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THE LATEST ON VA'S SHREDDED AND MISHANDLED DOCUMENTS ...

VAOIG REPORT BLASTS VA FOR MISPLACED, LOST CLAIMS FOLDERS

VAOIG estimates that claims folders for 296,00 vets were misplaced and 141,000 folders were lost, a total of 10 percent of all folders.

by Larry Scott, VA Watchdog dot Org

In October of last year, *VA Watchdog dot Org* broke the story about the shredded and mishandled documents at the Veterans' Benefits Administration's (VBA) Regional Offices (VARO).

A complete history can be found on this page ...

http://www.vawatchdog.org/VAs_hredderscandal.htm

Now, just when you thought the tempest had died down, the VA's Office of Inspector General ([VAOIG](#)) has issued the following report:

Audit of Veterans Benefits Administration's Control of Veterans' Claims Folders -- Report Number 09-01193-228, 9/28/2009 | [Summary](#) | [Report \(PDF\)](#)

And, what do we find? Absolutely NO surprises.

What you will read below is beyond any credible explanation ... and, you will notice that VBA did try to explain away some of it.

This is mismanagement, gross incompetence, negligence and in some cases, I'm sure, criminal.

The Executive Summary is posted below ... but, be sure to read the entire report as you will find real examples from VAOIG of how this affected real veterans.

Executive Summary

Results in Brief

The Office of Inspector General (OIG) conducted this audit to evaluate the Veterans Benefits Administration's (VBA) control of veterans' claims folders. The objective for the audit was to determine if VBA had adequate procedures in place to effectively locate veterans' claims folders.

VBA's control of veterans' claims folders, which contain personally identifiable information, was not effective because VBA managers did not track the number of lost or rebuilt folders, consistently enforce Control of Veterans Records System (COVERS) policies, and establish effective search procedures for missing claims folders. Misplaced claims folders can cause unnecessary claim processing delays and increases the likelihood that folders will be lost. Lost claims folders place additional burdens on the veterans and reduce the time regional office personnel have to spend processing claims.

Background

COVERS is VBA's system for tracking the location of paper claims folders within and between offices. COVERS shows where a folder should be located within a particular organization or operating element, or with a specific individual in the organization. The more specific the designation, the more useful COVERS will be in locating a folder. VBA employees update the COVERS database location by accessing COVERS and updating the system's "receive" function. This can be done by scanning the folder barcode with an electronic barcode reader, or by manually typing in the folder number.

Claims folders contain sensitive and personally identifiable information including social security numbers, birth dates, military records, and medical information. Loss of a claims folder could potentially impair a veteran's ability to obtain accurate and timely benefits.

COVERS Inaccurate

As of February 20, 2009, VBA had assigned about 4.2 million claims folders to regional offices for benefit claims processing and safeguarding. We projected the claims folders for an estimated 437,000 (10 percent) veterans were not at the location shown in COVERS:

- Claims folders for approximately 296,000 (7 percent) veterans were at locations different from that shown in COVERS (misplaced). Of the 296,000 misplaced claims folders, we projected about 55 percent were found in other locations inside the regional office, and the remaining 45 percent were found at the VA Records Management Center (RMC). Regional office personnel could not completely explain why folders were located at the RMC rather than at the regional office location shown in COVERS.
- Claims folders for approximately 141,000 (3 percent) veterans were lost. Our sample results showed most of the 141,000 lost claims folders were for veterans with denied claims or for deceased veterans with no current

payments. Regardless of the lost claims folders' status, regional office personnel agreed with us that VBA was responsible for maintaining accountability over these folders to ensure veterans' personally identifiable information was protected. VBA officials agreed that some of these folders were lost but also stated that many may never have existed. However, we found folders that met the same criteria VBA used to conclude a folder may not have existed. Additionally, all of the lost folders had records in COVERS and the Beneficiary Identification and Records Locator System (BIRLS) indicating the folders existed and at one time had been at a Federal Records Center, the RMC, or a regional office.

Lost Claims Folders Not Tracked or Monitored

VBA personnel were not required and did not consistently track and monitor the number of lost claims folders. In addition to the lost claims folders we identified, regional office personnel rebuilt approximately 49,000 (1 percent) of the 4.2 million claims folders assigned to regional offices. Approximately 6,000 of the 49,000 rebuilt claims folders were rebuilt from September 2007 through May 2009. A rebuilt folder represents a folder where a veteran with previous claims history submits a new claim, but regional office personnel cannot find the folder and declare the folder lost. Only 2 of the 12 regional offices we visited tracked the number of rebuilt claims folders.

COVERS Policies Not Enforced

While VBA criteria mandates the use of COVERS, regional office managers did not consistently enforce existing COVERS policies due to minimal procedures for monitoring compliance. VBA requires regional office personnel to:

- Receive, or scan, the claims folder in COVERS immediately to confirm receipt. Our surprise inspections of employees' desks and office common areas found that 128 (7 percent) of 1,731 randomly selected claims folders were not shown in the correct location. Common areas are areas within the regional office where claims folders that need to be worked or returned to the main folder storage area are stored on shelves or tables. Regional office personnel generally have unrestricted access to move claims folders in and out of these common areas.
- Periodically reconfirm the location of claims folders that are located outside the regional offices' main folder storage area. VBA's national policies conflicted regarding how often staff needed to reconfirm the location of folders—either every 7 days or every 30 days. From our sample, approximately 467,000 claims folders were located outside the regional offices' main folder storage area. Of these 467,000 claims folders, regional office personnel had not reconfirmed the location of approximately 202,000 (43 percent) claims folders within the last 7 days. Further, of those 202,000, regional office personnel had not reconfirmed the location of an estimated 45,000 (10 percent of the 467,000) folders within the last 30 days.
- Conduct annual sequence checks of the regional offices' main folder storage areas to ensure folders are filed in sequential numerical order. Sequence checking provides regional offices the opportunity to confirm COVERS locations and identify misfiled claims folders before they are needed for claims processing. Of the 12 regional offices reviewed, 11 stated they conducted annual sequence checks. However, their processes did not always update COVERS. The review of 2,881 sample claims folders

located during our physical search showed that 16 misplaced claims folders were found misfiled in the main folder storage areas, and about 36 percent of folders found in our sample had not been confirmed since January 1, 2008. At the regional office that did not complete annual sequence checks, staff stated they had not conducted a sequence check for at least 5 years.

Claims Folders Search Process Ineffective

VBA's process for locating lost claims folders was not effective. Regional office personnel use COVERS to search for claims folders. However, the COVERS search report was not reliable because regional office personnel did not update the search report to keep it accurate. Additionally, COVERS does not differentiate between a potentially lost claims folder and a claims folder that regional office personnel flagged because action needed to be taken on the claim. At four of the first five regional offices we visited, managers stated they were not able to give us a list of potentially lost claims folders.

Further, no standards specified how long regional office personnel should search for a claims folder before declaring it lost and rebuilding it. Using the COVERS search report, we attempted to determine if any folders were lost by matching a list of claims folders on search to active claims listed on the Veterans Service Network Operations Report. Based on our matches, we found that for most claims folders a search was no longer necessary because the claims folder had been previously located, but regional office personnel failed to remove the search request. However, we identified eight veterans' benefits claims where the claims folder appeared to be lost. These claims from 6 of the 12 regional offices had processing delays ranging from 105 to 270 days.

Conclusion

Controls need to be strengthened to better track, locate, and provide accountability over veterans' claims folders. Effective control of veterans' records is imperative for reducing the time regional office personnel spend searching for, and rebuilding lost folders. This time can be better spent improving services to veterans and to improve claims processing timeliness along with increasing regional office productivity. Without an effective method to track lost and rebuilt claims folders, and ensure policies are enforced, VBA leadership cannot adequately monitor performance or rely on the information they have available in COVERS to improve control and accountability of veterans' claims folders.

Recommendations

- 1. We recommended the Under Secretary for Benefits require regional office directors to establish unique COVERS locations for all areas to include office common areas and claims folders designated for relocation and retirement.**
- 2. We recommended the Under Secretary for Benefits establish a mechanism to identify and track the number of claims folders regional office personnel rebuild.**
- 3. We recommended the Under Secretary for Benefits establish a mechanism to ensure regional office personnel update COVERS when they**

transfer and receive claims folders.

4. We recommended the Under Secretary for Benefits clarify national policy for regional office personnel to reconfirm the location of the claims folders outside the main folder storage areas every 7 days.

5. We recommended the Under Secretary for Benefits establish a mechanism to ensure regional office personnel meet the requirement to reconfirm the location of claims folders outside the main folder storage areas every 7 days and take corrective actions to meet the requirement where improvement is needed.

6. We recommended the Under Secretary for Benefits establish a mechanism to ensure regional office personnel conduct annual sequence checks that update COVERS.

7. We recommended the Under Secretary for Benefits establish requirements for regional office directors to maintain the COVERS folder search report using standard codes for claim related mail requiring action and monitor to ensure the search report is accurate.

8. We recommended the Under Secretary for Benefits require regional office personnel to initiate rebuilding missing claims folders with a pending claim no more than 60 days from the date VBA personnel are notified of the claim.

9. We recommended the Under Secretary for Benefits establish a mechanism to ensure regional office personnel enforce the maximum 60 day search established in recommendation 8 and take corrective actions to meet the standard where improvement is needed.

Under Secretary for Benefit Comments

The Under Secretary for Benefits agreed with our findings and recommendations. The Under Secretary's planned actions for the nine recommendations were acceptable and we will follow up on their implementation. See Appendix C for the full text of the Under Secretary's comments.

TOPICS: veterans, veterans' benefits, VA, Department of Veterans' Affairs, VAOIG, claims folders, misplaced, lost

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