 working days of receipt of the billing statement and that approving officials certify that the reconciled purchases were proper and legal within 14 working days. To show that they are meeting this standard, cardholders and approving officials stamp the date of receipt on the billing statement and sign and date the statement when they have finished reconciling and certifying the purchases. During FY 2004, cardholders did not reconcile 14 (27 percent) of 52 billing statements within 10 working days. Similarly, approving officials did not certify 20 (38 percent) of 52 billing statements within 14 working days. In addition, 21 (40 percent) of 52 billing statements were missing some or all of the required signatures and dates.

Audits Not Effective. The billing official did not perform effective audits of billing statements. VBA policy requires that a billing official perform an audit of each billing statement. In addition, the billing official is responsible for maintaining a file of the statements and supporting documentation and for notifying the appropriate approving official when discrepancies are identified. The billing official did not identify obvious reconciliation and certification discrepancies in 23 (44 percent) of the 52 statements audited. For example, the billing official received a December 2003 statement from an approving official on August 31, 2004 (approximately 8 months late). Although neither

the cardholder nor the approving official had annotated the statement with the date they completed the reconciliation and certification, the billing official's audit showed that the approving official had certified the statement within the 14-day standard. Moreover, 29 additional statements were missing from the billing official's files because the approving officials never submitted the statements for audit.

Purchases Not Recorded and Receipts Not Verified. VR&E cardholders did not properly record their purchases in the WINRS System and ensure that veterans actually received the items purchased. VBA policy requires all VR&E purchases to be recorded in the WINRS System at the time orders are placed. It also requires cardholders to verify that veterans received the items purchased. To determine whether these management controls were operating effectively, we reviewed 20 purchases of personal computers made by VR&E cardholders between December 2003 and October 2004. At the time of our review, only 3 of the 20 purchases were recorded in the WINRS System, and 2 of these purchases were entered into the system 4 and 6 months after the orders were placed. In addition, documentation in the CER folders only confirmed that 3 of the 20 veterans received the personal computers.

**Recommendation 3.** We recommended the Regional Office Director ensure that: (a) cardholders reconcile and approving officials certify purchases timely, (b) approving officials submit all billing statements to the billing official for audit, (c) the billing official performs effective audits of the billing statements and notifies approving officials when discrepancies are identified, (d) cardholders record purchases in the WINRS System at the time orders are placed, and (e) cardholders verify that veterans receive the items purchased.

The Eastern Area and Regional Office Directors agreed with the finding and recommendations and implemented procedures to ensure that all purchases are reconciled and certified in a timely manner, all billing statements are submitted for audit, effective audits are performed, and approving officials are notified of any discrepancies identified during the audits. The VR&E Officer has also implemented procedures to ensure that cardholder purchases are recorded in the WINRS System at the time of purchase and is requiring cardholders to submit written verification that veterans have received the items purchased prior to certification of the purchases listed on billing statements. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## **Security of Claims Folders – Sensitive Folders Needed To Be Properly Identified and Secured**

**Condition Needing Improvement.** The regional office needed to properly identify and secure sensitive claims folders.<sup>2</sup>

VBA assigns each regional office a sister station (office of jurisdiction) to store the regional office's sensitive claims folders and to adjudicate the regional office's sensitive claims. Regional offices are required to transfer their sensitive claims folders to offices of jurisdiction to protect personal information; prevent potential misuse arising from improper access, modification, or destruction of records; and eliminate real or perceived conflicts of interest in determining entitlement to benefits. The sensitive claims folders of VARO Baltimore are stored at VARO Wilmington, DE. The sensitive claims folders of VAROs Philadelphia and Wilmington and the VBA Central Office are stored at VARO Baltimore.

Claims Folders Not Properly Identified. The regional office did not properly identify sensitive claims folders. VBA policy requires that a "Notification of an Employee or Employee-Relative Claims File" (VA Form 20-0344a) be placed in each employee or relative claims folder. The form identifies claims folders that should be stored in locked files and not allowed to circulate in the general claims folder population. We reviewed 27 claims folders for which VARO Baltimore was the office of jurisdiction and found that 7 folders (26 percent) did not contain the required form.

Claims Folders Not Properly Secured. The regional office did not properly secure claims folders that should have been stored in locked files. VBA policy requires that regional offices store the claims folders of employees and work-study participants in locked files at designated offices of jurisdiction. Locked files are files that are stored in a locked room or a locked cabinet with limited access that is controlled by a custodian. VBA policy also requires that regional office personnel return sensitive claims folders to locked files at the end of each day.

To determine if the regional office properly secured sensitive claims folders, we compared a list of employee and work-study claims folders from the three sister stations that should have been stored in locked files at the regional office with the claims folders that were actually stored in locked files. We found 2 (7 percent) of 27 claims folders were being stored in general storage cabinets when they should have been stored in locked files.

We also examined the log of claims folders signed out from locked files during the period December 13, 2004, through February 4, 2005. We found that 67 (85 percent) of 79

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<sup>2</sup> Sensitive claims folders include claims folders for all VBA employees, certain other VA employees, participants in VA work-study programs who work closely with VBA employees, relatives of VBA employees, Veterans Service Organization employees, and high profile or infamous veterans.

claims folders were not returned to locked files on the dates they were signed out. Instead of returning the claims folders to locked files, regional office personnel stored them in supervisors' offices for time periods ranging from 2 to 29 days in order to gain quicker access to the files.

**Recommendation 4.** We recommended that the Regional Office Director take action to: (a) include a "Notification of an Employee or Employee-Relative Claims File" (VA Form 20-0344a) in each employee and relative claims folder, (b) store all claims folders for employees and work-study participants in locked files, and (c) return all claims folders required to be stored in locked files to locked files each day.

The Eastern Area and Regional Office Directors agreed with the finding and recommendations and reported that a "Notification of an Employee or Employee-Relative Claims File" (VA Form 20-0344a) has been placed in each appropriate claims folder. The regional office has taken actions to ensure that all claims folders for employees and work-study participants are stored in locked files and has reminded employees that all locked files must be returned to the locked files area by close of business each day. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## **Information Technology Security – Preventive Measures Needed To Be Strengthened**

**Condition Needing Improvement.** The regional office needed to improve its contingency plan and store its backup tapes in a secure location. In general, the regional office had established effective controls to protect IT resources. Controls over system access and virus protection were effective, and system users received appropriate security awareness training. In addition, policies were in place to ensure that sensitive information was removed from computers prior to disposal. However, we identified two issues requiring management attention.

Contingency Plan. The regional office needed to improve its contingency plan. Contingency plans address procedures for responding to emergencies, backing up data files, ensuring that essential business functions can be conducted after disruption of IT support, and restoring facility processing capability. The contingency plan must designate an alternate processing site to provide backup services in an emergency. In addition, a listing of telephone numbers for key personnel should be included in the plan. The regional office had developed a contingency plan, but the plan identified Perry Point VA Medical Center, Perry Point, MD, as the alternate processing site even though the medical center stopped offering this service in September 2004. In addition, the regional office did not include a listing of telephone numbers for key personnel in the plan. The regional office was in the process of negotiating for a new alternate processing site at the time of our review.

Physical Security. Government IT standards require preventive measures to protect IT resources and data. However, Information Resource Management Service personnel stored the backup tapes for the regional office's data files on a table and shelves in an unsecured common area of the regional office. As a result, the regional office was at an increased risk of compromising the security of its computer-based information.

**Recommendation 5.** We recommended that the Regional Office Director take action to: (a) finalize negotiations for a new alternate processing site and add the site to the contingency plan, (b) include a listing of telephone numbers for key personnel in the contingency plan, and (c) store backup tapes in a secure location.

The Eastern Area and Regional Office Directors agreed with the finding and recommendations and reported that negotiations for a new alternate processing site were completed and the site was added to the contingency plan on February 11, 2005. In addition, a listing of telephone numbers for key personnel has been added to the contingency plan, and all backup tapes are now stored in a locked cabinet. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

## Eastern Area Director Comments

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** June 13, 2005

**From:** Director, Eastern Area Office

**Subject:** **Combined Assessment Program Review of the VA  
Regional Office Baltimore, MD**

**To:** Director, Dallas Audit Operations Division (52DA)

We have reviewed the Combined Assessment Program (CAP) Review report as well as the Baltimore response to the five recommendations listed in the report. This office concurs with both the findings of the CAP Review as well as Baltimore's responses to each of the recommendations.

Enclosed you will find our specific comments regarding Baltimore's response to each of the findings.

Our thanks go to your audit team who provided a thorough review of operations in Baltimore and specific recommendations to better meet the needs of both veterans and stakeholders in the state of Maryland.

*(original signed by:)*

James A. Whitson

Eastern Area Director



### **Eastern Area 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's report:

#### **OIG Recommendations**

**Recommendation 1.** We recommend that the Regional Office Director ensure that (a) refresher training emphasizing the importance of reviewing medical information in claims folders and in the AMIE System to identify situations requiring hospital adjustments is provided to VSC personnel and (b) VSC personnel properly process hospital adjustments to prevent overpayments.

Concur **Target Completion Date:** July 1, 2005

The Area Director concurs with Baltimore's plan to implement the IG's recommendation. The Area will review Baltimore's execution of their training schedule during site visits and verify implementation of any improvement actions noted in their SAO.

**Recommendation 2.** We recommend that the Regional Office Director require case managers to: (a) remain in frequent contact with veterans participating in the VR&E program, (b) ensure that program data in the WINRS and Case Status Systems accurately reflects the status of veterans' cases, and (c) maintain adequate documentation to support decisions to place veterans in rehabilitated status.

Concur **Target Completion Date:** Completed

The Area Director concurs with the corrective actions taken by the Regional Office.

**Recommendation 3.** We recommend the Regional Office Director ensure that: (a) cardholders reconcile and approving officials certify purchases timely, (b) approving officials submit all billing statements to the billing official for audit, (c) the billing official performs effective audits of the billing statements and notifies approving officials when discrepancies are identified, (d) cardholders record purchases in the WINRS System at the time orders are placed, and (e) cardholders verify that veterans receive the items purchased.

Concur **Target Completion Date:** Completed

The Area Director concurs with the corrective actions taken by the Regional Office.

**Recommendation 4.** We recommend that the Regional Office Director take action to: (a) include a “Notification of an Employee or Employee-Relative Claims File” in each employee and relative claims folder, (b) store all claims folders for employees and work-study participants in locked files, and (c) return all claims folders required to be stored in locked files to locked files each day.

Concur **Target Completion Date:** Completed

The Area Director concurs with the corrective actions taken by the Regional Office.

**Recommendation 5.** We recommend that the Regional Office Director take action to: (a) finalize negotiations for a new alternate processing site and add the site to the contingency plan, (b) include a listing of telephone numbers for key personnel in the contingency plan, and (c) store backup tapes in a secure location.

Concur **Target Completion Date:** Completed

The Area Director concurs with the corrective actions taken by the Regional Office.

## Regional Office Director Comments

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** June 13, 2005

**From:** Director, VA Regional Office Baltimore, MD

**Subject:** **Combined Assessment Program Review of the VA  
Regional Office Baltimore, MD**

**To:** Director, Dallas Audit Operations Division (52DA)

Enclosed is the Baltimore Regional Office's response to the Combined Assessment Program (CAP) Review Draft Report. This office concurs with the recommendations for our station. Attached is additional information further explaining our corrective actions.

We appreciate the analysis provided by the audit team. Their findings, along with our corrective actions, should improve the delivery of benefits and services to the veterans of the state of Maryland.

Should you have any questions or concerns regarding our comments, please feel free to contact me at 410-230-4510.

*(original signed by:)*

Dr. George Wolohojian

Director, Baltimore Regional Office

### **Regional Office 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's report:

#### **OIG Recommendations**

**Recommendation 1.** We recommend that the Regional Office Director ensure that (a) refresher training emphasizing the importance of reviewing medical information in claims folders and in the AMIE System to identify situations requiring hospital adjustments is provided to VSC personnel and (b) VSC personnel properly process hospital adjustments to prevent overpayments.

Concur **Target Completion Date:** July 1, 2005

The Baltimore Regional Office will provide refresher training to VSC personnel emphasizing the importance of reviewing medical information in claims folders and in the AMIE System to identify situations requiring hospital adjustments so that hospital adjustments can be processed in order to prevent overpayments. The refresher training will be conducted by July 1, 2005, and will then be provided on a yearly basis. Any employee that rotates or is hired onto the Triage or Post-Determination Team will be provided with training as a part of their training program. In addition, the Baltimore Regional Office will conduct an annual Systematic Analysis of Operations (SAO) dealing with hospital adjustments.

**Recommendation 2.** We recommend that the Regional Office Director require case managers to: (a) remain in frequent contact with veterans participating in the VR&E program, (b) ensure that program data in the WINRS and Case Status Systems accurately reflects the status of veterans' cases, and (c) maintain adequate documentation to support decisions to place veterans in rehabilitated status.

Concur

**Target Completion Date:** Completed

In order to maintain appropriate control of veterans' cases, the VR&E Officer and VRCs will use intranet reports, the weekly case management workload chart and weekly WIPP reports to monitor case statuses and case movement. Refresher training was given to all VRCs on the importance of remaining in frequent contact with veterans, file documentation, and properly updating all systems on February 15, 2005. Additional training on Internet reports and CWINRS input is scheduled for all VRCs on June 15, 2005. Ongoing corrective training and supervision will be provided to staff as needed. Also, since the visit of the IG, the division has filled two administrative support positions. The work accomplished by these two people enables the VRCs to devote more time to maintaining adequate documentation to support decisions to place veterans in rehabilitated status.

Two cases were identified where control of the veteran's cases was not maintained: The first case was cited because the case manager did not have sufficient contact with the veteran during the period of rehabilitation. To correct this problem, the VR&E Officer directed the case manager to schedule the veteran for follow-up services. The veteran has not responded to follow-up letters, but efforts to motivate this veteran will continue while he is in interrupted status. The VR&E Officer will monitor the efforts. In the second case, the VRC was cited for placing the veteran in evaluation and planning status for 596 days and failing to document supervisory contacts prior to movement to extended evaluation. The appropriate documentation is now in the file and BDN and WINRS have been updated.

The case managers are required to adhere to the regulations outlined in M28-1 pertaining to the frequency of supervisory case management contacts. Case managers will also be required to accurately reflect case statuses and case movement in BDN and WINRS. The VR&E Officer will continuously monitor their progress in this area. The VR&E Officer will conduct monthly local quality reviews on cases designated by CO. This will ensure that the documentation supporting the decisions to place veterans in rehabilitated status is adequate. Immediate feedback will be given to counselors following each review and supervision and corrective training will be provided for problem cases.

**Recommendation 3.** We recommend the Regional Office Director ensure that: (a) cardholders reconcile and approving officials certify purchases timely, (b) approving officials submit all billing statements to the billing official for audit, (c) the billing official performs effective audits of the billing statements and notifies approving officials when discrepancies are identified, (d) cardholders record purchases in the WINRS System at the time orders are placed, and (e) cardholders verify that veterans receive the items purchased.

Concur

**Target Completion Date:** Completed

The Purchase Card Coordinator and billing officer now monitor all purchasing activity via monthly Citibank account activity summary statements and mandatory quarterly purchase card activity focus reviews. The Citibank statements list all cardholders and activity and are used to verify receipt of account summary statements by each cardholder. Using this statement and an auxiliary spreadsheet we track each statement to verify timely reconciliation and approval of all statements by cardholder and approving official. All statements are now signed and dated by cardholder and approving official to maintain the accuracy and integrity of the reconciliation and approval process by the billing officer. In the event the timeliness standards are not met, or a statement has not been submitted by the approving official, an email is immediately forwarded to the Program Coordinator. The Program Coordinator notifies the approving official with a copy provided to the Director.

Quarterly focus reviews also provide an oversight mechanism as delinquent statements are listed and notification is sent to the approving official upon completion of the review. A copy of this list and findings are provided to the Director.

The billing officer and Program Coordinator reviewed the entire sampling again to ensure that the reconciliation and approval process was measured as required by timeframes established in VBA Handbook 4080. This additional review confirmed the presence of a few discrepancies that have been corrected. Additionally, the review process has been improved to include completion of a manual reconciliation checklist completed by the billing officer and approved by the Program Coordinator. This manual process includes the thorough physical examination of each statement and supporting documents. This examination coupled with the tracking systems employed above provides the mechanism to effectively ensure the receipt and audit of all monthly statements. In the event an approving official has not submitted a statement, an email is immediately forwarded to the Program Coordinator. The Program Coordinator notifies the approving official with a copy provided to the Director, if requested. Quarterly focus reviews also provide an oversight mechanism as delinquent statements are listed and notification is sent to the approving official upon completion of the review. A copy of this list and findings are provided to the Director.

The VR&E Officer has implemented a tracking system to ensure compliance with all required procedures. This system enables the Approving Official to submit the billing statements to the billing official within the required time. An administrative assistant in VR&E audits the statements for accuracy prior to review and approval by the VR&E Officer. An administrative assistant also checks WINRS to ensure that the VR&E Officer records cardholder purchases prior to approval. Cardholders are required to submit written verification that the veteran has received the purchases prior to the VR&E Officer's certification of the billing statement.

**Recommendation 4.** We recommend that the Regional Office Director take action to: (a) include a “Notification of an Employee or Employee-Relative Claims File” in each employee and relative claims folder, (b) store all claims folders for employees and work-study participants in locked files, and (c) return all claims folders required to be stored in locked files to locked files each day.

Concur

**Target Completion Date:** Completed

During the semi-annual reconcile with its sister stations Baltimore Regional Office received from the appropriate ISOs, VAF 20-0344a forms for all claims folders kept in our locked-files. These forms were then placed in the appropriate claims folders. The reconciliation was completed April 30, 2005. The sister stations received an inventory list of the files kept in Baltimore's locked cabinets so that they can verify that folders which are designated to be locked are in the proper place.

On March 14, 2005, Baltimore received a memorandum of procedure from VA Central Office (VACO) that defined which VA Central Office employees folders were designated to be kept in locked-files. The letter stated that only VACO employees with BDN or Common Security Services processing commands would complete a VAF 20-0344 (Annual Certification of Veteran-Employees and Veteran Relatives). For these employees, the VACO ISO would send the VAF 20-0344a to identify these folders to the Baltimore ISO, who would ensure the claims folder is locked. A copy of the memorandum is included.

We have sensitized and locked all VACO files under this memo as well as all files referred to us by our other sister stations.

Following the IG visit, employees were reminded that all locked files need to be returned to the locked files area by close of business each day.



**Recommendation 5.** We recommend that the Regional Office Director take action to: (a) finalize negotiations for a new alternate processing site and add the site to the contingency plan, (b) include a listing of telephone numbers for key personnel in the contingency plan, and (c) store backup tapes in a secure location.

Concur

**Target Completion Date:** Completed

Negotiations were completed with the General Services Administration and the Baltimore Regional Office to use the Outbased Vocational Rehabilitation and Employment site located at 2670 Crain Highway, Suite 304, Waldorf, MD 21062 as our new alternate processing site. This information has been added to the Baltimore Regional Office Continuity of Operations Plan (COOP). The COOP was reviewed and all required information was verified or added to resolve this weakness on February 11, 2005. The Information Technology personnel obtained a secured file cabinet with a locking key to eliminate the risk of compromising the security of its computer-based information. All backup tapes for the regional office's data files are now stored in this secured cabinet. This action was completed on May 20, 2005. We have also added a listing of all key personnel, along with their telephone numbers, to the IT Contingency plan. This plan has been distributed to all appropriate personnel.

## **Monetary Benefits in Accordance with IG Act Amendments**

<b><u>Recommendation</u></b>	<b><u>Explanation of Benefit</u></b>	<b><u>Better Use of Funds</u></b>
1	Payments to certain veterans who were hospitalized at Government expense for extended periods should be reduced.	\$371,355

## OIG Contact and Staff Acknowledgments

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OIG Contact	Michael E. Guier (214) 253-3301
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Acknowledgments	William Bailey
	Clenes Duhon
	Glen Gowans
	John Houston
	Heather Jones
	Jehri Lawson
	Joel Snyderman

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