



Department of
Veterans Affairs

Office of Inspector General

ACCURACY OF DATA USED TO MEASURE CLAIMS PROCESSING TIMELINESS

*The Veterans Benefits
Administration needs to improve the
accuracy of data input to ensure
accurate measurement of claims
processing timeliness.*

REPORT NO: 9R5-B01-005

DATE: October 15, 1998

Office of Inspector General
Washington DC 20420



DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington DC 20420

Memorandum to the Under Secretary for Benefits (20)

Accuracy of Data Used to Measure Claims Processing Timeliness

1. The Office of Inspector General conducted an audit to assess the accuracy of data used in the following Veterans Benefits Administration (VBA) performance measures:

- Average days to complete original disability compensation claims
- Average days to complete reopened compensation claims
- Average days to complete original disability pension claims

This was the first in a series of audits assessing the accuracy of data used to measure the Department of Veterans Affairs' (VA's) performance in accordance with the Government Performance and Results Act (GPRA).

2. Our assessment of the selected claims processing timeliness measures had two audit components. We examined the data processing systems in which timeliness data were input and found that controls were not adequate to prevent invalid data from processing. We reported that issue in Audit Report No. 8R5-B01-147, dated September 22, 1998, "Audit of Data Integrity for Veterans Claims Processing Performance Measures Used for Reports Required By the Government Performance and Results Act."

3. In the audit, which is the subject of this report, we compared data from the automated systems with source documents to determine whether the proper data were input. Data used in the measurement of claims processing timeliness were not accurate. Comparisons of data from automated systems and source documents for three random samples of claims completed in Fiscal Year (FY) 1997 disclosed significant discrepancies. More than 30 percent of the records in each of the three samples contained inaccurate or misleading data which resulted in inaccurate measurement of average processing times. Data from the automated systems used in developing GPRA reports indicated average processing times for all three samples were shorter than the actual processing times. The differences are shown in the following table:

Comparison of Processing Days Recorded in Automated Systems with Audited Processing Days

Description of Sample	Average Processing Days		Difference
	System	Audited	
Original Disability Compensation Claims	128.2	150.8	22.6
Reopened Compensation Claims	109.0	145.6	36.6
Original Disability Pension Claims	71.5	80.0	8.5

Based on weaknesses in internal controls discussed in our prior report and the above sample results, we concluded that the FY 1997 timeliness data for these three types of claims were not accurate enough to provide meaningful measures of VBA's performance.

4. VBA personnel input inaccurate data because they overlooked, or were not adequately familiar with, work measurement criteria. Also, in certain situations, compliance with criteria resulted in the input of misleading data. Criteria called for recording the claim date when the claim was received at the ultimate processing facility, even if the claim had been initially received and transferred to the processing facility. This procedure resulted in calculating fewer processing days than actually occurred.

5. More accurate timeliness data would enhance the ability of VA managers and others to assess performance and to make sound decisions, and the credibility of VA information presented to interested parties. VBA officials have revised certain criteria and initiated other actions, which should result in more accurate measurement of claims processing timeliness. However, we believe additional action is needed. Thus, the report includes recommendations to provide appropriate personnel with additional training, review work measurement criteria and revise existing instructions as needed, and monitor the accuracy of data input by VBA personnel.

6. The Under Secretary for Benefits concurred with the recommendations and provided acceptable implementation plans. According to these comments, VBA has committed to an expanded emphasis on information quality and is actively developing a Data Management Office. The Data Management Office will be responsible for incorporating recommendations from recent reviews of VBA's programs to improve the quality of all VBA data collecting, reporting, and analysis activities. We consider the

recommendations resolved and will follow up on their implementation. The Assistant Secretary for Policy and Planning provided comments supporting the conclusions and recommendations.

For the Assistant Inspector General for Auditing

(Original signed by:)

WILLIAM D. MILLER
Director, Kansas City Audit Operations Division

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RESULTS AND RECOMMENDATIONS

VBA Personnel Must Input Appropriate Data to Ensure Accurate Measurement of Claims Processing Timeliness

Data used in measuring processing days for compensation and pension claims needed to be more accurate. VBA personnel input incorrect data because they overlooked, or were not adequately familiar with, work measurement criteria. In addition, certain VBA criteria resulted in the input of misleading data. More accurate timeliness data would enhance the ability of VA managers and other stakeholders to assess performance and make sound decisions.

VBA Personnel Needed to Input More Accurate Data

Data used to measure processing times of original disability compensation claims, reopened compensation claims, and original disability pension claims were often inaccurate. Comparisons of data from automated systems with source documents for random samples of claims which were reportedly completed in Fiscal Year (FY) 1997 disclosed significant differences. VBA personnel claimed work measurement credit when credit was not warranted, claimed the wrong work measurement credit, and input data which did not reflect actual processing times. More than 30 percent of the records in each of our three samples contained inaccurate or misleading data which affected measurement of processing times, as shown in the following table:

Automated System Records with Inaccurate or Misleading Data

Description of Sample	Sample Size	Number Questioned	Percent
Original Disability Compensation Claims	268	91	34.0
Reopened Compensation Claims	269	143	53.2
Original Disability Pension Claims	267	86	32.2

Personnel claimed work measurement credit when credit was not warranted.

-- Each of our samples included automated system records for more claims than were actually processed as shown in the following table:

Claims that Did Not Warrant Work Measurement Credit

Description of Sample	Sample Size	Number Questioned	Percent
Original Disability Compensation Claims	268	5	1.9
Reopened Compensation Claims	269	47	17.5
Original Disability Pension Claims	267	5	1.9

Common deficiencies are described below:

- In 21 instances, VBA personnel improperly recorded reopened claims in conjunction with appeals or personal hearings. As a result, personnel received work measurement credit for reopened compensation claims in addition to credit for actions related to the appeals or hearings. Since all of the issues were related to the appeals or personal hearings, VBA criteria did not authorize personnel to record work measurement credit for reopened claims in these situations.
- Fifteen recorded claims were continuations of claims which had been prematurely recorded as completed. VBA criteria state that all issues raised by a claim must be resolved before the claim is considered completed. However, in each instance, personnel input data indicating work on the claim was completed while they continued to work on issues raised by the claim. When work was actually completed, data were input indicating a second claim was completed.
- In seven instances, VBA personnel input data indicating they completed work on claims when there actually were no claims and only correspondence was required.
- Personnel improperly input data indicating they completed work on four reopened claims when they only corrected prior errors. According to VBA criteria, correction of a prior error should not be recorded as a separate claim.

As a result, the number of completed claims was inflated.

Personnel claimed the wrong work measurement credit. -- Each of our three samples included claims for work measurement credit where the credit recorded in the

automated system was wrong. In these cases, VBA was entitled to work measurement credit for the claims, but the wrong work measurement category was selected which impacted the validity of the calculated processing time for the claim.

Claims with the Wrong Work Measurement Credit

Description of Sample	Sample Size	Number Questioned	Percent
Original Disability Compensation Claims	268	2	0.7
Reopened Compensation Claims	269	5	1.9
Original Disability Pension Claims	267	10	3.7

The 2 samples of original claims included a total of 12 claims which should have been recorded as reopened claims. The sample of reopened compensation claims included five claims which should have been recorded as reopened pension claims or other types of claims.

Based on sample results, we estimate that VBA personnel claimed work measurement credit improperly for the following claims in FY 1997:

Projection of the Number of Claims with Improper Work Measurement Credits

Type of Claim	Estimate	90% Confidence Interval
Original Disability Compensation Claims	2,845	1,094 – 4,595
Reopened Compensation Claims	66,377	52,620 – 81,133
Original Disability Pension Claims	1,852	1,091 – 2,612

Processing times calculated from data in automated systems were not accurate for those claims where work measurement credit was appropriate. -- The following table shows the number and percent of claims in each sample with inaccurate processing times.

Claims with Inaccurate Processing Days

Description of Sample	Sample Size	Number Inaccurate	Percent
Original Disability Compensation Claims	268	84	31.3
Reopened Compensation Claims	269	91	33.8
Original Disability Pension Claims	267	71	26.6

The recorded dates of claim for 220 of the claims in our samples did not reflect the dates when the claims were first received by VA.¹

- In 70 instances when claims were transferred among VA facilities, VBA personnel input the date of receipt in the office processing the claim or a later date rather than the date of initial receipt in a VA facility. These claims were received by VA as many as 599 days earlier than the recorded date of claim.
- In 69 instances, personnel input the date the claim was first recorded in the automated system as the date of claim. These claims were received in VA facilities 1 day to 134 days before they were recorded.
- For 15 claims, the recorded date of claim was the date when an award or disallowance was prepared. Data from the automated systems erroneously indicated each of these claims was processed in 6 days or less. Actual processing times ranged from 40 to 731 days.
- When a claim is received from a veteran whose claims folder has been stored in the VA Records Processing Center, VBA personnel must retrieve the claims folder before processing the claim. In eight instances, personnel used the date the folder was received from the Records Processing Center as the date of claim rather than the date the claim was received. These claims were actually received 8 to 90 days earlier than indicated by the recorded data.

The recorded dates of disposition for 44 claims were not the dates when work on the claims was actually completed.² Common deficiencies included the following:

¹ When computing processing days, the date of claim is the starting date.

² When computing processing days, the date of disposition is the ending date.

- VBA personnel prematurely recorded 12 claims as completed although rating specialists deferred decisions on 1 or more issues raised by the claims. Work on the deferred issues was completed 40 to 337 days later than the recorded dates of disposition.
- In 12 instances, personnel completed necessary work but, for unknown reasons, failed to record completion of the work until a later date. Work on these claims was actually completed 1 day to 149 days earlier than the recorded date.
- Misleading dates of claims disposition were recorded for six claims which were transferred from one office to another for completion of certain processing steps. VBA personnel made decisions on these claims and notified the claimants of their decisions before the claims folders were returned to the offices of jurisdiction and the claims were recorded as completed. Work on each of these claims was completed 6 to 14 days earlier than indicated by the recorded date of disposition.

Based on sample results, we estimate that data input for the following claims in the audit universes did not reflect actual processing times:

Projection of Claims in the Audit Universes with Inaccurate Processing Days

Type of Claim	Number Inaccurate	90% Confidence Interval
Original Disability Compensation Claims	34,315	29,200 – 39,430
Reopened Compensation Claims	116,291	101,026 – 131,555
Original Disability Pension Claims	8,802	7,335 – 10,269

Input of inaccurate data resulted in computations of average processing times which were shorter than actual processing times. -- The following table compares the recorded and audited processing days for each of the three samples.

Comparison of Average Processing Days

Description of Sample	Automated System	Audit	Difference
Original Disability Compensation Claims	128.2	150.8	22.6
Reopened Compensation Claims	109.0	145.6	36.6
Original Disability Pension Claims	71.5	80.0	8.5

Personnel Overlooked, or Were Not Familiar with, Criteria

We determined that the cause of the conditions noted in this report was that VA personnel either overlooked, or were not adequately familiar with, applicable criteria. We could not determine how many deficiencies resulted from clerical errors or whether personnel intentionally ignored criteria in specific instances. However, the frequency of errors involving classification of claims, appeals, and deferred issues indicated personnel did not know, or misinterpreted, the work measurement criteria.

Certain Criteria Resulted in the Input of Misleading Data

Criteria in effect at the beginning of FY 1997 contributed to distorted computations of processing days. VBA claims processing criteria instructed personnel to input the date a claim was received in the office processing the claim as the start date of claim without regard for whether the claim was originally received at another VA facility. Thus, if a claim was transferred from one VA facility to another, any days in the first facility or in transit were not included in the computation of processing days. Compliance with these criteria resulted in inaccurate processing times for 70 of the claims in our samples.

Other criteria resulted in the input of misleading dates of disposition. When an office has a large backlog of pending claims, some of those claims may be sent to another office for assistance in completing the processing. VBA criteria state that, if the two offices are not served by the same data processing center, completion of work on the claims will be recorded after the claims folders are returned to the office of jurisdiction. In this situation, the recorded data will reflect more processing days than were actually required to complete work on the claims. The recorded dates of disposition for six claims in our samples reflected the dates of review in the office of jurisdiction rather than the dates when the pending claims were actually resolved.

Managers Need Accurate Data to Make Sound Decisions

VA managers, veterans, Congress, and other stakeholders need reliable timeliness data to accurately assess VBA's performance. More accurate timeliness data would enhance managers' ability to effectively manage workload, allocate resources, and assess the performance of subordinates. Better data would also help managers and others identify problems and evaluate the impact of corrective actions or other changes.

VBA Officials Have Initiated Action to Improve Accuracy of Data

VBA officials have revised criteria defining the date of claim to be recorded and taken other steps which should result in more accurate measurement of claims processing timeliness. On January 17, 1997, criteria were revised to define the date of claim as the earliest date the claim was received by any VA facility.

The Under Secretary for Benefits identified development and maintenance of accurate data systems as one of VBA's major goals. To assist in reaching that goal, he established a Data Collection, Analysis, and Integrity Team. The Team's initiatives include identifying data needs, establishing a data inventory, and developing data validation methodology.

On February 19, 1998, the Deputy Under Secretary for Benefits issued a letter to all regional office directors stressing the need to improve the accuracy of data in VBA's management reporting systems. After mentioning our preliminary audit findings, the letter stated VBA's Compensation and Pension Service personnel would attempt to identify offices that appeared to be manipulating data. Also, the letter indicated onsite VBA surveys of regional offices would be resumed.

Compensation and Pension Service personnel analyzed transaction data concerning 103,000 claims recorded as completed in the first quarter of FY 1998 and identified transactions that appeared to be unusual. In March 1998, the Deputy Under Secretary for Benefits sent VBA Area Directors the results of that analysis with a letter indicating that questionable practices should be identified and eliminated.

Additional Corrective Actions Are Needed

The revision of criteria defining the date of claim and other actions initiated by VBA officials should result in the input of more accurate data. However, we believe additional corrective actions are needed. Appropriate personnel should receive additional training concerning the identification and classification of claims, dates of claim, and dates of disposition. To ensure that instructions are clear and that compliance with instructions

will result in accurate measurement of processing times. VBA officials should review criteria related to the common deficiencies identified during our review and revise the criteria as needed. In addition, VBA officials should regularly monitor the accuracy of classification codes, dates of claim, and dates of disposition to detect errors.

Conclusion

VBA personnel input data which significantly distorted computations of processing times of original disability compensation claims, reopened compensation claims, and original disability pension claims. Based on our sample results and the weaknesses in internal controls discussed in our prior report, we concluded that the FY 1997 timeliness data were not accurate enough to provide a meaningful measure of VBA's performance. To provide managers and other stakeholders with more useful timeliness data in the future, VBA officials should take action to improve the quality of data input and implement controls to detect inaccurate data.

For More Information

Appendix III, page 12, provides specific examples of the deficiencies identified during the audit. See Appendix IV, page 16, for additional information concerning the audit samples.

Recommendations

We recommend that the Under Secretary for Benefits:

- a. Provide all appropriate personnel with additional training concerning identification and classification of claims, dates of claim, and dates of disposition.
- b. Review instructions concerning deferred issues, classification codes for claims involving appeals or personal hearings, claims partially processed in two or more offices, and other issues related to common deficiencies identified during this audit. Strengthen the existing instructions as needed to enhance clarity and to ensure that compliance with the instructions will result in accurate measurement of processing times.
- c. Monitor the accuracy of classification codes, dates of claim, and dates of disposition input by VBA personnel.

Under Secretary for Benefits Comments

Appendix V on page 19 contains full text of comments.

The Under Secretary for Benefits concurred with the recommendations and provided acceptable implementation plans. These comments stated that VBA has established a database for end product transactions from all stations. The database is reviewed for trends, follow up and corrective action. VBA has begun onsite reviews to enhance accurate reporting and to provide policy clarification. The database is being used to monitor the input from the field stations.

Assistant Secretary for Policy and Planning Comments

Appendix V page 22 contains full text of comments.

The Assistant Secretary for Policy and Planning agreed with the conclusions and recommendations. The Assistant Secretary provided additional comments for consideration, which are included in Appendix V.

Office of Inspector General Comments

We consider the recommendations resolved and will follow up on their implementation.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The purpose of the audit was to assess the accuracy of the following VBA performance measures:

- Average days to complete original disability compensation claims
- Average days to complete reopened compensation claims
- Average days to complete original disability pension claims

This was the first in a series of audits to assess the accuracy of data used to measure VA's performance in accordance with the Government Performance and Results Act.

Scope and Methodology

To determine whether proper data were entered into the automated systems, we reviewed three national samples of claims which, according to data from VBA's Work-in-Progress (WIPP) subsystem, were completed in FY 1997. The three random samples were selected from transaction data retained by the Office of Inspector General's (OIG's) Technical Support Staff. For each reported claim included in our samples, we compared data from the WIPP subsystem and pertinent evidence in the appropriate claims folder. Other audit work included reviews of pertinent criteria, interviews of VBA officials, and reviews of prior audit findings.

The transaction data used to identify our audit universes included about 93 percent of the original disability compensation claims, reopened compensation claims, and original disability pension claims reported by VBA in FY 1997. A more complete data file was not available. However, we have no reason to believe access to transaction data concerning the rest of the reported claims would have had a material impact on our audit results.

The audit was conducted between September 1997 and May 1998 in accordance with generally accepted government auditing standards.

BACKGROUND

The Government Performance and Results Act of 1993 requires Federal agencies to set goals, measure performance against those goals, and report on their accomplishments. The law is part of a statutory framework for improving management of the Federal government.

In accordance with the law, VBA has identified goals for each of its major business lines and identified related performance measures. VBA's goals include reducing the time required to process claims for compensation and pension benefits. To measure its progress in achieving timeliness goals, VBA computes average days required to process various types of claims. The results are then provided to Congress and other stakeholders in published reports.

When a claim is received, VBA personnel establish a record of the pending claim in the automated Pending Issue File. Data identifying the claims are input along with the date of claim, which is the starting date for measuring processing time. The record of the pending claim is retained until the date of disposition, which is the ending date for measuring processing time. Data concerning completed claims are then transmitted by the WIPP subsystem to the Distribution of Operational Resources System, which compiles the data, computes average processing times, and generates management reports.

Criteria related to measurement of claims processing timeliness are provided in two manuals. VBA Manual M21-1 defines the date of claim as the earliest date the claim was received by any VA facility. Final disposition occurs when all required work on the claim is completed. Personnel must make a decision concerning each issue raised in the claim and notify the claimant of the decision. VBA Manual 21-4 provides descriptions of codes which are used to classify claims.

VBA reported the following average processing times in FY 1997:

Average Processing Times Reported by VBA

Type of Claim	Average Days to Complete
Original Disability Compensation Claims	133.4
Reopened Compensation Claims	76.7
Original Disability Pension Claims	101.2

DETAILS OF AUDIT

Audit results showed that data which were used to measure processing times of original disability compensation claims, reopened compensation claims, and original disability pension claims were often inaccurate. VBA personnel claimed work measurement credit for claims that did not warrant credit, claimed the wrong work measurement credit for claims, and input inaccurate or misleading dates of claim and dates of disposition. Common deficiencies are illustrated by the following examples.

Claims That Did Not Warrant Work Measurement Credit

On June 24, 1996, a VBA regional office received a veteran's Notice of Disagreement with an earlier decision denying service connection for post-traumatic stress disorder (PTSD). A Notice of Disagreement is the first step in the appeal process. VBA personnel obtained additional medical evidence, granted service connection, and assigned a 30 percent disability evaluation. An award granting benefit payments was authorized February 6, 1997. Since the decision was not considered a full grant of benefits sought by the veteran, responsible personnel also prepared a Statement of the Case describing the pertinent laws and regulations and explaining the rationale for the decision. Data from the automated systems showed VBA personnel recorded two claims from this veteran, one classified as a Statement of the Case and another classified as a reopened compensation claim. VBA Manual M21-4 indicates only the Statement of the Case should have been recorded. There was no separate reopened claim.

Our sample of reopened compensation claims included a claim which was reportedly received June 19, 1996, and completed December 7, 1996. We reviewed the veteran's claims folder and found that the claim in our sample did not warrant work measurement credit and should not have been in the universe of reopened compensation claims. The veteran submitted a reopened claim on January 10, 1996, requesting an increased evaluation for service-connected hypertension and claiming service connection for varicose veins and PTSD. In June 1996, VBA personnel granted an increased evaluation for hypertension and denied service connection for varicose veins. A decision concerning PTSD was deferred pending receipt of additional evidence. At that time, personnel input data indicating they completed work on the veteran's claim. After receiving additional evidence, VBA personnel granted service connection for PTSD in December 1996 and recorded completion of a second reopened claim. VBA Manual M21-4 states that a claim is not completed until all issues raised by the claim are resolved. The veteran filed one claim, and only one claim should have been recorded.

Data from the WIPP subsystem showed VBA received a reopened claim from another veteran April 28, 1997, and processed the claim the same day. Our review of the

veteran's claims folder showed no claim was received or processed in FY 1997. A notation in the claims folder indicated a copy of a letter dated May 2, 1995, which denied an earlier claim, was sent to the veteran on April 28, 1997.

Data from the automated systems indicated VA received a reopened claim from a veteran on April 29, 1997, and completed work on the claim May 1, 1997. However, our review of the pertinent claims folder showed no reopened claim was processed in April or May 1997. The veteran was entitled to either disability compensation at the 30 percent rate or disability pension, whichever was greater. He was receiving monthly pension payments of \$864 until VBA was notified of his hospitalization at VA expense, which affected his entitlement to pension. On March 1, 1997, VBA personnel erroneously reduced the veteran's monthly pension payments to \$90 when they should have awarded monthly compensation of \$274. At that time, they recorded completion of work on an adjustment due to hospitalization. After the error was discovered, personnel prepared an amended award on April 29, authorized that award on May 1, 1997, and recorded completion of a reopened claim. VBA criteria do not allow personnel to record a reopened claim for merely correcting a prior error.

Claims in the Wrong Work Measurement Category

VBA received a veteran's application for pension on July 30, 1996. Personnel input data classifying the claim as an original disability pension claim. A review of the claims folder showed the veteran's original claim was denied in 1974. Since a veteran can file only one original claim, the claim received in 1996 should have been recorded as a reopened pension claim. The claim should not have been included when computing average days to process original disability pension claims.

On May 30, 1997, VBA personnel recorded completion of work on a reopened compensation claim after resuming payments to a veteran whose benefits had been suspended while he was in jail. We reviewed VBA Manual M21-4 and concluded the claim was improperly classified. Adjustments due to incarceration should be classified as other eligibility determinations rather than reopened claims.

Inaccurate or Misleading Dates

Data from the automated systems showed a veteran's reopened compensation claim was received March 26, 1997, and processed the same day. We reviewed the veteran's claims folder and found that the claim was first received by a VA outpatient clinic August 29, 1995, and received in the office of jurisdiction 8 days later. Responsible personnel erroneously input the date work on the claim was completed as the date of claim. Actual processing time was 575 days.

One original compensation claim was received in the office of jurisdiction October 4, 1996. VBA personnel requested the veteran's claims folder from the VA Records Processing Center, where it had been stored. When the claims folder was received on October 22, 1996, responsible personnel input that date as the date of claim rather than the date the application was received. As a result, data from the automated systems showed the claim was processed in 191 days when the actual processing time was 209 days.

On May 22, 1997, a veteran submitted an original claim requesting disability compensation for five conditions. A rating decision dated June 12, 1997, granted service connection for three conditions, denied service connection for one condition, and deferred a decision on the fifth condition pending completion of a VA examination. On June 20, VBA personnel awarded payments and input data indicating work on the claim was completed in 29 days. After receiving additional evidence, service connection for the fifth claimed disability was denied on October 24, 1997. The actual time to resolve all five issues raised by the veteran's claim was 155 days.

Data input by VBA personnel indicated an original disability compensation claim was received January 17, 1997, and completed April 28, 1997. Our review showed the claim was actually received in the office of jurisdiction December 4, 1996. Responsible personnel recorded the claim in the Pending Issue File on January 17 and erroneously input that date as the date of claim. The actual processing time was 144 days rather than the 101 days shown in the automated file.

Data input by VBA personnel showed an original disability pension claim was received December 20, 1996, and completed January 21, 1997. We reviewed the veteran's claims folder and found that the claim was first received by a VA medical center November 22, 1996. In accordance with criteria in effect at that time, VBA personnel input the date of receipt in the office processing the claim as the date of claim rather than the date of initial receipt in any VA facility. As a result, data from the automated systems indicated the processing time was 32 days even though VA had possession of the application 60 days before processing was completed.

VBA personnel input data indicating work on an original disability pension claim was completed December 20, 1997, after 112 processing days. However, evidence in the veteran's claims folder showed work was completed 8 days earlier, when the claim was denied after the veteran failed to provide requested information. We could not determine the reason for the discrepancy.

In another instance, data input by VBA personnel indicated work on an original disability compensation claim was completed March 4, 1997. A review of the claims folder

APPENDIX III

showed the claim had been sent from the office of jurisdiction to another VBA regional office for completion. Personnel of the second office resolved all issues raised by the claim, authorized payments, and notified the veteran of the decision on February 21, 1997. Completion of the claim was recorded in the office of jurisdiction 11 days later.

SAMPLING PLAN AND RESULTS

Audit Universe

Each of the three audit samples was selected from a unique universe derived from claims transaction data from the WIPP subsystem. The available transaction data included: 109,413 original disability compensation claims; 343,857 reopened compensation claims; and 33,065 original disability pension claims; which were reportedly completed in FY 1997.³

Sample Sizes

We reviewed 268 original disability compensation claims, 269 reopened compensation claims, and 267 original disability pension claims.

Sample Design

Using random sampling techniques, we selected separate samples of (1) original disability compensation claims, (2) reopened compensation claims, and (3) original disability pension claims.

Some of the records initially selected for review were not available. Thus, the use of spares was necessary to replace our original selections. In such instances, spares were generated randomly and used in the sequence selected.

Attributes

Each sample was designed to assess the accuracy of average processing days reported by VBA. To accomplish this goal, we reviewed each record to ensure that the claim was included in the proper universe and that accurate processing days were recorded for properly classified claims.

Variable

When we designed the samples, we expected to project average processing days for claims which were properly included in each of the three audit universes. However, after analyzing sample results, the OIG Statistician determined that we could not statistically project the number of processing days because of the large variation in processing times.

³ The audit universes were provided by the OIG's Technical Support Staff, which retained pertinent transaction data for FY 1997. The OIG's data included about 93 percent of the records reported by VBA. More complete data were not available.

Sample Results

The following table provides a comparison of recorded and actual processing days for each sample.

Comparison of Recorded and Audited Processing Days

Sample	Total	Average	Median
Original Disability Compensation Claims			
Recorded Processing Days ³	34,364	128.2	113
Audited Processing Days ⁴	39,365	150.8	128
Reopened Compensation Claims			
Recorded Processing Days	27,804	109.0	93
Audited Processing Days ⁵	31,604	145.6	119
Original Disability Pension Claims			
Recorded Processing Days	19,080	71.5	61
Audited Processing Days	20,157	80.0	69

Additional sample results are discussed in the Results and Recommendations section of the report (pages 1 – 8).

Projections

Statistical projections of sample results to the appropriate audit universes are provided in the following tables:

³ Average recorded processing days in all three samples include data for claims which were not in the proper universes.

⁴ Average audited processing days in all three samples exclude data for claims which were not in the proper universes.

⁵ Three of the claims in the sample of reopened compensation claims had not been resolved at the time of our review. When computing audited processing days for these claims, we used the date of our review as the date of disposition.

**Original Disability Compensation Claims
(Universe Size = 109,413)**

Category	Estimate	90% Confidence Interval
Claims in the Wrong Category	2,845	1,094 – 4,595
Claims with Inaccurate Processing Days	34,315	29,200 – 39,430
Claims with More Processing Days than Reported	30,643	28,756 – 32,531
Claims with Fewer Processing Days than Reported	3,672	1,484 – 5,559

**Reopened Compensation Claims
(Universe Size = 343,920)**

Category	Estimate	90% Confidence Interval
Invalid or Improperly Classified Claims	66,377	52,620 – 81,133
Claims with Inaccurate Processing Days ⁶	116,291	101,026 – 131,555
Claims with More Processing Days than Reported	106,057	100,359 – 111,756
Claims with Fewer Processing Days than Reported	10,234	4,535 – 15,928

**Original Disability Pension Claims
(Universe Size = 33,065)**

Category	Estimate	90% Confidence Interval
Invalid or Improperly Classified Claims	1,852	1,091 – 2,612
Claims with Inaccurate Processing Days	8,802	7,335 – 10,269
Claims with More Processing Days than Reported	8,310	7,825 – 8,705
Claims with Fewer Processing Days than Reported	493	97 – 887

⁶ Claims which were not in the proper universe are excluded.

**MEMORANDUM FROM THE ASSISTANT SECRETARY FOR
MANAGEMENT**

**Department of
Veterans Affairs**

Memorandum

Date: SEP 29 1998

From: Deputy Under Secretary for Management (20)

Subj: Draft Report, Accuracy of Data Used to Measure Claims Processing
Timeliness Project No. 7R5-023)

To: Assistant Inspector General for Auditing (52)

1. We have reviewed the subject draft report of audit and concur with Recommendations a, b, and c. Our implementation plan for these three recommendations is attached.
2. As noted in the report, action is being taken throughout VBA to improve the accuracy of collected and reported data. The referenced Data Collection, Analysis, and Integrity Team has completed its initial review in this area and has forwarded recommendations to the Under Secretary for Benefits. To formalize the work begun by this team, VBA has committed to an expanded emphasis on information quality and is actively developing a Data Management Office. The Data Management Office will be responsible, in part, for incorporating recommendations from recent reviews of VBA's programs to improve the quality of all VBA data collection, reporting, and analysis activities.
3. Thank you for providing this draft report for our review.

(Original signed by)
Nora Eagan

Attachment

**MEMORANDUM FROM THE ASSISTANT SECRETARY FOR
MANAGEMENT**

Draft Report, Accuracy or Data Used to Measure Claims Processing
Timeliness, Project No. 7R5-023

Recommendations

- a. Provide all appropriate personnel with additional training concerning identification and classification of claims, dates of claims, and dates of disposition.
- b. Review instructions concerning deferred issues, classification codes for claims involving appeals or personal hearings, claims partially processed in two or more offices, and other issues related to common deficiencies identified during this audit. Strengthen the existing instructions as needed to enhance clarity and to ensure that compliance with the instructions will result in accurate measurement of processing times.
- c. Monitor the accuracy of classification codes, dates of claim, and dates of disposition input by VBA personnel.

Response

- We have collected and stored all end product transactions from all stations since October 1, 1997, in a database located at the Austin Automation Center. We extracted and reviewed over 350,000 transactions from that database for end products 010, 110, 020, 140, 180, and 190 completed during the first three quarters of Fiscal Year 1998. The data show an improvement in the third quarter when compared with the first and second quarters even though total transactions recorded were about 7 percent greater than in the second quarter.
- The review of the end product listings suggested some transaction patterns that were questionable. One pattern involved multiple transactions and took two different forms: using the PCAN command (to cancel and end product) in combination with the CAUT or PCLR command (to authorize or clear an end product) within a short amount of time, or using CAUT with PCLR or serial PCLRs within a short time period. The review of single transactions identified two patterns: the PCAN of an older pending issue, more than 250 days old; and taking work credit often as a PCLR, for rating-related claims (most often EP 020, reopened compensation claims) with an elapsed processing time of less than five days.

**MEMORANDUM FROM THE ASSISTANT SECRETARY FOR
MANAGEMENT**

- Currently, we intend to continue these quarterly reviews, and provide the findings to the Office of Field Operations for the Deputy Under Secretary for Operations. The Office of Field Operations will, in turn, share the information with the field stations, as they did in their letter of March 18, 1998, and, where appropriate, request corrective action and follow-up reporting. The long-term plans are for VBA to give each office on-line access to the data so station management can establish local procedures to reduce erroneous end product transactions. The Compensation and Pension (C&P) Service resumed site visits to individual field offices in August 1998. In the August site visit we included, and will continue to include, a review of office procedures for questionable end-product transactions as well as a review of a sample of specific claims folders based on data base extracts.
- In a letter dated August 28, 1998, the C&P Service provided written clarification of the most commonly misunderstood control and work credit issues. This letter provided 15 cases specific questions with the C&P Service's answers to them under current interpretations of laws, regulations, and guidelines. This letter supplemented the written and oral instructions provided by the Office of Field Operations for the Deputy Under Secretary for Operations.
- The Compensation and Pension Service is also planning on enhancing their recently completed Veterans Service Representative training package. This enhancement will supply clearer direction on C&P Service's policies and procedures regarding end products and will emphasize the importance of their proper use.
- The Compensation and Pension Service is also determining how best to supplement the Systematic Technical Accuracy Review (STAR) program review with a review of end product actions. The review would be separate from the formal STAR review, but I would entail a review of the end product transactions in the claims files reviewed for STAR. The STAR review will provide a sample of compensation and pension work for virtually all types of claims, and this sample will allow C&P Service to monitor the end product activities of the field through a statistically valid sampling process.
- As redesign of any existing computer systems or deployment of new systems allows, we plan to add edits which will allow VBA to monitor and prevent establishment or clearing of duplicate original end products. As possible, we further intend to request other edits to help to preclude incorrect end product transactions.

**MEMORANDUM FROM THE ASSISTANT SECRETARY FOR POLICY
AND PLANNING**

**Department of
Veterans Affairs**

Memorandum

Date: SEP 21 1998

From: Assistant Secretary for Policy and Planning (008)

Subj: "Accuracy of Data Used to Measure Claims Processing Timeliness"

To: Assistant Inspector General for Auditing (52)

1. Thank you for the opportunity to review the subject report. In general, the report's findings appear to be valid and the follow on recommendations should contribute to a more accurate measurement of claims processing timeliness.
2. We agree with the audit conclusion that additional training, better instructions and monitoring will improve data quality. In addition, we acknowledge VBA has taken steps to improve the quality of its management information. These include the implementation of the Systematic Technical Analysis Review (STAR) program and the establishment of the Data Collection, Analysis and Integrity Team, as noted in the audit report.
3. Other corrective activities that may prove useful include structuring the accountability and reward system to closely align employees' self interest with VA's corporate interest in accurate claims information. This could be reinforced by developing an accompanying means of explaining to employees that accurate information serves the best interests of both VA and the employees themselves (see enclosed sample outline). If misreporting has been occurring over an extended period of time, current employees may feel pressure to perform to expectations based on historically inflated indicators. A realigned accountability and reward structure would help employees resist that kind of pressure. It also may be necessary to establish a valid baseline management can use to develop and monitor efforts to reduce processing times and establish new timeliness standards.
4. The meaning of the word "compliance" as used in the last sentence of item 4, page ii, of the memorandum to the Under Secretary is unclear. Would the word "noncompliance" better express the meaning of the observation?

**MEMORANDUM FROM THE ASSISTANT SECRETARY FOR POLICY
AND PLANNING**

5. It is suggested that VHA, NCS, Human Resources and Administration, the Board of Veterans' Appeals and the Board of Contract Appeals be added to the report distribution list.

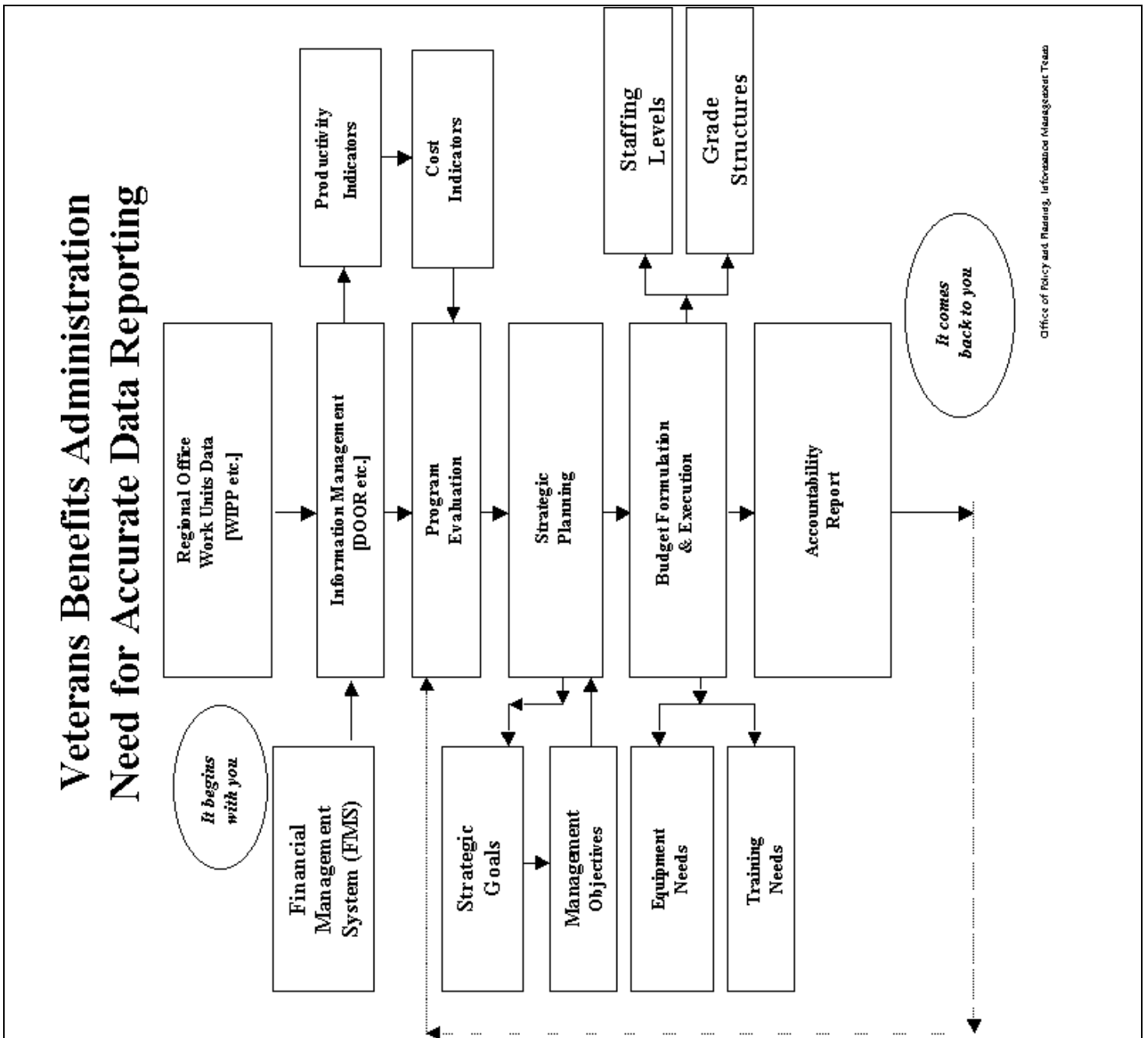
(Original signed by:)

Dennis M. Duffy

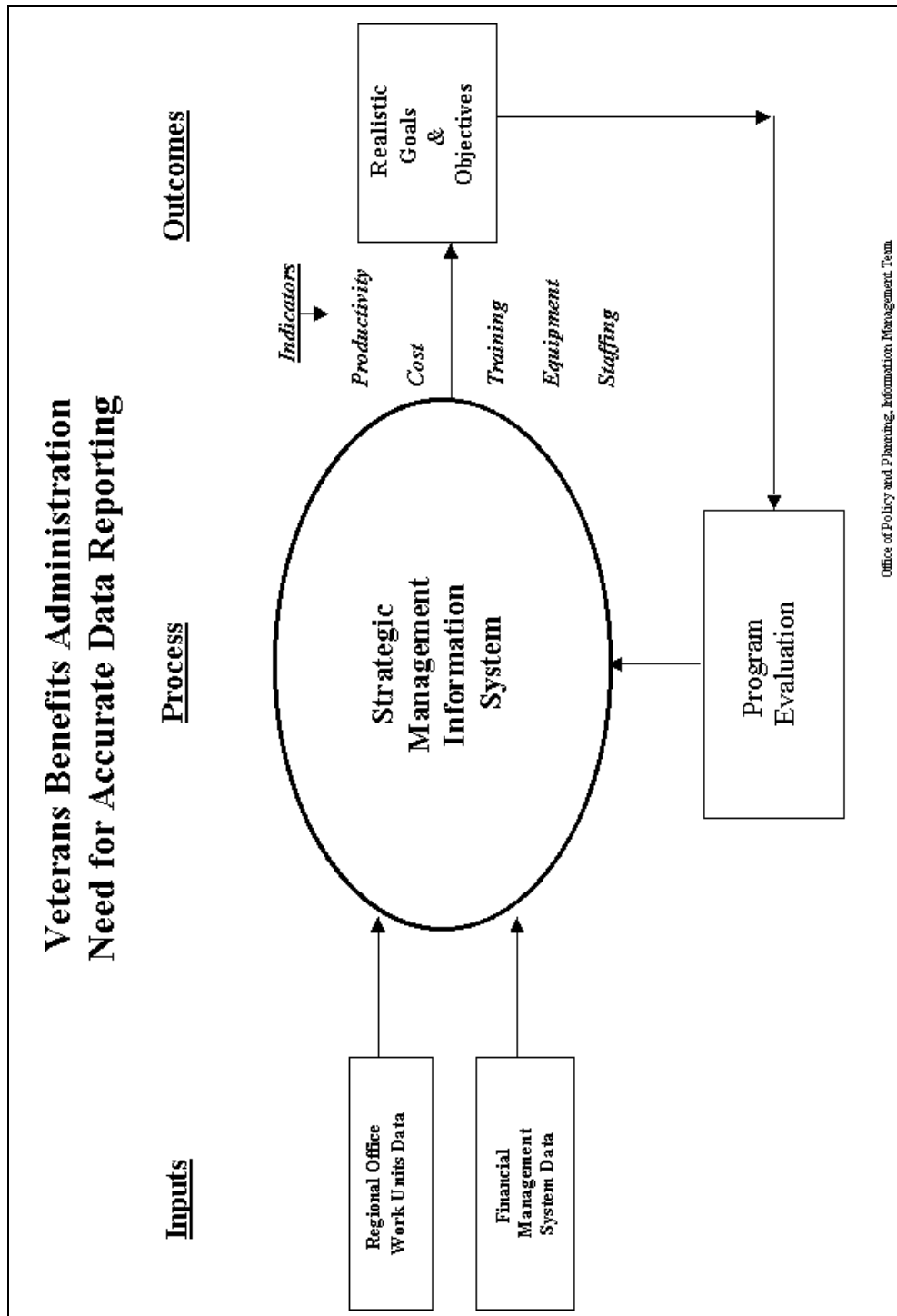
Attachment

cc: William D. Miller (52KC)

MEMORANDUM FROM THE ASSISTANT SECRETARY FOR POLICY AND PLANNING



MEMORANDUM FROM THE ASSISTANT SECRETARY FOR POLICY AND PLANNING



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