

**STATEMENT OF
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U.S. DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS**

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Introduction

Good Morning Chairman Abraham, Ranking Member Titus, and Members of the Subcommittee. Thank you for the opportunity to discuss the Veterans Benefits Administration (VBA) records management program – specifically the handling and disposition of Veterans' claim-related documents. I am accompanied today by Mr. Brad Houston, Director of VBA's Office of Business Process Integration. VBA is committed to ensuring all Veterans' records are protected and maintained with accuracy and care. My testimony today will address the findings of two reports by the Department of Veterans Affairs (VA) Office of Inspector General (OIG), released in April 2016, regarding disposition of claim-related documents; one related to an inspection at the Los Angeles Regional Office (RO) and one based on reviews at 10 additional ROs (Atlanta, Baltimore, Chicago, Houston, New Orleans, Oakland, Philadelphia, Reno, San Juan, and St. Petersburg). Although the numbers of document-handling errors identified by the OIG in these reports were extremely small, VBA knows that every Veteran's record is vitally important and sincerely regrets these human errors. My testimony will begin by discussing the extensive transformation VA has been diligently undertaking to eliminate the potential for these types of errors.

Transformation from Paper to Digital Records

VA greatly appreciates the support of the Congress that has allowed us to transform our antiquated paper-based claims processing system to a fully electronic processing environment using digital records. The Veterans Benefits Management System (VBMS) was developed as a web-based, paperless claims processing solution, complemented by improved business processes, to address the inefficiencies of paper folders and the problems of misplaced files and improper handling and disposal of paper documents.

VA's shift to electronic claims processing has meant converting millions of paper files to eFolders. Between fiscal year (FY) 2012 and FY 2015, the Veterans Claims Intake Program (VCIP) scanned nearly six million claims files into Veterans' eFolders in VBMS. In FY 2015, VBA deployed its innovative Centralized Mail Initiative to all ROs. Centralized Mail reroutes all inbound compensation applications and claim-related mail directly from the U.S. Postal Service to Claims and Evidence Intake Centers at document conversion services vendor sites – an

innovation that ensures these documents are quickly digitized and protected from improper handling and inappropriate disposal. Conversion of paper records to digital records significantly strengthens the systemic protection of Veterans' claim documents. Assuring these protections remains a top priority for VBA.

Additionally, we have enhanced our online claims filing capabilities for Veterans and their representatives through eBenefits and the Stakeholder Enterprise Portal, helping to keep paper documents from being created in the first place. VBA claims processors used to touch approximately 5,000 tons of paper each year. Today approximately 99.8 percent of disability compensation claims are processed electronically.

RO Records Management Process for Document Disposal

While VBA's transformation to electronic claims processing has significantly minimized the flow of paper documents to ROs, a small volume of paper documents continue to be received. VBA's current records management guidance provides several levels of review and oversight in the process of appropriately handling and disposing of paper documents. Employees and supervisors play a critical role in the records management process, along with designated Records Management Officers (RMO).

Employees are the first line of defense in ensuring proper handling of paper records. All employees are issued a red shred bin for collection of general paper materials and employee-generated documents and system print-outs appropriate for disposal. Additionally, all employees are issued a separate red envelope for claim-related documents that require additional reviews and oversight by supervisors and records management officers before determined appropriate for disposal. Claim-related "red-envelope" documents that have received the appropriate oversight reviews are ultimately placed by RMOs in locked grey disposal containers for delivery to shredding service contractors. These contractors are required to have systems in place that are compliant with VA standards for protection of personally identifiable information (PII) and requirements for disposal, or shredding, of unnecessary paper.

OIG Inspection at the Los Angeles RO

During a regularly scheduled benefits inspection at the Los Angeles RO in January/February 2015, the OIG received an allegation that necessary claims processing documents were being inappropriately designated for disposal.

OIG reported that approximately 13,800 documents were reviewed to determine if all appropriate actions had been taken and the documents were in fact appropriate for disposal. As a result of this review, nine documents (approximately 0.065 percent) were identified as needing additional action because proper shred-disposal procedures had not been followed with required annotations documenting the oversight review by a supervisor and/or the RMO. However, it is important to note that these documents would still have been subject to final review by a supervisor and RMO prior to being placed in the grey disposal containers for final

disposal. OIG also found that the RO had not consistently assigned appropriately-trained staff to perform the RMO duties and, as a result, did not maintain required logs of the oversight reviews.

OIG notified RO leadership of the nine documents identified as needing additional action on February 11, 2015, and the Los Angeles RO Director took immediate action to address the concerns. The RO reviewed the claims records associated with the nine documents and took all necessary corrective actions. Shredding was halted while the RO took extra steps to reissue guidance to all employees to reinforce correct document-handling procedures. Every employee in the RO was retrained on the proper procedures for identifying and annotating records for shredding. The RMO position was vacant at the time, but RMO duties continued to be performed by appropriate personnel until the position was filled.

OIG Inspection of 10 ROs

After issuing an interim report on the findings in Los Angeles, OIG conducted unannounced visits at 10 ROs to determine whether improper identification of claims records for disposal was systemic throughout VBA. In the course of these inspections, OIG reviewed approximately 438,000 documents. Of these, 155 were potentially claim-related, and OIG concluded 69 were inappropriately submitted by employees for destruction. Of the 69 documents, 55 were congressional inquiries handled by the Atlanta RO, 52 of which had no impact on benefits. The Atlanta RO had interpreted VBA's policy as requiring congressional correspondence to be maintained but not requiring placement in the Veterans' electronic claims folder. The report findings demonstrated the need for clarification of VBA's national policy regarding the maintenance of congressional correspondence, which VBA is actively working on now.

Overall, the OIG review identified 17 claim-related documents that were not compliant with VBA's document destruction policy and procedures. Only 11 of those 17 documents – or approximately 0.0025 percent of the 438,000 documents reviewed – affected or had the potential to affect benefits.

Although the number of document-handling errors identified during the OIG's 10-RO review was extremely small, VA continues to emphasize to our employees that every Veteran's record is vitally important, and every effort must be taken to protect all Veterans' records. OIG identified lack of clarity in VBA's records management policy as contributing to the errors identified and made seven recommendations. VA concurred with the recommendations, and we are revising VBA's records management policy to strengthen compliance and better align procedures with the current electronic environment.

Conclusion

We, in VBA, cannot underscore the importance of protecting Veterans' records too strongly with our employees, approximately 53 percent of whom are Veterans themselves. We sincerely regret when errors are made, and we will continue to work diligently to leverage and expand our use of digital technologies to eliminate the potential for human error in the process.

I appreciate the opportunity to address the Committee today. Thank you for your continued support and commitment on behalf of Veterans, their families, and Survivors.

Mr. Chairman, this concludes my statement. I would be happy to take any questions you or other Members of the Committee may have.