

**INVESTIGATING VA'S MANAGEMENT OF
VETERANS' PAPER RECORDS**

HEARING

BEFORE THE

**SUBCOMMITTEE ON DISABILITY
ASSISTANCE AND MEMORIAL AFFAIRS**

OF THE

COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

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INVESTIGATING VA'S MANAGEMENT OF VETERANS' PAPER RECORDS

Wednesday, June 15, 2016

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON DISABILITY ASSISTANCE
AND MEMORIAL AFFAIRS,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:00 a.m., in Room 334, Cannon House Office Building, Hon. Ralph Abraham [Chairman of the Subcommittee] presiding.

Present: Representatives Abraham, Zeldin, Costello, Bost, Titus, and Brownley.

OPENING STATEMENT OF RALPH ABRAHAM, CHAIRMAN

Mr. ABRAHAM. Good morning and welcome. Thanks for being here. This oversight hearing of the Subcommittee on Disability Assistance and Memorial Affairs will now come to order.

I thank the witnesses for being here. I think I have met you all this morning. This hearing will focus on the troubling allegation of the destruction of veterans claims documents. I note that this Subcommittee has previously addressed this issue on March the 3rd, 2009, in response to report of systemic mishandling of paper documents through VBA. This Subcommittee held a joint hearing with the Oversight and Investigations Subcommittee. And at that time the VA had assured Congress that they had implemented policies that would protect important claim documents.

Then Deputy Under Secretary for benefits Michael Walcof testified that the VA would implement a plan that and I quote, "Ensures measures are in place to prevent future incidence of employees inappropriately discarding veterans' paperwork." end quote.

Yet only a few years later the IG has documented more cases of VA employees inappropriately destroying veterans' paperwork. It may be tempting to discuss the problems uncovered by the April 14, 2016 IG reports as understandable human error. After all, the IG reviewed more than 400,000 documents and found fewer than a 100 that were mishandled. I know that no one is perfect, but as a physician I also know that there are times when there is absolutely no room for error.

In my line of work, people die if I make a mistake, and the same applies here. These mistakes may ultimately cost veterans their lives. Each lost document represents a veteran who may have been injured while serving our country, and therefore may be entitled to medical care and other benefits.

Veterans have the right to expect that the VA will carefully consider all the evidence, including paper documents before granting or denying a claim. A lost document may result in a denied claim, which may have serious financial and emotional costs to that veteran.

The seriousness of this issue is highlighted by two cases involving homeless veterans. The VA has made the processing of claims of homeless veterans a priority because they are among the most vulnerable people in our society. And as a result of VA's outreach, two homeless individuals filed paper claims for benefits with the Los Angeles regional office. I would imagine that these two individuals were probably very optimistic that the VA would approve their claims and help them get back on their feet.

How disappointed and upset would these veterans be if they learned that the IG had found that their unprocessed claims were about to be shredded. The truth is that these claims would not have an adjudicated if the IG had not discovered them in the shred bin.

Moreover, we don't know the extent of the problem. The IG only had the resources to conduct spot checks at ten ROs. I look forward to hearing the VA's plans to ensure that each RO has implemented procedures to ensure important claim information is not being destroyed.

With that, I call on our distinguished Ranking Member, Ms. Titus, for her opening statement.

OPENING STATEMENT OF DINA TITUS, RANKING MEMBER

Ms. TITUS. Well thank you very much, Mr. Chairman, and thank you for holding this hearing today. I would like to point out that our fellow Members of the Committee from southern California requested this hearing, Ms. Brownley and Dr. Ruiz. And I appreciate you taking the time to address the issue that is critical to all our constituents, and that they noted in southern California.

I share the Chairman's concerns regarding the improper handling of paperwork at ROs and its impact on veterans' benefits. And I am hopeful that we will hear how the VA has addressed the problem by utilizing their new electronic system to standardize the processes for handling, protecting and destroying documents as necessary.

I would also note that this Committee held a similar hearing in 2008. And I hope that the VA makes the changes that we need so we won't be having another hearing like this 8 years down the road.

I want to thank Chairwoman—Congressman, excuse me. You should be a chairwoman on the other Committee, but Congresswoman Brownley and Ruiz for their efforts to address this issue and that included visiting the Los Angeles VA regional hospital, which was a ground zero for this problem.

Their visits led to an immediate policy change at the Los Angeles VA regional office, and contributed significantly to the overall conversation within the VA about how to best handle electronic documents.

So today, we have a number of questions that must be answered by the VA. For example, the IG did spot checks at ten different

ROs and found that almost half of the documents from the shred bins they reviewed were incorrectly marked to be destroyed.

In Reno, which serves my constituents, in Las Vegas six of 16 documents were incorrectly placed in shred bins. So I am curious to learn about the follow-up plan from the VA, and the IG to check in on the offices that did poorly in the first review, including Reno to see how they have improved. I am also interested to hear how moving from the antiquated paper based processing system into VBMS will affect VA's ability to safeguard documents.

What protocols need to be updated? Is there sufficient use of automation? Are supervisors able to track employees handling of veterans' personal information? How much of an upgrade and document control does a new electronic system offer over the old paper based system? These are all questions and I hope to hear answers for because we owe it to our veterans to ensure that when they entrust their personal information to the VA, it is handled appropriately and discreetly.

So Mr. Chairman, I look forward to hearing the answers to these questions and continuing to work with you and Ms. Brownley and others on our Subcommittee to address this issue, and I yield back.

Mr. ABRAHAM. Thank you, Ms. Titus.

I ask that all Members waive their opening remarks as part of this Committee's customs.

And I would like to welcome today's witnesses, Beth McCoy, Deputy Under Secretary for field operations. She is accompanied by Brad Houston, Director of Office of Business Process.

Brent Arronte, Deputy Assistant Inspector General for Audits and Evaluations, Office of Inspector General. He is accompanied by Ms. Dana Sullivan, Director, San Diego Benefits Inspections Division, Office of Inspector General.

I want to remind the witnesses that your complete written statements will be entered into the hearing record.

Ms. McCoy, you are now recognized to present your testimony.

STATEMENT OF BETH MCCOY

Ms. MCCOY. Good morning Chairman Abraham and Ranking Member Titus, and Members of the Subcommittee. Thank you for the opportunity to discuss the Veterans Benefits Administration records management program. Specifically handling and disposition of veterans' claims-related documents.

As you mentioned, I am accompanied today by Mr. Brad Houston, our director of VBA's business process integration office. VBA is committed to ensuring that veterans' records are protected and maintained with accuracy and care.

Today, I will address findings from two reports by VA's Office of Inspector General, released in April 2016, one about disposition of documents at the Los Angeles regional office, and one based on reviews at ten other ROs.

Although the number of document handling errors IG identified in these reports was extremely small, VBA knows that every veteran's record is vitally important and sincerely regrets any human errors. We greatly appreciate the support of Congress that has enabled us to transform our antiquated paper based claims processing

system to a fully electronic processing environment using digital records in the veterans benefits management system or VBMS.

To address the inefficiencies and risks associated with working with paper folders, VA has converted millions of paper files to e-folders. Nearly 6 million claims files were scanned into veterans e-folders in VBMS between 2012 and 2015.

In fiscal year 2015, VBA also deployed the centralized mail initiative to all of our regional offices. Centralized mail reroutes all inbound compensation related mail directly from the U.S. Postal Service to intake centers that we have at vendor sites where documents are quickly scanned and digitized.

Conversion of paper records to digital records significantly strengthens the systemic protection of veterans claims documents, which is a top priority for VBA. We have also enhanced our online claims filing capabilities for veterans and their representatives through e-benefits, and the stakeholder enterprise portal helping to keep paper documents from being created in the first place, which is very important.

VBA claims processors used to touch 5,000 tons of paper every year. Today, 99.8 percent of disability compensation claims are processed electronically. While VBA's transformation to an electronic claims processing system has significantly minimized the flow of paper documents to our regional offices, a small volume of paper documents do continue to be received in the ROs.

VBA's current records management guidance provides several layers and 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 or RMOs.

During one of its benefit inspection program visits at the L.A. regional office at the beginning of 2015, OIG received an allegation that claims processors were shredding mail related to Veterans compensation claims. IG reviewed about 13,800 documents and found nine documents or .065 percent that required supervisor or RMO annotations or some action.

I want to emphasize these documents were reviewed midstream in the whole process and would still have been subject to review by a supervisor, and/or the RMO prior to final disposition. The L.A. RO director immediately took action. He halted shredding, retrained all employees on paper document handling procedures, and reviewed the records related to those nine documents to take all necessary final actions.

IG then conducted unannounced visits at ten ROs in July of 2016 where they reviewed 438,000 documents. In the end, the review identified 11 documents or .0025 percent of the 438,000 that actually affected, or had the potential to affect benefits. Although again the number of document handling errors during that ten RO review was extremely small, we continue to emphasize that every veteran's record is vitally important and must be safeguarded. We are right now updating our records management policies to strengthen compliance and better align procedures with the current electronic environment.

Finally, we cannot underscore the importance of protecting veterans' records too strongly with our employees, 53 percent of whom are veterans themselves. We sincerely regret when errors are made. And we continue to expand use of digital technology to eliminate potential for human error in the process.

I appreciate the opportunity to address this important topic today. Mr. Chairman, this concludes my statement. I would be happy to take any questions from you or other Members of Subcommittee.

[THE PREPARED STATEMENT OF BETH MCCOY APPEARS IN THE APPENDIX]

Mr. ABRAHAM. Thank you, Ms. McCoy.

Mr. Arronte, you are recognized for 5 minutes from the Office of Inspector General.

STATEMENT OF BRENT ARRONTE

Mr. ARRONTE. Chairman Abraham, Ranking Member Titus and Members of the Subcommittee, thank you for the opportunity to discuss the Office of Inspector General's recent work on the review of records disposition and alleged shredding of claims-related documents. As indicated, I am accompanied by Ms. Dana Sullivan, the director of our benefits inspection division in San Diego.

VBA must be committed to ensure veterans' records are properly protected, maintained and disposed of. A complete and accurate record is critical for veterans to receive timely and accurate benefits. Inappropriate shredding or mishandling of claims related documents can lead to incorrect disability decisions and can affect the integrity of VBA's reported workload.

As stated in late 2008, the OIG reported staff at four VA regional office inappropriately discarded 132 claims related documents. Subsequent to that review, the Under Secretary for Benefits, as you indicated, instructed regional office leadership to conduct an internal review of all regional offices and their documents scheduled for shred. That review revealed an additional 474 claims related documents inappropriately scheduled to be shredded.

As a result, VBA leadership redesigned their policies and procedures regarding the disposition of veterans claims. The OIG Benefits Inspection Division teams conducted inspections at nine regional offices in 2009 over a 9-month period. We conducted this review to ensure regional offices were complying with VBA's new policy.

Early on in our inspections, we found very high rates of non-compliance. However, by the end of December 2009, most offices were complying with the new policies, and we did not identify any improper destruction of documents.

In June 2014, the acting director for the Baltimore regional office identified a situation where approximately 8,000 documents and 80 veterans' claims folders were improperly stored. Upon the request from that acting director, we confirmed that most of those documents consisted of processed and unprocessed claims related material.

Our findings led the Under Secretary for Benefits at that time to require each regional office director review 100 percent of all

work spaces to ensure these conditions did not exist at other offices.

In January 2015, we received an anonymous allegation that staff at the Los Angeles regional office were inappropriately shredding veterans' claims related mail. We substantiated that staff, at that office, were not following VBA's policies. Failure to follow key controls, such as not having a Records Management Officer in place and staff not following the policies, led to those conditions.

As such, we expanded our scope and conducted a review at 10 additional regional offices. We found 69 documents inappropriately scheduled for shredding. Fifty-five of these documents consisted of congressional inquiries at the Atlanta Regional Office. Three of those fifty-five congressional inquiries contained evidence to support a veteran's claim.

Regional offices continue to deal with paper on a regular basis. In our national review, we identified some offices using between 18 and 31 large bins to store documents scheduled for shredding. Based on our analysis, most of those documents were properly scheduled and stored for shredding. However, while the number of claims related document we found in those bins were fewer than compared to our 2009 review, we cannot minimize the impact improperly shredded evidence could have on a single veteran.

We are aware VBA is moving towards a paperless work environment, and believe that as claims related documents are scanned into VBMS, the risk of inappropriate shredding should decrease. However, we believe that risk is going to move to ensuring that there are controls to maintain and properly store veterans documents that contain PII, and ensure that documents sent to scanning facilities are actually scanned into the electronic record.

Our recent work across the Nation has demonstrated VBA must remain vigilant when enforcing its policies related to the disposition of governmental records. Over the past 7 years, we identified several instances where veterans' official records were at risk for inappropriate destruction or mishandling.

While VBA is moving towards a paperless work environment, there remain paper by-products that must be successfully managed. VBA might not consider the number of documents we found as a systemic issue; however, we consider this to be a systemic issue in the sense that policies were not followed across the Nation, at the offices that we looked at. We would like to thank the VBA employees who brought these issues to our attention so we can all better serve veterans.

Mr. Chairman, this concludes my statement, and we look forward to answering any questions you or the Members may have.

[THE PREPARED STATEMENT OF BRENT ARRONTE APPEARS IN THE APPENDIX]

Mr. ABRAHAM. Thank you, Mr. Arronte, for your testimony. I will begin the questioning.

Ms. McCoy, this question goes to you, please describe the procedures used by the VA's central office VACO, to monitor compliance with your current policies on record management?

Ms. McCoy. Thank you, Mr. Chairman. We have multiple different avenues for monitoring compliance. Those would include var-

ious headquarters entities such as compensation service, pension and fiduciary service. These are our headquarters policies and procedures arms. They do site visits out at our regional office, they check in and have the opportunity to look on the ground at records management processes and policies and compliance.

Another avenue is our district directors, we have five districts within VBA. They go out and have very similar oversight mechanisms in place. So for example, when I was the central area director, several years ago, I would go out and we would do spot checks of individual employees' desks to make sure that records were appropriately annotated and stored. We would look in trash bins, we looked in the common areas. So there are multiple opportunities for on-the-ground oversight.

Mr. ABRAHAM. Does the central office ensure that each RO has at least one records management officer who is devoting 100 percent of their time to ensuring that these veterans records are not improperly destroyed?

Ms. MCCOY. So there is a requirement to have a records management officer at each facility.

Mr. ABRAHAM. Is that happening?

Ms. MCCOY. It is happening, sir, to the sense that there are some of our offices that are so small, the Dakotas for example, that there is an RMO that handles both of those offices. So some of the volume of paper that we are working at, does come into play.

Mr. ABRAHAM. But is that protocol for that to be like that? I mean, does policy dictate that there is a record management person at every regional office?

Ms. MCCOY. It requires that records management officer functions are fulfilled at every office, yes, sir. So in some cases those are not less than full-time duties. And if there is not a full-time officer, there is a requirement to check with the district and have approval for less than a full-time.

Mr. ABRAHAM. Okay. How did the VA miss that Los Angeles did not have an RMO for 2 years.

Ms. MCCOY. Sir, if I could clarify that. That is not correct. We had a long time standing records management officer who was promoted. There was about a 6-month time period when this person was working in a different job, in a different part of the office. Before he left that position, he trained others, including his supervisor, to cover those records management duties, and they were doing that. He was also still helping, to do those records management reviews, even in his new position.

So during the transition, there was a vacancy, and they were filling that, but the duties were being fulfilled.

Mr. ABRAHAM. Well I guess my question is, who dropped the ball there? We have had records that were inappropriately handled. So who takes the hit for that, is that the RMO? Somebody's got to own this problem. Hey, it was a mistake, and it was not a minor mistake. I mean, this is major stuff, here. So, you know, we have to have accountability.

Ms. MCCOY. Absolutely, accountability is important. And we have put several layers of process in place to make sure that we handle veterans' records appropriately and safeguard them.

Mr. ABRAHAM. All right. So you know, back in 2009, the VA's answer was similar to your answer now, more training more training. And now in 2016, the VA's solution is, again, is to provide more training, better training. Now how can we as a Committee be assured that this training, more training, extra training, whatever you want to call it, would actually result in better management of these veterans records?

Ms. MCCOY. Chairman, it is a very important topic. And training is a piece of it, but the bigger solution is something that Congress has helped us implement, and that is a paperless system, so that we don't have paper that we are handling and passing along. It is scanned and digitized as early in the process as possible. We don't want to receive paper in our regional offices. We are diverting it at the post office, to the scanning vendor, and we have several mechanisms for online submission so that we don't get—

Mr. ABRAHAM. Okay. Let me ask one more question before my time runs out. How many employees, including RO management have been held accountable, and in what way, for noncompliance of the VBA policy related to document destruction during this past year, and during the last 2 years? How many have been held actually accountable?

Ms. MCCOY. Chairman, I don't have that information with me. I can take that for the record.

Mr. ABRAHAM. Please.

Ms. MCCOY. But within L.A. in particular, I can tell you there was one employee, a bargaining unit employee, that was held accountable for the incidents that we are—

Mr. ABRAHAM. What happened to him? What happened to that employee?

Ms. MCCOY. I will take that for the record. I believe it was a suspension.

Mr. ABRAHAM. Okay. So they are still working somewhere?

Ms. MCCOY. Yes.

Mr. ABRAHAM. All right. Thank you. My time is up. Ms. Titus.

Mr. TITUS. Thank you. Ms. McCoy, as I highlighted in my opening statement, I was concerned, but not surprised to find out that Reno once again makes the list of the worst in the country again now for this investigation.

I wonder if you can tell me what is going on at the Reno office, if you are going to check back to see if they have improved? Is the new guidance going to help you do that? Are there any periodic checks with the places that had problems?

Ms. MCCOY. Thank you, Congresswoman Titus.

We do have our new Regional Office Director Sheila A. Jackson, who is there on the ground, insuring that records management is a top priority. As far as, we have our Continental district, our Pacific district, we have five district offices, Pacific district is also making check-ins to do oversight reviews for records management.

Ms. TITUS. I have met with her, and I like her, and I think she is improving the morale at that office and doing a good job. So I am glad she is going to make this a priority as well.

Can you tell us a little bit more about the updated guidance when it is going to come out, how it is going to impact the backlog claims? Can you just give us some more information about it?

Ms. MCCOY. I would be happy to. So we have had a longstanding records management process that was really beefed up after 2008. So we put this multilayer review in so that we would minimize any risk of mishandling of documents. We updated that guidance in 2011, and we recognized in our new paperless environment that it was certainly time to update it again. So it is in draft process right now going through the concurrence. We had hoped to have it done by the end of May, but we are needing just a little bit more time because it is an important complex issue.

So I would anticipate seeing that going through concurrence in the next few weeks or months.

Ms. TITUS. And you are keeping in mind how it is going to impact the backlog, because it is not just about keeping records secure, it is about moving the process along.

Ms. MCCOY. Absolutely. And making sure that we have a good records handling process, cuts down on delays and makes sure that we are doing the most timely and accurate job we can for our veterans.

Ms. TITUS. Thank you. Mr. Arronte, can you tell us how you pick the offices that you studied?

Mr. ARRONTE. Yes, ma'am. After what we found in Los Angeles, we made a fairly quick decision to conduct this national review. Typically, when we conduct a review, we like to statistically sample or select the offices that we want to review. But based on how fast we wanted to get this turned around, we judgmentally selected these offices. And how we did that was to minimize travel costs. We tried to select offices that were closely co-located to a current inspector general field office, so we could eliminate travel costs.

Oh, I believe six of the ten offices were co-located or closely co-located with an IG office, so we selected those offices.

Ms. TITUS. It wasn't because you knew Reno was so bad you put it on the list?

Mr. ARRONTE. Well, so—that is a good point. For one of the offices where we do not have an IG, we selected Philadelphia because we had seen some issues with Philadelphia before. We did the same thing with San Juan.

Ms. TITUS. Okay. Thank you. Can you give us an update on the status of the action that has been taken on some of your recommendations?

Mr. ARRONTE. Okay. Right now the recommendations are still not closed. VBA is still working those. Ms. McCoy and I are in contact, and we are aware that they are going through a concurrence process right now. We discussed an extension to get this done. The concurrence process is fairly lengthy.

In about 2 months we have a process, a follow-up process, where we will reach out to VBA and start asking, "When are you going to provide our answers to the recommendations?" So, in about 2 months we will start official follow-up.

Ms. TITUS. And will you keep this Committee informed of how those recommendations are being implemented so we can kind of keep some oversight on—to be sure those problem are addressed?

Mr. ARRONTE. Absolutely, ma'am.

Mr. TITUS. Okay. Thank you. I yield back, Mr. Chairman.

Mr. ABRAHAM. Thank you Ms. Titus. Mr. Bost.

Mr. BOST. Thank you, Mr. Chairman. Ms. McCoy, I am—I don't even know—you said a while ago when speaking to the Chairman and answering his question, that training will now occur. Is that correct, are you working on training now so that this will not happen again?

Ms. MCCOY. Training is ongoing all the time. We are updating the training and the policies.

Mr. BOST. Okay. The concern I have is in our documents and what we have got, that prior—that the assistant director assumed the previous RMO has provided SDA staff with training, but no one assured—there was no assurance that it had occurred, and that is why we are back in this spot. Is that correct?

Ms. MCCOY. I don't—

Mr. BOST. Apparently, it is, because otherwise we would have stopped it from occurring again, correct?

Ms. MCCOY. I think the minimum human error that was involved here, which cannot be minimized, but I don't want to make more of it than what it is, also. There was a vacancy, an interim vacancy, and we were working to fill that. We reorganizing our support service divisions at the time. It is not accurate that we were not filling behind that position. We were filling behind it in a hybrid manner.

So there would be additional duties on top of the RMO duties. Because there was so little paper going through the regional offices compared to what we had in 2008, when we had 100 percent paper based process. Now 99.8 of our processing in our compensation claims is done with digits and not with paper.

Mr. BOST. Okay. What type of backup do you have there in all electronic records?

Ms. MCCOY. I would ask my colleague Mr. Houston to speak to that. I am not the IT person. He is a little closer to that than I am.

Mr. HOUSTON. Sir, 2 years ago we began central intake process for VBA. Before that, every single claim and every single piece of evidence came in, in paper. And in the last 2 years, we have transitioned that to—in three venues. One, 13 percent of the documents we receive now, we receive online through e-benefits directly into e-file. Thirty-six percent of the documents we received we received by fax. We receive them digitally, they go immediately to a digital mail queue. Again, if they are electronic, and can't be lost.

And then in the last 2 years with our central mail program, an additional 13 percent of the documents we received are received directly at our intake sites where they are opened and imaged the same day.

So now, in the last 2 years, we have gone from 100 percent paper at regional offices, 56 different intake methods, to 61 percent of our inbound communications are received digitally or are digitized the day we open the envelope. So at this point, only 39 percent of the evidence we receive from veterans is even paper to begin with, which greatly reduces our opportunity for any sort of misrouted or lost document.

Mr. BOST. Okay. I guess my next question, Mr. Arronte, how do you respond to the VA's testimony that the error rate is actually less than 1 percent and not indicative of the whole VBA system?

Mr. ARRONTE. Sir, I think it is the way we are doing math. We did look at 400,000 documents, but we went through those documents to specifically identify claims-related documents. So if you want to do the division, then the .06 percent that Ms. McCoy is talking about is one way to look at it.

But, we narrowed our universe down to only those claims related documents that we found and that was 155. And then we looked at all 155 of those.

Mr. BOST. All right. I am trying to find out if—Okay I won't say it is called cooking the books, but it is kind of whichever way you are selling it. Okay. Because you are saying that you look at it one way, and that is the way you come up with your numbers and the VA looks at it another way, and that is the way they come up with their numbers, which makes it very difficult for this Committee as we move forward to try to deal with this issue, along with many other issues that we are having with the VA similar to this, and to try and get it under control in a system that really works.

And each one, unfortunately, I keep seeing the VA come forward and say one either—and not just in this instance, it is not your fault or the not as bad as everybody says. Well, it is as bad as everybody says if you are the person—it is your records that this occurs with.

And I have been on the Committee now for—since being here, a year and a half, and I have watched this over and over again, and it becomes very frustrating when I have to go back to my constituents and try to answer for the VA, when either you have got too big in so many areas, and you are just out of control and we have got to get this under control. And for you to come back here a second time with the same problem is really a problem.

Thank you, Mr. Chairman.

Mr. ABRAHAM. Thank you, Mr. Bost. Ms. Brownley.

Ms. BROWNLEY. Thank you, Mr. Chairman. And I want to thank you and Ranking Member Titus for holding this hearing today. I think it is very important that we follow through with oversight when issues are raised. So I appreciate it very much.

I wanted to ask Mr. Arronte, I think Ms. McCoy is saying that staff was trained to do the RMO duties. And I think you are stating that they weren't trained. So I just wanted to get a clarification there?

Mr. ARRONTE. Yes, ma'am. I am going to defer this to Ms. Sullivan, she was actually on site when her team conducted the reviews. But I can tell you that when we interviewed the SSD staff who were supposed to be taking over this responsibility, they unequivocally told us that they had not been trained. Dana?

Ms. SULLIVAN. Yes, ma'am. We interview folks at their regional offices, when we go out and do our inspections and our hotline reviews. We were told by the former RMO that he had not provided training, formal training. We spoke to the support services division staff who were doing the duties of the RMO, and they told us they had not received the training as well. And, we followed that up with discussions and interviews with the assistant director who confirmed with us that she had not followed up on whether or not that training had taken place.

Ms. BROWNLEY. Ms. McCoy, can you respond?

Ms. McCoy. Thank you, Congresswoman. In talking to the L.A. regional office director, several times about this, I would add and clarify that he said, that the IG folks never talked to the SSD, the support services supervisor who was actually performing the duties. There were other people helping, but no one talked to him.

Also, the former records management officer had conducted the training and was still involved in helping, when necessary, to review records. So these duties were being performed by folks who were capable and trained to do it. So there is a disconnect somewhere.

Ms. BROWNLEY. There is a disconnect somewhere.

So Ms. McCoy, in your testimony, I think you were making the point that you believe at this point that mistakes that occur are relatively small. And I concur that in any sort of management organization, you know, there is going to be some human error involved and I get that. That is not to say that we accepted it, and we have to do something about it, but I accept that notion.

I think, you know, I wanted to follow-up on the Chairman's line of questioning, and Ms. Titus' line of questioning, in terms of just trying to really understand the accountability measures that are going to be in play.

So previously the IG makes visits, site visits, finds mistakes. They are going to follow-up on that, you will follow-up on that. But what are the measures actually embedded now into your system that you will find mistakes, not the IG, that you will find mistakes, rectify those mistakes?

And what is your reporting mechanisms so that you know internally where the mistakes are happening? It shouldn't be in my opinion for this Committee to ask you to make a report and you come and tell us, we should be able to, I think, at any time be able to look at the records and see what you have identified what mistakes are there, and we can all sort of concur. So that is what I am looking for, is what are those accountability measures?

Now you also said that the paperless system is part of that accountability. And, I mean, a paperless system, I think, is the right way to go, and I think it may eliminate some of the errors made just in terms of pushing paper. But a paperless system, I think, is better for efficiency purposes, but not necessarily accountability systems.

So if you could just inform us on what are those embedded accountability measures?

Ms. McCoy. I would be happy to. Thank you. So I would like to briefly touch on the accountability for the paper and then I would ask Mr. Houston if there is time to talk about the accountability in the electronic system.

So as far as the records management policies and procedures, I mentioned we are updating them right now. Our office of management which oversees records management is taking into account the IT findings, best practices from across our regional offices, and then incorporating the records management piece of a digital environment. So those things are ongoing.

We do keep records violation logs in our regional offices, the RMOs keep logs of anything they find, so that is an important piece of this. They give feedback to the supervisors and the employ-

ees if they find that they are missing signatures or annotations. So these are ongoing. And I did mention our oversight visits. So as far as the electronic piece of this—

Ms. BROWNLEY. Mr. Chairman, I know, my time.

Mr. ABRAHAM. Go ahead.

Ms. BROWNLEY. Thank you.

Ms. MCCOY. Thank you. Mr. Houston I think can elaborate on that.

Mr. HOUSTON. So in the electronic system, the first thing is that as soon as we image it, it is permanent. Even if we identify later that it is not of evidentiary value for our record, we have still got that image. And so if someone were to delete it, no matter when or where we find a problem, we can go back, restore that image and see who deleted it.

The second thing is in the logs Ms. McCoy mentioned, that is a log of a paper system. It is a digital log, but it takes a human being to key it in. In a digital system if someone identifies a document as not belonging in a claims folder and it goes in the digital system to the RMO, and they say no, we need to retain that—it will track how many times somebody sent something back saying you shouldn't have marked this for disposal. And it is not human driven, the system tracks it.

So we have got no human influence, on a data tracking system, that will tell us statistically do we have some employees at some locations that are doing it more than others? What type of documents are they marking for deletion? And if turns out we did it wrong, we can get it back. And the biggest piece there is that it is tracked by the system while they are doing their job. It is not them doing their job and then recording it.

I would be happy to elaborate on that if you would like.

Ms. BROWNLEY. But is there a system in place that management in some sense checks in on that rather than the system, you know, figuring that out, but we have got to make sure that we do something about it as well once—

Ms. MCCOY. Yes, ma'am. So we are checking in on the paper based system and updating the policy and procedures, we will incorporate this new electronic environment that we are in just in the past few years.

And again, that is the direction for the future. We very much appreciate Congress' support to get us where we are and going forward we don't want paper coming in. The more digits and the more images we have that cannot be lost in our digital fingerprint in the system of who touched it, and moved it, and did what with it. We won't be having these conversations.

Ms. BROWNLEY. Thank you, Mr. Chairman. I yield back.

Mr. ABRAHAM. Mr. Costello.

Mr. COSTELLO. Thank you, Mr. Chairman. I read this report. Mr. Arronte, I commend you and all those at the IG's office that worked on it. It is deeply frustrating, it is deeply troubling. When I consider, and I am from Pennsylvania, just looking by example to Philadelphia VA RO, last tread log documentation December 2012.

We look at claims related document without the required two signatures in shred bin. And I look at the Philadelphia data there,

which is not as bad as the Atlanta data, but that doesn't make it any much better.

I get concerned when—and this isn't directed at you, but I get concerned when we see information like this. And the response from the VA is, well, we are going to—and with all due respect to you, Ms. McCoy, we are looking at revising our rules and regulations, our procedures, our requirements. When in fact, there is nothing that prevents those working on these files from just doing their job properly in the first instance. And if you are not going to properly do your job, then it really doesn't matter what rules, regulations or requirements are further added.

Is there anything else that you could share with me Mr. Arronte about the findings at the Philadelphia office that either aren't included in here, or that make it unique, or particular in any respect? And then Ms. McCoy I will offer you an opportunity to respond as well.

Mr. ARRONTE. Yes, sir. I am going to defer to Ms. Sullivan. In my testimony, and my oral statement, we discussed a large number of bins filled with paper documents. Philadelphia was one of the offices that, I think, had 31 bins of documents. Most of the documents were properly scheduled to be shredded, but when you have that kind of volume in a paperless environment, it kind of increases the risk, in our opinion. Dana?

Ms. SULLIVAN. Certainly, sir. At Philadelphia, we did find 31 bins when we were there doing our surprise inspection. We were told that the week before that they—and we saw documentation, that they had looked at 28 bins.

The majority of documents, as Mr. Arronte said, had no value. They were paper envelopes, those types of items that are okay to be shredded, which is why we separated out the claims related documents, because that is where the risk to veterans lies.

Mr. COSTELLO. Right.

Ms. SULLIVAN [continued]. Is in the claims related documents. And we talked to the RMT, they have an RMT there, a Records Management Technician, who it is a similar position to the records management officer. And, she told us that during her review each week, she would look at a random selection of bins. Such that she could not guarantee they were looking at all claims related documents prior to destruction as was required under the policy for the VBA.

Mr. COSTELLO. When I look at what types of claims related documents in Philadelphia, as provided in the IG's report, it seems to me—I am not a claim processor—it seems to be pretty self-evident that they would be related to a claim, and everybody makes mistakes. But am I off there? Aren't most of those documents self-evident? I mean, it is not really a close call, is it?

Ms. SULLIVAN. Well, we have talked to staff not only at Philadelphia, but at other regional offices who said they were confused by the policy. Some said they hadn't had any training in quite some time, and they were not sure what documents needed a one signature, two signatures, or no signature, and they were just confused frankly.

Mr. COSTELLO. Do you accept that as credible?

Ms. SULLIVAN. Based on the fact that we found some documents, we talked to some folks in Philadelphia. We asked some supervisors and managers, "Should these documents have been shredded?" And, they said, "No, they should not have been shredded. They should not have been in the final gray bin. They should have been caught."

Mr. COSTELLO. Ms. McCoy, what do you think the next steps are based on the findings in this IG report? Which is just a flash point in time, and that is the point. People make mistakes. If these findings in Philadelphia were over a year, you know, if that was the aggregate in a year or maybe even a month, I can look at that and say, well there is a lot going on, there is a lot of paperwork, but it just seems to me rather high given that flash point in time.

And again, I am speaking specifically about Philadelphia, and Atlanta is certainly a lot worse. But can you share with me your concerns and what you think needs to be done moving forward, and specifically beyond just new rules or regulations which candidly someone can ignore at their desk. And if there is not the oversight afterward, then a new rule or regulation isn't going to really accomplish much.

Ms. MCCOY. Absolutely. Every record is important. And I don't want to look at any veteran and have to say or explain that we mishandled something.

Mr. Houston's comments earlier about the electronic environment and all the safeguards, that is the answer, that is the way to go. As we get there during the transition, we do have humans involved in the process, and we are doing everything we can to help them understand what they need to do. And that is why we have our multiple layer review process.

A bulk of the documents that are moving around in the regional offices for disposal are internally generated. So it is a copy of a letter that we printed out and realized there was a typo or a draft of a rating decision that we then decided we need to add something else.

So I don't want to minimize any of this, every document is important. But we are not talking about us throwing away claims, you know, critical claims documents. The bulk of the paper we are working with, is stuff that we make internally and realize we don't need it. Or there are duplicate documents that are already in the system that have come in again from a veteran or a veteran service officer and we don't need them, but we have to annotate them to assure along the whole process that we know they are duplicate.

And some of these violations—yes, it is accurate that we didn't follow policy if we didn't put the right initials and annotations, but that doesn't mean the paper gets thrown away.

Mr. COSTELLO. I agree. And I think it is one thing when—and then I will yield back, I know I am over—

It is one thing when you needed two signatures and you only got one, I think it is entirely different when you need a signature and you don't need any. I think that that is a darker shade of problem.

But I am over my time. I appreciate the response from all three of you. Thanks.

Mr. ABRAHAM. Thank you, Mr. Costello. Mr. Zeldin.

Mr. ZELDIN. Thank you, Mr. Chairman. Ms. McCoy, by any chance do you know of a case involving a Mr. John Mitchell?

Ms. MCCOY. I am familiar with Mr. Mitchell, yes.

Mr. ZELDIN. Okay. Why is he not receiving aid and attendance?

Ms. MCCOY. I would say that we—I would be happy to have myself and our compensation service folks sit down and have a deeper conversation.

I think the overall answer is that the evidence that we reviewed in that case doesn't substantiate entitlement to that benefit. And I know that there has been a lot of back and forth on that case. I personally have asked our headquarters experts to look at, make sure that we did it right, and we have done that a couple of times. So we are not finding entitlement based on the evidence we have.

Mr. ZELDIN. We admit that John Mitchell is a veteran and that he served in special operations for over 20 years. There is no doubt about that biographical part of his service, correct?

Ms. MCCOY. Sir, I am not that intricately familiar with his particular case. I know that we have had multiple reviews and a lot of conversation. I—

Mr. ZELDIN. Okay. But you are not even willing to admit that he is served in the military?

Ms. MCCOY. I understand he did—

Mr. ZELDIN. You came here and you admit that you know his case.

Ms. MCCOY. Yes.

Mr. ZELDIN. And you are not intimately involved in his case enough to even vouch that he served in the military?

Ms. MCCOY. On the spot, in this moment, I don't know those intricacies. I believe he did, but I don't—I did not write the case.

Mr. ZELDIN. Okay. So just imagine this, you serve for over 20 years in the military, you are in special operations, you deploy into combat. You suffer a traumatic brain injury after a 1,250 foot parachute fall. You are involved in a military vehicle accident. You are at the point now legally blind, and you disparately need aid and attendance, and you completely qualify for it.

After suffering multiple military injuries connected to your service, serving your country, willing to lay down your life for it, and you reach out for help. And despite meeting all of the legal obligations and all of the legal requirements to qualify for aid and attendance, after serving your country for over 20 years, you can be watching a video where a House Veterans' Affairs Committee is speaking with the representative from the Department of Veterans Affairs on this topic of the handling of paperwork and taking care of our veterans and never wanting to tell a veteran that there has been any type of mishandling of your paperwork.

And I am asking you about his case. You acknowledge that you know of his case, and even though this has been brought up at past Veterans' Affairs Committee hearings, I can't even get you to admit that he served our country.

Now just imagine if you are at home, and after serving your country for literally decades, and deploying into combat, you can't even get the Department of Veterans Affairs to acknowledge that you served, let alone the fact that you have to live your entire life

with traumatic brain injury from a parachute fall and a military vehicle accident.

That is how you personalize, this isn't just about paper. I am offended on behalf of my constituent. I thank him for his service. I am willing to not only acknowledge that he served our country, but that his traumatic brain injury that he suffered as a result of it, which qualifies him for this benefit, at the very least, at the very least at this point, in June of 2016 after everything he's gone through trying to get this approval, maybe the Department of Veterans' Affairs can at least acknowledge that he served. That right there was one of the most, if not the most offensive answers I have heard in any Committee hearing that I have been in.

And if you put yourself in the position of John Mitchell, I implore you please at the end of this Committee hearing to relook at his paperwork because everything is there, to get this man the help that he needs, and at the very least at this point after what we just witnessed with the answer to that question, I think the Secretary owes John Mitchell an apology, and a thank you for his service. At the very least your Department can acknowledge he served.

Mr. ABRAHAM. Thank you, Mr. Zeldin.

I am going to ask a couple of follow-up questions so we are going to start a second round here.

Mr. Arronte, this will go to you. Your testimony explained inappropriately shredding of documents and how it impacts our veterans. And we understand that in our claim process. Yet, your office didn't follow-up on the 2008 findings until recently. So why hasn't your office made this more of a priority?

Mr. ARRONTE. Sir, unless I didn't speak clearly, we did follow-up after the 2008 incidents where we found all the inappropriate shredding. Our Benefits Inspection Division, which was newly created in 2009, looked at nine regional offices over a 9 month period. And initially, I think there was an 88 percent noncompliance rate. We were still finding 88 percent of the documents we looked at should not have been shredded.

And then towards the end of that year in December, I believe, it went to below 10 percent. And, so then, at that time, we have to conduct risk assessments for the protocols we look at based on the staffing. So, we shifted some of our work from that to look at issues like traumatic brain injury, and temporary 100 percent claims. But we did look at the policy for about 9 months to make sure staff at these offices were complying.

Mr. ABRAHAM. Okay. And I am going to ask you this too, Mr. Arronte. How do you respond to the VA's testimony of Ms. McCoy that, that the error rate is actually less than 1 percent and is not indicative of VBA's systemic issues?

Mr. ARRONTE. Again, sir, as Ms. Sullivan indicated, when we look through these bins and we are looking for mail, we go through a lot of paper documents, some of them are Post-it notes, some are envelopes. So, if you want to count that as the total universe of documents that we looked at, then that is one way to do the math.

What we were looking for is claims related documents, and we found 155. So to us, that is 100 percent. We found 155 at that snapshot in time, so 100 percent of what we looked at that should

have not been there was the 155. So we had to filter through the okay stuff to find the universe that we wanted to find.

Mr. ABRAHAM. And I think that is my concern is that we are having voodoo math here on some of these issues. So we will continue. Ms. Titus.

Ms. TITUS. I thank you. I would just go back Ms. McCoy you said we don't want to receive any paper, we don't want paper. We want everybody to do electronic filing. Well if some of those veterans are like me, that is a problem because they are low tech.

But what are you doing to get the VSOs to get our veterans to apply online, as opposed to sending paper? Are we helping them to do this so that they can then in turn make the system work better?

Ms. MCCOY. Yes, we are. We are making sure they have access. We are increasing the capabilities in those systems to upload documents electronically. We have fax capabilities to send them in and they are digitized immediately upon receipt of the fax.

And I know there are concerns that there are, as you say, low tech veterans or folks in rural areas who might not have access to a computer or scanner or something like that. Another solution is don't send it to the regional office, send it straight to the scanning vendor. That way we don't have to put it in the box, and take the time and expense to send it to the scanning vendor.

There is a P.O. Box, it is P.O. 4444 in Janesville, Wisconsin. And someone can send it straight to the scanning vendor for us, it doesn't get to a regional office, there are not hand offs' with humans touching the paper. It goes right into digits and is scanned immediately.

Ms. TITUS. So are you in communication with VSOs? Have they offered any input into how to make this process better or anything they need to help their veterans, their members apply in this way?

Ms. MCCOY. Yes. We have been working with them and I would ask Mr. Houston to elaborate on that, please.

Mr. HOUSTON. Ma'am, we have been working with the VSOs on both, when they send this information, how do we make it so that our systems make it digital, where we use smart technology to extract file numbers, names, contentions, so even though the veteran wrote it and sent it to us in paper, right as we scan it, we make it just as they had applied online. And we are making changes to the VA forms to accommodate that.

We have also added so that when you send a fax you get a fax confirmation page back right away to say this is the number of pages we have got, we confirm that we have got it, and we are expanding that so you will get more than just a confirmation page. You will get a confirmation page when we receive it, and you will also get an update once the claim has been put under control in the VA systems. And all of those changes were due to direct feedback from veteran service officers.

We have also been working to enable veteran service officers who have their own imaging systems to upload directly to VA systems from theirs, rather than print, mail and we rescan it. And we are doing that for a couple of reasons. One is because I wanted to spend less money on scanning. We scanned 2 billion images in the last 4 years. Any time I can get it digitally to begin with I save the taxpayer a lot of money.

So we are working with the VSOs to get it directly from them digitally. And I know that the VSOs have been really aggressive about pushing both scanners and fax machines into their remote offices to increase our ability to get it electronically.

So we are working with VSOs to get it more electronically, with more data. And then we have also worked with them to make sure that when we get paper, we can make it electronic rapidly and accurately. Because we really want to make sure no matter what generation of veteran you are, we take care of you.

In addition on that, with older records we have specific technology's, hardware and software in place to handle older records. I think we are probably the leading edge on microfiche reading, because we still get microfiche records. We have got specialized equipment for that. And we have got specialized equipment for the old onion skin records. We have got some really terrific equipment. We have been resourced by this Committee and others to make sure we get that done right. And a lot of that is aimed at making sure we can handle older records as fast or faster than new records.

Ms. TITUS. Well, that is good to hear. Do you have a scanning center in the West?

Mr. HOUSTON. We do not, ma'am.

Ms. TITUS. Maybe we need to look at that.

Mr. HOUSTON. What we have done is, we use a competitive contract, and we award it to two competitors at the same time. And we essential make them compete for veterans' business every day, whichever one of them is doing better gets more work, whichever one of them is doing poorly gets less work.

On that note, though, we don't tell them how to do their business. We bring a good industry-government partnership in where industry brings its best game, best value for the taxpayer, and we make sure they do it. We really haven't dictated where they put them, we just dictate the results they give us.

Ms. TITUS. And you are confident that the records are kept safe there and there is not a problem at that level that maybe the IG hasn't looked at?

Mr. HOUSTON. Absolutely. In addition to the quality of the records, records security is huge. At our scan sites, you can't take paper in, you can't take a cell phone in, you can't take a camera in. Anything electronic you take in is examined. When you walk out, you hold your jacket out in front of you so they can see you are not taking anything with you. And then we use a five-tier accuracy review on what we scan.

Our vendors use individual quality reviews on their people. They do inline audits of their process. We have an independent company go in and audit that process. We also use the accuracy controls in the software and the hardware. And then our last accuracy review is the VA employee when they are looking at the claim and looking at, did I get it, was it scanned right, was it clear, was it readable, is there a page missing? And so we use both physical controls on the paper in the sites and all kinds of electronic controls on the quality we get from them.

I would welcome anybody, any Congressmen or your staffers or VSOs, we routinely show them through our sites because we are really proud of the value those folks are giving the veterans.

Ms. TITUS. That would be interesting. Thank you. Thank you, Mr. Chairman.

Mr. ABRAHAM. Ms. Brownley.

Ms. BROWNLEY. Thank you, Mr. Chairman. Ms. McCoy, you have basically testified that almost now 100 percent of the claims are processed electronically, almost there. And so do you have any idea what percentage of appeals are processed electronically and what the timeframe is for that?

Ms. MCCOY. A majority of the appeals are in electronics both for VBA and also the Board of Veterans' Appeals.

Ms. BROWNLEY. Is that like 51 percent or—

Ms. MCCOY. I think more like 60 to 70 percent, but I would have to check on that.

Ms. BROWNLEY. And the timeline?

Ms. MCCOY. And the timeline—so, I believe this year Mr. Houston, in getting the best value we can, and maximizing the amount of scanning we can do. We are looking for additional opportunities to have regional offices send any remaining appeals folders and paperwork to the scanning vendor so it is electronic as well.

Ms. BROWNLEY. But a timeline, by what date?

Mr. HOUSTON. We are looking to have it done by the end of the calendar year, ma'am.

Ms. BROWNLEY. Thank you, thank you, thank you.

So again, Ms. McCoy, you have concurred with recommendations from the IG. You said you were in the process of releasing additional guidance on that. And again timeline, when is that going to happen and how will it be executed in all the VA offices?

Ms. MCCOY. Our office of management is working on that right now. I believe they have an early draft, it will go through concurrence. If I had to tentatively put a timeline—I would think in the next maybe 6 to 8 weeks, we would have that policy updated and concurrence completed. Then we would do all of the necessary training at the regional offices on that, and then start whatever oversight changes are generated by that new policy.

Ms. BROWNLEY. And last question, which is with regard to congressional inquiries, I know that there was, I think the IG—maybe it wasn't the IG, but I know that in Atlanta it was identified that congressional inquiries were not properly uploaded, and so can you clarify, are you putting forward again new guidance, new policy, vis-&-vis congressional inquiries?

Ms. MCCOY. Yes, that will be part of the updated policies and procedures. Right now there is some gray area as to whether just general congressional inquiries are supposed to go into the claims folder itself. We have in the regional offices separate tracking mechanisms for requests on status of claim and things of that nature. And the policy is that if there is any attachment of evidence, that goes into the claims folder.

There is still a little squishiness there. And we are asking our experts to shore that up to make sure it is very clear to employees, everything from congressional inquiry perspective that needs to go in the folder versus on a spreadsheet or something of that nature.

Ms. BROWNLEY. Thank you. I yield back.

Ms. BROWNLEY. Thank you. I yield back.

Mr. ABRAHAM. Okay. Thank you, Ms. Brownley. Okay ladies and gentlemen, on behalf of the Subcommittee, I thank you for your testimony. And this testimony has raised some serious questions about how the VA is handling the paper documents.

And I appreciate that the VA has made some progress since the 2009 hearing on this issue, but the IG reports prove that the veterans' paperwork is still ending up in the shred bin when it should not. I look forward to working through these issues with the department and my colleagues on the Committee.

Again, thanks to everyone for being here. And as initially noted, the complete written statement of today's witnesses will be entered into the hearing record.

I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous materials.

Hearing no objection, so ordered.

I thank the Members and the witnesses for their attendance and the participation today. This hearing is now adjourned.

[Whereupon, at 11:07 a.m., the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Beth McCoy

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.

Prepared Statement of Brent Arronte

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to discuss the Office of Inspector General's (OIG) recent reports on the review of records disposition for veterans' claims-related documents, Review of Alleged Shredding of Claims-Related Evidence At The VA Regional Office Los Angeles, California, and Review of Claims-Related Documents Pending Destruction at VA Regional Offices.¹ Our statement today focuses on the results of work conducted related to a hotline allegation that management and staff at the Los Angeles, California, VA Regional Office (VARO) were not following Veterans Benefits Administration (VBA) policy on management of veterans' and other governmental paper records. We will also discuss the effectiveness of VA's controls for compliance with records disposition guidance for veterans' claims-related documents observed during our unannounced inspections at 10 VAROs across the nation. I am accompanied by Ms. Dana Sullivan, Director, OIG's San Diego Benefits Inspections Division.

BACKGROUND

In April 2009, the OIG established an independent benefits inspection program to provide recurring oversight of VAROs, focusing on disability compensation claims processing and performance of Veterans Service Center (VSC) operations. Since the inception of the program, the OIG has consistently reported on the need for enhanced policy guidance, oversight, training, and supervisory review to improve the accuracy and timeliness of disability claims processing and VARO operations. We also perform specialized reviews of VBA programs and initiatives. A complete and accurate record is critical to ensure claims are identified and worked, and that staff make timely and accurate decisions. Inappropriate shredding of documents can lead to lost claims, veterans experiencing delays in obtaining compensation decisions, decisions based upon incomplete information, and incorrect decisions. When claim information is inappropriately disposed, it could also affect the integrity of VBA's reported workload.

Inappropriate shredding of veterans' claim information was identified in 2008 at four VAROs during our audit of claims-related mail processing.² The issue came to our attention at the Detroit, Michigan VARO in September 2008, when we were told that claims-related documents might have been inappropriately discarded in shred bins. We reviewed the entire contents of 18 shred bins at the Detroit VARO and identified 80 documents that were inappropriately discarded. After finding the claims-related documents at the Detroit VARO, we expanded our review to include the Waco, Texas; St. Louis, Missouri; and St. Petersburg, Florida VAROs. Overall, the OIG identified 132 claims-related documents that VARO staff inappropriately discarded, of which 45 could have affected claim benefits. The remaining 87 documents consisted of death certificates, as well as correspondence from veterans and award documents that would not have affected claims, but should have been retained in the claims files. Shred bins had been located in different work areas throughout these VAROs allowing staff to deposit documents no longer considered necessary. In order to protect veterans, since the documents contained personally identifiable information, the staff could not deposit the documents in open trash collection bins. VBA had no controls in place for review of documents placed in shred bins, and no requirement for any final review prior to destruction. Therefore, an employee could easily dispose of documents, either purposefully or unintentionally. The extent of the inappropriate claims-related shredding could not be determined as the bins reviewed contained 14 or fewer days of material.

On October 14, 2008, the OIG briefed James Peake, the then Secretary of Veterans Affairs; Patrick Dunne, the then Under Secretary for Benefits (USB); and other senior VA and VBA officials concerning the documents found in the shred bins. The USB directed every VARO to suspend all document shredding. In addition, the USB instructed every VARO Director to review and inventory all contents in shred bins, report all claims-related mail or original supporting documents found in

¹ Both reports were published on April 14, 2016, and are available at <http://www.va.gov/oig>.

² Audit of VA Regional Office Claim-Related Mail Processing, September 30, 2009.

shred bins, and verify that the contents did not include documents needed for processing claims. VBA's search of shred bins found an additional 474 claims related documents in 41 VBA locations nationwide, including 40 of the 57 VAROs and VBA's Records Management Center in St. Louis, Missouri.

VBA Policy on Management of Veterans' and Other Governmental Paper Records
In November 2008, VBA issued additional policies for the maintenance, review, and appropriate destruction of veterans' and other governmental paper records in response to our findings and VBA's own administrative review results.³ This policy also established two new positions—the Records Management Officer (RMO) and the Division Records Management Officer (DRMO)—to protect against the inappropriate shredding of documents.

The RMO is responsible for overseeing all programs established for the management of veterans' records and is the subject matter expert and records liaison for administrative records. Additionally, the RMO is the VARO's final control to prevent shredding of claims-related documents. RMOs work closely with other records management staff and other agencies to protect personally identifiable information of veterans and employees from unauthorized use, disposal, and destruction. They provide records management guidance to staff, and conduct frequent sampling and spot checks to ensure compliance with station shredding policies. Additionally, the RMO is required to conduct annual training for all VARO staff relating to the maintenance, review, and appropriate destruction of veterans' paper records.

DRMO reviews are generally performed by supervisors as a collateral duty, and VBA policy provides for one DRMO for every 15–20 employees in the division. The VARO director determines the appropriate number of DRMOs at a VARO or other VBA facility to fully carry out these responsibilities.

In January 2011, VBA revised its policy to include an optional full-time position, the Records Management Technician (RMT). Each VARO could replace their DRMO position with an RMT. VBA made this change to reduce the supervisory records review and approval process to claims-related material only and provide more time for VARO supervisors to devote toward claims processing activities. Further, VBA issued each employee a red envelope and a red box. Employees were directed to use the red envelopes for claims-related documents only. Claims-related documents generally include duplicate evidence and are required to be signed by the employee and the supervisor prior to destruction. The red boxes are used for other documents, such as training materials, draft rating decisions, and internally generated papers. Some of these documents require the employee's signature before destruction, and others do not require any signatures. Employees are responsible for ensuring all items in their designated shredding containers meet the guidelines of the policy.

VBA requires staff to file, in a claims folder, essential documents with evidentiary, legal, or administrative value. VBA policy also requires staff upload all file mail to an electronic claims folder to ensure that an accurate historical record is maintained for each veteran's claims folder.

REVIEW OF ALLEGED SHREDDING OF CLAIMS-RELATED EVIDENCE AT THE VA REGIONAL OFFICE, LOS ANGELES, CALIFORNIA

In January 2015, the OIG received an anonymous allegation that staff at the Los Angeles VARO were inappropriately shredding mail related to veterans' disability compensation claims. The allegation also stated that supervisors were instructing staff to shred these documents. We conducted an unannounced inspection at the VARO in February 2015 to evaluate the merits of the allegation.

We issued an interim report on August 17, 2015, *Interim Report- Review of Alleged Shredding of Claims-Related Evidence at the VA Regional Office, Los Angeles, California*, in which we substantiated that VARO staff were not following VBA's policy on the management of veterans' and other governmental paper records. We reviewed approximately 13,800 documents to be shredded. These documents were contained in the VARO's locked final shredding disposal containers, as well as in individual employee red shred boxes on the appeals team, the intake processing center, the mailroom, the file room, the public contact team, and the VSC Manager's office.

We found nine claims-related documents incorrectly placed in employees' individual red boxes. Records management staff stated they did not follow a set schedule for picking up documents to be shredded. Therefore, we could not determine when employees' red boxes were last emptied or how long these documents had been in their boxes. This action bypassed VBA's control that requires supervisory review of claims-related documents before shredding. Eight of the documents had the po-

³VBA Letter 20-08-63, *VBA Policy on Management of Veterans' and other Governmental Paper Records*, November 14, 2008.

tential to affect veterans' benefits and consisted of homeless veterans' disability claims, medical evidence, VARO letters returned as undeliverable, an address change, and a veteran's request for information related to his appeal. The final claims-related document was a letter from a veteran that did not affect benefits, but should have been included in the file for historical purposes. None of the nine documents had all required signatures or initials.

We also found there was no RMO at the VARO from August 2014 until our inspection in February 2015. The RMO had been promoted to another position in August 2014, and the Assistant Director determined that it was not necessary to fill the position. VBA policy requires that an RMO continue to oversee all programs established to manage veterans' records. We found that Support Services Division (SSD) staff who took over the duties of the RMO lacked training regarding maintaining, reviewing, protecting, and appropriately destroying veterans' and other governmental paper records. The Assistant Director assumed that the former RMO had provided SSD staff with training but did not ensure this had occurred. SSD staff stated they would only complete a "cursory review" that consisted of observing the documents as they emptied red boxes into final shred bins. As a result, we concluded it was likely that this cursory review would not have identified the claims-related documents we found, and they would have likely been inappropriately destroyed. Upon our request, VARO management could not provide documentation of permission to reassign the RMO duties to other staff and deviate from the requirement of having an RMO.

The Los Angeles VARO failed to provide any documentation of shredding violation logs for the past 2 years. SSD staff only kept certificates of each shredding event carried out by the shredding contractor, as they said they were unaware of VBA's requirement to log any material that was determined inappropriate for destruction or identify staff who did not follow VBA policy. In the absence of the shredding logs, we could not determine the effectiveness of the RMO/SSD reviews over the past 2 years to prevent claims-related documents from being improperly destroyed, compared to what we found during our review. This was a missed opportunity for the VARO to identify its training needs on the management of veterans' paper records.

Due to noncompliance with VBA policy, poor controls, inadequate oversight, and lack of training, the Los Angeles VARO put veterans' claims-related documents at risk for inappropriate destruction. Because the VARO did not consistently follow VBA's controls, it was likely that staff would have inappropriately destroyed the nine claims-related documents we found. Similar to the 2008 audit, we could not quantify or identify claims related documents that the VARO may have shredded prior to our inspection.

We recommended the VARO Director implement a plan to ensure staff comply with VBA's policy for handling, processing and protection of claims-related documents. We also recommended the Director assess the effectiveness of training provided to staff on VBA policy and provide documentation to the OIG that corrective action had been taken on the eight cases we identified. On April 14, 2016, we issued our final report, *Review of Alleged Shredding of Claims-Related Evidence at the VA Regional Office Los Angeles, California* that contained the Los Angeles VARO Director's concurrence with our recommendations. He stated refresher training had been provided to all employees, and that a revised local Standard Operating Procedure on shredding had been instituted. In addition, he stated management would receive reports from the RMO detailing errors made in the handling of the documents and would follow up with retraining and accountability for conduct. Finally, the VARO Director stated staff had completed action on the eight cases referenced in the report. The VARO Director's comments and action were responsive to the recommendations, and we will follow up as required.

REVIEW OF CLAIMS-RELATED DOCUMENTS PENDING DESTRUCTION AT VA REGIONAL OFFICES

After determining there were claims-related documents pending inappropriate destruction at the Los Angeles VARO and assessing that the controls of the records' disposition process were not effective, we conducted unannounced inspections at 10 VAROs on July 20, 2015. We reviewed all claims related documents pending destruction contained in the VAROs' final shred bins. We issued the results of these unannounced inspections in April 2016, *Review of Claims-Related Documents Pending Destruction at VA Regional Offices*, (April 14, 2016). We reported that VBA's controls for records disposition were not fully effective in preventing VARO staff from destroying claims related documents. We reviewed approximately 438,000 documents awaiting destruction. The number of documents found represented the contents within shred bins between disposal cycles. The 10 VAROs, per their local policies, had planned pick-ups ranging from twice weekly to once a month. However,

the shred bins contained documents that were not claims-related, such as scratch paper, envelopes, internally generated papers, draft or duplicate decisions and letters, and training materials. Once other materials were separated out, we identified 155 claims related documents in final shred bins at 9 of 10 VAROs, and one VARO had no claims-related documents in their final shred bins. Of the 155 claims-related documents, 25 documents found at 6 VAROs were compliant with VBA policy and appropriate to shred.

The remaining 130 of 155 claims-related documents found in the shred bins did not follow VBA policy and have the signatures needed to be placed in the shred bins. These documents bypassed VBA's internal control requiring supervisory review of all claims-related documents prior to shredding. Sixty one of these documents were appropriate to shred because they were available in veterans' electronic or paper records. However, 69 were not appropriate to shred because VARO staff had not added them to veterans' claims folders. Of those 69 documents:

- Two documents affected benefits. One document discovered at the Reno, Nevada VARO consisted of evidence supporting reimbursement of burial costs which was incorrectly denied. The other document found at the Atlanta, Georgia VARO included congressional correspondence with evidence related to removal of a former spouse which resulted in a delay in adjusting the veteran's compensation benefits and a larger overpayment.
- Nine documents had the potential to affect veterans' benefits, including medical evidence, a veteran's inquiry regarding his appeal, evidence related to a provisional rating, original personnel records, an administrative decision, and bank account information. Two of these documents also included congressional correspondence.
- Fifty-eight claims-related documents did not affect benefits but were still required to be included in the veterans' claims folders. Fifty-two of these documents consisted of congressional inquiries at the Atlanta VARO—VARO staff uploaded these documents into the veterans' electronic records after being notified by the OIG. VARO management disagreed that shredding these documents had any effect on veterans' because they had retained local copies. While we acknowledge that VARO management maintained local copies, this evidence was not part of the claims files at the time of our review. As such, no one can be assured that other VAROs, which may process future claims from these veterans, would have access to these documents.

The Acting USB stated that our findings were not indicative of a systemic issue considering the large number of documents that were reviewed. However, we disagree and reiterate that the potential effect on veterans cannot be minimized. Generally, the errors we found occurred because management did not ensure staff complied with VBA's policy for safeguarding veterans' documents. Management and staff stated VBA's policy was confusing and outdated, and did not clearly delineate signature requirements for all claims-related documents. Management did not ensure that RMOs provided annual training to all VARO staff on the proper procedures for managing veterans and other governmental paper records as required. Staff at numerous VAROs stated they could not recall when RMOs provided training. Management and staff noted training would be a helpful reminder of the proper annotation requirements.

VBA's policy was established to ensure that documents are properly identified for shredding. Records management staff are required to review claims-related documents submitted for shredding, and conduct spot-checks of non-claims-related material. However, we found that they did not consistently review documents at some of the VAROs we inspected. For example, at one regional office, the RMO did not review any documents submitted for shredding in 2015, and management directed the RMT to review a sample of only three of the total bins each week. Furthermore, records management staff at three VAROs stated that they were assigned additional duties that inhibited their review responsibilities. Based on the insufficient records management processes we observed at these VAROs, staff did not appropriately review all claims related documents designated for shredding.

If records management staff identify material inappropriately scheduled for destruction, they are required to report these violations to VARO directors and maintain logs for 2 years. At the 10 VAROs we reviewed, records management staff did not consistently maintain violation logs. Two VAROs did not have current violation logs because records management staff reported having no violations in the past 2 years. Five additional VAROs' logs had no recorded violations within the current year. At one VARO, records management staff did not have recent log entries because they would not record a document missing signatures as a violation, unless it was a chronic problem originating from one employee. Based on our findings of

claims-related documents inappropriately placed in the shred bins, it is highly unlikely the VAROs had no violations within the last year.

We concluded claims related documents were at risk of being inappropriately destroyed. As noted in both the 2008 audit and the February 2015 inspection, we could not quantify or identify claims-related documents that the VAROs may have shredded prior to our review.

We recommended the Acting USB ensure VARO compliance with policy, update and clarify policy and procedures, and provide training where needed. The Acting USB concurred with our recommendations, and agreed the records management policy needs to be revised to align with the current electronic document storage and centralized mail handling. VBA will also revise associated roles and responsibilities, with deliberate consideration given to compliance enforcement and oversight, and will ensure procedures are in place to track all shredding violations identified. The Acting USB also stated Phase 2 of the Records Management Accountability and Training initiative to ensure records management compliance and proper control, storage, and maintenance of mail and other benefit and claim-related documents will be scheduled. Finally, VBA is in the process of clarifying procedures for the maintenance and disposition of congressional correspondence. The Acting USB's planned corrective actions are responsive to the recommendations, and we will follow up as required.

CONCLUSION

OIG's 2008 audit and the 2015 inspections demonstrate that VBA's controls have been ineffective in safeguarding veterans' claims-related documents from potential inappropriate destruction. Our recent inspection work at 11 VAROs demonstrated that due to noncompliance with VBA policy, poor controls, inadequate oversight, a lack of training, and confusing policies, veterans' claims-related documents were at risk for inappropriate destruction.

The potential effect on veterans should not be minimized. Considering that there are 56 VAROs, and if weekly shredding is conducted, it is highly likely that claims-related documents at other VAROs are being improperly scheduled for destruction. We consider any loss of claims-related documents to be unacceptable. These actions can potentially result in loss of claims and evidence, incorrect decisions, and delays in claims processing. Further, this situation increases the distrust that veterans, their beneficiaries and families, and other stakeholders have in VA's ability to adequately protect documents and provide timely benefits.

Mr. Chairman, this concludes my statement. We would be happy to answer any questions you or members of the Subcommittee may have.

