

# PHILADELPHIA AND OAKLAND: SYSTEMIC FAILURES AND MISMANAGEMENT

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## HEARING

BEFORE THE

### COMMITTEE ON VETERANS' AFFAIRS

### U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

WEDNESDAY, APRIL 22, 2015

**Serial No. 114-16**

Printed for the use of the Committee on Veterans' Affairs



Available via the World Wide Web: <http://www.fdsys.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

98-633

WASHINGTON : 2016

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## **PHILADELPHIA AND OAKLAND: SYSTEMIC FAILURES AND MISMANAGEMENT**

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**Wednesday, April 22, 2015**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON VETERANS' AFFAIRS,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10:30 a.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [chairman of the committee] presiding.

Present: Representatives Miller, Lamborn, Bilirakis, Roe, Benishek, Coffman, Wenstrup, Walorski, Abraham, Costello, Brown, Brownley, Titus, Ruiz, Kuster, O'Rourke, Rice, McNerney, Walz.

Also Present: Representatives LaMalfa, Meehan.

### **OPENING STATEMENT OF CHAIRMAN JEFF MILLER**

The CHAIRMAN. The committee will come to order.

Good morning, everybody. Welcome to our witnesses who are here today, especially those brave whistleblowers who are appearing on our first panel.

The title of our hearing this morning, Philadelphia and Oakland: Systemic Failures and Mismanagement.

Now, based on the IG's reports describing the serious problems processing claims in both Philadelphia and Oakland, I think that the phrase systemic failures and mismanagement might be a gross understatement.

The witnesses from the VA will have an impossible task today. They will have to try to explain the inexcusable, a pattern of malfeasance, abuse and incompetence by VA officials that has led to waste of taxpayers' funds, a serious failure to correctly process veterans' claims, and in Philadelphia, a workplace environment so corrosive, so toxic, so abusive that according to whistleblowers workers have even been driven to attempt suicide.

In one tragic case, as one witness will testify, a worker may have actually succeeded in taking his own life after being bullied by VA management.

I also have serious questions about the cost incurred by VA regarding the transfer of Philadelphia RO Director, Diana Rubens, from the VA Central Office in Washington to the Philadelphia RO.

The VA incurred over \$300,000 in relocation expenses last summer to move Ms. Rubens, one of the highest paid employees at VA. Let me repeat. At a time when VA was telling Congress and the American public that it needed more money for claims processors,

it authorized more than \$300,000 in order to move a federal employee less than 140 miles from Washington to Philadelphia.

In fact, of the total sum of relocation expenses, \$84,643.70 was paid directly to Ms. Rubens for expenses such as subsistence and temporary expenses, real estate expenses, "relocation income tax allowances," income tax allowances, permanent duty travel, permanent change of station meals, shipment of household goods and personal effects, and storage of household goods for the first 30 days.

While such an expenditure may have been totally legal, it does not pass the smell test. Paying such an exorbitant amount on behalf of a federal employee to move three hours down the road is an outrageous abuse of taxpayer funds in this fiscal climate or in any fiscal climate, for that matter. In this situation, everyone wins except the taxpayer.

I would also note that a comparison of relocation expenses for our servicemembers with those available to VA employees shows a significant advantage to civilian employees.

I have asked the Office of Inspector General to investigate not only the payments for Ms. Rubens' transfer but also whether there is a more systemic problem with VA's use of relocation expenses. Relocation expenses are intended to entice employees to take hard-to-fill positions.

Now, from what I have learned, VA makes these benefits available to every single RO Director who relocates. That is hardly the kind of scrutiny such a large expenditure of taxpayer funds deserves.

VA's problems are more than just an abuse of the relocation program. VA asserts that it is making progress in resolving its backlog, but the IG's findings that Philadelphia staff deliberately manipulated claim dates in order to conceal the true size of its backlog seriously undermines the VA's credibility, at least where the Philadelphia RO is concerned.

Although the mismanagement and data manipulation detailed in the IG's report on Philadelphia is as bad as I have seen in a long time, we cannot ignore the serious problems that have been discovered at the Oakland Regional Office. It is absolutely inexcusable that the Oakland RO ignored more than 13,000 informal claims, some dating from the mid 1990s.

This committee will continue its oversight to ensure that the VA actually holds the Philadelphia and Oakland management staff accountable for the abuses and mismanagement outlined in these reports. VA's actions, not words, in these two cases will demonstrate whether the department is serious about cleaning up yet another mess.

Merely requiring staff to attend training sessions is not enough and shuffling poor performing managers to other stations as was done with Mr. Gary Hodge, the manager of the Pension Management Center who was transferred to the central office literally hours after the release of the IG report, is simply the old VA way of papering over a problem.

Further, VA's response to my request for all Equal Employment Opportunity and Merit System Protection Board files from the Philadelphia RO is another example of VA's lack of transparency

and seeming attempt to hide the truth about working conditions in Philadelphia.

I asked for the files on December 19th last year, four months ago. I also requested this information when I met with Secretary McDonald February 25th. In addition, I specifically asked VA's general counsel for these files during a committee hearing on the 16th of March. And my staff has repeatedly followed up on my request with the VA over the last four months.

Finally, after months of delay, on April 14, we received some documents including a disposition log of MSPB cases that the VA claimed was complete, but in actuality is incomplete. Since Friday evening of last week, the VA has since turned over some additional files, but has failed to deliver all of the files that this committee has requested.

For example, the committee has received seven of 22 files for MSPB claimants, although there are believed to be more than 22 individual employees who have filed claims since 2008. To date, VA has failed to deliver any EEO files. These continued delays are unacceptable and inexcusable.

If all requested records are not provided by week's end, I intend to ask my colleagues to join me in subpoenaing the documents.

With that, I would like to ask unanimous consent of the committee that Representative Meehan and Representative LaMalfa both be allowed to participate in today's hearing. With no objection, so ordered.

I now yield to our distinguished ranking member for her opening statement.

[THE PREPARED STATEMENT OF CHAIRMAN JEFF MILLER APPEARS IN THE APPENDIX]

#### **OPENING STATEMENT OF RANKING MEMBER CORRINE BROWN**

Ms. BROWN of Florida. Thank you, Mr. Chairman. Thank you for holding this hearing today. I am looking forward to working with you and all of the other members to help our Nation's veterans.

I would like to recognize and thank Representative Barbara Lee and Representative Matt Thompson and Representative Jackie Speier for all of the work that they have done in keeping tabs on the Oakland Regional Office and Representative Chaka Fattah for the Philadelphia Regional Office.

I also would like to recognize a veteran, Mr. O. Bobby Brown, who is currently serving by the Philadelphia Regional Office, sitting here today.

Mr. Brown, would you just raise your hand? I want to thank you for your service to our country.

We all agree that providing veterans timely and accurate benefits is an important focus of this committee. I for one is very concerned about the facts before us today.

Today we are hearing from the Department of Veterans Affairs' Office of the Inspector General and numerous whistleblowers that will highlight two broken regional offices. Individuals, employees, and some supervisors who have alleged to have engaged in shameful activities, which at the end of the day will hurt veterans. I know that I and the VA leadership will not tolerate such actions.

Today, I hope to hear VA's plans to fix the office and assure accountability for management and mid-level management. I also hope to hear from our witnesses on what needs to be done to resolve the problem. Our job is not only to find problems, it is to offer solutions.

The Office of Inspector General highlighted in its report "serious issues involving mismanagement, and distrust of Veterans Affairs' Regional Office management, effectiveness in operating and service to the veterans."

To me, these sound like local cultural issues and it sounds like the Philadelphia and Oakland offices are due for a leadership shakeup at all levels if these allegations are proven to be true.

I hope to hear from VA as to how you are coming to, along with the 38 Veterans Affairs' Office of the Inspector General recommendations between these two regional offices.

With that said, I think it is important that we keep today's hearing in content. We are focused on two broken VA Regional Offices. While VA as a whole has dramatically increased their timeliness and quality adjudicating of claims, VA still seems to be on track to eliminate the backlog by the end of this year. In fact, VA has reduced the backlog from 611,000 claims on March 2013 to 188,000 today.

We are not there yet, but I believe we are on the right track. I don't want a few bad actors taking away the progress that has been made across the country for our veterans.

I ask Representative Lee and Chaka Fattah to stay on top of the concerns of veterans who are supported by the Oakland and Philadelphia Regional Office. I spoke with Representative Lee this morning and it was confirmed that Secretary McDonald is in Oakland today as we speak in the Regional Office.

I know for a fact for years Representative Lee has gone to the Appropriations Committee and requested additional funds for the Oakland office. The problem in the Oakland office are not new problems. It is a problem that they have experienced for years with the backlog.

Again, I am looking forward to this hearing and with that, Mr. Chairman, I yield back the balance of my time.

[THE PREPARED STATEMENT OF RANKING MEMBER, CORRINE BROWN WILL APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Ms. Brown. I appreciate your comments.

As customary with our committee, I would ask that all members would waive their opening statements and they will be placed in the appropriate position in the record should you choose to do so.

I now acknowledge our first panel that is seated and yield to Mr. Costello for a brief introduction of the witnesses who are here from the Philadelphia RO.

Mr. COSTELLO. Thank you, Mr. Chairman, for allowing me the opportunity to introduce the whistleblowers from the Philadelphia Regional Office.

I am proud to introduce Ms. Kristen Ruell, Ms. Diana Blender, and I would also like to recognize Mr. Ryan Cease who could not be here today but has submitted a statement for the record. Mr.

Joseph Malizia is also here today as the president of AFGE Local 940 at the Philadelphia VA to shed light on his experiences.

I commend each of them for their bravery in coming forward to tell Congress and the Nation of the misconduct and mismanagement by employees and managers at the Philadelphia VA. It is because of them that we are here today at this hearing to fully understand the gravity of the situation in Philadelphia. And I just want to emphasize that. It is because of them that we are all here today.

It is now our duty in Congress to ensure that they are protected from retaliation. I have been to the facility and have heard firsthand of the wrongdoings and ongoing concerns at the Philadelphia VA. The VA must provide an environment that is free of fear in order to create an environment of transparency and accountability.

In the end, all the wrongdoings done at the Philadelphia VA will fall on the backs of our Nation's veterans, especially the 825,000 veterans served at this facility, including so many veterans from my district in southeastern Pennsylvania.

I am grateful for Kristen, Joe, Diana, and Ryan for exposing problems at the Philadelphia VA in order to protect our veterans.

And thank you, Mr. Chairman, for allowing me to introduce them.

The CHAIRMAN. Thank you very much, Mr. Costello.

I will now yield to Mr. LaMalfa for a brief introduction of the witnesses who are here to speak about the Oakland RO.

Mr. LAMALFA. Thank you, Mr. Chairman. I am very grateful to be allowed to participate in today's committee. Very important to northern California as well as the picture across the whole country.

I am also very grateful and pleased that our witness and I am able to introduce Ms. Rustyann Brown who has joined us today. She is a veteran, a ten-year veteran of the U.S. Navy and was employed at the Oakland VA Regional Office for five years. She worked on the informal project team that was tasked with sorting through the up to that point missing 13,184 claims that were discovered in a file cabinet at the Oakland VA.

Rusty contacted my office in 2013 when she realized her supervisor was not appropriately handling these claims. She has a very compelling story to tell and I am pleased she is able to be here, especially with the difficulty it is to travel from the West Coast here.

And so thank you for joining us today.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. LaMalfa. I want to thank both you and Mr. Costello for your tenacity on this particular issue.

And I would ask the witnesses, if you would, to please stand. We are going to swear the witnesses in today. Please stand and raise your right hand.

[Witnesses sworn.]

The CHAIRMAN. Thank you. Please be seated.

We do appreciate your attendance today. Your complete written statements will be entered into the hearing record.

Ms. Ruell, it is great to see you again before the committee. You are recognized for five minutes.

**STATEMENT OF KRISTEN RUELL**

Ms. RUELL. Thank you.

My name is Kristen Ruell. I am an authorization quality review specialist at the Philadelphia Regional Office. My primary job duty includes performing quality reviews on the accuracy of benefit payments paid out from the VA to its beneficiaries.

This August will mark my eighth year of employment with the Philadelphia Regional Office at the United States Department of Veterans Affairs. The agency has potential to be the greatest place to work in the entire country. The feeling of being able to give back to the American citizens that served our country is truly satisfying.

Earlier this month, the Office of Inspector General's report on the Philadelphia Regional Office was released. The report confirms what whistleblowers have alleged for years, that the managers at the Philadelphia Regional Office lack the ability to appropriately govern and oversee the wide range of benefits and services for which it is responsible.

To date, the VA has failed to hold any management official accountable for the many deficiencies cited in the report. The VA has stated that 95 percent of the problems cited in the report have been fixed. I strongly disagree for the following reasons.

Number one, the Philadelphia Regional Office has a large number of EEO complaints against various members of management. A large amount of taxpayer monies have been spent on administrative costs, attorneys' fees, and settlements. For every case settled, a new one is filed.

Without removing the officials making the bad decisions, the number of claims filed will not decline. When the evidence clearly indicates that the same decision makers are not making the right decisions, they should no longer be in decision-making positions.

Number two, I have personally reported erroneous and duplicate payments since 2010. In 2012, I reported the erroneous payments to the IRS, Department of Justice, OIG, OSC, and the VA secretary. The duplicate payment problem has never been fixed. Unless the computer is programmed to prevent a duplicate payment, they will continue to occur.

The VA has stated that they have no way to identify and prevent duplicate payments aside from a duplicate payment report which Philadelphia Regional Office employees admitted they were unaware the reports existed. Stopping an award that is paying twice is not correcting the underlying problem which is wasting millions of taxpayer dollars.

The VA also did not keep a list of people that were paid duplicate awards and many were sent letters in which the erroneous award was stopped without processing and noting the overpayment. Creating a ledger of overpayments at this point would be virtually impossible due to the lack of recordkeeping regarding these payments.

Number three, although Fast Letter 13-10 was rescinded, there is evidence that data manipulation continues. The data manipulation will continue until the performance standards are amended. The current standards are unreasonable and cause an employee to do things to save their job that in turn can harm the veteran. It's not fair to place an employee in that situation. It's even less fair to the veteran whose claim may be affected.

Fourth, an Administrative Investigative Board has been charged with making a determination on certain issues regarding the misapplication of Fast Letter 13-10 which pertains to dates assigned to claims filed by veterans and their survivors. The Administrative Investigative Board consists of VA employees who determine whether there is intentional wrongdoing.

The OIG just finished their investigation on this issue. It is confusing to me why the OIG suggested an AIB rather than an outside investigation. An outside agency should be assigned to eliminate bias.

Philadelphia Regional Office Director Diana Rubens used to be in charge of 57 field offices and most likely knows most management officials chosen to investigate on behalf of her regional office. The VA should not be trusted to investigate itself until it proves it's complying with VA core values.

Number five, employees are expecting management to be held accountable for the deficiencies cited in the recent OIG report regarding the Philadelphia Regional Office. The typical VA solution for most every problem is training, committees, meetings which do not fix managers who lack morals and integrity.

The Philadelphia Regional Office needs new leadership. Employees have lost trust in their managers and do not trust the broken chain of command. I have lost trust in VA management at all levels. I stopped sending emails to the VA Central Office because I was informed that my and other employees' emails were being re-routed to the regional office and were in the hands of the people we reported.

The only way to rebuild trust at the Philadelphia Regional Office is to hold those accountable that were responsible for the many issues cited in the OIG report. Congress and the American people need whistleblowers so they are informed as to what happens inside the walls of federal agencies. Without accountability in my office and at the VA, there will be far fewer whistleblowers, if any.

Thank you for the invitation to be part of this hearing today. I'll be happy to answer any questions you may have regarding my experiences at the Philadelphia office.

[THE PREPARED STATEMENT OF KRISTEN RUELL APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much.

Mr. Malizia, you are recognized for five minutes.

#### **STATEMENT OF JOSEPH MALIZIA**

Mr. MALIZIA. Thank you.

Thank you, Chairman Miller, Ranking Member Brown, and members of the committee, for allowing me to address the continuing problems at the Philadelphia Regional Office.

I am a 37-year employee of the Philly Regional—VA Regional Office and have been the president of AFGE Local 940 for the past 16 years.

I concur with Ms. Ruell's statement. AFGE Local 940 represents front-line employees who work on claims related to disability and pension in the Philly and Wilmington regional offices. A negative cloud has been hanging over all of the front-line employees for the past nine months which is causing everyone to feel so demoralized.

These are hard-working, dedicated employees. It has been hard for them to function under the hostile work environment that has been created by the combined management of Director Diana Rubens, Assistant Director Lucy Filipov, Pension Center manager Gary Hodge, Veteran Service Center manager Jeanne Paul, and Human Resources Chief Lina Giampa.

Director Rubens is fairly new to the Philadelphia RO, but clearly not new to VA. And she, therefore, should have been well aware of the problems that existed in the Philadelphia Regional Office. At first, I was very hopeful about working with Ms. Rubens, but regrettably for the employees of the Philly RO after Ms. Rubens arrived, things actually got worse.

For example, she did not properly handle a complaint raised by the union about a hostile work environment in the Pension Management Center training class. Even though Director Rubens told me she would authorize an investigation outside of the PMC and possibly even outside of the regional office, all she ended up doing was reneging on her word and ordering a sham investigation.

It appears that Director Rubens' management philosophy is deny, cover up, and repeat. Given all the negative publicity about the Philadelphia RO, I would have thought that Director Rubens would have changed her behavior, but we have not seen that and, in fact, she has told employees that morale is their responsibility, not management's.

Last week, AFGE Local president and doctor, Maryann Hooker, testified here before your committee and spoke about psychological safety and workplace bullying. The very—these very same practices are—are causing systemic problems in the Philadelphia Regional Office and I would say throughout VBA, that they are covertly used to retaliate against employees who have the courage to speak up about problems or to question practices.

Another serious problem in the Philadelphia RO which Ms. Ruell spoke to is the manner in which reasonable accommodation requests for employees with disabilities and equal opportunity employee—employment complaints are handled. Many of these cases involve veteran employees who—who have a service-connected disability. VA's stalling tactics in handling these cases cause unnecessary stress on employees, waste hundreds of thousands of dollars through lost production, settlements, and judgments.

Many employees also feel that Ms. Rubens' reimbursement for relocation expenses is another example of special treatment. Please don't be fooled by the rhetoric that VA management will present today. They are playing the proverbial street hustler's shell game, moving and manipulating data to distract you from the real problems.

Don't let them make the employees the scapegoat for their mismanagement. Employees are not the problem. It is my hope that justice will be served and that this committee can help stop this culture of deny, cover up, and repeat. The only way the VA can restore its integrity is to remove the management staff at the Philadelphia Regional Office.

AFGE is a valuable resource in VA that is drastically underused. AFGE is ready, willing, and able to work with this committee and

the VA to restore the integrity of VA and, therefore, the faith that the citizens of our country have in the VA.

And like Ms. Ruell, I'm willing to answer any questions that you have later and based on my testimony. Thank you.

[THE PREPARED STATEMENT OF JOSEPH MALIZIA APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much for your testimony.

Ms. Blender, you are recognized for five minutes. And if you could, pull your microphone a little bit closer. There you go.

#### STATEMENT OF DIANA BLENDER

Ms. BLENDER. Can you hear me?

The CHAIRMAN. Yes.

Ms. BLENDER. Okay. My name is Diana Blender. My story is one of harassment, belittlement, discrimination that occurred to me when I attempted to blow the whistle. Sadly for me when I unearthed the true happenings in this department—it's not the department I'm in now—I was sent on a daily journey of abuse, mental cruelty, emotional torture, and undeserved corrective job actions.

When I first came to triage, we had a manager that was extremely knowledgeable. He knew what he was doing and it was great to work for him because if we worked hard, he told us that. And most of us were new, had to be trained, and it wasn't easy.

Unfortunately, he—I'm not sticking to this because it's the only way I can talk. Unfortunately, they got rid of him. When I say got rid of him, they got rid of him. You know, when all this started, I had no idea. I thought he was transferred. But after a couple of years, I realized that this is what management does. They discredit you and get rid of you because maybe they want somebody else who's a friend in there.

Anyway, he was gone. We had somebody new who knew nothing of what we were doing. I have my thoughts about that. She didn't belong there, but she was there. Because she knew nothing, she hid in her office a lot and she left it to the people that were on the floor that knew what they were doing supposedly.

They began to manipulate the mail. And I said to one of my co-workers, wow, they're really fast at what they do. And—and she said are you crazy? And I said why, what's up? What am I missing? And she said they come in at five in the morning and they take all the easy claims and leave the hard ones for us. So, of course, we can't get our numbers.

So I said time to get in early. I came in one morning at five o'clock in the morning and caught them. And I said what are you two guys doing? And they had no answer. I said that's mail manipulation. They said, well, we'll give you some easy work today and they gave me the easy work. They followed through.

And the next day, I went to my immediate supervisor. Later on to find out that he was in cahoots with them. And so there it began. They tore my work apart. Prior to that, I was—I was a wonderful employee. I was doing my best to do a good job.

When I got the job for the VA, I was so proud of myself because I came from a family of veterans and said, wow, if my mother and father were alive today. My father was a POW. My two brother-

in-laws were Vietnam War veterans. We were tap dancing in VA hospitals when I was maybe three or four years old because my father who was a POW says it's the holiday, we've got to go take care of the boys.

I was proud to be there, but I soon found out it was a horrible place. Some of the things they did to me when I became a whistleblower came to an end because this new woman came in and I told her if this continues, I'm going to set myself on fire out front so people know what's going on here.

So she started to work with me. They gave me congressionals. Congressionals are very important. More and more people were going to their congressmen because we couldn't handle their work. At one point when I was doing congressionals, they had 28,000 pieces of mail in shopping carts that was unopened.

I kept saying to my supervisor can I go through that mail and look for the congressionals. She said, no, it's not allowed. I said you can see it right on the envelope who it's from.

Anyway, one day when I had a day off, I came back. All that mail was gone and I was getting phone calls. What do we got congressionals for? I said to her call all the supervisors, the coaches, get the congressionals back in here. You gave away all that mail and it's filled with congressionals. And I'm going to take the blame.

Long story short, they killed the messenger, took me off congressionals, and I became a victim again. That's as quick as I can say it. I really need a half hour, but that's fine with me. When I was victimized, they would drop heavy things in back of me and I'd say, you know, I'm 68 years old at that time. I'm going to be 73 now. I said, you know, you could have given me a heart attack.

They would file charges against you for murder. And he said—I was crying because I had it up to here. Things were missing from my desk. I couldn't go to the ladies room without throwing everything in a cart and taking it with me. They thought it was a big joke, but I was being victimized like no woman should be.

And I'll tell you the truth. When my kids saw some of this—I never told my children what was going on because I didn't want them to be upset—they were extremely upset that their mother was treated this way.

When all this was coming down—you can tell I'm emotional—I was in the hall one day and I ran into the two directors. And I said how do you feel about all this stuff that's on television now? And nobody answered me. I said I'd like an answer. Well, this could make us go forward and do a better job. I said, yes, but you can't do that until you clean up the past.

There's a lot of victims. All—I was the only one of the seniors that survived. That mail manipulation taking the easy work for themselves and giving the hard work to people like me, I named it setting you up for failure. They made sure you got all the new claims because they take longer to develop. They made sure you got that hard work so you couldn't make it.

And as much as I begged them to stay—we got to fight I would say. We got to fight. This is not right. This is not the first government agency I worked in. I worked in the Department of the Army where they developed ammunition. I worked for Social Security.

Whenever you worked hard, you were appreciated. Some more than others, but I never knew that it was management that was instigating for people they didn't want there.

And I also found out two days before my—my—what do you call that—arbitration, because I was filing all these things, somebody came at night and she said to me don't you realize what you're up against? And I said what are you talking about?

Now, this woman used to be my supervisor and she had said to me—I told her when she came—she said something to me negative. I said you know what, I'm not your problem in this place. They already have you marked. Their words are they're going to get rid of you. Worry about yourself.

[THE PREPARED STATEMENT OF DIANA BLENDER APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you, Ms. Blender. I apologize, but we need to—

Ms. BLENDER. That's okay.

The CHAIRMAN [continuing]. Go to our fourth witness. Ms. Brown, you are recognized for five minutes. Thank you.

#### **STATEMENT OF RUSTYANN BROWN**

Ms. BROWN. Good morning, committee members. I'm Rustyann Brown. I'm a retired federal employee who served ten years in the Navy as a hospital corpsman and then years later continued my federal service at the Veterans Benefit Administration Regional Office Oakland.

I quickly realized that we were being instructed to do things that were not in the best interest of the veteran, but instead good for the employee and management numbers. It started with returned mail piling up in huge tubs and no one assigned to research and locate current addresses.

Letters regarding claims issues that were sent to veterans always included the 800 number and we were never allowed to give out our personal numbers. Elderly and terminal veterans' claims would not be moved or acted upon. Just no sense of urgency for them.

I began to voice my opinion to my supervisors and other employees because we were not doing the right thing. This was a regular visit to my supervisor's office. Sometimes as I approached, I could see him roll his eyes at me and then dismiss me with just do what you're told to do.

Then one day, this supervisor brought me into his office and told me that per the director, I could no longer do volunteer work with the Oakland Vet Center. I had been volunteering to help veterans understand the forms and which ones were needed for their situations. When I asked why I was being restricted, I was simply told the director believed it was a conflict of interest.

In July 2012, I was promoted to veteran service representative and sent to San Diego for what should have been eight weeks of training. Instead, after only three weeks, my training group of five was brought back and placed on a special project, informal project. We were never given an answer as to why we were doing this work that was part of our—our previous role and why we were not allowed to fulfill the remainder of our training requirements.

This project consisted of 13,184 informal claims which had never been reviewed. We realized that a substantial portion of these veterans were now dead and their claims had never been answered. Nothing had been done to help them. If we determined they were dead or had never filed a formal claim, we were instructed to mark them NAN, “no action necessary”, our initials, the date, and set aside.

We began to ask management why nothing was being done to take care of these claims as required by policy and also why their criteria for screening these claims was not the normal screening practices.

I would go home on a daily basis telling my husband of the heart-wrenching letters I had read that day and how many—so many of these veterans and dependents were now dead before anyone had even looked at the claim. Even among the ones still living, it had been years, sometimes more than 10 or 12 since they made the request.

After several months of screening these claims, we were taken off the project and relocated to a different team. Our team continued to do other special projects for our previous department, IPC, and we were also finally given claims to begin developing in our new position. This was new work for which the San Diego training was supposed to prepare us.

I began to see military sexual trauma claims show up in my work assignments. These claims are supposed to be developed by the special OPS team because of the sensitive nature of the claim. But when I would take the claim to my mentor or supervisor and tell them what I had, that it needed to be moved to special OPS, I was told to just do the next action and move it on.

This was a huge problem for me as I am a survivor of military sexual trauma and service-connected for PTSD due to this. For me, simply reading the statements would bring back all the memories I had tried for years to forget. I would spend time in the restroom crying or hiding in a stairwell so no one could see me and the physical reaction I would have to these claims.

A reasonable accommodation request was initiated in May 2013 to remove MST and certain other PTSD claims from my claim files I reviewed, those that provoked my PTSD symptoms. Under the VA’s rules, I should have had—I should have received a response within 30 days, yet I did not even receive a request for additional medical documentation for over 60 days and did not receive a final determination for five months.

During this time, I continued to review files and my own PTSD reactions intensified in part because of the fears I would have to review these files. I took FMLA in September to remove myself from the situation. While I was on leave on October the 30th, 2013, five months after the request was initiated, I received a letter from the regional office denying my request without good justification.

During this entire time, no one at the agency had engaged in the required interactive process with me as a disabled employee. No one asked me about the details of which files I could review and they believed with a simple accommodation. Thus, they never learned that it was a smaller group of files than they believed with

a simple accommodation which would allow me to continue as a veteran service representative.

With my accommodation denied and in order to maintain my employment and protect my retirement, I agreed to take a downgrade in pay and status and was sent back to IPC.

In April 2014, a cart showed up in my work area and when I looked at the cart, it was some of the informal claims from 2012. I saw my initials on the very first page. I didn't understand why they were still hanging around. I took a picture of the cart and I forwarded it to Congressman LaMalfa.

Two other employees and I hand carried approximately 120 to 140 claims to the OIG office in the building per Congressman LaMalfa's instructions, all of which required actions.

OIG came in and took 16 days to do an investigation in June, July 2014. After months of being referred to as snitch and NARC by other employees and being isolated within my department, I put in for early retirement.

From that day, I have fought to get the word out regarding these claims and the veterans who were ignored. So many of these veterans had letters or personal notes attached and begging for help. And we, the VBA Oakland, did nothing.

I do not have general or CEO on my resume, but I know what was done to these veterans was not right. I will carry those memories of those letters for the rest of my life. And I ask the committee to do everything in their power to do the right thing for these veterans, their families, and the employees that truly want to do the right thing without fear of retaliation.

Thank you.

[THE PREPARED STATEMENT OF RUSTYANN BROWN APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Ms. Brown.

Thank you to all the witnesses on our first panel. I will start the questioning.

And, Ms. Brown, if I could just go directly back to you. In your written statement, you talked about 2012, you were placed on a special team that processed more than 13,000 previously unprocessed informal claims that had been allowed to languish at the Oakland office for as long as 20 years; is that correct?

Ms. BROWN. Yes, sir.

The CHAIRMAN. Moreover, you described a process by which you were instructed to mark a claim with the notation no action necessary if the veteran were dead or had never filed a formal claim.

So I think the committee needs to know; were the instructions that you received consistent with normal practice in processing informal claims, and what survivor benefits would be lost by marking a claim "no action necessary?"

Ms. BROWN. Well, first of all, if—if the claims were not done appropriately—if—if—say the veteran was dead and we marked it no action necessary, they'd put it aside. Data integrity was not—it was not taken care of properly. So information about the veteran was not put into the system. So if the widow ever came in to file a claim for DIC, there's nothing there. There's no information about her husband previously putting in the system. Okay. You have to excuse me. I'm—

The CHAIRMAN. That is okay. That is fine. Do you know what happened to the informal claims——

Ms. BROWN. We——

The CHAIRMAN [continuing]. After you were reassigned?

Ms. BROWN. We were told that another team was going to come in behind us and finish them all and yet on a daily basis we were seeing piles of them set aside, the ones that said no action necessary.

Now, you have to understand even though they were marked no action necessary, there was still action that was necessary. If they had not filed a formal claim, it was our obligation to send a letter to that veteran telling them exactly what they did need to do to fix that claim and make it a formal claim. We didn't do that. We didn't do anything.

If they—once again, if they already passed away, it was our obligation to contact that family. We should have. We didn't.

The CHAIRMAN. Thank you very much.

Mr. Malizia, since Ms. Rubens came to Philadelphia to become the RO Director, have you ever heard her state that she wanted to work at the Philadelphia RO for a long time prior to when her transfer took place?

Mr. MALIZIA. Well, there was discussion and—and rumored information being spread throughout VBA that Ms. Rubens was destined to be the director at Philadelphia two years prior. That was ultimately filled by Robert McKendrick.

So getting back to Philadelphia was something that was rumored to have been something she was interested in. And then once she actually came to Philadelphia, she had made statements that she's glad she's here. She's been wanting to get here for a while.

The CHAIRMAN. Ms. Ruell, in your written testimony, you described a systemic failure which has led to erroneous and duplicate payments which has resulted in veterans and their families receiving improper payments. In fact, you state that you reported some of these payments to the IRS, to OIG, OSC, and to the secretary in the central office.

And my question is, has the VA effectively corrected the system error which allows for duplicate payments to ensure that veterans and their families are receiving only the payments that they are entitled to receive?

Ms. RUELL. Apparently not. The VA when they went from VETSNET to VBMS, there are statements on the record that the VA has known about this problem for a very long time. When they created a new computer system, that allows for duplicates as well. So to my knowledge, the system has never been fixed. I saw one just the other day at work.

The CHAIRMAN. Ms. Ruell, you know the assistant director, Lucy Filipov, correct?

Ms. RUELL. Yes.

The CHAIRMAN. Are you aware that there was a dinner party hosted in June of 2014 for RO employees including the PMC manager, Gary Hodge, and his wife and Ms. Filipov and Mr. Hodge are both GS-15 level managers? But allegedly many of the employees at the party were GS-13s, 14s, and I think there were some GS-9s.

But I understand Ms. Hodge is a medium and offered her services to attend these to share messages she received from their deceased loved ones. And I understand that she may have charged people as much as \$30 to have their deceased loved ones contacted. Have you heard these reports?

Ms. RUELL. I have heard all about that party. I was not invited to that party, but I heard from people that were not invited to the party either and they did tell me that they were in meetings and there was talk about the party and that they had to pay \$30 for Mr. Hodge's wife to give them a fortune telling experience.

The CHAIRMAN. Do you know if any of the attendees fell within either Ms. Filipov or Mr. Hodge's chain of command?

Ms. RUELL. Definitely. Most of—most all of them did. A lot of the people that went to the party, to my knowledge, from what I've heard around the office, they were Pension Center employees that were under Gary Hodge and ultimately under Lucy Filipov. She's one of his bosses.

The CHAIRMAN. Thank you.

Ms. Brown.

Ms. BROWN of Florida. I am going last.

The CHAIRMAN. Thank you.

Ms. Kuster.

Ms. KUSTER. Thank you, Mr. Chair.

And thank you. I want to particularly thank the whistleblowers who are with us today and, Ms. Brown, thank you for sharing your story which probably only exacerbates your feelings about your experience. So I just want you to know that we certainly care and appreciate you coming forward.

I am trying to get at where we go from here, how we can change the culture at either Philadelphia or Oakland. And I know there have been attempts.

One of the issues I am particularly concerned about is how the data manipulation—and let's start with you, Ms. Ruell. You mentioned that there is data manipulation because of the way performance criteria are kept.

Can you just expound on that and what type of changes would be required in the criteria, in the performance criteria that would help to get the job done for our veterans to make sure that their applications are processed in a timely way?

Ms. RUELL. Yes. Most employees, especially anyone who does production work, VSRs, people who review, those are people who process claims and the people who review the claims are on production. There's some—I don't know how the production system was set up, but every claim gets—gets points associated with it.

So it's very hard to, when you look at a claim, to know how long that claim is going to take. A lot of things are electronic. Some folders are in other offices. You get the same amount of points to, for instance, do someone—someone whose claim has passed as you do to do a live vet that has different issues that you'll need to get information for.

So people will cherry pick the work. They are worried that they won't get their points. It's kind of like a batting average. So if you need 16 points today and you only get 14, you have to get 18 tomorrow. So—and if you don't get your points, they put you on a

performance improvement plan which is exactly the opposite of what it's called. It's not to improve your performance.

Usually when you go on one of those, the next step is out the door. So people get very worried that they're going to get fired and they do things that they probably wouldn't normally do if this point system was not there.

Ms. KUSTER. So can you give examples of how they would handle a claim?

Ms. RUELL. There's all kinds of things. They could failure to prosecute it if we needed a piece of evidence and say that we didn't get it when it might be sitting in the mail room and not scanned in for a few days. They can skip over cases.

They—there's a way that employees can run reports called VOR reports and they can pick out all the end products of the—for the claimants that have passed away. And so if you need points, usually if you do one of those, that's a very fast claim.

So it's—in my opinion, most of the problems are results of horrible managers and this production system that you can set an employee up to fail.

Ms. KUSTER. Okay. That is very helpful. Thank you.

Any of the others? Ms. Brown, do you have a similar situation out in Oakland with the way those points are kept and the way the production criteria are applied to employees' performance?

Ms. BROWN. Absolutely.

Ms. KUSTER. Could you give us some examples?

Ms. BROWN. Well, in—just in—in bringing and screening claims and—and getting them initiated, once again, you're talking about addresses and checking addresses and—and whether the vet was even still alive or just simple things, connecting the mail to pieces, you know. It was a constant—an employee was always worried about making their points. If they didn't make their points like Kristen said, you were setting yourself up for failure and you were—you were halfway out the door already.

So if you try to do the right thing and slow down and do it right by the veteran, you were getting yourself in trouble. And that was every day. All the employees talked about this and it was a huge problem, huge.

Ms. KUSTER. Well, we appreciate you bringing this forward to us today. And, you know, we are one of the more bipartisan committees on Capitol Hill. We share your outrage and concern and this is something that we will take up with the next panel and take right up to the top of the VA. So thank you again for coming.

And I yield back.

The CHAIRMAN. Thank you, Ms. Kuster.

Dr. Roe, you are recognized.

Dr. ROE. Thank you.

I want to just start by thanking all the witnesses for being here. And there seems to be an ethical bankruptcy at the VA in some instances. And I want to start by, it is sort of hitting me because of what I did this weekend.

This \$309,098, Mr. Chairman, to move. Well, I went this weekend and moved my 92-year-old mother with my two sons because I was spending my own money and we moved 55 years of being in a house with a \$350 U-Haul-it and about 80 bucks worth of gas.

And we moved her, all her belongings for less than \$500. That was a lot of sweat equity on my part and my two sons and we moved 350 miles, I might add, and we didn't spend \$309,000 of the taxpayers' money that could have been spent on healthcare for veterans.

And we see this at the VA and Aurora and Orlando and over and over again. And I am about sick of it to see the money that is being wasted that could go to veterans' healthcare.

Ms. Brown, you brought up a point that really hit home to me. I don't see how in the world as an employee of the Veterans Administration you could sit there and see these claims piled up, basket loads of letters, because I hear it all the time when I go home, 'I haven't heard from the VA, Dr. Roe.' And I start looking into it. I don't know why.

And then I hear what you just said when you have no action necessary. And these are little details that we don't know because you are the experts on that, that there might be a spouse out there that missed out on something that could keep her or him above water. These are not rich people and they are folks I see that are just getting by barely. And it may be their service to this Nation that allows them to do that.

Am I correct in that? Are there bins of letters that have been sent in and a person has a reasonable expectation to hear back from their government in a reasonable length of time? Could you just walk me through that again because it really lit me up when I heard that because I get these phone calls all the time at home?

Ms. BROWN. Well, regarding the 13,000, these were in a—in a cabinet that had been stored for years and very organized. And when we got put on the project to review them, we began to realize the very first ones especially that were the older ones—the oldest one I saw was 1996 personally. We reviewed them. They had not been acted upon. They had not had any letters sent. They had not had anything.

And—and the one that I think probably tore me up the most was a elderly woman and she's writing in about the wonderful service her husband did during World War II. And—and he loved his country and he just knew when he passed that the VA was going to take care of her. Baby, don't worry, they're going to take care of you.

She was dead six years by the time we read that letter. She'd been gone and we didn't do anything for her. And I can't tell you how many there were like that. There were a lot like that. And to mark on a piece of paper NAN, no action necessary, restricts that surviving spouse from receiving any benefits.

Dr. ROE. That is what I hear and especially what you just said. I get calls not infrequently of a veteran who has cancer.

Ms. BROWN. Yes.

Dr. ROE. And, you know, as a physician, I can't tell you how long, whether it is three months or five months or whatever. It is unpredictable. But I do know it is going to be fairly soon. It is not going to be three years. I do know that, that this veteran may not survive. And it is critical that we get those claims adjudicated before that length of time.

And what I am hearing from you is that many of those were put over in the bin. And I hear, well, the veterans are saying, well, maybe they are just waiting for me to die so they don't have to do anything. And maybe that is the case it sounds like at least in Oakland.

Ms. BROWN. Well, a lot of the older vets that I've talked to doing volunteer work simply believe, especially the World War II and the Korean and Vietnam guys, they—they believe that there's somebody out there that must need it more than them. There must be a—there must be a reason why I didn't get this. There must be a reason. I must have been denied because this guy was more deserving than I was.

So they just don't follow through. They think that they were just denied, just dropped off, you know.

Dr. ROE. But has this changed at Oakland?

Ms. BROWN. Well, I retired in September. I've kept pretty close communications with people there, very close communications. And it doesn't appear that anything has really changed a whole lot.

There's not a lot of mail hanging around anymore, but basically all they've done is scoop it up, sent it to the scan center, and dump it off. So it's in a virtual folder someplace and unless you work that specific veteran's claim, you won't know about that piece of paper.

Dr. ROE. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Ms. Rice, you are recognized.

Ms RICE. Thank you, Mr. Chairman.

So if I could just ask all of you if you could again, and forgive me if I didn't get these dates down correctly, but for each of your individual testimony and the behavior that you described, when did that first start? When was that first something that you noticed for each of you in terms of like a time frame, a year?

Ms. RUELL. I noticed bad behaviors from the first day I started working there in orientation when they told us that if we accepted this job and it was in paper, in writing that we would get a GS level of a 7, a 9, and then an 11. And in orientation, they came into the room and they said, oh, I'm sorry, there's—and people moved here in reliance on this paper and they said we're sorry, there's a mistake. You're not going to get a GS-11. You have to get a GS-10 first.

So I said, oh, that—that's strange, let me look—let me check into this. So I asked a few questions and I was told to my face I wouldn't pursue that. It's your first year here and you're on probation for the first year. And if you cause a problem, they'll fire you. And I had just relocated here from Maryland, but I—

Ms RICE. What year was that?

Ms. RUELL. 2007.

Ms RICE. And you started working—

Ms. RUELL. 2007.

Ms RICE. That was for the VA? That was your first—

Ms. RUELL. The VA was my first experience and that was—

Ms RICE. That is 2007?

Ms. RUELL. Yes, and—

Ms RICE. And, Mr. Malizia, how about you?

Mr. MALIZIA. The problem is—is an ongoing one. I don't know that I can kind of put a start date on it, but these problems that the OIG is investigating, that the committee has been investigating, that's been ongoing for about the past two to three years.

Ms RICE. For you, about the past two or three years?

Mr. MALIZIA. Yes.

Ms RICE. And, Ms. Blender, how about you?

Ms. BLENDER. You know, I started in—I think it was 2008.

Ms RICE. 2008.

Ms. BLENDER. And almost immediately—

Ms RICE. Okay.

Ms. BLENDER [continuing]. I noticed—

Ms RICE. What you—

Ms. BLENDER [continuing]. Mail all over the place. And the new mail was 28,000 pieces because they used to take the count every day.

Ms RICE. Yes.

Ms. BLENDER. And I was sitting near there, so I would hear them. But there might have been double that or more on return mail.

Ms RICE. Yes.

Ms. BLENDER. And when you say return mail, there's a thing called EVRs when you are making sure that the veteran still has monetarily an entitlement. These never got opened and how many people did we cut off because if you don't respond within a certain time—

Ms RICE. And you are out of luck.

Ms. BLENDER [continuing]. You're not responding—

Ms RICE. You are out of luck.

Ms. BLENDER [continuing]. Boom—

Ms RICE. Right.

Ms. BLENDER [continuing]. You're gone.

Ms RICE. Ms. Brown, how about you?

Ms. BROWN. Immediately.

Ms RICE. But what time frame? Give me a year.

Ms. BROWN. Well, this was in September of 2009.

Ms RICE. 2009.

Ms. BROWN. Was hired, yes.

Ms RICE. Now, for all four of you, I am going to ask just the two same questions. Did you ever get a sense during the time period that you talk about, the 2007, 2008, 2009, and Mr. Malizia over the last couple of years, that when there was a change at the top, a different secretary of the VA or a change in maybe the management structure that oversaw you directly, did you ever get a sense that there was a change in attitude, behavior, or culture?

Ms. RUELL. Never, because the people promoted would never have been somebody that would change things.

Ms RICE. Okay. Mr. Malizia, how about you?

Mr. MALIZIA. What I would like to add to that is that when Secretary Shinseki was the VA secretary and he implemented the 125-day processing time frame, I think that was a big trigger for a lot of these actions because that was a very ambitious goal to get to and in my opinion very un—and many others, very unrealistic.

And I think that's been the driving force behind a lot of activities in VA, the implementation, the need for mandatory overtime, the need for all these other things and—and the pressures that everybody is feeling. To me, I think that was—that was one of the key triggers.

Ms RICE. Okay.

Mr. MALIZIA. And it's still in effect now and it's still driving, you know, the—the problems in VA now.

Ms RICE. My time is running very short, so I just have one final question. Have any of you ever seen an instance where a retaliator was held accountable, yes or no?

Ms. RUELL. Never.

Mr. MALIZIA. No.

Ms. BROWN. No.

Ms RICE. Okay. Thank you all so much for coming here today. And I yield back the balance of my time, Mr. Chairman. Thank you.

Mr. BILIRAKIS. [presiding]. Thank you.

Dr. Benishek, you are recognized for five minutes.

Dr. BENISHEK. Thank you.

Ms. Ruell, one of the things that you testified to or I heard about is this episode of a possible suicide of an employee due to harassment.

Could you tell me, do you know anything about this, the harassment and undue stress that you witnessed that may have resulted in a suicide?

Ms. RUELL. Yes. I honestly don't know his final cause of death. I asked a bunch of times and was told that I would not be allowed to find that out. However, I was the mentor for that employee. I worked closely with him for about three months.

This man was such a hard worker and was in fear of being fired every single day. I became his personal psychiatrist at times to try and pump him up to remind him that, come on, you got to learn this job. You can't worry about this. We have to—we have to help veterans. We need to—we need to get you to learn this job the best way you could.

He would spend lunches trying to learn the job even better. And there was a threat and intimidation in our building. From the beginning, they warn you if you don't get these points, then you're not going to make it. This job might not be for you.

This man had moved here from Maryland. He relocated for this job and he left his whole entire life to come work here. So I felt as his mentor if—if he doesn't make it, I in part might have failed him. So I got to know him very well and found out that right before Christmas he was dead.

Dr. BENISHEK. All right.

Ms. RUELL. And I know that stress contributed to whatever happened to him.

Dr. BENISHEK. All right. Thanks.

Ms. Blender, in your written testimony, you described a situation involving 28,000 pieces of mail. How did this accumulate over a period of time without being processed? Do you know how that happened?

Ms. BLENDER. We couldn't get to it. The department I was in was called triage. That name triage sounds like an emergency. That's the first stuff coming in. If we can't handle these important responses from the vets, if we can't get them right to where they have to go, it's done.

Dr. BENISHEK. Right, right.

Ms. BLENDER. If—if—if—as—as a VSR, if somebody is waiting for your—for your DD214 and it's sitting in a mail bin for three or four months, well, they're going to close the claim.

Dr. BENISHEK. Right.

Ms. BLENDER. We could not handle the amount of work that was coming in in the mail.

Dr. BENISHEK. Were those ever resolved or are they still sitting somewhere?

Ms. BLENDER. When everything was gone—the day I came back to work, everything was gone. My phone was ringing. I was worried about the congressionals. And I said where's the work? They said, oh, it's all over the building. I said, all over the building? What about the congressionals?

Anyway, by sending this work all over the building, they had little team things that you could win. So for—if you—if you developed a certain amount of claims a day as a VSR, that team would get maybe, I don't know what, a Dunkin Donuts card or what. And I followed it and you know how much it came to, 13,000 pieces of mail was done in that. What happened to the other mail? Where is it?

Dr. BENISHEK. Yes, I don't know either.

Let me ask a question about these managers that have been doing this. Was anybody ever punished? Did you ever see anybody change? In Philadelphia, did anybody ever lose their job over any of this, any one of you?

Ms. BLENDER. Recently somebody was transferred out.

Dr. BENISHEK. Transferred out?

Ms. BLENDER. Of our building.

Dr. BENISHEK. Ms. Brown, are you aware of anything in Oakland that somebody lost their job over—

Ms. BROWN. Not that I'm aware of.

Dr. BENISHEK [continuing]. This mismanagement?

Ms. BROWN. Not at all. We had heard one supervisor had been suspended for a couple of weeks, but he came back and said he was on vacation, so don't know whether that was true.

Dr. BENISHEK. One more question. Ms. Ruell, about these double payments, you talked about these duplicative payments to some veterans, did they resolve this problem of how this occurs, these duplicate payments? Has there been a systemic change in the way they do business then to find these claims?

Ms. RUELL. No, there's no change. I mean, the VA will tell you to fix them because they probably got a list from the inspector general or one of my many lists I sent them that these are paying twice or these are—have multiple PID numbers and could pay twice.

So the way that it works is if we put your name in, your name is Al Bundy and we spell your name A-L-B-U-N-D-Y and then you come in again and we misspell your name with two LS, A-L-L

Bundy, you could get two—two payments. So the problem is they'll clean up a record and fix it after there's a problem, but they don't eliminate the initial problem from happening.

Dr. BENISHEK. I am out of time. Thank you, Mr. Chairman.

Mr. BILIRAKIS. Thank you.

Dr. Ruiz.

Dr. RUIZ. Thank you, Mr. Chairman and Ms. Ranking Member.

And thank you also to the whistleblowers testifying today who have persistently worked to expose misconduct at your own personal risk.

Congress must demonstrate the same diligence in fulfilling their duty to veterans and we must rid the VA of the systemic wrongdoing and those who perpetrated it. I am especially concerned that despite repeated assurances from VA officials that the recommendations of watchdogs and whistleblowers are taken seriously, allegations continue to emerge from employees within these regional offices.

The recent IG report suggests that even after two prior hearings calling attention to problems at regional offices and a comprehensive investigation beginning last June, some regional offices' employees maintain that those problematic conditions persist today or have even gotten worse.

So in the interest of finding long-term solutions, in the interest of shifting the conversation to ideas that we can help enforce, let me ask some questions that hopefully can get to that point.

Are there any committees within the regional offices that include front-line staff in the decision-making process of formulating goals or metrics that you know of?

Mr. MALIZIA. No. No, there are not.

Dr. RUIZ. No? In terms of your governance or oversight committees in your regional offices, are there any front-line staff involved in those discussions or on advisory boards or anything like that?

Mr. MALIZIA. There—there may be some. I'm not sure exactly what your—your question is you want to—you want to get at. I mean, sometimes there are employees that potentially are hand picked by managers to serve on a committee to kind of validate a predetermined outcome that they want. It's not that those kinds of committees are open to any employee, you know, or—or certain kinds of employees perhaps.

And, I mean, the union is involved in some things at—at local facilities or should be involved in some things, but many times the opinions of the union are just summarily dismissed and not—not taken into account.

Dr. RUIZ. What I am getting at is I am drawing from my experience as an emergency physician in a hospital-based setting. And in the hospitals, they form committees on patient quality control, on what is on the formulary, what kind of medicine the hospital is going to use or have the options to use.

And oftentimes they save a seat for different departments and different regions within the hospital to come in and have a committee-based discussion as to what are going to be the best practices, what are the best policies, what are doable and not doable based on the people that are on the front lines.

And this model can be used in the regional offices and other institutions so that when a goal is set or issues of morale or harassment come up that everybody has a voice at the table and then it is carried on in the governance structure all the way up the ladder to the secretary of the VA.

So what do you think is needed to change the culture within the VA regional offices enough so that the employees can feel that they have a voice and have a responsive, respectful supervisor who takes the necessary action and feels listened to? What do you think needs to happen in your facility specifically and then systemically?

Mr. MALIZIA. Well, Dr. Ruiz, I'm—I'm familiar with what you're talking about in VHA and there are many of those committees that exist. That would be a great idea if VBA adopted them, but VBA is well aware of those types of committees and has refused to participate in those kinds of things including quality—they have quality teams or quality review things and they—they look at—through the Care and Quality Program, the National Quality Program to apply for those things and review—internally review themselves. VBA has refused to participate in any of those from—

Dr. RUIZ. Do you have any other ideas, anything specific that we can push to implement, Ms. Brown?

Ms. BROWN. Well, the—the employee standards, the production requirements like Kristen said, when you—when you have the employees held down by you got to get this done, you got to get this done, they're not taking the time that they need to do the right work by the veteran. So they got—they need to stop that. They need to take the pressure off the employees. Do the right thing by the vet whether it takes you 15 minutes or an hour before you go on to the next one.

Dr. RUIZ. The motto is take care of the veteran and make it a veteran-centered, high-quality institution.

My time is up. I yield back.

The CHAIRMAN [presiding]. Thank you very much.

Mr. Coffman, you are recognized.

Mr. COFFMAN. Mr. Chairman, I just have one quick question and then I want to defer the balance of my time to Mr. Costello. And that concerns the issue of bonuses and if the panel could answer quickly so that I could give the maximum amount of time to Mr. Costello.

Do you think that the data manipulation and other misconduct apparently allowed by the VA's managers at these offices was driven by the desire to meet performance goals and earn a bonus? Start with you, Ms. Brown.

Ms. BROWN. Personally I don't know it, but I believe it, yes.

Mr. COFFMAN. Okay.

Ms. BLENDER. One hundred percent.

Mr. MALIZIA. Yes.

Ms. RUELL. Yes.

Mr. COFFMAN. Mr. Costello.

Mr. COSTELLO. Thank you, Mr. Coffman. Greatly appreciate it.

I understand things take time, but I want to share a perspective, Ms. Ruell, for your consideration. Agree, add to it, expand upon it, disagree. In terms of a whistleblower at the Philadelphia VA and

what they are enduring and how they go about working in that environment, here is the perspective.

It is troubling the long lapse of time between whistleblower reporting and the present posture we are in today. We have a damning IG report. We have no naming of names. You had a broad and deep systemic set of problems at the VA.

We now have a separate board constitute to investigate further. We have recommendations from the IG, most of which are common sense and deal with work flow and basic administrative practices that any large organization would undertake without need for an IG report.

We have no acknowledgment that people need to be fired which, calls into question whether everyone is just covering each other's hide because if we started pointing fingers, we would really start to know who actually is culpable, which calls into question whether there is really a disincentive for future whistleblower activity at the VA to really hold people accountable and really take meaningful corrective action.

We have a slow walking and an obfuscation when we start talking about misinterpretations, to Mr. Coffman's question, misinterpretations of a letter rather than purposeful overt misapplication which has enabled folks to not allow an audit trail to occur which means we don't even know how much data manipulation occurred.

It calls into question—let me say this, something else to remember here. Your allegations go back to at least 2010 and in 2012, whistleblower allegations were either ignored or they were determined to be inaccurate. So now we are here in 2014. They have proven themselves to be accurate. You are now saying that some problems continue. In some cases, they may be worsening.

And so I think it is important that as we hear these major problems may have been resolved or they are all being addressed in their entirety that that may not be the case. And you being sort of a conduit for many anonymous whistleblowers, share with me the frustration that many have with where we are in this process and with whether corrective action has actually taken place and the frustrations that you are hearing from those who are reporting to you at this point in time.

Ms. RUELL. I probably get 20 phone calls a day whether it's on my work line or my cell phone from employees. They want to give me information. They want me to be a voice for them. I try to explain to them that they need to report things themselves. It looks better if it's coming from them rather than—than me.

They tell me they're petrified. They would never. Even management officials are in the same boat. Many people in Philadelphia feel that because this inspector general investigation took ten months that they would never blow the whistle because from the day you blow the whistle, you could be targeted. And if you know it's going to be over in 30 days, that would be great, but there is no statute of limitations or time limit for the IG to produce this report.

So you have to walk around the building for ten months with the same managers that are tormenting you or ignoring you or shunning you or getting other people to treat you a certain way and you

never know when it's over. It's kind of like being on death row and not knowing when you're getting executed.

Mr. COSTELLO. And no one has been held accountable by the observation of those who have been whistleblowing, has there been?

Ms. RUELL. No. So people have told me I would never report anything. What's the purpose? You're just setting yourself up to have a horrendous work experience. And I would agree with them because I've seen nothing done to change in our office from years of information I turned over.

Mr. COSTELLO. And so the reason why you are here as one voice and there may not be as many other whistleblowers who have actually been identified isn't because there are not problems, it is because they don't want to subject themselves to the risk because they don't see any accountability flowing to those who have caused the problem in the first instance?

Ms. RUELL. Yes. There's tons of information out there that's probably worse than what we've already heard, but those people will not release their information or their names in fear of being fired.

Mr. COSTELLO. Thank you.

And thank you, Mr. Coffman.

The CHAIRMAN. Mr. O'Rourke.

Mr. O'ROURKE. Thank you, Mr. Chairman.

I thought I would begin by asking Ms. Ruell and Ms. Brown about how pervasive some of these problems are throughout the organizations in Oakland and Philadelphia. You certainly spent, I think, an appropriate amount of time focusing on management and failures there which I think is a really important place to start.

But, Ms. Brown, when you mentioned veterans' VBA requests languishing since 1996 or when I read the OIG report from Philadelphia and I see that one employee hid four bins of unprocessed mail, I mean, some of these decisions are happening at all levels within the VBA.

And so I wanted to get your confirmation of that or if you would like to add some additional color to it and then your recommendation on the best way to address that issue. Again, appropriately we talked about management. What are the courses of accountability for employees who are making some of these decisions at their levels to pass this on or to hide this piece of mail or to not act on something that needs to be acted on?

Ms. Ruell, I will begin with you.

Ms. RUELL. I find it hard to believe that most of the employees, at least in my office, would make those type of decisions. There might be a few bad apples. But if someone is doing that, it's probably a result of an order being given to them or out of fear that they're going to lose their job.

Mr. O'ROURKE. Yes.

Ms. RUELL. In general, most employees in my office really do want to help veterans. They'll even leave our office and say I thought I came here to help veterans, but I can't take this anymore. So there might be a few bad apples, but I truly believe the employees are acting out of fear or orders from someone higher up.

Mr. O'ROURKE. Yes. And just to be clear, I am not suggesting that every employee or most employees. My question is, how perva-

sive is this and is this simply a management issue or do we have a lack of accountability throughout the system and an inability when you do have an employee who hides four bins of mail to hold that employee accountable?

So, Ms. Brown, I would direct the same question to you in terms of what recourse to accountability we have throughout the system at every level of employment.

Ms. BROWN. I've got to agree with Kristen. Most of the employees in Oakland wanted to do a good job. They—they really did. Now, there were a few that—that couldn't make their numbers and for whatever reason, management would—would take care of them. They were never in trouble. They were always good to go. And yet the next person over, if they didn't make their numbers, they were gone.

So there were a few bad apples, so to speak, but the majority, it came from—it came from up above. It came from the managers telling us what to do. We were just the minions. We were just the bottom of the totem pole. They told us what to do and then we tried to do the best we could by doing the right thing, but a lot of times we couldn't do that.

Mr. O'ROURKE. And it sounds like from your testimony and the answers to Ms. Rice's questions about how long we have had these kind of problems at these VBA regional offices—you know, Ms. Blender, you mentioned 2008. We know about this one case that has been held since 1996 in Oakland.

Mr. Malizia, you mentioned that it has been going on. You said there is no start date, but then you said, you know, perhaps something happened when Secretary Shinseki sought to implement this 125-day goal and that that was such an unrealistic expectation. And there were not the systems or staff or capacity to adequately process this and so you were basically setting something up to fail or to hide the truth. And, you know, the people within that system acted accordingly.

If that is the case, what is the best way forward? How do we fix this? Certainly it is leadership. Certainly it is accountability. Certainly you have raised some issues with management, but structurally, statutorily, systematically, how does this get fixed?

Mr. MALIZIA. Well, that's a great question and I think that really gets to the core of a lot of—a lot of the problems. And that is I think that the production standards, the performance standards really came on production where talking about the point system, you get so many points for this and the time allotted to work a claim needs to be reevaluated and readjusted because that's the—the—kind of the preset and maybe not necessarily realistic, especially since a lot of the claims now are very complicated and very involved.

There's many different issues, conditions that have to be addressed, and that takes time, certainly time to do it right so there's not a lot of rework and appeals and—and those kinds of things. So I think that if the production part of the standard can be waived, reevaluated, I think that would go a long way to help them resolve some of these issues.

Mr. O'ROURKE. Thank you.

Mr. Chair, I yield back.

The CHAIRMAN. Thank you very much.

Dr. Wenstrup, you are recognized.

Dr. WENSTRUP. Thank you, Mr. Chairman.

And I want to thank you all for being here.

I think one of the things that just astounds me through all this process is there could be that many people that are okay with bad behavior. It just floors me that there is such a lack of caring for the person, the human being that is on the other end of the issue, at the other end of the paperwork or whatever the case may be.

You know, I serve in private practice. Every once in a great while, you might have an employee that didn't put the patient first, but it was pretty rare. But to see this and to see that it is so robust is incredible.

So one question I have, and it was alluded to in some of the other questions, you know, how widespread is this? You know, you are within your RO, if you will. Do you have contact with people from other regions that say the same things? I mean, is it truly across the country? You know, I know you represent different areas today, but I would really like to hear what your thoughts are on that and if you have contact with other people in a similar situation. And you can just go down the line.

Ms. RUELL. After I testified in July, I—many people emailed me from other offices. I've made a lot of contacts in other places and I hear the same horrible stories all over the country. And I think it's just based on people not being honest about the workload. They want to make numbers to get bonuses. If they were honest about the amount of claims and how long they take at all levels, people could get the work done the right way. We could hire more staff.

Mr. MALIZIA. And I would add that I think that there are—there are good quality managers and directors in the VBA system nationwide and some offices are—are probably much better at—at doing those things than not. So it's not a hundred percent that is in this situation.

But it just seems odd that it pops up in certain places and why is that? There has to be some similarities to what's going on in some of these places and I think that we're talking all about those kinds of reasons why it's popping up in a place like Philadelphia or in Oakland or something like that.

So that definitely, I think, needs to be looked into and explored a little bit more. Excuse me. So—but I do think that there—there are some personal issues like, you know, people have their own personal way of handling a situation and how they interact with their employees and how they interact with their labor partners and do things like that and how honest they are about actually moving the work and their concern for the veterans.

Like we said, it's—each piece of paper or claim is a person or a family that's there. And our employees, I think, are extremely dedicated and—and cognizant of that mission and they take it very personal that this piece of paper or this claim is, in fact, a family and represents a veteran who served our country and deserves our—our attention however long it takes to get that done and get it done right. And we're not afforded that opportunity to do that.

Dr. WENSTRUP. Thank you.

Ms. BLENDER. I think I'll just give you a little thing. A woman was walking into my office to Social Security because we had it in our building. And I slipped and she went to pick me up. She was a little old lady about 80 pounds. And I said why don't you just take my pocketbook and I'll get up? And I—and she says do you work in here? And I said, yes, I do. She said I worked here for 30 years. I couldn't wait to get out of here. The place is a cesspool and she was talking about 30 years ago.

Dr. WENSTRUP. Thank you.

Ms. BROWN. I've had—since I left the VBA and I've become fairly vocal, I've had employees from across the country contact me through Facebook and through phone numbers talking about the same things that we're talking about. It's widespread.

And the biggest thing that they talk about is the hiding of the claims. You have some that are segregated to one group, another group that's segregated into a 400 series, and then you have 930 series. Put them all together, count them out, see what you've got, put the people on it that you need.

Dr. WENSTRUP. It almost sounds like there was a more universal method about going about things inappropriately which is really a shame. It almost sounds also that there is very few people in leadership above you that you felt you could go to to trust which is very difficult to imagine as well, but obviously the case.

I hope that through all this we can make some changes and make things that are positive, to put the veteran first and maybe people will be more evaluated on the satisfaction that is achieved for the veteran and their families that are involved.

And with that, I yield back.

The CHAIRMAN. Ms. Brown.

Ms. BROWN of Florida. Thank you, Mr. Chairman.

First of all, let me thank each of you for your services. When you hear a lot of talk about whistleblowing, sometimes people want to think that is negative. I think it is very positive. I think it is very important that we get your feedback and we know what is going on.

I want to start with Mr. Malizia, we started out with 611,000 claims in 2013 now we are down to 188,000. Part of the pressure is coming from us. We want you all to expedite those claims. Mr. Bilirakis has a Regional Office in St. Petersburg with the same kind of problems. When you receive a congressional, yes, you are going to process that veteran's claim immediately. I guess they put those above some of the others.

My question is, what are your recommendations. The system that we have in place is not working. You have been there for 34 years. What are some of your recommendations because we do want these claims processed?

Mr. MALIZIA. Absolutely. And like I said earlier, I think that the production standards or the performance standards, specifically the production element in the performance standard needs to be changed.

I don't disagree that the—the backlog of claims has been reduced. There's certainly been a lot of emphasis placed on that. And one of the reasons that we were able to accomplish that is through

the hard work of the employees and also the mandatory—enforcement of mandatory overtime for the past five years.

I mean, I think that needs to be looked at as far as staffing requirements are concerned. I think VA is—VBA is definitely understaffed.

Ms. BROWN of Florida. Yes.

Mr. MALIZIA. If you look at the production requirements of the performance standards, I think major improvement can be done there.

Ms. BROWN of Florida. One of the things, in a hearing, someone mentioned some of the claims that were simple and they could put them on some kind of system and we could process those quickly. And then they have claims that are more complicated.

Mr. MALIZIA. Yes, that's correct.

Ms. BROWN of Florida. I am trying to figure this out, you are saying that the system in place, how do we improve the system?

Mr. MALIZIA. Well, it's the—it's the time associated with working specific claims and the point value that's assigned to those specific claims. Management is responsible for delegating or designing the—the allocation of claims to specific teams.

Ms. BROWN of Florida. Yes.

Mr. MALIZIA. They're responsible for the mail processing and the emphasis placed on that and when I mentioned it earlier in my opening statement about a shell game, management will move mail around and say to employees, we only want you to focus on certain end products this week so don't work on this—just work on all of these.

So meanwhile, certain claims get attention and everything else backs up and then it's crisis management. Now you've got all these problems over there. Stop doing all of this and work on these other claims to reduce that. They keep moving the work around and and—in so doing, things fall through the cracks or they forget where the work is or is that a deliberate attempt to have the work fall off the radar? You guys be the judge of that. OIG was the judge of that.

I mean, I think there are some practices that just don't make sense. Like Congressman Costello said, the answers coming back from the VA to address the IG report are basically we're going to do our job which is what they should have been doing all along.

Ms. BROWN of Florida. As you said earlier, part of the problem is that, the amount of work, workloads in different offices don't have enough people or maybe a system in place to process it.

Mr. MALIZIA. It's a variety of reasons. There's—I don't think there's one magic answer that's going to resolve all of the problems. I think there needs to be a lot of attention paid and a lot of changes made across the board in various areas.

Ms. BROWN of Florida. I know that the Congresswoman from Oakland, Ms. Barbara Lee, for years has been trying to get additional funding for that office because it was understaffed. Have you seen any additional people hired in the office to help with the processing, Ms. Brown.

Ms. BROWN. As I saw people come in I saw people leave. Because there was, there was such a turnover in, personnel. I mean, it was

a, it was a constant. So there wasn't, we were not, we were not getting above staffed, we were just evening out.

Ms. BROWN of Florida. Do you think it has something to do with the pay level? What did you come in as a seven, then you were supposed to have gone to an 11, and you went to a ten?

Ms. RUELL. You were supposed to go to a nine, and then an 11.

Ms. BROWN of Florida. Is that based on performance? Or what is that based on?

Ms. RUELL. Yes. You have to meet your quality and your performance to move up to the next grade. But time and grade is a big problem too, I think. To be a certain position at the, at least at the VA, you need to have time in grade. So as you are hearing all these stories of what we go through as employees there, you have to weather the storm for a lot of years to make it to a 13 or a 14. Most people that have any other opportunities once they are there a year or two they look for another job, because they don't want to deal with this for the rest of their life till they retire. So the problem is we are always having new employees. We have a new training class every couple months of 40 and 50 new employees, and maybe half of them will survive what we call this boot camp experience. So it's kind of like if we treated employees the right way, and we ran this like a real business, they would stay. And the job takes two to three years to learn. So you cannot drive people away from this place after the first year because then you're always going to have the GS-7, brand new employees working all of these claims.

Ms. BROWN of Florida. Do you think it is best that we try to outsource some of this work?

Ms. RUELL. I don't think it has to be outsourced. I think it would be best just to have people in charge that know how to treat humans with dignity and respect and appreciate the work that they do, and employees love to help veterans. And if they are not under pressure they'll do a great job and they'll want to stay there. I can do claims faster than the person who I just trained last month. But I mean—

Ms. BROWN of Florida. You have been there for how long?

Ms. RUELL. Right. I've been there seven years, almost eight. So a lot of people that I came in with aren't there anymore. If we could keep these people we could, I can do a claim twice as fast as someone who just started a year ago. So, and I don't mind doing claims. I enjoy it. But the problem is when you move up you don't touch the claims anymore. You get a different job. So the people always working on the claims are brand new. And there's no incentive for them to stay at that job because in the government you just want to move to the next level, move to the next level. So I think that's a huge problem.

Ms. BROWN of Florida. Thank you. I yield back.

The CHAIRMAN. Ms. Walorski.

Ms. WALORSKI. Thank you, Mr. Chairman. I just want to thank you, the panel, for coming. I think we have learned, I will speak for myself on this committee. I think we have heard so many reprehensible stories which is why America from New York to California stood up last year and said enough is enough. Hearing real stories from front line people, they are willing to put their job on

the line. And as we have sat here over the last several months and whistleblowers come in and then whistleblowers come back and the retaliation, the things that happened to people that put their job on the line I think is reprehensible.

I think what you are saying today, I find it heartbreaking. I think it is heartbreaking number one for the sake of our veterans, for the sake of many of you that went to work and to do good for those who have done the best sacrifice in our nation, our brave men and women. And then secondly because they come back and not only is the government not providing the things we promised to our finest, but when they do come back they are in a bureaucratic, a large bureaucracy that has run amok. And we have been sitting here now for months, and I know some folks for years, trying to figure out how to get to the bottom of this. But you know, I have never heard, I will say today this is the first time I have ever heard of charging money for mandatory parties of palm reading. I mean, I think that when the American people hear this tonight there is going to be another move from New York to California that stands up and says this has to stop. People have to be fired.

You know, most of us come from places, I come from the State of Indiana, in Northern Indiana, and we have issues with our CBOCs and our VAs as well and have had Inspector Generals, and all kinds of things happening. But I guess I just want to see this, I feel like, and Ms. Blender, you made the comment about one of your supervisors saw it on TV, saw this whole thing, and you said, you know, well how does that make you feel? I feel like since we have been doing this and digging into the weeds on this issue that these bad actors are doubling down. Almost of I dare you to find me, I dare you to be able to cut through the bureaucracy and fire me. Do you find that in this, in this realm that you are all working in?

Ms. BLENDER. Always. Always.

Ms. WALORSKI. That there is a double down after Congress has really made this visible?

Ms. BLENDER. And, and for myself, I don't see these people walking the halls anymore. I don't see management. Occasionally I've seen Diana. She comes around to talk to us and things. But management from before? Forget it. They're hiding. And the other things is nepotism. At our office the one person that was crucifying me I found out a couple of days before my hearing that that was the big shot's son-in-law, our director's son-in-law. And I saw the director after he retired, and I said why was your son-in-law here just to torment, just to torment me? I said that to him. Why he wasn't here when I was there. I said oh yes, he was. You should be ashamed of him.

Ms. WALORSKI. Let me ask you this. Because I really feel like in these areas that are geographic hot spots, I really feel like the double down effort has, has really started to happen in this country. I really feel like it is almost us against them in some of these hot areas. When, when these people see themselves on TV or in the newspaper and, and the staff knows it, right? And you are reading about it in your local paper. And then they come back in, does it just affect the morale in the little department? Or is the morale re-

gional office wide affected by the fact that these people believe that they are above the law?

Ms. BLENDER. It's throughout the building——

Ms. WALORSKI. Mister, yes, I appreciate it. Mr. Malizia?

Mr. MALIZIA. It's regional office-wide. That's what I'm saying, the employees feel really demoralized by this especially if the management staff, the leadership is going to get up and, and not be honest and truthful about what really is happening and what they are really going to do about it or those kinds of things. So when you're being fed that kind of misinformation and misdirection about what the issue is, or trying to make the, make it seem like employees are the problem when employees are not the problem, that's very demoralizing to them. So the cloud that I spoke about for the last at least nine months in the Philadelphia office has been growing. And it's, and like Kristin said, employees are looking for some accountability, somebody to be held responsible. Because when employees do something wrong, they're held responsible for it almost immediately. And they, but they don't see that accountability at the higher level, at the management level and above. So——

Ms. WALORSKI. I appreciate it. And I appreciate your honesty and appreciate the sacrifice you are under. Ms. Ruell, do you want to add anything?

Ms. RUELL. I mean, employees I represent they will be on a performance improvement plan because they might have missed their points, the precious points by maybe a half of a point, okay? And they're all, they might have worked here five years and now they're no good and they can't do this job anymore. But we have managers who can't read a fast letter and interpret what that means. And nothing is happening to them. Why aren't they are PIPs? Why isn't there, I think they should have a standard. If there's this many EEO complaints filed against you, and there's a settlement, or the person prevails, I think you should be, how do you get outstanding at the end of the year for these kind of things?

Ms. WALORSKI. I appreciate it. Thanks, Mr. Chairman. I yield back.

The CHAIRMAN. Mr. McNerney, you are recognized for five minutes.

Mr. MCNERNEY. Thank you, Mr. Chairman. And I appreciate your indulgence for me going in and out to other committee hearings.

I want to thank the panel for coming forward. This is pretty hard to do. I appreciate that. Ms. Brown, in your testimony you highlighted some of the difficulties that you had in bringing negative information forward. Did you speak directly to the director or the assistant director or to General Hickey when she came to Oakland for the employee town hall?

Ms. BROWN. Well first of all, I wasn't allowed to get anywhere near Allison Hickey. They had me pretty much out of the way. And only certain people were allowed to go down. As far as the director and the——

Mr. MCNERNEY. So it was not really a true town hall, then?

Ms. BROWN. No. No. No. It wasn't a true town hall.

Mr. MCNERNEY. And that is echoed in Philadelphia as well?

Ms. BLENDER. Yes.

Ms. RUELL. General Hickey has been to our office. I've never met her. And you would think if you were coming forward and complaining and there's a luncheon, and my friends are like, oh, I had lunch with General Hickey today. I knew I would never be invited. But the point is if they truly wanted to correct problems and cared about veterans, they'd ask the people that know about the problems to help out. There's meetings about fixing duplicate records. There was one a week and a half ago. And Ryan Cease and I have been very vocal in this problem. We know how to fix them. We've been asking to help. We weren't even invited to the meeting.

Mr. MCNERNEY. Okay, thank you. The Oakland RO had a program of systemic training a couple of years ago. They shut down all operations except for training, do you recall that?

Ms. BROWN. No, sir.

Mr. MCNERNEY. Yes, 33 has there been a big effort to train seasoned employees or anything like that at the Oakland RO?

Ms. BROWN. Well speaking for myself, I, I didn't even get the required training that I was supposed to get. So, you know, they occasionally will throw in a class here or there to fill a requirement, but nothing more than that.

Mr. MCNERNEY. So when, what was your dates of service approximately?

Ms. BROWN. At the Oakland VBA? I was hired September 15, 2009. I retired early on September 15, 2014, exactly five years.

Mr. MCNERNEY. Okay. Mr. Malizia, you described a shell game a minute ago of moving a case work around. Was that an attempt to hide problems, or was it an attempt to get bonuses, or was it just a flat lack of resources to actually do the work that was needed?

Mr. MALIZIA. I, I wouldn't characterize it as a lack of resources because the workforce was there, ready, willing, and able to do the work. It was a management prerogative of how they assigned the work or priority that they put on the work. And what, I can't really speak to their motivation as to why they did it, but the end result looked like, you know, they did it for self-serving reasons and if one of the those reasons was for them to get bonuses, well, all the better.

Mr. MCNERNEY. Well okay, Ms. Ruell, you sort of described a situation where the training was maybe okay but the folks weren't motivated to stay long enough to really get out competent or really get capable of doing the casework. Is there a different management plan that would ease that and make it so that people would stay longer and get the, get the, you know, get the experience they need to be very effective at their jobs?

Ms. RUELL. I think that if someone comes out of the training class after they've, the training is only, it used to be maybe nine months, now it's down to only three months. So they are lessening training, which I think is a bad idea. They are putting the people on live claims immediately, which causes a lot of rework. So if, if I was in charge I would have, if you are a GS-7 and you come out of training, you'd go serve a shift in triage and learn how that all works. You would do the easier things because that's what you're capable of doing at that learning stage. When I do quality, if I'm on a quality team for an employee, I do the same questions on a

GS-11 as I do on a GS-7. So that new person is expected to know how to do just as much and all the types of claims as someone who's worked here forever. I would, instead of having teams of people with random GS levels, I'd have a team of GS-7s, I'd have a team of GS-9s, I'd have a team of GS-11s, and depending on how long you've been there would depend on the type of difficulty of the cases you should do.

Mr. MCNERNEY. So there, I mean, there are approaches then that would put, put the same, people there long enough to learn how to do the job and to keep them motivated and keep them in the system, in your opinion?

Ms. RUELL. Yes. If they were treated correctly, if they were treated appropriately.

Mr. MCNERNEY. Mr. Malizia, do you agree with that?

Mr. MALIZIA. Yes, I do. I think the quality of, of the training and the consistency of the training is important. And that hasn't, in Philadelphia that hasn't always been, in the pension center that has not been the case.

Mr. MCNERNEY. Okay.

Mr. MALIZIA. So I think it's better on the service center side because most of the service center employees now are going to some kind of a national training or are under a national training plan, and that's what, I'm sorry, Rusty, Rusty was, was under. But it has to be, they have to be good quality instructors, there has to be consistency in what's going on. And then as Kristen points out when you come back to your office you have to be working those kinds of things that you were just trained on. And if you're not doing that work you're going to lose that knowledge base of it. And then when it comes time when you get that case, you're not going to have the ready resources to be able to process it. It's going to take you longer because you're going to have to research it a little bit longer. But you're not afforded the time to do that.

Mr. MCNERNEY. All right. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Dr. Abraham.

Mr. ABRAHAM. Well let me echo the committee in saying thank you so much for coming here. It's been both heart-wrenching and, you know, I've become filled with anger when I see the problems. How tragic is it in today's VA system that the same veteran that we entrust our national security to, and even our lives to, that same veteran can't trust our VA system to take care of them.

Dr. Wenstrup mentioned that he was in private practice, as I have also been for almost 20 years. And if we had an employee that was rude, even rude once to a patient, they got a warning, and if they were rude twice they got fired. And this is something that, you know, we will look into as to we can remedy this system.

It is bad enough that the \$300,000-plus on the moving thing. That was a mismanagement of funds. But what I'm hearing today is a mismanagement of lives from our VA system. And you know, it just goes to the very core of what this nation is supposed to be about.

My staff tells me about the hostile environment that is problematic at every level. I have requested VA to send us copies of the Merit Systems Protection Board and the EEO findings. We, like the

chairman, we have not received those records yet. So we are waiting patiently and becoming more impatient.

The question I have is, Mr. Malizia, I will address this to you. And I am very concerned about the veteran that with known PTSD that was bullied in one of these sessions to the point of maybe taking his life. Can you expound on that a little bit for me? I mean, I just have a hard time wrapping my head around something so terrible.

Mr. MALIZIA. I, unfortunately I do not have any more specific details about that. I mean, Kristen had some personal working relationship with, with that employee. I really did not know him. I only found out about it after it happened when his coworkers in the training class came to me because they were very upset and distraught about what had happened. I took it directly to the director and said there's a problem here.

Mr. ABRAHAM. Did she do anything?

Mr. MALIZIA. Well after, she wouldn't do anything initially until the employee made a written statement which I actually, I got from the employee. And then she said she would conduct an investigation potentially outside, well definitely outside of the pension center where it occurred, and perhaps even outside of the regional office. But what happened was she had pension center supervisors do the investigation against one of their own coworkers and essentially against their boss for what was happening, the oversight of the training program. And that was, you know, I thought was just very atrocious and indicative of some of the, the shell game problems and the coverup problems that we, we're, we're here with and what IG was looking at.

Mr. ABRAHAM. Okay, thank you. Mr. Chairman, I yield back.

The CHAIRMAN. Thank you. Mr. Costello.

Mr. COSTELLO. Thank you, Mr. Chairman. A couple questions, but before I do that let me just thank all of you again, and also Mr. Cease who could not be here. I just want to read something real quick in his testimony. His testimony is very precise in terms of what he recognizes as are some ongoing problems in terms of the processing of claims.

But he says this towards the end. A lot of our coworkers would just say keep your mouth shut, no matter what you do it's going to get covered up. Well, we made it this far. I really do hope our efforts will bring some changes not only for our VARO but the whole nation. For the record, the Philadelphia VA Regional Office has a lot of amazing employees who would go above and beyond for a veteran in need. And I say that because we recognize that there are a lot of good, hardworking employees at the Philadelphia VA. And I think it is important that that is said to you here today. And please impart to many that you work with who are not part of the problem but want to be part of the solution.

With that said, Ms. Ruell, a couple of quick questions for you. I will get through as many as I can. With the anonymous whistleblowers to you, you said you may get as many as 20 phone calls a day. Repeated trends that stick out in phone calls to you about the problems that are still persisting there? Could you share with me what, what are some common themes that you are hearing in, in folks saying things to you?

Ms. RUELL. They'll call and they'll say I'm not sure what to do because my supervisor is doing this to me, and I know if I go to the union and I file a grievance the decision makers are those supervisors. So that's the main problem. I feel that if there's different claims that you can file when something is wrong. If it has to be discrimination for an EEO. It has to be an adverse action for MSPB or you're stuck going the union grievance route. And why I say stuck is because anytime that happens the decision maker is the person——

Mr. COSTELLO. Right.

Ms. RUELL [continuing]. You would be reporting.

Mr. COSTELLO. That's on the retaliation side. What about on the implementation of these recommendations, and representations that 95 percent of them are being addressed or have been satisfactorily addressed? Have you received feedback that that may not in fact be accurate?

Ms. RUELL. Definitely. I mean I, I still work there everyday and——

Mr. COSTELLO. Share with me some substance there if you can on common things you are hearing specifically.

Ms. RUELL. The last month I received too many emails to count with claim numbers, which I have since reported to the Inspector General's Office. We have an assistant manager in the pension center who has been making claims ready to rate that are not ready to rate. So there's cycle times for a claim and when a claim goes to the rating board there, I think changes the suspense for this claim. So there's claims that are already rated and this manager is going in there, manipulating the data, and making them ready to rate again for no reason to do something with the numbers. That's been happening for the last month and a half. I have over 100 claims I've reported with that.

Mail, someone came to me with a picture and they said, oh, the Inspector General said that the mail needs to be stamped or processed within six hours. This mail sat overnight, again. And I'm really upset and I don't know what to do. I said, well, we're not allowed to take pictures. I really don't know how to prove this. So I don't really think, someone told me there was a request to change a date stamp back just two weeks ago. So anything that I've ever reported, I have not seen any of it stopped and I'm seeing it all continue. And I just feel like I have so much, so many people coming to me and I don't know what to do anymore.

Mr. COSTELLO. I continue to think that we need an outside set of eyes to sort of make this course correction there. A question for you, are we asking some of those culpable for the problems to now make the reforms necessary——

Ms. RUELL. Yes.

Mr. COSTELLO [continuing]. In order to course correct?

Ms. RUELL. Yes.

Mr. COSTELLO. Are administrative reforms without cultural changes sufficient?

Ms. RUELL. No.

Mr. COSTELLO. I think the answer is no. It's sort of a rhetorical question. Are any recommendations missing from those 35 in the IG report that you think should be included in order to resolve the

outstanding problems at the VA? Any big picture things that were not contained in the IG report that you feel are missing?

Ms. RUELL. The IG report recommendations in my opinion are very broad. It leaves it up to the agency to interpret it the way that they would like. I believe there should be words like these people should be fired, not administration action. That can be a slap on the wrist.

Mr. COSTELLO. Right.

Ms. RUELL. So this AIB business to me is bizarre because that's the VA investigating itself.

Mr. COSTELLO. Has the AIB ever interviewed you?

Ms. RUELL. Never. And the problem is the AIB is interviewing employees based on proving if someone intentionally manipulated data, but we don't have the evidence anymore.

Mr. COSTELLO. Right.

Ms. RUELL. When the IG came in we gave them everything we had because we thought they were the people doing the investigation. Now when AIB is coming in and people are coming to me saying I don't know what to do, I have to get interviewed and I don't have any more claim numbers. I gave them all to the IG. And I, you know, I tried to contact the IG and say what can we do about this. But, I mean, there's no solution. The AIB is here and they're probably getting half the information they need and I'm the one that reported this originally for our office and they've never even spoken to me.

Mr. COSTELLO. Do you have any observations on EEO complaints? There seems to be a larger volume at the Philadelphia VARO than elsewhere in terms of the number of complaints, in terms of how people are treated after complaints are issued. I know my time is up. Thank you.

Ms. RUELL. The EEO complaints in our office are unreal. It's the biggest waste of taxpayer money I've ever seen. Employees will file an EEO complaint and they are not resolved timely. It takes years to do that and it's, and it costs tons of money. And some, some of the complaints are so minor that there's no reason to waste money on an EEO complaint. Somebody wants their seat changed because cold air is blowing on them and they can't breathe. And the resistance in that type of situation is just ridiculous. Some people just want to work from home because they have medical problems that can't permit them to work in the office. And that takes a good year to accomplish. So, I mean, nothing happens the way that it should. The EEO program is supposed to save money. It's supposed to not flood the court system and have a mediation process. I don't see, I think it's a waste the way that it is in our office.

Dr. ROE. [presiding.] Thank the gentleman for yielding. Mr. LaMalfa, you are recognized for five minutes.

Mr. LAMALFA. Thank you. First of all, let me preface this here that, you know, in the heat of this discussion here sometimes it is lost that those of us doing our oversight making these inquiries do not like the employees or do not like the VA or things like that. And for me, for being on the record, I know there might be some people in Oakland who are upset with me. But for those employees that are there grinding it out at the grunt level, using a military term, we appreciate you. The problem is systemic, starting in

Washington, D.C., dropping down to the director level and sometimes those floor managers as well. But we appreciate anybody that is willing to do this work, that wants to serve the veteran, and wants to do the quality of work, not on a time basis but actually getting the veterans' work processed. So again, Ms. Brown, I really, really appreciate you being here and you being willing to come forward at the, at the cost it has been for you.

A couple disturbing things I heard about earlier was the no action needed file on old claims. And I can refer to a couple things that were in the paper here. There was one by a Mrs. Stafford, I think you mentioned that. It was a 2004 claim that the, she and her husband, who had since been deceased seven years ago, from a July, 2014 letter, he was being thanked for his service many years after the claim and having been deceased for seven years. It has got to be really frustrating for that veteran, for the spouse, to have that be in a no action file and then to receive a letter backhanded like that much later on. And for that to be a no action needed, we do not know what the situation would be for Mrs. Stafford who, where she would say, said in this article I have here that she was not even aware there would be widow benefits. And even if it was a modest \$400 a month it may help her, and referring to one other lady as well. This is the one that she, that you had mentioned in an article, that a note came in from a woman on flowery stationery. You can just visualize that. She wrote, I know that the VA is going to take care of me because my husband served in the Battle of the Bulge. Now when you hear that and you see that in your mind, in your mind's eye, a little lady writing that down on a piece of flowery paper, and we have seen some emotional reactions on this in a previous panel. Heck, I could get emotional myself. If I was the Speaker maybe I would be, but do not tell the Speaker I said that. But that breaks your heart. We have real people out there that are suffering from lack of attention, lack of even an answer on that. And so Ms. Brown, where did that order come from that on these old claims like that that they would go into a no action needed file in your office?

Ms. BROWN. Those, that direction came directly from our supervisor, the training supervisor at the time, Rochetta Luster.

Mr. LAMALFA. Yes.

Ms. BROWN. And she disseminated to us that that was given down from management that this is exactly what we were supposed to do.

Mr. LAMALFA. How high does management go?

Ms. BROWN. The director.

Mr. LAMALFA. The director. Was that, who—

Ms. BROWN. Douglas Bragg at the time.

Mr. LAMALFA. Mr. Douglas Bragg. And he has since taken an early retirement?

Ms. BROWN. He's gone.

Mr. LAMALFA. Yes, why do you think that happened?

Ms. BROWN. It got a little warm.

Mr. LAMALFA. Did it get a little warm? Maybe my office and a few others making a little too much heat?

Ms. BROWN. Maybe a little bit.

Mr. LAMALFA. Yes. Well, we are kind of proud of that actually. So Ms. Brown, when you hear about that, no action needed, and the, or let us say, let us say, what does it look like that a claim would be termed processed? Now I think it is one standard for people inside the organization that you have moved the piece of paper from here to there, and they call that processed, and maybe it is turned into a 400 series file, or a 930 series file, or something like that. Does processed look to you to mean like it has been moved one, one step? Or does it look more to you like that the veteran has actually gotten an answer to their question of what benefit they should have and a timely disbursement of that benefit? What does process, what is the language inside and what does the language look like to you what it should be?

Ms. BROWN. Well once again when they tell you no action necessary and items were put aside, nothing was done to protect these claims. Nothing was done to put them into the system. Nothing was done to send letters to survivors to cover for DIC benefits. Nothing was done. So you had a whole group of individuals, especially in the first couple of, the first month especially, the older ones that were dead were just put aside. And they never even talked about them again.

Mr. LAMALFA. We are probably going to hear a lot of happy talk later from VA management saying we processed all these claims. And they have been moved along and now we are, our backlog is way down now. How do you feel about that?

Ms. BROWN. A lie.

Mr. LAMALFA. What you will potentially hear? A lie you hear?

Ms. BROWN. A lie.

Mr. LAMALFA. You say? We are going to hear about probably that it is all fixed because the lost mail process is going to be better because we are doing it electronically now. Now this sounds to me like they are trying to blame the Postal Service for losing mail. But isn't this actually mail that has actually come inside the door and is lost inside the Oakland and Philadelphia and other centers?

Ms. BROWN. Some of it is lost inside the building. We used to laugh that there was a black hole and we didn't know where stuff went. But, but now it's, it's gathered up, it's boxed up, and it's sent to the scan center without ever even looking at it.

Mr. LAMALFA. In Wisconsin.

Ms. BROWN. And it might be, it might be two, three months before that piece of paper shows up at the scan center.

Mr. LAMALFA. Because you have to scan it half a country away?

Ms. BROWN. Yes.

Mr. LAMALFA. Yes, awesome. I yield back, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. LaMalfa. Mr. Meehan, you are recognized for five minutes.

Mr. MEEHAN. Thank you—

The CHAIRMAN. Thank you for being with us.

Mr. MEEHAN. Thank you, Mr. Chairman. And I thank you for the privilege of sitting with you here today. Ms. Ruell, has the VARO and Philadelphia, have they completely stopped the manipulation of data regarding veterans' claims?

Ms. RUELL. No. I mean, this ready to rate thing that's going on, I can't fathom why an assistant manager would be making claims

ready to rate when they are already rated. So to me that's data manipulation.

Mr. MEEHAN. Explain that to me.

Ms. RUELL. When you need to, when you want to enhance benefit of aid and attendance you would to have something service connected, it must go to the rating board. We get a claim, we, if we do not have all the evidence we need for the rater to make a decision a development letter is sent out. If we have it it goes ready to rate. The VSRs, the people who process the claims, make this claim ready to rate. They get a production point for doing that. It goes to the rater, the rater looks at it, grants it, denies it, or says we need more. At that point we get more or we process the case.

Most times the claims that I was seeing are ones where they're for service connected death and many of them, and the claim is not ready to rate. We're rating, some of them we're waiting on STRs, we are waiting on a request to verify that this veteran served in Vietnam. And she's making the claims ready to rate for some reason when they're not, which is causing, employees are fed up, they're mad. Lists come out, we think claims are ready to be processed and the employees get them and they say I can't process this, I'm still waiting on the STR.

Mr. MEEHAN. Is, there any identification that those that are coming up from some employees are rules ready to rate while others are not ruled ready to rate? Does it relate across the table or do some coming from certain employees get treated differently than others?

Ms. RUELL. No, it's just that I think what she's doing is there must be something with the cycle time to actually stop the clock on these claims so they don't look like they're pending longer than they are. Because when we need information to verify service we don't have that in our building. We have to reach out through this program. And if that program takes a long time it makes our office look like we're taking a long time.

Mr. MEEHAN. Is this working to the benefit or the detriment of the veteran?

Ms. RUELL. Detriment, because overall employees think that this claim on their desk is ready to process because if an assistant pension center manager made it ready to rate you'd think she'd know that it's ready to rate. And so we're looking at these claims and they're not ready to rate. So what does the employee have to do? They have to go change the suspense in the computer, move along to another—

Mr. MEEHAN. So does that work to the detriment of that employee then who has to—

Ms. RUELL. Of course—

Mr. MEEHAN. Mr. Malizia, what is your opinion on this?

Mr. MALIZIA. Yes, the same thing that Kristen is saying. That this supervisor is doing this to these cases, providing a list to the employees and saying here's this list, I've completed, I've reviewed these cases, I've made them ready to rate. They're ready to go. Now here you go, work them. And they can't work them. So it creates a whole bunch of rework—

Mr. MEEHAN. So they're being set up to fail, though, in addition to the, to the ability for the case to be handled accurately it is also

setting up a situation in which the employee is going to have a difficult time meeting the requirement of turning that around.

Mr. MALIZIA. Yes, that is correct.

Ms. RUELL. And then when, when the claim is actually ready to rate two weeks later when the records come in, the service treatment records, the employee takes credit for actually looking at them, seeing that they're here, and sending it to the rating board. And there's a supervisor that actually took their credit out of the production system and said you didn't make this ready to rate, this assistant manager did. You can't get the points for this. So now the worker did their job the right way at the right time and they, and this, they got no credit for doing it.

Mr. MEEHAN. Are there bonuses associated with this kind of ability to perform?

Ms. RUELL. I believe throughout the VA there are bonuses based on performance of a regional office but I can't say for sure that that actual individual got a raise. I'd be interested to see what her rating was for last year because with acts like this it makes her look a lot better.

Mr. MEEHAN. Are this, is this an element of quality review for an individual employee?

Ms. RUELL. It would be. But if I do a quality review and an employee says I made this ready to rate and it had this assistant manager's name on it, I can't use that case. And that's not fair to the employee.

Mr. MALIZIA. But it would be charged as a performance error if somebody did make a case ready to rate and it wasn't ready to rate. It would be a performance measure and they would get charged an error.

Mr. MEEHAN. Ms. Blender, I only have 45 seconds. You made, you testified that work is all over the building. There were some 13,000 pieces of mail that were processed but there was a lot of others. Could you explain this to me? What you were talking about when you said work that was previously in one place was sent all over the building so it looked as if it was being handled when in fact it's now presumably not accountable? Would you take a moment and explain to me what you were talking about?

Ms. BLENDER. We had back mail—

Mr. MEEHAN. Could you speak into the microphone please?

Ms. BLENDER. I'm sorry. We had back mail, mail that never got processed. We had 28,000 pieces. Upper management walked in one day and screamed, what is this? What is this? Like she didn't know. And we've got to get this work done. And so they began, I wasn't there, but they decided to take all these 28,000 pieces of mail and ship it throughout the building and have VSRs stop doing what they're doing and catch up on this work. And so they offered, they made like team spirit and stuff like that, who's getting what done? So your group did ten today? You win the thing. Your group did five this week? You win the thing. They never got to 28,000, they got to 13,000. And I said that at my hearing. I said what happened to the other work?

Mr. MEEHAN. That's 15,000 pieces of mail that aren't accounted for.

Ms. BLENDER. Where is it?

Mr. MEEHAN. What was the answer?

Ms. BLENDER. The answer was to give me what I want and get rid of me. That was the answer. I was told that maybe I wasn't a good fit. And when after he spoke to me I told him I'm a better fit than you.

Mr. MEEHAN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Meehan. Members, I would like to do a second round but we really need to move to the next panel and I apologize for that. Thank you to the witnesses. You may get, and I hope you are open to answering some post-hearing questions, you may get them from members. We will try to do it between the majority and the minority so that we can get them to you in a fashion that is a little more concise. But thank you very much for your testimony. If you would, I will excuse you and ask the second panel to please come forward.

Okay. Members, we are going to go ahead and continue on as they come to the panel. We have Ms. Linda Halliday, Assistant Inspector General for Audits and Evaluations with the Office of the Inspector General. Ms. Halliday is accompanied by Nora Stokes, the Director of the Bay Pines Benefits Inspections Division with the Office of the Inspector General; Mr. Brent Arronte, the Director of the San Diego Benefits Inspections Division with the Office of the Inspector General.

Also testifying today is Mr. Danny Pummill, the Principal Deputy Under Secretary for Benefits at the Veterans Benefits Administration. Mr. Pummill is accompanied by Ms. Diana Rubens, the Director of the Philadelphia Regional Office; Ms. Lucy Filipov, the Assistant Director of the Philadelphia Regional Office; Ms. Julianna Boor, the Director of the Oakland Regional Office; Ms. Michele Kwok, the Assistant Director of the Oakland Regional Office.

I would ask now that you are all seated that you please all rise, raise your right hand.

[Witnesses sworn.]

The CHAIRMAN. Thank you very much. Be seated. All of your complete written statements will be made a part of the record. Ms. Halliday, you are recognized for your statement.

**TESTIMONY OF MS. LINDA HALLIDAY, ASSISTANT INSPECTOR GENERAL FOR AUDITS AND EVALUATIONS, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY MS. NORA STOKES, DIRECTOR, BAY PINES BENEFITS INSPECTIONS DIVISION, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND MR. BRENT ARRONTE, DIRECTOR, SAN DIEGO BENEFITS INSPECTIONS DIVISION, OFFICE OF AUDITS AND EVALUATIONS, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND MR. DANNY G.I. PUMMILL, PRINCIPAL DEPUTY UNDER SECRETARY FOR BENEFITS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS**

**TESTIMONY OF MS. LINDA HALLIDAY**

Ms. HALLIDAY. Chairman Miller and members of the committee, thank you for the opportunity to discuss the results of the OIG's recently published reports where we substantiated allegations of data manipulation and mismanagement at the VA regional offices in Philadelphia, Pennsylvania and Oakland, California. I am accompanied by Ms. Nora Stokes, the Director at our Bay Pines Division, who led the review of allegations in Philadelphia; and Mr. Brent Arronte, our Director in our San Diego Benefits Inspections Division, who led the review in Oakland.

Since June, 2014 we have initiated 13 reviews addressing allegations of mismanagement and data manipulation at 11 of VBA's 56 VAROs. For seven of these reviews, VBA and VA leadership requested OIG assistance. We commend VBA for bringing forward allegations as early detection facilitates more timely corrective action and strengthens their ability to ultimately hold staff accountable.

We substantiated six of the seven allegations received from VBA leadership, which included significant volumes of unprocessed paper mail and confirmed some VBA staff and supervisors manipulated data by processing inappropriate actions. While these allegations have been addressed we are concerned that the actions appear to be a systemic trend motivated to inappropriately enhance reported performance metrics.

Throughout our review at the Philadelphia Regional Office we received an unprecedented number of allegations from different sources pointing to lapses of management within claims processing activities. Allegations and concerns we identified involved functional responsibilities of VARO management, the management of the veterans service center, the pension management center, two call centers, and an insurance center.

Many of these allegations conveyed issues of serious mistrust and fear of reprisal. Allegations of wrongdoing included issues such as cooking the books, referring to data manipulation, and taking actions that inappropriately reduced workload backlog, mail mismanagement, and the potential processing of duplicate payments. Mismanagement of VA's resources resulted in compromised data integrity affecting the timely and accurate delivery of benefits and services, included adjusting dates of claims by misapplying guidance in VBA's Fast Letter 13-10, altering individual quality review results, and failing to enter timely notices of agreements in VBA's

tracking system for appealed claims. Further the VARO's lack of financial stewardship to prioritize the corrective actions needed to address duplicate records existing in VBA's corporate database ultimately results in improper benefit payments totaling about \$2.2 million to 56 different beneficiaries.

The conditions and culture we observed along with the high levels of mistrust of VARO management reduced our confidence in the leadership's ability to effectively manage and oversee issues that are basic functions of a regional office. Until the trust and fear of reprisal concerns are addressed, whistleblowers will be reluctant to bring issues forward to management.

Throughout our review we provided the VARO leadership with the preliminary findings and issued two management advisory letters to the Under Secretary for Benefits regarding the mismanagement of work processes and our concerns regarding the physical space housing the two call centers and some PMC operations.

In April, 2015 our report offered 35 recommendations for corrective action. The USB has taken some corrective action and she has provided implementation dates for further planned corrective action that extend through December, 2015. However, as recently as April 7, 2015 we continued to receive new allegations that included a new list of more duplicate records that had not been corrected since 2012.

The USB deferred concurrence on three recommendations in our report pending the outcome of a VBA administrative investigative board.

Our review did not identify specific individuals responsible for the mismanagement of the VARO because this responsibility is a department program function outside of the scope of the role of the Office of Audits and Evaluations, which my role and my office's role is to identify conditions and causes adversely affecting organizational performance.

In July, 2014 we received a requests from the USB as well as Congressman Doug LaMalfa to review allegations that the Oakland VARO had not processed nearly 14,000 informal requests for benefits dating back to the mid-1990s. Allegedly these informal claims were also being improperly stored. We reported that Oakland VARO staff had not processed a significant number of the informal requests for benefits dating back many years and improperly stored 537 informal claims. However, because the VARO's management had such poor recordkeeping, we could not confirm the staff processed all of the informal claims alleged as identified in October, 2012 by VBA's own help team. We could not confirm the initial list and that it contained 13,184 informal claims. However, we know VBA reported shortly after the documents were discovered that they reviewed these claims after finding them and reported that 1,155 required additional actions.

In March, 2015 we received additional information that was not disclosed during our initial review. We identified, we received information that allowed for the identification of a partial list of documentation with 1,308 unique documents that were part of the original list of informal claims in the original allegations. Preliminary results from our statistical sample indicate the new information contains both formal and informal claims and claims that still re-

quire action. In some of these cases veterans' benefits were affected.

Before I conclude I would like to inform the committee that we are reviewing the appropriateness of the relocation package offered to Ms. Rubens for her relocation from Washington, DC to Philadelphia PA. And we also have an ongoing OIG administrative investigation related to the misuse of positions by two senior leaders at the Philadelphia VARO. Because work is ongoing, I will not be able to comment on that work today.

In conclusion, trust is fundamental to leadership, especially during times of change and VBA must work to establish a healthy environment where staff do not fear bringing issues to their management, and that staff and management work together to solve the problems and deliver the benefits to veterans. Given the serious nature of the issues identified, OIG will follow up at the appropriate times and assess the effectiveness and completeness of the corrective actions. Mr. Chairman, this concludes my statement and we would be happy to answer questions.

[THE PREPARED STATEMENT OF LINDA HALLIDAY APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you, Ms. Halliday. Mr. Pummill, you are recognized.

**TESTIMONY OF DANNY PUMMILL, PRINCIPAL DEPUTY UNDER SECRETARY FOR BENEFITS, VBA, ACCOMPANIED BY MS. DIANA RUBENS, DIRECTOR, PHILADELPHIA REGIONAL OFFICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; MS. LUCY FILIPOV, ASSISTANT DIRECTOR, PHILADELPHIA REGIONAL OFFICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; MS. JULIANNA M. BOOR, DIRECTOR, OAKLAND REGIONAL OFFICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND MS. MICHELE KWOK, ASSISTANT DIRECTOR, OAKLAND REGIONAL OFFICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS**

#### **STATEMENT OF MR. DANNY PUMMILL**

Mr. PUMMILL. Chairman Miller, Ranking Member Brown, and members of the committee. Thank you for the opportunity to discuss the Philadelphia and Oakland ROs. I am accompanied today by Ms. Diane Rubens, Director of the Philadelphia RO; Ms. Lucy Filipov, the Assistant Director of the Philadelphia RO; Ms. Julianna Boor, Director of the Oakland RO; and Ms. Michele Kwok, the Assistant Director of the Oakland RO. The RO Directors and their assistants are here to answer any specific questions that you have today on the Philadelphia and the Oakland regional offices.

First I'd like to provide you an update on our transformation. VBA has reduced the disability claims backlog by 71 percent, from the peak of 611,000 in March, 2013 to 177,000 today. The average age of the pending claims in the inventory is now 131 days. That's down 151 days from its peak of 282 days in February of 2013. These improvements have not come at the expense of quality. We have increased claim based accuracy from 83 percent in June, 2011

to 91 percent today, and accuracy at the medical issue level is 96 percent.

With support from the VSOs at the local and national level, county and State Departments of Veterans Affairs, and other stakeholders, we are still on track to eliminate the claims backlog by the end of 2015. This progress would not have been possible without our dedicated workforce and leadership throughout the organization. Our workforce includes over 21,000 employees, 53 percent of whom are Veterans themselves. Our employees demonstrate every day that they are motivated to make a difference.

VBA's leaders are responsible for developing, sustaining, and nurturing employees, highlighting their accomplishments, addressing their concerns, and giving them the training and tools to deliver quality benefits and services. Our Directors use innovative methods to facilitate direct communication, identify and address issues of concern, and help employees understand the importance of their work.

Our leaders encourage employees to raise issues, while ensuring that they are no retaliation for frank discussions. We're committed to consistently improving processes and programs and to ensuring fair treatment for our valued employees who identify areas of improvement.

We hold employees at all levels of the organization accountable for performance and we continually strive to fulfill our commitment to providing timely and accurate benefit decisions.

The VA's Office of Inspector General began an investigation at the Philadelphia RO on June 19, 2014 based on allegations of mismanagement. The investigation began three weeks prior to the arrival of the new Director, Ms. Rubens. With new leadership in place, the RO immediately began implementing solutions and remedying the issues outlined by the IG.

Upon receipt of the IG's draft report in March, 2015, we had already remedied many of the findings. VBA continues to resolve the remainder of the findings based on recommendations in the report. We are also conducting an Administrative Investigation Board to determine if further actions are appropriate.

Last month, all of VA, to include Ms. Rubens and her leadership team, asked every employee to recommit to the Department ICARE values—Integrity, Commitment, Advocacy, Respect, and Excellence. Ms. Rubens continues to build and strengthen relationships with the RO employees and local stakeholders by expanding and improving communication and focusing on creating a culture that puts Veterans and their eligible beneficiaries first.

The backlog of Veterans' claims in eastern Pennsylvania has been reduced by 60 percent since its peak in 2011. The average age of pending claims has been reduced by 104 days. Quality remains high at 91 percent at the claim level and 98 percent at the issue level.

The dedicated employees at the Oakland RO share a similar commitment to providing the best possible service. The backlog of northern California Veterans' claims has been reduced by 75 percent from its peak. The average age of pending claims has been reduced by 307 days. Quality remains high at 96 percent at the claim level, 98 percent at the issue level.

In February, 2015 the IG issued findings from its July, 2014 investigation of alleged mismanagement of paper documents at the Oakland RO VBA fully concurred with and implemented the IG's recommendations. The Oakland RO also implemented our centralized mail initiative in January, 2015, significantly reducing potential for delayed handling of paper documents.

The Oakland RO's leadership team takes seriously its responsibility to develop and nurture employees, as well as to ensure they have the training and tools necessary to do the job. Since Ms. Boor's arrival in Oakland, she has built effective relationships with Congressional stakeholders, VSOs, and the Veteran communities.

The progress made at both ROs could not have been accomplished without the dedicated leadership of the officials present today. They have made significant progress toward reaching VA's goals and shown great leadership, dedication, and commitment to employee engagement.

Mr. Chairman, this concludes my statement. My colleagues and I are prepared to answer your questions.

[THE PREPARED STATEMENT OF DANNY PUMMILL APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Pummill. Thank you, Ms. Halliday for your testimony. Mr. Pummill, as you know this committee is very interested in VA's decision to pay out more than \$300,000 to move Ms. Rubens from the D.C. metro area to Philadelphia. As I read in a letter that I received from Ms. Hickey that this was actually your recommendation, I was reading an Office of Personnel Management guidance. It says that it can be used if the agency determines that the position is likely to be difficult to fill in the absence of using this incentive. It seems to me that Philadelphia would not be one of those areas that would be difficult to fill. So could you very quickly tell me why this program was needed to be used?

Mr. PUMMILL. Philadelphia is one of our largest and most difficult regional offices. It is tough to fill. The previous RO Director that we had in there, it took us almost six months to find somebody that was willing to go in there and do the job. When we realized that we were having problems at Philadelphia, one of the first names that came up was Ms. Rubens, and we knew it was going to be tough to get her to go into Philadelphia and try to fix the situation for us.

The CHAIRMAN. And could you tell me what types of advertising or attempts did you make before the decision to move Ms. Rubens to that position?

Mr. PUMMILL. We did not advertise for that position. We just went through the RO Director—

The CHAIRMAN. Were any other employees encouraged to apply?

Mr. PUMMILL. No, they were not.

The CHAIRMAN. Okay. At what point was it clear to you that the AVO needed to be offered in order to fill the position?

Mr. PUMMILL. The previous Director that was selected was a senior executive from another agency in the federal government.

The CHAIRMAN. Did that individual get the AVO to move?

Mr. PUMMILL. No, he did not.

The CHAIRMAN. Okay.

Mr. PUMMILL. We attempted to bring an executive from another agency to fix some of the problems there thinking that some outside blood would help us a little bit. We realized very quickly that it was just too complex, there was too much going on, and we needed one of our most senior people.

The CHAIRMAN. Okay, thank you. Ms. Rubens, did you sign a written statement that you would not accept a transfer unless the relocation expenses were authorized?

Ms. RUBENS. Yes, I did.

The CHAIRMAN. And why was that?

Ms. RUBENS. The relo package that VA has is offered in some instances. And because it was offered to me and I thought it beneficial to help me ease that transition from one office in one city to another in an effort to be there as quickly as possible.

The CHAIRMAN. And you never intended to go to Philadelphia at any time in your career?

Ms. RUBENS. I would tell you that I had been in Washington for a number of years. If I were to leave Washington it was to take on an office that had a large, complex operation. Philadelphia fit that bill.

The CHAIRMAN. And so that was the reason that you left, you went to Philadelphia because you wanted to go to a large complex office and that fit the bill that was in your career path?

Ms. RUBENS. Sir, at that time it was an option and there was discussion about whether or not I would be able to meet the needs of the regional office. And I felt like, and still feel like, I am capable of doing that.

The CHAIRMAN. Are you eligible for retirement?

Ms. RUBENS. No sir, I'm not.

The CHAIRMAN. How long before you can retire?

Ms. RUBENS. Several years.

The CHAIRMAN. One, two, three, four? Do you know?

How about two? Is that close?

Ms. RUBENS. I think it's a little bit more than two, but less than five.

The CHAIRMAN. Okay. Do you have any family members that live close by?

Ms. RUBENS. I do.

The CHAIRMAN. And who might that be?

Ms. RUBENS. My sister, my mother, nephews.

The CHAIRMAN. How close?

Ms. RUBENS. Wilmington. I grew up in Delaware.

The CHAIRMAN. Twenty-eight minutes. Close?

Ms. RUBENS. It depends on how you go and what time of day, sir.

The CHAIRMAN. So you did not want to move unless you got a \$300,000-plus relocation package to be close to your mother and your family?

Ms. RUBENS. No sir, that's not the issue.

The CHAIRMAN. But you had to get this relocation package to be close to your family?

Ms. RUBENS. It was part of a benefit program that VA offers to ensure transition is as quick and as smooth as possible to an office that needed leadership.

The CHAIRMAN. And so you would not have moved close to your mother had you not gotten this package?

Ms. RUBENS. I don't know that, sir.

The CHAIRMAN. I guarantee you, I would move close to my mom without a \$300,000 relocation package.

Mr. PUMMILL. Congressman, if I could interject?

The CHAIRMAN. No, sir. I am talking to Ms. Rubens.

Mr. PUMMILL. Mr. Congressman.

The CHAIRMAN. Thank you. Had you ever told anybody prior to this being decided that you had a desire to go to Philadelphia?

Ms. RUBENS. I, when the director before the director I replaced retired I had expressed an interest in Philadelphia.

The CHAIRMAN. Would you have gone then without getting a \$300,000 relocation package?

Ms. RUBENS. I can't answer that, sir. I don't know what I would or wouldn't have done many years ago.

The CHAIRMAN. How many years ago was that?

Ms. RUBENS. Off the top of my head, I'm not sure. Three to, three to five years ago.

The CHAIRMAN. So you did sign a written statement basically that, so this, was this a Diana Rubens move? Or was this a management directed move?

Ms. RUBENS. I don't understand the question.

The CHAIRMAN. Either you made the decision to go to Philadelphia or management said you needed to go to Philadelphia.

Ms. RUBENS. I could not have reassigned myself to Philadelphia.

The CHAIRMAN. Did the management ask you to go to Philadelphia or did you choose to go to Philadelphia?

Ms. RUBENS. I still don't, I'm not sure how to answer that question.

The CHAIRMAN. How did you make a decision, to decide to go to Philadelphia? You just woke up one morning and decided to move to Philadelphia? Or did management say you needed to go fix the problems at Philadelphia?

Ms. RUBENS. There were discussions with my leadership about—

The CHAIRMAN. Did management tell you it was a management decision or did you make the decision? It's one or the other.

Ms. RUBENS. I guess I'm just not understanding the question. It was not a directed reassignment.

The CHAIRMAN. It was not a directed reassignment?

Ms. RUBENS. It was not a directed based on performance or anything else reassignment. There was a leadership need in Philadelphia. There was a discussion about whether or not I would go. And—

The CHAIRMAN. And you told them you would not go unless you got the relocation package?

Ms. RUBENS. As part of the process for accepting a relocation, you have to choose one of those options on that document. I opted to avail myself of a program for relocation to ensure I could make that move as expeditiously as possible.

The CHAIRMAN. So you couldn't have moved quickly without \$300,000 relocation package? That is okay. Ms. Brown?

Ms. BROWN of Florida. Thank you. Mr. Chairman, I just want you to know I am a little uncomfortable with this line of questioning.

Ms. Rubens, I want to know something about your skill sets. Because I understand there are a multiplicity of problems in Philadelphia and VA decided that they wanted you and your skill sets. Can you tell me something about your background as to why it is that VA felt that your expertise was needed in Philadelphia?

Ms. RUBENS. So thank you, ma'am. I've been with the Department of Veterans Affairs in the Veterans Benefits Administration nearly 28 years. I started as a claims examiner. I have processed claims and understand the challenges of that position and the often changing requirements as we ask our employees to take on difficult tasks.

I progressed over the years through first line supervisory positions to leadership positions, both at a local level and a regional office, within area offices, as well as in our headquarters environment. And from that standpoint the ability to understand the multiple priorities, the challenges of all of the things particularly in the last three years that we've asked employees to do as we have completely revamped from a paper bound system to a paperless system, the need to ensure we maintain dialogue, open communication, not only with our veterans who are ultimately who we're there to serve, but with our employees and our external stakeholders. And since my arrival in Philadelphia I have been very actively engaged in understanding the challenges within that local regional office, reaching out to employees, our stakeholders, and our veterans in an effort to understand and ensure that we meet the needs of employees who are ultimately going to provide that world class service to veterans that they so deserve.

Ms. BROWN of Florida. One of the problems that we have is the backlog. I listened to some of the whistleblowers and they mentioned the fact the pressure that they are on to process so many and you get so many points. Did you institute that system? Or is there some way that we can better work? In other words the one young lady said that in order to stay in that system you have to, you don't continue in that system. You want to move up. And the claims process, you develop certain expertise. Can you address that? I am interested in how we can improve the system and how we can improve processing the claims so that the veterans can get their benefits the employee will feel that they are doing a service to the veteran, because 53 percent of the people in your office are veterans.

Ms. RUBENS. Yes, ma'am.

Ms. BROWN of Florida. Please respond to that and then I will go to Mr. Pummill.

Ms. RUBENS. I would tell you that the last few years in particular have been a period of great change in the system for both veterans and employees in terms of how we're processing claims as we have worked to improve the process to make it a more streamlined process, to make it more accessible. And the challenge often is that we know our veterans today come from a wide range of different eras and different understandings and comfort levels with new technology. And so it is about not just how do we modernize

and move into that electronic environment, how do we ensure good outreach to our older veterans who are not as comfortable in that way? And it has changed the things that we've asked our employees to do. And so it's imperative for us to continue to provide training, to continue to look at what it is we're asking them to do and how they do it. And in fact we continue to do that today and to ensure we are continuing to support them as they take care of our veterans.

Ms. BROWN of Florida. Mr. Pummill, you wanted to add something?

Mr. PUMMILL. Yes, Congresswoman. I wanted to add that we have done a lot in VA in the last two years. We ask a lot of our employees. We ask a lot of our employees——

Ms. BROWN of Florida. Is that mandatory overtime still in place?

Mr. PUMMILL. Yes. The mandatory overtime is still in place. They've been in mandatory overtime for a long time.

Ms. BROWN of Florida. About five years, I understand.

Mr. PUMMILL. Yes, ma'am. At the same time they are in mandatory overtime we also are taking the entire paper system and automating it, both our claims system and our mail system. I was shocked in 2013 when I took this my job that everything we did was in paper. It didn't make any sense. So imagine the employee out there who is on mandatory overtime, we're trying to increase the number of claims so we can take care of Veterans and their families, and we're asking them to completely change everything they've ever done to a new system. It's hard.

We understand that the standards that we have in place right now are probably not the right standards. The standards are changing as we modify how we do our work. We now have automated systems so we shouldn't be using non-automated standards. We put together a team right now, we have members of the union, we have some of our best raters, we have some of our people that are supervising claims and management of people, and then we brought in some outside experts. They are in the process right now of looking at the standards. How should the standards be set under an automated system? Should we get more work out of people, should we get less work? Should it be a different type of work? Should we do away with points? How do we distribute it? We're looking at everything from scratch right now. We expect to get that done in about the next 180 days.

Ms. BROWN of Florida. Thank you. And I yield back my time and I hope we have an additional round.

The CHAIRMAN. Thank you very much. Yes, we will. Thank you, Ms. Brown. And members, I apologize. I forgot to ask Mr. Pummill one question. Is it your testimony that Ms. Rubens was given this package because of her expertise and need to move her quickly to the Philadelphia RO?

Mr. PUMMILL. Yes, it is.

The CHAIRMAN. Okay. Can you help square a statement that came out from VA shortly after this issue arose that said that the AVO is offered by VBA to all leaders accepting reassignment as a VBA regional director. Is that true?

Mr. PUMMILL. That is not quite accurate, Congressman. In the last three years we've moved 20 directors in VBA——

The CHAIRMAN. Wait, wait, no, I, you're getting ready to cloud it. I know what you're getting ready to say. Some didn't avail themselves because their house sold within the 60 day time period. Do they all get the opportunity to participate if their house does not sell?

Mr. PUMMILL. No, we only offered it to 11 of those 20.

The CHAIRMAN. Okay. So then, so the statement that VA sent out that AVO is offered by VBA to all leaders accepting reassignment as a VBA regional director is incorrect?

Mr. PUMMILL. That is not the information I have.

The CHAIRMAN. Okay. Is this a correct statement or not?

Mr. PUMMILL. I don't believe that's a correct statement.

The CHAIRMAN. Okay. Very good. Ms. Walorski.

Ms. WALORSKI. Thank you, Mr. Chairman. Ms. Boor, I wanted to turn to the situation in Oakland where the regional office discovered more than 13,184 unprocessed claims dating back to the 1990s. According to VA, however, only 2,155 required additional review and 11,029 claims were marked no action necessary. Ms. Brown, one of the witnesses that was just here, provided written testimony in which she stated that the VA did not adequately review these claims. Investigators from the IG office were only able to audit a fraction of the documents but found that 21 percent were informal claims that had not been processed. On what basis did the VA conclude that 11,029 claims did not need to be reviewed further and processed?

Ms. BOOR. Thank you, Congresswoman, for the question. Back at the time, as Mr. Pummill mentioned, we were in a paper environment. When they found the documents we weren't sure what it was, we thought they were informal claims. Once we went through them we went through and checked them with the electronic system to see, one, if a formal claim was received, and if so that the date of payment was correct. There were instances where the, the formal claim never came in but the letter may have been sent. And Ms. Brown was correct, if a veteran or a beneficiary may have passed away during the interim there may not have been another action by law that we could have taken.

Ms. WALORSKI. How long did it through to go, how long did it take you to go through that system?

Ms. BOOR. Admittedly too long. When we first started and we did the electronic review, we got through the ones that we could not take action on based on the electronic system, or we have already taken the correct action. We set those aside and we went to the approximately 2,100 that we still needed to look at a paper file to make sure we got it right. That was probably the one that took us a little longer. We got through the initial reviews pretty quickly. Once we got into the ones that required a paper review it took us admittedly too long.

Ms. WALORSKI. How long did it take? I have no idea. I'm just asking you. How long did it take? Months, days, weeks?

Ms. BOOR. It took longer than that. We were through 2013 and '14, I think, going through it. It was brought very gratefully to our attention that even the ones that they did review, Ms. Brown was correct, we didn't attach it to the claims folder as we should have through records management. Once we found that we were about

I think down to I think Ms. Halliday mentioned 530-plus that we still had on station. So we, we made through, we made it through most of them. But sometimes it's hard to get those records, paper records from storage from our archives and trying to make sure they are on station. So we review again to make sure we did it right.

Ms. WALORSKI. So you are caught up. And what would be the, what would be the difference today in, number one in the process? But is there a backlog in there today?

Ms. BOOR. The difference today is all of the claims related mail is scanned into an electronic digital file. So that instead of attaching it to a paper document or having a stack of paper documents, they are all scanned into their own electronic digital file. Which is, once anyone looks at it, like Ms. Brown mentioned, you can know that it was there. So we've already gone through that system. We started in January. And we are, are continuing down that path.

Ms. WALORSKI. And are you caught up? Is there a backlog?

Ms. BOOR. We have approximately 7,000 pieces of mail that we have to sort through to make sure, in a digital environment, to make sure that we are either controlling it for action or making sure that any, any necessary action has been taken on those.

Ms. WALORSKI. How long will that take to go through 7,000?

Ms. BOOR. We average a turn around of approximately 13 days right now.

Ms. WALORSKI. All right. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you very much. Ms. Kuster?

Ms. KUSTER. Thank you, Mr. Chairman. And thank you to our panel. And I want to particularly thank Ms. Halliday and the folks at the IG's office for the thorough investigation that you are doing.

So I want to focus on where we go from here. And I want to get a handle, and I think, Mr. Pummill, you might be best suited. I want to understand why Philadelphia and Oakland? Or are we just setting the stage for a series of hearings like this on other crises all around the country? Are these to your, two of your most problematic situations? And if so I want to understand is it just the volume of claims there? Or do we seriously have a toxic work environment that they are not going to be able to take on? Do we need more employees? Do we need a whole management shift? Because I understand the challenges that are laid down and I understand the transition from paper claims. When we first got here we were talking about warehouses with boxes and boxes of paper, and I agree that is not efficient. But I want to get to is this worse? It sounds like a nightmare. And how do we get out of it?

Mr. PUMMILL. Congresswoman, I would say that Philadelphia is the worst. And we did have serious problems in Oakland. The Oakland problems were to the extent that, as another congressman alluded to in the earlier testimony, at one point we had to shut down and retrain everybody in the office. When we got the hotline complaint about Philadelphia, the first call I received was from Ms. Halliday who said, hey look, I'm down here, this is serious. I need your help. So I flew, took the train, got Diana, brought her with me. We went down to Philadelphia and my conversation with Ms. Halliday was these people are afraid to talk to you and they're afraid to talk to me. I'm not going to get the right information.

We ended up going around the office to every single person in the office, stopping by their desk, everybody that was there, and me trying to explain to them this is important. We need you to be honest. We need you to be forthright. Nobody is going to hurt you. We've got to know what's going on because if we don't know what's going on we can't fix this.

We had a similar problem like that in Oakland. We've changed out leadership in Philadelphia. We're changing out leadership in Oakland. We're trying to be more veteran centric, as the new Secretary has us doing. A lot of this is way too much work with not enough people at the same time you're implementing all of this change on them. And we have to figure out how to work through that in a way that we continue to serve the Veterans and make sure that the Veterans and their families are taken care of.

The good news is that twice as many Veterans are getting their claims done twice as fast as they were three years ago, but the bad news is that this puts an incredible amount of pressure on our people.

Ms. KUSTER. Yes.

Mr. PUMMILL. I will say that we in VA for whatever reason were not very good in the past at telling this committee what we needed to do our job. We have to do a better job at that. We have to look at what we need, we have to make proper assessments, and then we have to come forward and say, like when the chairman asked what do you need to do your job, we need to be forthright and say we need more people or we need more assets.

A lot of the people that we have are new people as you heard that from the whistleblowers, because we did get a substantial number of new employees over the last three years. But they are new employees. And I agree with the whistleblower, it does take them about three years to get up to speed to be the high level, high performing employees that we need.

Ms. KUSTER. So I am just going to cut you off there because my time is limited. My colleague Mr. O'Rourke is going to get into the notion of the fully developed claims and being as efficient in the process. And he has got legislation, is there, if there is something that we could do, I know the VSOs work very hard to have the fully developed claims. It seems to me part of the challenge we have is that this is, it is so scattered. I mean, I know my husband took a year trying to get my father-in-law into the veterans' home. And everybody's intention is to be veteran centric, but we have documents and records all over.

So I want to ask you a real specific question before I close here. What are other regions doing that could be best practices that would help us get over the hump with Philadelphia? And we probably will not have time for it. But just is there something that we could do about redefining the regions, that their load could be lightened?

Mr. PUMMILL. One of the things that I think is going to help us a lot is our national work queue that we're putting together. The system that we have right now in VBA, or we had in VBA, was 57 offices, all over the country and outside the United States that had paper and had different mailroom styles, different ways of handling

mail, different ways of processing, and things like that. With automation we're going to be able to standardize.

I've heard the story since I got here that, people are able to cherry pick claims. They can give easy claims to their friends and they can save hard claims for other people, as the whistleblowers alluded to. The national work queue will, not allow anybody to do that. The work will be distributed equally around the country and the work should go to the next available claims person who has the expertise to do that claim. So if it is a military sexual trauma claim, it goes to the military sexual trauma team. If it's an easy claim it goes to a new employee.

But we're just now in the initial phases of that. That will be a brand new event for us here in VBA.

Ms. KUSTER. Sounds like a critical development. And thank you. Sorry, Mr. Chair, for going over.

The CHAIRMAN. Thank you. Dr. Wenstrup.

Dr. WENSTRUP. Thank you, Mr. Chairman. You know, I just, my question to all of you that sitting here today are in this, in the thick of all this, is do many of you have experiences from claims processing in the private sector of any types of claims?

Mr. PUMMILL. I have no experience. My entire career was with the Department of the Army and then over into VBA.

Dr. WENSTRUP. This kind of goes to some of the same problems we see with hospital care and hospital administration, if you will, compared to the private sector. Where the customer service is, is so important that they are going to make sure that they get things done right because they are competing for business.

Mr. PUMMILL. Congressman, I will tell you that, one of the things we're doing, and it is showing promise, well first of all we are talking to civilian agencies. We are talking to some of the largest claims affiliated organizations for profit in the country. You know; How do you do it? How do you have such high customer satisfaction? How are you able to get your claims through quickly? We are even working a couple of pilots where we're having contractors work a portion of our claim that is not inherently governmental that allows us to speed it up to see how that works. It looks like a combination of that is, is probably going to be the future of the VA.

Dr. WENSTRUP. Well, I hope so. And I would maybe do more than talk to them, maybe hire some of them to implement the processes. And you know, I do not think, it is kind of surprising to me that, you know, what you are talking about today, to have specialists on certain types of claims like this is a big lightbulb going off. I can pretty much promise you in the private sector, this is what people do. So you know, again, it kind of comes down to the same thing, where your doors are open no matter what. So let's just, we will do it the way we want. Well it is time we look at other places. But I appreciate your honesty in recognizing that there is this kind of lack of input, or has been.

Mr. PUMMILL. And I agree with you, Congressman.

Dr. WENSTRUP. And I yield back.

The CHAIRMAN. Mr. O'Rourke, you are recognized.

Mr. O'ROURKE. Thank you, Mr. Chairman. To Mr. Pummill, I wanted to better understand what the consequences were for those

responsible for the decisions that led to conditions that you encountered in, in Philadelphia where you had, you know, folks hiding mail, you had poor performance, you had intimidation. You said employees were so fearful they would not talk to you, they would not talk to the Office of the Inspector General. We have had issues in Oakland that have been highlighted today. What were the consequences for those responsible?

Mr. PUMMILL. When we first heard about it and I got back to Washington, DC the recommendation from my boss Allison Hickey was let's do an investigation immediately. But after consultation with the Inspector General, the Inspector General asked us to please hold until we finish the IG investigation. We can't have two competing investigations, it confuses everything. Let us finish the IG investigation.

One of the recommendations in the IG investigation was that we proceed with an AIB, which is an Administrative Investigation Board. That is under way right now and the people that are on the board are someone that is completely outside of the claims process, a retired military colonel that works in our Office of Economic Opportunity, and we got somebody, a senior person from the National Cemetery Administration so we wouldn't have anybody in the claims process, in the RO process, or from the OFO involved in it. They are supposed to have a report to Under Secretary Hickey by the end of June. And she has told me to assure this committee that at that time she will take appropriate action based on that investigation.

Mr. O'ROURKE. And I certainly can appreciate the, the need to approach this with due diligence and ensure that everyone has their due process. But just given some of the anecdotes that we heard earlier, things hanging out from 1996 untouched by any employee, this OIG anecdote of one employee had four bins of unprocessed mail. I mean, some of these seem so cut and dried that, and, and this, this committee has had the benefit of hearing mind boggling issues on the VHA side as well where, where it's just, I just don't understand whether you are missing the necessary authority to hold people accountable. And when Ms. Halliday talks about cultural aspects and dynamics of this, you know, if we want to create a culture of accountability there has to be some accountability and there is no accountability.

And I understand you are working on that but it would have been wonderful to come to this hearing with, with some of that in hand only because, you know, your testimony following the whistleblowers, following Ms. Halliday, introduced some cognitive dissonance at least in my head. That, you know, there is a culture of no fear, we want people to not fear frank conversations, et cetera. And yet all of this is happening.

And so I have no reason to question your commitment to this. I just wish that I could see that there is in fact, there are in fact some consequences and there is a change in culture beyond the investigations and the committees.

Ms. Halliday, you talked about your job being primarily to identify conditions and causes, and, and you described the conditions really well. In, in terms of the causes, would you like to comment on my line of questioning in terms of accountability and the culture

that has existed in those two ROs, or maybe more largely at the VBA?

Ms. HALLIDAY. Yes, I would. Thank you. Let's separate Philadelphia from Oakland. Philadelphia is clearly the most problematic VARO. In Philadelphia they need a culture change. There is such fear of reprisal and fear from the employees, who I believe are trying to do a good job. But they are scared to bring issues forward and when they do, they see them ignored. I think you need more management changes than what we've already seen. I thought that bringing a new director in was a start. It has to go deeper. We talked as a team, we were concerned about the span of control at Philadelphia. It's so large for a director that it probably should be reviewed. I think that there is a compelling need to invest in the management, specialty training the mid-level management at the VARO. Training in how to lead and emotional intelligence, which by the way they did take that action. This has to happen so that people understand that they will be treated fairly and they start to work together to resolve the issues.

I definitely believe and it's come out that the performance metrics need to be reviewed. Clearly they are driving production but it's not focusing on how well veterans are being served. That's been a point of contention between OIG and VBA for a while, but I see them coming along. There is one recommendation in the Philadelphia report to look at the performance standards at the call centers since we heard from the staff there they couldn't provide good service under the time allotted for each call. The standard needs fixing because if a veteran can't get the information in the first call they're just going to go to other parts of the system for the information they need.

And, and lastly I think there really has to be a look at is there any followup to the quality reviews being done? VBA does site visit reviews by the Compensation and Fiduciary Program. Many of the issues were brought up then. So the IG should not have to come in and address issues that should be fixed at the point you've invested those resources in that internal oversight. That same issue spills over into Oakland.

Mr. O'ROURKE. Thank you. Thank you, Mr. Chair.

The CHAIRMAN. Thank you. Members, we do have I think a series of two votes coming up. What I'll do is we will watch the clock, let everybody know, then we'll take a 15-minute recess to give everybody an opportunity to go vote on both, and then come—there are five votes? Okay, I am sorry. Well, let us keep going. Dr. Abraham.

Mr. ABRAHAM. Okay. Mr. Pummill, I will make this quick. It is my understanding from the structural level, and we are just talking structure, that since Ms. Rubens has come aboard that the only structural change that has been made is Gary Hodge has been promoted. And let's go back to Ms. Kuster's, let me dovetail on her questioning. She asked about what plans were being made to change. I guess my question is, give me some specific examples of what is going to be changed to make this process better?

Mr. PUMMILL. We have lots of things in the works for change right now.

Mr. ABRAHAM. Give me, give me three.

Mr. PUMMILL. Of specific change, first of all is bringing a team together to look at the standards to determine——

Mr. ABRAHAM. But has a team been formed?

Mr. PUMMILL [continuing]. It is formed, it is in place. They have already met several times.

Mr. ABRAHAM. Okay.

Mr. PUMMILL. We also have a team that we put together which brought outside people from industry, civilian industry, to look at quality and how we measure quality and how we're doing quality. We're doing that same thing.

Mr. ABRAHAM. When are they going to report back to you?

Mr. PUMMILL. I believe that they are 30 days out. I can get the exact date for you.

Mr. ABRAHAM. I would appreciate it.

Mr. PUMMILL. They are meeting right now. Since the new Secretary has been in place, Bob McDonald and his team, it's holding people accountable, the accountability of personnel. We still have issues inside the federal government on, you know, due process, what you can do and you can't do to people. Back in the Army it was so much easier with the Uniform Code of Military Justice; it was cut and dried. Certain things that people do don't carry over to work if it's done in an off duty situation. But when the AIB gets back, I've had face to face conversations with Under Secretary Hickey. Her intent is to take the harshest action that she can take against people based on what they did or didn't do. She won't overly punish anybody, she'll follow due process, but she's, we're not going to let it stand.

Mr. ABRAHAM. And will we get a report on those punishments?

Mr. PUMMILL. The report should be back by June and then we will ensure that this committee gets a copy of what we do with that report from the AIB.

Mr. ABRAHAM. Okay. Thank you. Ms. Halliday, you said that there were 13 reviews by your group, seven were reported to the OIG. Is that a correct statement?

Ms. HALLIDAY. Yes, it is.

Mr. ABRAHAM. When, when did those reviews start? When was the first review begun?

Ms. HALLIDAY. I'm going to say post-June, 2014.

Mr. ABRAHAM. And I guess that leads to my question. We have known and according to testimony that we have heard today, and certainly in other testimony, that these problems, these systemic problems go back years, sometimes decades. Why now are the reviews just now starting?

Ms. HALLIDAY. I think it comes on the heels of our review at the Phoenix Medical Center and all the issues that came out there with data manipulation. We knew the minute the news was covering that issue that chances are we were going to get allegations from the VBA side. New coverage raises people's awareness of these issues. They look at what's happening in their environment. They see the same types of things, maybe different from a claims processing to a medical center, but you know we had expected that we would get that.

I will tell you for the 13 allegations we have, there's a great variety between which ones involve substantial claims or documenta-

tion that's not processed to some where the inappropriate actions are very small in number but egregious. Houston is one of those examples. VBA asked us to come in. They had looked at it. We looked at it. We see two instances in Houston where someone inappropriately cleared end products. They were removed. They are no longer employed with VA.

Mr. ABRAHAM. Were they fired?

Ms. HALLIDAY. Pardon me?

Mr. ABRAHAM. Were they fired?

Ms. HALLIDAY. They resigned, as far as I know.

Mr. PUMMILL. That's correct. They resigned.

Mr. ABRAHAM. Okay.

Ms. HALLIDAY. But there's a great variety and I have instances within this 13 where there is no audit trail to tell how frequently data has been manipulated or how many claims have been touched. The issue up in Boston and that spilled over into Togus is one of those issues.

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

The CHAIRMAN. We will go to one more member, Mr. McNerney. And then we will break until votes are over. Mr. McNerney.

Mr. MCNERNEY. Thank you, Mr. Chairman. Ms. Halliday, in your testimony you state that the Under Secretary of Benefits testified that none of the informal claims found required any additional action. However, your investigation found that seven out of 34 documents in your sample were informal claims that had not been processed. Is there a way to explain that? Is there a legitimate way to explain that?

Ms. HALLIDAY. We would disagree with the Under Secretary for Benefits here based on our thorough review. I don't know what information came up the chain of command to her and I can't comment on that. But our look at those claims shows us they need action. I'd like to ask Mr. Arronte who did the work out in Oakland to speak to it a little bit.

Mr. ARRONTE. Yes, sir. First of all it was difficult for us to identify 14,000 anything. There was no paper trail. We couldn't prove a negative. Since then a whistleblower has come forward and provided us a list of about 1,308 additional claims; we have looked at 60 of those. They are not duplicate claims. They consist of formal claims and informal claims, and several required action. So for, for the statement to be made that none of these cases required action, I don't know their definition of action. I can give you one example if you'd like?

Mr. MCNERNEY. No, that's fine.

Mr. ARRONTE. Okay.

Mr. MCNERNEY. I only have five minutes. So there's clearly some sort of a contradiction here?

Mr. ARRONTE. Absolutely.

Mr. MCNERNEY. You know, I am going to address this to you and Ms. Boor. What can we do to improve the situation at the Oakland office? I will, I will ask, start with Ms. Boor.

Ms. BOOR. Thank you, Congressman. And, and I appreciate the question. I think we're already doing it. Part of it was having someone brave enough to raise their hand in a paper environment and say, hey, I found these, I'm not sure what they are. And to be com-

fortable to do so. Looking back on it we weren't the best of record-keepers in documenting and logging in each and every 13,184 documents that were found. We continue to look back. We want to make sure that every possible action that we could take was taken. We're now in an electronic format so that everything that comes in via paper is scanned into electronic digital format and, and less likely to have to—

Mr. MCNERNEY. Okay, you know, it is, it is kind of startling that you would say we are glad that a whistleblower came forward within your own organization. I mean, that is kind of an odd thing to hear.

Ms. BOOR [continuing]. Well—

Mr. MCNERNEY. And I am glad that you think that is a good thing. It should be something that you can detect without having to have a whistleblower, but—

Ms. BOOR [continuing]. I would say, one, the whistleblowers are important because we have gone through so much change in making sure that we're, we're looking at things that we, we need to. I would also say that it was a VA employee that brought that to our attention from one of the special help teams back then. The 1,308 that we found was based on another employee that came forward. I did provide that to, to the OIG as soon as we had it. A fresh set of eyes never hurts to make sure we get it right because that's the bottom line, to do what's right for the veteran.

Mr. MCNERNEY [continuing]. Well you know, I am not quite ready to believe that there is nefarious conduct. But some of the testimony, for example Kristen Ruell's in the first panel, gave me an indication of what could be happening. There is just—not a cognitive dissonance, but a dissonance between the way employees are treated and that there needs to be some sort of an overhaul in terms of how we can clean that up so that employees feel empowered to move forward so that they are empowered to bring problems forward so they feel like they want to stay and have high morale. I mean, those, that is probably the most important thing we do. Training by itself has, has not been effective as far as I can tell. So we need a plan from the Oakland RO and the, and the Philadelphia RO and the, and the VA in general that is going to achieve those goals. And I have not heard that yet but I want to hear it. Mr. Pummill, can you address that?

Mr. PUMMILL. Fundamentally, we realize that as we're changing, as we're modernizing, and we're changing everything we do, that we have to have better communication, a better working arrangement with the employees out there. The IG investigations that are going on right now, the only one that was direct to the IG was the Philadelphia one. The rest of them were ones that we got from whistleblowers that came to us, and we contacted the IG and said could you please look at these and help us get through these so we that can work it out and make it better for Veterans? We know we have to provide better service to veterans. We know that we have to have better contact and relations with Veterans. But somehow we've got to complete the trifecta and take care of our own people at the same time.

Mr. MCNERNEY. Well, I am running out of time. Mr. Chairman, let us work together to put some sort of a requirement out there

to get the VA to put a plan that we can have confidence in that will change things.

The CHAIRMAN. I am all for that. Members, we will stand in recess until immediately following the last vote in this series.

[Recess.]

The CHAIRMAN. This hearing is reconvened.

Thank you, Ms. Titus. We will ask that you serve as the ranking member until such time as Ms. Brown returns.

Mr. Costello, you are recognized.

Mr. COSTELLO. Thank you, Mr. Chairman.

In looking back over some things that both Mr. Pummill and Ms. Halliday said, I have a couple questions. First, Mr. Pummill, I believe you indicated that Ms. Hickey indicated that with respect to the AIB findings, when they are issued, that Ms. Hickey indicated that they would take the harshest action that can be taken; is that an accurate statement?

Mr. PUMMILL. "The harshest," those are my words.

Mr. COSTELLO. Okay. Fair enough.

Mr. PUMMILL. Yes.

Mr. COSTELLO. Can you expound upon that. I just want to make sure that I heard that correctly.

Mr. PUMMILL. Yes. When the under secretary read the IG report as the IG investigation was ongoing, we were getting interim reports from Ms. Halliday and her team and she was seeing the problems were there. It was, we have to do something here. There has to be some major change. We need to know what's going on and we have to set examples so that people know that they can't do the things that were happening. But we have to know to what the details are; that's what the AIB is for right now.

Mr. COSTELLO. And so—I am very interested in this inter-relationship between the IG and the AIB, or at least that point in time where they are separated—but I would like to know, Ms. Halliday, what information can you provide that is not contained in your report, but has been provided to the AIB and is maybe contained in the charging letter? I am mindful that you indicated that it is a department program function for the—it is not a department program function for the IG to identify individuals.

Question is, were individuals identified that you have then forwarded on to the IAB for their further investigation?

Ms. HALLIDAY. At this point, we expect VBA to come in and ask us to review the evidence. My teams will have all workpapers that will explain where we said 52 quality reviews were changed by a person, and then they can expand on that and determine the facts and determine exactly what happened, and under what guidance it occurred, so that the individual and the systemic deficiencies can be identified and effectively corrected. And from that point, they will be able to see who's accountable.

Mr. COSTELLO. So, do you have the information, through your investigation, that would yield the individuals who may be found culpable?

Ms. HALLIDAY. In some instances, yes.

Mr. COSTELLO. You just have not—

Ms. HALLIDAY. I mean I state in my report that someone changed quality reviews—

Mr. COSTELLO. Yes.

Ms. HALLIDAY [continuing]. Then we have the evidence, and I can put a number with it.

Mr. COSTELLO. Okay.

Ms. HALLIDAY. The big issue at Philadelphia is the management, and the management oversight and why the supervisory controls broke so badly.

Mr. COSTELLO. And that would seem to me to be able to be identified easier than an individual employee who has a supervisor in terms of where culpability lies; is that correct?

Ms. HALLIDAY. Yes.

Mr. COSTELLO. Next question, the charging letter, as I understand the term is used for charging the AIB with investigating a certain scope, did you participate in the substance of the charging letter?

Ms. HALLIDAY. No.

Mr. COSTELLO. Who does that fall on?

Ms. HALLIDAY. We made the recommendation to the under secretary for benefits.

Mr. COSTELLO. Okay.

Ms. HALLIDAY. And she would—she would put this administrative investigation in place based on VA directive 0700, which talks about the administrative investigations.

Mr. COSTELLO. Okay. I think I know the answer to this question. Is manipulation of data, if purposefully done, a criminal act? You had indicated that you criminal—you had a whole team of people involved in your investigation. Is it a criminal act?

Ms. HALLIDAY. I think each and every instance needs to be looked at, because with criminal, you have to look at the intent.

Mr. COSTELLO. Yes, the mens rea.

Ms. HALLIDAY. So I think you have to look at these instances on their own merits.

Mr. COSTELLO. You have indicated that the Fast Letter 13–10 was misapplied—

Ms. HALLIDAY. Yes.

Mr. COSTELLO [continuing]. Or there was a misinterpretation. Is that in any way an absolute defense to manipulation? I am a little concerned that that term is sort of being used as a way to immunize a further examination of whether the Fast Letter 13–10 was actually purposefully misapplied so that you will never be able to determine how much manipulation occurred. Can you expound—can you agree with that? Disagree with that? Expound on that?

Ms. HALLIDAY. Certainly, we would question why Fast Letter 13–10 guidance was not appropriately applied. It seemed very clear that there was a requirement for each and every date of claim that was changed under that guidance to be reported to VACO. Philadelphia did not do that. The intent to which they didn't do that might be hard to assess.

Mr. COSTELLO. And did you find—last quick question—did you find their explanation for how it was misinterpreted to be at all credible? In other words, is there—you said it was, I believe you used the word s“unambiguous” or “clear”—can a reasonably intelligent person with experience in processing claims have come to misinterpret it the way that it was misinterpreted.

Ms. HALLIDAY. We don't think so. We just think it was blatant disregard for the policy. We did a review of similar allegations at the Little Rock VAO. We found they kept meticulous records because they did not like the fact that veterans were being told they really only waited a short period of time for their claim to be processed versus a lengthy period of time. They kept very good records for us. And our report in Little Rock illustrates two examples of how data can be manipulated and how the times veterans waited for these claims to be processed was inaccurate.

I'd like Nora to expound on that, if she could.

Ms. STOKES. Thank you. So in Little Rock, because they did keep good records, we were able to look at the impact as VBA had intended. So had the folks in Philadelphia used the electronic indicators and provided the notification to Compensation Services, then you may have had an audit trail. But in the Philadelphia regional office, they did not do that.

In Little Rock they did, and we were able to look at 48 claim, where they had applied the guidance in the Fast Letter. Forty-three of those claims involved rating compensation claims; those are basically disability determinations. On average one year and eight months had elapsed between the time VA had actually received the claims to the date that it had been adjusted.

One of the most egregious examples was—one of the cases was 20 years old, but by adjusting the date of claim, it was made to look as if it were 14 days old.

In another instance, because adjusting the dates of claims didn't just apply to rating-related cases, it also applied to the non-rating workload. We did observe five cases that Little Rock had kept records on, and we found that the average time, from the time they actually received it to the adjusted date of claim was five years and nine months. And one of those cases was 16 years old and it had been adjusted to be six days old.

Mr. COSTELLO. Thank you.

The CHAIRMAN. Ms. Titus.

Ms. TITUS. Thank you, Chairman.

Well, as you all know, I remain concerned about—excuse me—the Reno office and that it is still a problem. We know that the average length of time a veteran waits is 300 days. I don't know how in the world you are going to get to 125 days by the end of the year. The reduction in time is due primarily to brokering out of cases, so the problem, obviously, still exists there.

Now, one of the problems, the fact that you had a director who, obviously, didn't have very good management skills; he was put on leave. We have had two interim directors and now we have a third. So I hope that that gets better, but I am going to keep asking you about it every time.

But this problem of the interim director is kind of what brings me to the question which is relevant to what is going on here today. There seems to be a real pattern of just moving people from one office to the other instead of getting rid of them when they have a problem. And I was at home in the district this week and a person wrote a letter to the editor, a very nice letter thanking Congresswoman Titus for the work she's done with veterans—appreciate it.

But I have to disagree. Mr. Russell should have been fired, and I am inclined to agree with the person who wrote the letter. Mr. Russell has been on leave for I don't know how many months and now a new job has been created for him, a new job in Washington, so he has come now to be in Washington. Then we have to get another new director, after we have already had two interim directors, and you are sending us Rashida Smith, who was a coach at the Oakland office where all of these problems occurred that we are talking about today in Oakland. So now Reno has gotten rid of one guy who has a new job and we have got a new person who was a problem in Oakland.

Do you not see this as part of the leadership challenge that you all might be facing?

Mr. PUMMILL. Yes, Congresswoman, we do see this as part of our leadership problem. We couldn't put a permanent director in Reno while we still had a permanent director there. Now that Mr. Russell is no longer in that position, we can find the right person for that station.

The coach who is there right now did come from Oakland, but she was one of the coaches that helped us find the problem and work through the initial problem there.

I mean, do you know anything more about her, the coach?

Ms. HALLIDAY. Just that she was one of the supervisors that did come forward and—and help with the project and make sure that the review was being done. She was working under division leadership at that point.

Ms. TITUS. She came after the fact. She wasn't one of the whistleblowers?

Mr. PUMMILL. No. She was one of the ones who helped us resolve the problem.

Ms. TITUS. Oh, I hope so.

Mr. PUMMILL. Yes, she's one of our solid performers. Probably won't be the permanent person there, but I can assure you we're going to put a strong person into Reno, to help her out in that position.

Ms. TITUS. You might have an easier chance of recruiting somebody if the leadership went to the Las Vegas office, instead of the Reno office.

Mr. PUMMILL. Yes, ma'am.

Ms. TITUS. That is why we have had to have all of this turnover.

Mr. PUMMILL. Yes, Congresswoman.

Ms. TITUS. Okay. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman.

Ms. Boor, last year around last June, we came down, made our two-and-a-half-hour drive down to Oakland to come in and meet with you and start fresh, you know, we maybe hadn't had the greatest relationship with the previous director there. And I asked you about the reports of the almost 14,000 informal claims, and you and Mr. Willy Clark, who had come up from Arizona, had told me they never existed and were part of a rumor by disgruntled staff—which if I was that staff, I would be disgruntled as well.

I then found out that you were working in Oakland—you hadn't told me that when we met—previously, at the time that Ms.

Rubens determined the claims were actionable. You were working there, I think, on maternity leave for Ms. Kwok at the time. You didn't disclose that you had actually worked there before when we were getting to know each other. So at that time, I guess you either didn't know as the number two person in Oakland, that these claims had come forward that Ms. Rubens had disclosed and also disclosed in committee here last summer. You also put out a recent memo to staff that refers to those as "ancient history" and all were duplicate copies.

Today in this committee, they are not duplicates, so I am having trouble with the credibility and believing the whole story, because we have heard that they don't exist, they are duplicate copies, or, maybe in here today, that they are actionable, which turns out that Ms. Rustyann Brown was right.

So, are there still pending unprocessed, informal claims piled up in your office?

Ms. BOOR. Congressman, thank you for asking the question and allowing me an opportunity to address your concerns.

Mr. LAMALFA. Well, you are welcome.

Ms. BOOR. I do remember meeting you. I think I was fairly new on the job at the time, a couple weeks in.

Mr. LAMALFA. Yes.

Ms. BOOR. I believe we had a conversation a little bit about our history, my history.

Mr. LAMALFA. Unfortunately, my clock doesn't give me a lot of time, so we have got to get to the point. Thank you.

Ms. BOOR. So I thought what I communicated to you, sir, if I remember correctly at the time, is that we had most of them completed in the review process. That the ones that we did have were—the majority of them—

Mr. LAMALFA. Well, again, we had the three stories, they didn't exist, or they were duplicate copies, and now today they are actionable items. So which story am I supposed to go with? So I guess the question I come back to, though, was, are there, right now, today, pending unprocessed, informal claims piled up in your office?

Ms. BOOR. I don't believe so, sir. That's now my understanding. We did a quality review of—

Mr. LAMALFA. You don't believe there are any informal claims left?

Ms. BOOR. First of all, the informal claims were a process that we had, prior to our conversion into standardized forms, so we would not. The second piece is that the ones being reviewed now, there is a quality review of the reports being done.

Mr. LAMALFA. Well, then, what is this? What is this here? This is on the 17th floor. It was sent to us a week or two ago.

Ms. BOOR. Correct. Those are a quality review.

Mr. LAMALFA. Quality review of informal claims?

Ms. BOOR. Quality review of the review that we were in discussion of last June.

Mr. LAMALFA. So is Oakland—why are they doing another one-hundred percent review of these claims if they already reviewed them twice? What has hastened that effort?

Ms. BOOR. Because we want to make sure that we got it right, Congressman, as—as you do. I appreciate the fact that—

Mr. LAMALFA. Why does Oakland know where those claims are, but the Inspector General does not?

Ms. BOOR. I can tell you that we weren't the best of record-keepers. We didn't keep track—

Mr. LAMALFA. Yes, I have heard that a couple of times.

Ms. BOOR. The—everything that we have, the Office of Inspector General has, we work collaboratively with them.

Mr. LAMALFA. So are we to believe, then, as asserted earlier by Ms. Hickey in a previous hearing, that of those 13,184 claims, that none of those veterans had to wait for a decision, that all of that has been properly handled in the past?

Ms. BOOR. I would say the majority of those, sir, were copies and have been handled appropriately. We did find some corrections that had to be made. They were made.

Mr. LAMALFA. So they were copies or they were today actionable claims? We have all these numbers 537; 2,215. It is really hard for me to keep up here, so I had to write it down. Why do some of these, also—some of these claims are shifted into what is known as a 930 administrative claim or a 400-series correspondence?

Now, when I was a kid if I didn't like eating my peas, I just kind of spread them around on my plate real thin and make it look like I was eating my peas, you know. This kind of looks like that to me because you put these in these different files or they might get sent off to a zero percent claim or get sent to review back here by the appeals board or maybe get shipped to Sacramento or maybe some get brokered out as Ms. Rubens mentioned last year. So I am not buying, really, that the numbers are down that much and I would like to get a phone call from Mr. Pummill on New Year's Eve as they get through all of them. But, Ms. Boor, please address some of that.

Mr. PUMMILL. Congressman—

Mr. LAMALFA. No, no sir. Ms. Boor.

Ms. BOOR. There's a lot in that statement, sir. I'll try to address each point. As far as how the numbers went, we started out with what we believed to be approximately 13,000 documents. When we got through a match of the systems, we realized that many of them we couldn't tell through the systems, so we needed to pull the actual claims folders, which you have a picture of right there.

Mr. LAMALFA. Yes.

Ms. BOOR. Unfortunately, we were not the best of record—

Mr. LAMALFA. That is the same number as an Army division, by the way, you know, 13,000, so—

Ms. BOOR [continuing]. So—I'm sorry, sir, I am trying to respond, but I didn't want to talk over you.

Mr. LAMALFA [continuing]. Go ahead.

Ms. BOOR. So when we got down to the approximately 2,100, the OIG mentioned that—required a claims folder to make sure that even if we couldn't see it in the system, that we made sure that if there was a formal claim—again, this is kind of like a—an informal claim is more like if someone is shopping on Amazon.com and they want to make a purchase—you mentioned peas, I thought I'd use an analogy as well—if you want to make a purchase, you would put the item into the shopping cart, but until you push the button, you don't make the order.

So the informal claim is similar to that. It's putting us—it's correspondence, it's phone calls letting us know, hey, we're looking to file a claim, we just may not have done it yet. Our responsibility was to make sure we notified——

Mr. LAMALFA. Our 13,000 veterans, I would wager that they haven't all had their claim finished. And I guess on the heels of all this, you know, Ms. Rustyann Brown just told me in the hall that when you were telling Mr. McNerney how you welcome whistleblowers, she didn't feel welcomed at all. She actually begged you to look at the 13,000 more closely at the time and also to handle some of the other issues she was dealing with on an employee issue. She wanted to keep her job, yet she retired 15 years to the day because she couldn't handle it anymore.

Mr. Chairman, I hope I have a chance to follow up here a little bit more. Thank you.

The CHAIRMAN. Thank you very much.

Mr. Walz yields, and Mr. Meehan, you are recognized for five minutes.

Mr. MEEHAN. Thank you, Mr. Chairman.

Mr. Pummill, I thank you for being here, but the IG did a service doing this report and you have identified Philadelphia as being particularly problematic. The standard procedure for five days to respond to inquiries, 31,000 inquiries, an average of 312 days for a response.

What do you tell those veterans and their families?

Mr. PUMMILL. There's nothing we can say to those veterans. It's wrong. It shouldn't have happened. We, as an organization, have to do better, and we have to figure out how things like that don't happen. I—there is no response you give to a veteran that would be a legitimate response.

Mr. MEEHAN. All right. Well, in order for us to do better—Ms. Rubens, these are not my words, these are the words of the Inspector General—the IG found serious mistrust and fear of reprisal and they found conditions and culture that was—that the confidence in management was greatly questioned, but this is the words of the IG saying this.

How does a culture get changed when this is what is believed of the management that is currently in place?

Ms. RUBENS. Thank you, Congressman Meehan.

And I would tell you from the time I arrived at the regional office, I worked to make a connection with the employees, not just with managers, not just with supervisors, but out on the floor talking to employees. Invited everybody who was employed by the regional office at that time to come in and meet with me. I held over 40 meetings——

Mr. MEEHAN. You didn't invite everybody to the town hall that occurred when your supervisor came in, though. When Ms. Hickey was there, not everybody was invited to a town hall, why not?

Ms. RUBENS [continuing]. Sir, her time that day was very limited. We——

Mr. MEEHAN. Why did she have a town hall with the employees if the people weren't free to speak what they—what they wanted?

Ms. RUBENS. She, actually, that day, met with service officers as her endeavor to reach out. She asked no supervisors or managers

to be in the room and gathered input from our stakeholders that day.

Mr. MEEHAN. May I ask, the report was scathing in a number of areas, among them, that there was a quality review team manipulation. There was an inappropriately altered document by individual quality reviews. When did you become aware of that?

Ms. RUBENS. Actually, when I read the draft of the report, sir.

Mr. MEEHAN. You were not aware prior to that—

Ms. RUBENS. I was not.

Mr. MEEHAN. K [continuing]. Until you read the draft of this report?

Ms. RUBENS. I was not.

Mr. MEEHAN. Ms. Rubens, it says that management was aware that these actions were occurring, but no action was taken to stop the pattern.

Ms. RUBENS. In my—

Mr. MEEHAN. You had been there eleven months by the time that report—are you saying this went on—and this was known that somebody manipulated data, management knew about it, other people stood and looked aside. Some people—the complaint—members of the VSC management—all of the results of individual quality reviews for some employees, but not for others, and you are trying to tell me this much information was known and you first heard about it when it became published in the IG's report?

Ms. RUBENS [continuing]. Sir, I am anxiously awaiting the report from the AIB so that we can—

Mr. MEEHAN. What do you need from the report from the AIB. You just heard the testimony. What are you doing about accountability? Who is the individual? And if you say you are out on the floor, why did it take you 11 months to find out that somebody altered documents that protected some employees and put other employees in a negative situation?

Ms. RUBENS [continuing]. Sir, I have been at the regional office just over nine months and I would tell you that I have worked to uncover as many things as I can. There are still days when I find things that I was unaware of, and I think that that will go on, and I think that's important for me to keep asking the questions. And, ultimately, if there's appropriate action that needs to be taken, we need to take it so that folks do have a sense of security and continue to come forward as we ask employees to do a tremendous amount of work.

Mr. MEEHAN. I am holding in my hand a photograph, right here, which is the evidence of a time stamp machine, a date stamp machine which is open and accessible, again, identified in the Inspector General's report. When did you first become aware that these time and date stamp machines were capable of being accessed by people, other than directed by you?

Ms. RUBENS. In fact, when the IG was still on station and raised that issue, we took quick action to remove IG—excuse me—date stamp—

Mr. MEEHAN. When was that? You had been there for nine months. When did that occur?

Ms. RUBENS. I believe that first came up when the IG first came in, before I actually arrived on station. It was one of the issues raised as part of their management advisory, if I recall properly.

Mr. MEEHAN. What time frame do you think that was?

Ms. RUBENS. June 19th of 2014.

Mr. MEEHAN. So you did know right from the beginning. Why didn't you tell me June 19th, then?

Ms. RUBENS. Because it is my—I needed just a minute to think about whether it was after I had arrived on station whether that was one of the issues raised as part of the management advisory. I have now read the entire IG report with 35 recommendations, as well.

Mr. MEEHAN. Ms. Rubens, I know that there are many good people at the VA who want to do a good job. I know you have people in management that want to do a good job, but I have never seen a report as scathing and I have never seen distrust as high, and you asked for an assignment to go to a facility. What is needed and what is being asked, Mr. Pummill and Ms. Rubens, is when is there going to be accountability? If you knew somebody altered quality review documents that implicated the performance of some and released the performance of others, that is fraud. That is potentially criminal behavior. Who is being held accountable and when is it going to be done?

Mr. PUMMILL. Congressman, we're going to hold everybody and anybody that was responsible for the actions in this IG report that's confirmed by the AIB responsible.

And I do agree with Ms. Halliday's statement to the Congressman before, most of our regional offices got this guidance right, so I don't believe that in the case of Philadelphia, where it was gotten so wrong, that it could have been a mistake. You are going to have to prove really, really hard to me that this was an absolute mistake when so many people got it right.

Mr. MEEHAN. Thank you, Mr. Chairman, and thank you for your testimony.

The CHAIRMAN. Thank you very much.

Ms. Rubens, as a follow-up to our previous back and forth, I asked whether you were directed by management to go to Philadelphia or whether it was your decision. I want to ask it a different way: Were you given a choice by management to remain in your former position here in Washington as the deputy under secretary of field operations or become the new RO in Philadelphia?

Ms. RUBENS. Sir, it was not an either/or conversation.

The CHAIRMAN. Okay. When did you first learn of my requests for all of the MSPB and EEO files at the Philadelphia RO dating back to 2008?

Ms. RUBENS. Sir, your staff was visiting our regional office the week before Christmas in December of 2014.

The CHAIRMAN. And what did you do in response to their requests?

Ms. RUBENS. I began to try to organize my staff around that request. I also reached out to headquarters to let them know that we had gotten that request from your staff.

The CHAIRMAN. And when were the files assembled and boxed?

Ms. RUBENS. Sir, we worked to assemble and box various parts of that information over the course of the next two months.

The CHAIRMAN. Did you contact my office at any point, you or somebody in your office, contact staff and tell them that the material was ready to be picked up?

Ms. RUBENS. I don't recall having reached out to your office. Ms. Tripplaar from your staff was back at our regional office as part of The American Legion visit to Philadelphia and we had some conversation about the materials.

The CHAIRMAN. She advises me that they were told while they were there, that it would take a couple of days, and that they would be able to pick it up at that point. Does that ring a bell?

Ms. RUBENS. I believe I told her that we were continuing to work with our members of general counsel to make sure that we were providing information. There are a number of steps, as I understand it, that have occurred, and that VA is currently in the midst of providing you a rolling production of the information that you had requested.

The CHAIRMAN. Yes, but my question is when you found out. So what direction did you receive from central office regarding the request and who, specifically, advised you or directed your response?

Ms. RUBENS. I'm not clear on what information you're looking for, sir.

The CHAIRMAN. You said you contacted general counsel, and referenced my request. I believe you said that you needed a Chairman's letter in order to release those files, which you got within moments of the request, and so I am trying to find out what kind of direction the central office gave you regarding the response.

Ms. RUBENS. So in December when I called to talk about the fact that we had had that request from Ms. Tripplaar, the response was we don't have a Chairman's letter, as a request. We were interested—we—the Department was interested in ensuring they had an understanding of what information you were looking for.

The CHAIRMAN. All, A-L-L, all EEO files and MSPB files—

Ms. RUBENS. Yes.

The CHAIRMAN [continuing]. Which we still, by the way, don't have. When did you receive word to finally transfer all of the files to the central office? Because, see, I was told that everything was hung up at general counsel and then we found out that they never had been transferred to the General Counsel's Office.

Ms. RUBENS. Of course. I had several conversations, beginning after the holidays, with both our congressional liaison as well as general counsel about what information they wanted me to provide to them for their review to ensure if there was the need for any privacy concerns for anything else in those records that they would have a chance to review that.

The CHAIRMAN. Are you aware that Congress is not bound by the HIPAA laws and privacy requirements, that any information that you provide to us is protected information?

Ms. RUBENS. Congressman, I worked closely with congressional affairs and general counsel and worked to provide them the information that they asked me to send up. I cannot tell you whether or not they are doing something that is or isn't within, if you will, the guidelines as you've outlined them.

The CHAIRMAN. Can you confirm that all files, all EEO files, complete files, all MSPB files have been transferred now?

Ms. RUBENS. I have nothing in my office left to provide. Part of the ongoing conversation is not only the fact that there are office files, which we've provided to headquarters, but that our office resolution management and MSPB may have other or more complete files. If something has happened with that issue subsequent to it leaving, if you will, the regional office.

The CHAIRMAN. And you did allude to the fact that there's a rolling supply of information. We have not gotten the files yet, we are still waiting on the files, we have gotten discs of partial files, and again if we don't receive it by Friday, and anything you can do to help move it along—you, Mr. Pummill, as well—would be greatly appreciated.

Ms. Filipov, would you step forward for just a moment to a microphone? You can do it right there by Ms. Rubens. I want to discuss, if you would, the lack of trust between RO employees and management staff. And I understand from a whistleblower, and it was confirmed, at least that the rumor was out there that there was a party hosted at your house June of 2014, at least some of the guests were PMC employees and my question is, is it true at this party that employees were asked to pay Gary Hodge's wife to act as a medium and speak with their deceased loved ones?

Ms. FILIPOV. Chairman Miller, that's, as Ms. Halliday has testified, that's part of an ongoing IG investigation and I have been instructed by the IG not to discuss that investigation until it's complete. Once it is complete—

The CHAIRMAN. Wait, wait, wait. The IG has told you not to discuss?

Ms. FILIPOV. That's correct.

The CHAIRMAN. Are you—you're under oath, so if I asked the IG that question, they're going to say they've instructed you not to respond?

Ms. FILIPOV. I was instructed by an IG investigator not to discuss until the investigation is complete. I would be available to answer questions when that investigation is complete.

The CHAIRMAN. Ms. Halliday, would that be an appropriate direction from the Inspector General's office?

Ms. HALLIDAY. That may be appropriate at this point. This was done by a different office, and I would like to be able to go back and take that for the record. We have an office that does administrative investigations within our office of investigations, I handle the audit side.

The CHAIRMAN. And so once it's complete, we will have you back, Ms. Filipov, to talk about the party that apparently was held at your house. And the question that I will ask you, and it will give you time to think about it a little bit, did you voice any concerns at the time that your guests were asked to pay Ms. Hodge for her services, knowing that many of them were in Mr. Hodge's direct or indirect chain of command? That will be an easy question for you to answer when you return. Thank you.

Ms. FILIPOV. I understand, sir.

The CHAIRMAN. Ms. Brown, questions?

Ms. BROWN of Florida. Yes, Mr. Chairman, I have a question for Ms. Halliday. My question pertains to the appraisal value office. You explain the relocation program? Is that just a program in the VA or a program for all federal agencies? For example, let's say my house, if VA purchased it, let's say they spent \$200,000 for my house, who owns that property and can VA resell—will they sell that property, what's the status of the property? I mean, explain to me because I am very confused.

Ms. HALLIDAY. In my oral statement I said that I didn't want to comment to that at this time. It an ongoing administrative investigation.

Ms. BROWN of Florida. Is that under investigation too?

Ms. HALLIDAY. Yes, it is.

Ms. BROWN of Florida. Okay, all right. All right then.

Ms. HALLIDAY. We will provide all the details as we do a due diligence review of this.

Ms. BROWN of Florida. Okay, thank you.

Mr. ARRONTE. Congresswomen, we can—

Ms. BROWN of Florida. Yes.

Mr. PUMMILL [continuing]. Tell you that the AVL program is a contract that's on the GSA schedule. It's available to all government agencies in the Federal government. Anyone who uses the contract has to pay the rate that's set in the GSA schedule. There's several contractors on there. The one that the VA uses is the lowest rate that's available on the GSA schedule.

Ms. BROWN of Florida. Well, thank you. I am sure we will get additional clarity.

Ms. RUBENS, you said you have been involved with the VA for over, what, 28 years?

Ms. RUBENS. Ma'am, yes, I've been with VA just about 28 years.

Ms. BROWN of Florida. I understand that you probably have a lot of expertise, the reason why VA wanted you to go to Philadelphia because this—I understand it's a multiplicity office, it encompass—tell us what.

Ms. RUBENS. Yes, ma'am. Thank you. The Philadelphia regional office actually has a number of missions. Similar to most offices, we have called them, the two that seem to be everywhere are Veterans Service Center which is the disability claims compensation as well as Vocational Rehabilitation and Employment.

But we also have one of only three pension management centers in the nation, as well as two call centers. One that is one of a series of eight national call centers that take veterans' calls from across the nation. But we also have the only national pension call center where veterans, stakeholders, anybody who's got an interest in a claim will call and have access to us by phone for that as well.

Ms. BROWN of Florida. Some of the employees have indicated it's a morale problem there and, of course, "dash," leadership. Whose responsibility it is to work on the morale of the employees and try to get the problems resolved?

Ms. RUBENS. Ma'am, I think that's my responsibility to work with them and help. I would tell you I think it's the entire leadership team, but I think also every individual as they come to work. We've got to—we've got to be engaged to that end.

I have held a series—when I first got there identified everybody who worked at the regional office and invited 100 percent of those folks to sit with me, just me, nobody else from the leadership team, to talk about things that they saw in the office. I've continue that process through what I'm now calling "listening posts," where I've got representatives from across the regional office coming in.

I'm out on the floor regularly talking to folks, checking in on how things are going. VA does an all employee survey. We didn't have great participation as much as I was out front encouraging folks, if you haven't done your all employees' survey, do that, 'cause we need that feedback from you to understand what's going on.

We've taken that. I've got a work group that's largely employees who have done a review of those results and identify three areas for us to begin to work on to ensure employees feel as though we're hearing them. I've worked closely with our first line supervisors to provide some training, and that's ongoing. I don't think you can do a "one and done." To help them understand how do we do a better job of having those crucial conversations and providing feedback. Those loops have to continue to stay open.

The other thing that I think has been very successful is reaching out to our stakeholders. Whether that's our service officers, or whether that's veterans themselves through our town hall meetings. And engaging employees in those efforts too so that they can have a better understanding of what our veterans deserve and what they're looking for from us as we work to provide best service.

Ms. BROWN of Florida. Many of the employments are at entry level, seven or something like that, what kind of incentives can be offered? I understand it takes, two or three years to get a new employee operational. What kind of positive apportionments can VA do to keep the expertise at that location so that an employee can, process those claims?

Ms. RUBENS. Yes, ma'am, I've got two things that are particularly important right now in that vein. One is actually one of the recommendations from the all employee survey team to talk about, how do we ensure they feel more valued. But two, understand how to best position themselves for opportunities within the regional office.

The other thing is, and Mr. Malizia and I have had several conversations about, I'll say the quality, the training cadre that we've got. We're engaged now and have reached out—or reached back, if you will, to headquarters and our employee development team here to come down and help 40 of our key trainers—and we've got more folks than that that do training—to ensure we've got the right investment in them, so that as they're given that investment to our employees to improve their skills and position themselves for opportunity.

And so I think that—those are just a couple, and I'll continue to work with the team, and employees, to figure out what else can we do to build on that.

Ms. BROWN of Florida. We started out with a backlog of 600 plus thousand and now we're down to 188,000, what are your recommendations? Should we outsource part of that? I know—I am not one that believes in outsourcing, but I am saying it. What do you think?

Because one of the pressures that VA is under is that you want to make sure that those veterans' claims get taken care of. That's the bottom line. If a veteran is not in the system, VA can't take care of you.

Ms. RUBENS. Yes, ma'am. And I would tell you that some of the things that we're doing in Philadelphia involve engaging employees and what else can we do to ensure we're more efficient. We've reduced the backlog from our peak by nearly 56% and continue to stay focused on how do we continue to ensure to do that.

As I've held meetings with employees, sometimes the topic is really about morale but I would tell you the employees are also great sources of ideas about policy, process, and procedure. And I would tell you that I am quick to respond with sending those things up the line to headquarters because those are some areas where we've got some great ideas they continue to gather them, we've got to keep working to ensure veterans are getting the best service.

Ms. BROWN of Florida. You, bet.

The CHAIRMAN. Thank you, and I'm going to yield to Mr. Costello in just a minute, but part of the relocation package, and it is throughout the federal government not just to VA, but there's a 28 percent management fee on top of the house purchase price.

So in this instance, Ms. Rubens, I believe her house was appraised somewhere in the \$770,000 range, they ended up selling her house for \$692,000 and then Stone Financing appears to have received \$134,000 in profit because of that management fee. Twenty-eight percent, again, which is not just at the VA, it's federal wide. Ms. Ruben, have you ever availed yourself of that before, in that program?

Ms. RUBENS. Chairman, as I have moved throughout my career, this was the first time that I did not sell my house on my own in 60 days.

The CHAIRMAN. Okay, thank you.

Mr. Costello.

Mr. COSTELLO. Thank you, Mr. Chairman. Ms. Halliday, I am going to read a couple sentences and then ask you to respond. This is on Page 3 of your written testimony, second paragraph.

"We identified serious issues involving mismanagement and distrust of VARO management impeding the effectiveness of its operations and services to veterans. Further, the extent to which management oversight has been determined to be an ineffective and/or lacking requires VBA's oversight in action. Moving forward, VBA and VARO leadership must work to restore the trust of employees and promote open communication at the VARO."

My question is, do you have concerns about whether that's even possible? And that's not a disparagement of any particular leader, but culturally, it has just been so scathing that—is there a sort of—and a related question is, IG involvement now and moving forward with respect to implementation, can you describe that in connection with any concerns you might have?

Ms. HALLIDAY. We certainly have concerns with Philadelphia because we have never seen such a dysfunctional or toxic environment. My two directors here today have conducted over 90 benefits

inspections, So they have a very good perspective of what they saw in there.

To change the culture, I highly encourage VBA to change more of its management team. In getting a new set of eyes and a new perspective on this, it'll be easier for them to build trust. In the military, they would call it a loss of trust in the command and they would change the entire team.

Mr. COSTELLO. Are you at all troubled that that hasn't happened yet? Or is there a piece of this IG report where it needed to happen before that can occur?

Ms. HALLIDAY. I believe that the administrative investigation has to occur, I think when all the evidence is viewed, Ms. Rubens and Mr. Pummill will be in the position to hold certain managers accountable.

The one point I want to make here is, I believe the accountability is at the management level and the leadership level. Not so much the employee level where all these employees are so fearful for their job.

This is a process that's pushed and driven by people, there will be errors. The issue that I'm taking exception to in Philadelphia is, fixing errors. When you know about the problems, start to correct those problems. Use your quality reviews to help you always implement continuous improvement.

Mr. COSTELLO. So "fix it." The term outsourcing was used a little earlier in a different capacity, but we are leading it to management to fix it. Do you think from a credibility perspective and restoring a sense of competence in the 825,000 veterans that are served there that having an independent set of eyes outside confirming that the right personnel changes are being made is appropriate? Or do you just need that—

Ms. HALLIDAY. That's a pretty broad question. I believe there needs to be changes in the management team at Philadelphia. I think that there are probably good people throughout VBA that can come in, and put a new set of eyes on this, and do it right.

Mr. COSTELLO. Okay. Ms. Ruell stated her testimony that she stopped sending emails to the ACO because she was informed that her and other employees' emails were being rerouted to the RO and were in the hands of the people that were reported. Do you know whether or not that was accurate or not? Was there that sort of mischief?

Ms. HALLIDAY. We can't put context with that.

Mr. COSTELLO. Okay. Final question, the number of EEO complaints, it's been stated that the volume of complaints at Philadelphia was inordinately high. Can you comment on whether that's accurate?

Ms. HALLIDAY. No, I don't have the number on that. What I did when we received this unprecedented number of allegations is we focused on looking at all the major processing activities within the VARO to understand was it an efficiently run VARO, or was it a mess.

Mr. COSTELLO. Ms. Rubens—excuse me, AIB, the three folks—it's a board of three, correct?

Ms. RUBENS. Sir, actually I think the AIB is larger.

Mr. COSTELLO. Okay. How many folks were appointed?

Ms. RUBENS. We've got an external VBA member, we've got leader from headquarters, and I believe three others.

Mr. COSTELLO. Have you had any previous professional dealings, or relationships, with any of those who are—that comprise the AIB investigating Philadelphia?

Ms. RUBENS. I don't—four of the five I have had some familiarity on one level or another with, yes.

Mr. COSTELLO. Could you detail—could you provide a little bit more detail to that?

Ms. RUBENS. So, the member from outside VBA, honestly I'm not sure who that is. The leader is Program Director here in headquarters, I'm going to say relatively new to VA and VBA as in the last, I don't know, three to five years. There is another man that is in HR arena, works out in the West. There is a service center manager from Lincoln, and a member of the Systematic Technical Accuracy Review (STAR) team from Compensation Service. I've had varying degrees of interaction with the last two over the years.

Mr. COSTELLO. Thank you, my time is expired. Mr. Chairman, thank you.

The CHAIRMAN. Ms. Brown.

Ms. BROWN of Florida. Thank you. I have a couple of final questions. First, Ms. Halliday, I indicated that I would like for you to come to my office because I have some follow-up questions and I'm looking forward to that.

I had extensive conversations with Representative Barbara Lee, Congress people from Oakland, and Representative Chaka Fattah from Philadelphia. The Secretary is in Oakland today as we are having this hearing. There have been ongoing problems. For years in the making in Oakland. In fact, I had discussions with him when I arranged a meeting with the Secretary and members of the Congressional Black Caucus, and Oakland was on the list. So where are we as far as Oakland is concerned?

Ms. HALLIDAY. Our look into Oakland was to look at whether there were 14,000 claims that were not processed. And I think we've come to an accounting of that information to the extent that physical evidence exists. There's now new evidence that there's 1,308 claims information or documentation, and we've looked at that. We have not looked at the full number of that, that takes some resources to do.

But what we did was we looked at a sample to start and, we saw that it included both informal claims and formal claims.

Ms. BROWN of Florida. Would you give us the difference between an informal and a formal?

Ms. HALLIDAY. Now, I'm going to have Mr. Arronte, he's the specialist in that area.

Ms. BROWN of Florida. Yes.

Mr. ARRONTE. An informal claim is an attempt by the veteran, or a surviving spouse, or a beneficiary to apply for benefits through the Department. The Department has certain criteria that they must meet for this to be a formal claim.

So, for example, if a veteran writes in and says, I served during the Persian Gulf and I want to file a claim. That's considered an informal claim because there's no way they can verify service, they

don't know what the disabilities the veteran is claiming. So that's the difference, it's just specificity in what the veteran is claiming.

Ms. BROWN of Florida. Let me ask the question to, my understanding we are working with a lot of our stakeholders to make sure that when they turn that claim in it's complete?

Mr. ARRONTE. That's true if the veteran or the surviving spouse has a service organization that represents them, but there are plenty of veterans that do not have that, so they test the waters without that assistance. And, typically, there are times when they do that the claims are informal because it doesn't contain all the information required to formalize the process.

Ms. BROWN of Florida. One of the problems that often come up is that, the veteran I don't have all of his or her paperwork. As far as the system, DoD and VA, is that system being improved so that veteran can have all the necessary paperwork? It makes no sense that they don't have the paperwork.

Mr. ARRONTE. I think that's probably a question better answered by VBA.

Ms. BROWN of Florida. Okay.

Mr. Arronte.

Mr. PUMMILL. Yes, Congresswoman, we still get claims from veterans that don't have all the information every day. One of the things that's going to help us a lot with the informal claims is the new standard form rule that we have which allows veterans to fill out a form and provide us the information we need so we have formal claims on everybody just like every other agency in the Federal government.

The veterans that are getting out of the service right now, we have a very good handle on getting their records. We have this thing called a gold standard where when they leave the military we get an electronic copy of their medical record, their dental record, their service record, and that system is working. It's a little slow in some cases, but it's working.

The ones we still have a problem with are the Vietnam era veterans, the Korea War Veterans, sometimes World War II veterans that are still living, that submit a claim that have nothing with it and it's our responsibility to go out and get the information still a claim, it's still a formal claim because they've claimed it, they've claimed a specific issue, medical issue, we have to do everything we can to help them. We use the VSOs to help us to try to gather that information. That's still tough.

Ms. BROWN of Florida. I recently met a veteran who is currently rated at 10 percent, and clearly he should have been at 90 percent. He's been out for 2 years and he can't get his paperwork. So there's still a problem between DoD and VA.

Mr. PUMMILL. Congresswoman, if he would have got out two years ago it would have been a problem. The——

Ms. BROWN of Florida. Okay.

Mr. PUMMILL [continuing]. The law that you all passed, the VOW VEI Act where everybody has to go through transition and the records, those laws have really helped a lot and we've seen less and less of that. But I would say two years ago, absolutely he probably had a problem getting his record.

Ms. BROWN of Florida. Is there any additional information that you want to give us before we adjourn?

Mr. PUMMILL. Congresswomen, I would just say that, I've been with VBA for almost four years now. Listening to the whistleblowers here, kind of broke my heart hearing what they said and the issues that they had in the organization: that's wrong. We can't treat employees like that, and we have a huge push to take care of veterans and sometimes we, as a management organization go overboard, and we have got to take care of veterans, we got to take care of them now, we have got to get them what they deserve, they served our country.

As you know we're in mandatory overtime, we're changing everything, we're automating things. How our agency got to 2013 without automation in the United States of America, I have no idea. But what we've done and how far we've come in the last two years, we have pushed our employees really, really hard.

Now we have to figure out, how do we take care of veterans and at the same time get our employees more involved and do some of things that Diane's trying to do in Philadelphia so that we can make this a team and do the right thing. And we have to be more forthcoming when we come to this committee on the things that we need to help veterans.

Ms. BROWN of Florida. Well, I want to thank all of you for your service and all of the whistleblowers, for the feedback we have received. I like the Army motto, "one team, one fight," and we are all fighting for the veterans. I yield back the balance of my time.

The CHAIRMAN. Thank you.

Mr. LaMalfa.

Mr. LAMALFA. Thank you again, Mr. Chairman. Ms. Halliday, Mr. Arronte, again thank you for, you know, hearing us in the committee last summer on this and engaging Oakland in your reviews and investigations, and so, I appreciate that and the interaction.

I just would ask that, couple things, that in the I think 16 days you spent there reviewing, there is still a lot to be mined from that information. I know the report was pretty succinct on that, not so much critical it's just there is still a lot to go. Not just on, you know, numbers or, you know, piles of files but some actions in there by personnel that I think were highly inappropriate and disrespectful to the process. I would ask you to keep mining that as you go along, and particularly with this file of 13,184 claims.

We happen to know that there's two individuals that have, or are holding, I believe Excel files of those. Ms. Rashida, Lusterschmidt, and Rachel Pennington, I am told have these files somewhere and I am asking you to get hold of that list and keep it so it's safe. And then let's work through the confirmation process of seeing that those 13,000 actually all those veterans have their requests, their plea, heard. Not just the first phase and say processed check the box, but actually have those veterans receive the full benefit they should be eligible for. I ask you of that, would you please get those—get that Excel file?

Voice. (Indiscernible).

Mr. LAMALFA. Thank you.

And then, you know, obviously I think more review. Some of the testimony you have on hand from last year is going to be very ap-

appropriate. Some really stern recommendations on that. You mentioned that there's a—there needs to be a culture change on management, whether it's middle level, upper, and some other areas I think Oakland should also have that kind of review looked at.

Ms. Boor, back to you. As we know, you are starting your second year or so, Director Bragg retired prematurely. Bottom line, have you fired any of these middle managers that have treated people and made it such a hostile environment in Oakland for employees?

Ms. BOOR. I can tell you that I have personally not fired any managers, we do have a new staff. We have a new service center manager on board, we have a new vocational rehabilitation officer on board, we've beefed up our first line supervisors to make sure that we're able to not only provide oversight that's necessary but also address concerns a little bit better than maybe we have in the past. I——

Mr. LAMALFA. But none of the people that have made the environment for Ms. Rustyann Brown or one of our other people that have spoken to us, Tony Sevara [phonetic] have not—have not been let go?

Ms. BOOR. Sir, like I mentioned, I have not terminated or fired anyone at this point.

Mr. LAMALFA. Because we have had some good people that really have been taking care of the veterans and have left not voluntarily but because of the atmosphere. And Mr. Sevara, Ms. Rustyann Brown, and all the others I cannot think of right now. So I am—you mentioned a while ago Mr. McNerney, I mentioned whistleblowers that you embraced, that you welcome that.

Ms. BOOR. Yes, sir.

Mr. LAMALFA. May I ask of you today, will you protect the whistleblowers that have already emerged, or will be emerging, in your office and so that when we hear about it we will hear that Julianna Boor was helpful, and listened to them, and wanted to get to the bottom of that?

Ms. BOOR. Absolutely, sir. It's not only encouraged by me, it's expected. I tell my employees either through written communication or as I walk around and talk to them that, you know, if you see something say something. We can't get better, we can't provide excellent customer service to veterans if we don't talk to one another, if we're not—if the trust isn't there.

So, sir, I know that trust isn't given it's earned, and I—and I hope to earn not only the trust of the veterans of the Northern California but the Northern California delegation here in Congress.

Mr. LAMALFA. Well, I had hoped we would start out that way last June and when I hear again a lot of different stories on these files here and they don't hold water, then I want—I would like to have that trust built back with my office 'cause we will not go away on this issue and we will be back here again if we have to be, but I would like this to be positive. So——

Ms. BOOR. Sir, you are welcome at our office at any point. I know your time is limited so I won't take it here, but I'd love to have further discussions to make sure that your concerns are met and make sure that, more importantly, that the veterans are taken care of.

I hope that there is a list of 13,000, I would love to go back and make sure that we did everything humanly possible.

Mr. LAMALFA. Every single one——

Ms. BOOR. Every single one.

Mr. LAMALFA [continuing]. Having been met. Whether they are deceased——

Ms. BOOR. Yes, sir.

Mr. LAMALFA [continuing]. There is a widow involved, what have you. And so we have this issue and then we will have to tackle the actual medical services they received too because NORCAL has some issues on that. So, Mr. Chairman, I really appreciate the time. Thank you, I yield back.

The CHAIRMAN. Thank you, Mr. LaMalfa. One final question, Ms. Rubens, I also ask for a complete VA file on Bradley Stone. And my question is, have you provided everything that's in the RO to the central office?

Ms. RUBENS. Yes, sir, I have.

The CHAIRMAN. Okay. Thank you very much. I would ask that all Members would have five legislative days with which to revise and extend their remarks, or add any extraneous materials. Without objection, so ordered.

With that, thank you everybody for being here. This hearing is adjourned.

[Whereupon, at 3:39 p.m., the committee was adjourned.]

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PREPARED STATEMENT OF CHAIRMAN JEFF MILLER

Good morning.

Welcome to our witnesses, especially the brave whistleblowers who will appear on our first panel.

The title of this hearing is "Philadelphia and Oakland: Systemic Failures and Mismanagement."

Based on the IG's reports describing the serious problems processing claims in both Philadelphia and Oakland, I think that the phrase: "systemic failures and mismanagement" might be a gross understatement.

The witnesses from the VA will have an impossible task today—they will have to try to explain the inexcusable: a pattern of malfeasance, abuse and incompetence by VA officials that has led to waste of taxpayer funds, a serious failure to correctly process veterans' claims.

And—in Philadelphia—a workplace environment so corrosive, so toxic, so abusive, that according to whistleblowers, workers have been driven to attempt suicide.

In one tragic case, as one witness will testify, a worker may have actually succeeded in taking his own life after being bullied by VA management.

I also have serious questions about the costs incurred by VA regarding the transfer of Philadelphia RO director, Diana Rubens, from the VA central office in Washington to the Philadelphia RO.

The VA incurred over three hundred thousand dollars [\$300,000] in relocation expenses last summer to move Ms. Rubens, one of the highest paid employees at the VA.

Let me repeat that: at a time when VA was telling Congress and the American public that it needed more money for claims processors, it authorized more than three hundred thousand dollars [\$300,000] in order to move a federal employee less than one hundred forty [140] miles from Washington to Philadelphia.

In fact, of the total sum of the relocation expenses, \$84,643.70 was paid directly to Ms. Rubens for expenses such as subsistence and temporary expenses, real estate expenses, relocation income tax allowances, permanent duty travel, permanent change of station meals, shipment of household goods and personal effects, and storage of household goods for the first 30 days.

While such an expenditure may have been totally legal, it does not pass the smell test.

Paying such an exorbitant amount on behalf of a federal employee to move three hours down the road is an outrageous abuse of taxpayer funds in this fiscal climate, or any fiscal climate for that matter.

In this situation, everyone wins except the American taxpayer.

I would also note that a comparison of relocation expenses for our service members with those available to VA employees shows a significant advantage to civilian employees.

I have asked the Office of Inspector General to investigate not only the payments for Ms. Rubens' transfer, but also whether there is a more systemic problem with VA's use of relocation expenses.

Relocation expenses are intended to entice employees to take hard-to-fill positions.

From what I've learned, VA makes these benefits available to every RO director who relocates.

That is hardly the kind of scrutiny such a large expenditure of taxpayer funds deserves.

But VA's problems are more than just an abuse of the relocation program.

VA asserts that it is making progress in resolving its backlog, but the IG's finding that Philadelphia staff deliberately manipulated claim dates in order to conceal the true size of its backlog seriously undermines the VA's credibility, at least where the Philadelphia RO is concerned.

Although the mismanagement and data manipulation detailed in the IG's report on Philadelphia is as bad as I have seen in a long time, we cannot ignore the serious problems discovered at the Oakland RO.

It is absolutely inexcusable that the Oakland RO ignored more than thirteen thousand [13,000] informal claims, some dating from the mid-1990s.

This committee will continue its oversight to ensure that the VA actually holds the Philadelphia and Oakland management staff accountable for the abuses and mismanagement outlined in these reports.

VA's actions—not words—in these two cases will demonstrate whether the department is serious about cleaning up this mess.

Merely requiring staff to attend training sessions is not enough, and shuffling poor performing managers to other stations—as was done with Mr. Gary Hodge, the manager of the pension management center, who was transferred to the VA central office literally hours after the release of the IG Report—is simply the old VA way of papering over problems.

Further, VA's response to my request for all Equal Employment Opportunity and Merit Systems Protection Board files from the Philadelphia RO is another example of VA's lack of transparency and seeming attempt to hide the truth about working conditions in Philadelphia.

I asked for these files on December 19, 2014—more than four (4) months ago.

I also requested this information when I met with Secretary McDonald on February 25, 2014.

In addition, I specifically asked VA's general counsel for these files during a committee hearing on March 16th.

And my staff has repeatedly followed up on my requests with the VA over the last four months.

Finally, after months of delay, on April 14th, we received some documents, including a disposition log of MSPB cases that the VA claimed was complete but, in actuality, is incomplete.

Since Friday evening of last week, the VA has since turned over some additional files but has failed to deliver all the requested files.

For example, the committee has received seven (7) of twenty-two (22) files for MSPB claimants, although there are believed to be more than twenty-two (22) individual employees who have filed MSPB claims since 2008.

To date, VA has failed to deliver any EEO files.

These continued delays are unacceptable and inexcusable.

If all requested records are not provided by week's end, I will ask my colleagues to join me in subpoenaing the documents.

## PREPARED STATEMENT OF RANKING MEMBER CORRINE BROWN

Thank you, Mr. Chairman, for holding this hearing today. I look forward to working with you and all the other members to help our nation's veterans.

I'd like to recognize and thank Representative Barbara Lee and Representative Mike Thompson and Representative Jackie Speier for all the work they've done in keeping tabs on the Oakland Regional Office and Representative Chaka Fattah for the Philadelphia Regional Office. I'd also like to recognize a veteran Mr. O. Bobby Brown who is currently serviced by the Philadelphia Regional Office sitting in today's hearing. Thank you Mr. Brown for your service.

We all agree that providing veterans timely, and accurate benefits is an important focus of this Committee. I for one, am very concerned with the facts before us today.

Today we will hear from the Department of Veterans Affairs Office of the Inspector General and numerous whistleblowers that will highlight two broken regional offices. Individual employees, and some supervisors, who have alleged to have engaged in shameful activities, which at the end of the day hurt veterans. I know that I and VA leadership will not tolerate such actions.

Today, I hope to hear VA's plan to fix these offices, and ensure accountability for management, and mid-level management. I also hope to hear from our witnesses on what needs to be done to resolve the problem. Our job is not only to find problems, it is to offer solutions.

The Office of Inspector General highlighted in its report "serious issues involving mismanagement, and distrust of Veterans Affairs Regional Office management impeding the effectiveness of its operations and services to veterans."

To me, these sound like local, cultural issues, and it sounds like the Philadelphia and Oakland offices are due for a leadership shake-up at all levels if these allegations are proven to be true.

I also hope to hear from VA on how you are coming along with the 38 Department of Veterans Affairs Office of the Inspector General recommendations between these two regional offices.

With that said, I think it is important that we keep today's hearing in context. We are focused on two broken VA Regional offices, while VA as a whole has dramatically increased their timeliness and quality of adjudicating claims. VA seems to still be on track to eliminate the backlog by the end of this year. In fact VA has reduced the backlog from a high of 611,000 claims in March 2013 to approximately 188,000 today.

We are not there yet, but I believe we are on the right track. I don't want a few bad actors taking away the progress that has been made across the country for our veterans.

I ask that Representatives Lee and Fattah stay on top of the concerns of veterans who are supported by the Oakland and Philadelphia Regional Offices.

Thank you Mr. Chairman and I yield back my time.

## PREPARED STATEMENT OF HON. RALPH ABRAHAM, M.D.

Thank you to Chairman Miller for holding this hearing today.

First of all, I want to be clear that whistleblowers should never face retribution, senior VA officials need to be held accountable, and any type of claim manipulation by the VA is unacceptable. It is whistleblowers who bring to light the flaws in organizations which must be fixed.

For far too long there has been systemic mismanagement at the VA. I suggest we look at mistakes made and find a way to look forward to ensure these mistakes are not made again.

I thank the men and women who are here today, and look forward to hearing your testimony. I yield back.

## PREPARED STATEMENT OF HON. RAUL RUIZ, M.D.

I thank the Chairman and Ranking Member for including my bill, H.R. 732, the Veterans Access to Speedy Review Act in this hearing, and I appreciate the Chairman's support as a cosponsor of this bill. This simple, bipartisan legislation will provide the Department of Veterans Affairs (VA) the flexibility they need—and have requested before this committee—to expand the use of video teleconferencing (VTC) for hearings before the Board of Veterans Appeals. This authority will expand VA's capacity to adjudicate appeals, thereby expediting results for waiting veterans. My bill will also eliminate substantial travel costs to the veteran and the administration.

Under current law, veterans may involuntarily encounter an extended wait period for a judge to visit the veteran's region or for the veteran to travel to Washington, DC. Additionally, veterans are required to pay all travel expenses to and from an in-person hearing, even if they would prefer a video teleconference. My bill would center the appeals process on the veteran's needs and save money for all parties involved. Importantly, veterans will retain the right to an in-person hearing, and under my bill the VA must honor the veteran's preference for hearing type—whether in-person or via VTC.

In 2012, the VA Board of Veterans Appeals submitted a report to Congress highlighting recent activities which include four policy recommendations that seek to expedite or streamline the claims process for our nation's veterans. Video teleconferencing by default was included in these recommendations. In last year's committee report on the amended Veterans Access to Speedy Review Act, the VA committee noted that the Board has historically been able to schedule video conference hearings more quickly than in-person hearings, saving valuable time in the appeals process. As the VA testified before this subcommittee, in FY 2014, on average, video conference hearings were held 124 days sooner than in-person hearings.

This bipartisan solution will get many veterans their appeal results sooner, at no cost, which is why each Veterans Service Organization that testified at this legislative hearing supported my bill, as did the VA. This overwhelming support from both parties, the Administration, and veterans is why this bill passed the VA Committee by voice vote last Congress.

I urge the members of this subcommittee to come together again to advance this essential measure out of committee, and to advocate for the Speaker to bring it to the floor. It is understandable to delay controversial and contentious policy proposals until an agreement is reached, but denying veterans relief when a consensus has been reached is unacceptable.

## STATEMENT OF KRISTEN RUELL

My name is Kristen Ruell. I am an authorization quality review specialist at the Philadelphia Regional Office. My primary job duty includes performing quality reviews on the accuracy of benefit payments paid out from the VA to its beneficiaries. This August will mark my 8th year of employment with the Philadelphia Regional Office at the United States Department of Veterans Affairs. The agency has potential to be the greatest place to work in the entire country. The feeling of being able to give back to the American citizens that served our country is truly satisfying.

Earlier this month, the OIG's report on the Philadelphia Regional Office was released. The report confirms what whistleblowers have alleged for years, that the managers at the Philadelphia Regional Office lack the ability to appropriately govern and oversee the wide-range of benefits and services for which it is responsible. To date, the VA has failed to hold any management official accountable for the many deficiencies cited in the report. The VA has stated that 95% of the problems cited in the report have been fixed. I strongly disagree for the following reasons:

- 1) The Philadelphia RO has a large number of EEO complaints against various members of management. A large amount of taxpayer monies have been spent on administrative costs, attorney fees, and settlements. For every case settled, a new one is filed. Without removing the officials making the bad decisions, the number of claims filed will not decline. When the evidence clearly indicates that the same decision makers are not making the right decisions, they should no longer be in decision making positions.

- 2) I have personally reported erroneous and duplicate payments since 2010. In 2012, I reported the erroneous payments to the IRS, Department of Justice, OIG, OSC, and the VA Secretary. The duplicate payment problem has never been fixed. Unless the computer is programmed to prevent a duplicate payment, they will con-

tinue to occur. The VA has stated that they have no way to identify and prevent duplicate payments, aside from a duplicate payment report, which Philadelphia RO employees admitted they were unaware the reports existed. Stopping an award that is paying twice is not correcting the underlying problem, which is wasting millions of taxpayer dollars. The VA also did not keep a list of people that were paid duplicate awards, and many were sent letters in which the erroneous award was stopped without processing and noting the overpayment. Creating a ledger of the overpayments at this point would be virtually impossible due to the lack of recordkeeping regarding these payments.

3) Although fast letter 13-10 was rescinded, there is evidence that data manipulation continues. The data manipulation will continue until the performance standards are amended. The current standards are unreasonable and cause an employee to do things to save their job that in turn can harm the Veteran. It is not fair to place an employee in that situation. It is even less fair to the Veteran whose claim may be effected.

4) An Administrative Investigative Board, has been charged with making a determination on certain issues regarding the misapplication of Fast letter 13-10, which pertains to dates assigned to claims filed by veterans and their survivors. The Administrative Investigative Board consists of VA employees who determine whether there is intentional wrongdoing. The OIG just finished their investigation on this issue. It is confusing to me why the OIG suggested an AIB rather than an outside investigation. An outside agency should be assigned to eliminate bias. Philadelphia RO Director Diana Rubens used to be in charge of 57 field offices and most likely knows most management officials chosen to investigate on behalf of her Regional Office. The VA should not be trusted to investigate itself until it proves it is complying with the VA Core Values.

5) Employees are expecting management to be accountable for the deficiencies cited in the recent OIG report regarding the Philadelphia Regional Office. The typical VA solution for most every problem is training, committees, and meetings, which do not fix managers who lack morals and integrity.

The Philadelphia Regional Office needs new leadership. Employees have lost trust in their managers and do not trust the broken chain of command. I have lost trust in VA management at all levels. I stopped sending emails to the VACO because I was informed that my and other employee's emails were being rerouted to the RO and were in the hands of the people we reported. The only way to rebuild trust at the Philadelphia Regional Office is to hold those accountable that were responsible for the many issues cited in the OIG report. Congress and the American people need whistleblowers so they are informed as to what happens inside the walls of the Federal Agencies. Without accountability, in my office and at the VA, there will be far fewer whistleblowers, if any.

Thank you for the invitation to be part of this hearing today. I will be happy to answer any questions you may have regarding my experiences in the Philadelphia Regional Office.

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#### PREPARED STATEMENT OF JOSEPH F. MALIZIA

Thank you, Mr. Chairman, and Members of the Committee for allowing me to address the continuing problems at the Philadelphia Regional Office, only some of which were identified in the recent Office of Inspector General's Report dated April 15, 2015, titled Review of Alleged Data Manipulation and Mismanagement at the VA Philadelphia Regional Office Philadelphia, Pennsylvania.

First I want to explain who I am and my role in the VA. I am a 37 year employee of the VA all at which is referred to as the Philadelphia Regional Office. I have been the local Union President of AFGE Local 940 for the past 16 years and was Vice-President for 10 years prior to that. I have served on many joint national VA Labor/Management Committees including the Mid-Term Bargaining Committee and am still a member of the National Quality Council and am a certified Trainer for AFGE-Master Agreement. I have been a VA Carey Quality Program Examiner and I am a member of the Unified Union Partners for VISN 4 which is a VHA group. I have interacted with numerous Regional Office Directors, Area Directors, VBA Central Office Staff, including Ms. Rubens in her capacity as Chief of the Office of Field Operations, as well as the past five or six Under Secretaries for Benefits.

I also believe it is important to explain the uniqueness of what is referred to as the Philadelphia Regional Office. This is a misnomer. The Philadelphia facility encompass the Regional Office, the Insurance Center (the only one in the nation) with its own Director, the Philadelphia Information Technology Center (one of three

major Data Centers) which is an OI&T function with its own Director and leadership, and the Philadelphia Insurance Products Development Staff which is a separate OI&T function (one of approximately six) with its own Director and leadership. The Philadelphia Regional Office and AFGE Local 940 also cover the Wilmington, Delaware Regional Office. All combined, these VA entities compromise the largest identified VBA facility. It is my hope that by explaining the separateness and distinctness of each individual entity in Philadelphia you can better appreciate the confusion that occurs by simply referring to the Philadelphia facility as the Philadelphia Regional Office.

Why is this important? Because the cloud that is hanging over the Philadelphia is only based on the actions of the Regional Office Management yet, the whole facility is feeling the negative effects of something that they are not a part of.

Employees in the Philadelphia Regional Office are very demoralized. A negative cloud has been hanging over them for more than nine months now. It has been hard for them to function under the combined management of Director Diana Rubens, Assistant Director Lucy Filipov, Pension Management Center (PMC) Manager Gary Hodge, Veteran Service Center Manager Jeanne Paul, and Human Resources Chief Lina Giampa. By their actions, these Management Officials both individually and collectively have created a hostile work environment in the Regional Office.

With regards to the OIG Report and other problems at the Philadelphia RO, I want to highlight some examples and will be glad to expound on them later if you have any questions.

While it is true that Director Rubens is new to the Philadelphia RO as of June 2014, she is not new to VA. As Chief of the VBA Office of Field Operations, Ms. Rubens was well aware or should have been well aware of the problems in Philadelphia RO. She was responsible for the creation, implementation and enforcement of most if not all of VBA's policies and procedures many of which are the source of the problems in Philadelphia and other RO's.

It was with great hope that I was looking forward to working with Ms. Rubens. When the rumor was spreading that Ms. Rubens was coming to Philadelphia RO, several management officials were disgruntled because they feared her reputation and because of her extensive background and intimate knowledge of VBA protocols. I believe that they were worried that she might actually hold them accountable for doing their jobs the right way. Regrettably for the employees of the Regional Office, this did not happen. In fact, I believe things actually got worse. I will address in more detail later.

One example is the manner in which Director Rubens handled a complaint the Union raised about a hostile work environment in the PMC Training Class. Similar problems had occurred in past training classes, so it appeared there was a systemic problem with how PMC Management approached training. One of VA stated goals is to be an "employer of choice" and champion the hiring of Veterans. We do this. Many of the newly hired employees are Veterans, including Veterans with service-connected disabilities. Many of these disabilities involve some form of Post-Traumatic Stress Disorder (PTSD). In the most recent PMC Training Class, there were a number of new hires who fit this profile. One employee in particular felt he was being bullied by the Training Instructors and they created a hostile work environment for him. His attempts to address and resolve the situation with the Training and Quality Team Coach were summarily dismissed without consideration. When this employee did not show up at his family's house for Christmas holidays, they were concerned. They call his friends in the PMC Training Class, who were equally concerned. When they went to his house, they found him dead. Needless to say, they were very distraught. Let me be clear, it is unknown to me if this was a suicide or not. I have not and am not stating that this employee's death was directly caused by his treatment at the Philadelphia RO. My complaint to Director Rubens was that this situation is another example illustrating that there is definitely a pattern of problems in the Philadelphia PMC that needs to be stopped.

Director Rubens told me she would authorize an investigation outside the control of PMC and possibly outside of the RO. However, what she actually did was authorize two untrained PMC Coaches to conduct the investigation. These Coaches were investigating the actions of their friends and fellow Coaches and their boss, the PMC Manager. I objected that this was a conflict of interest, but Director Rubens dismissed my concerns. I was appalled by Director Rubens reneging on her word and at her apparent lack of regard for the employees.

What is interesting to note is that the PMC Training and Quality Team Coach is the sister of the Chief of Human Resources. This familiar relationship has been called into question as an inherent conflict of interest many times because of the various disciplinary actions initiated by the PMC Training and Quality Team Coach

and processing of any grievances against her. Director Rubens was made aware of this conflict of interest but continues to allow it.

When I never received an investigative report on my complaint, I asked Director Rubens for it. She told me there were no findings of inappropriate actions therefore there is no report. Once again, Director Rubens was reneging on her word. It was becoming apparent to me that her management philosophy was to deny, cover up and repeat. I believe this is a pattern that Congress is familiar with from prior dealing with Ms. Rubens. I sent an initial e-mail to Secretary McDonald explaining all of this to which he replied stating he would have Ms. Gina Farrissee, Assistant Secretary for Human Resources and Administration look into it. I have since sent a follow-up e-mail and am waiting for a reply.

Given all the scrutiny of the Philadelphia RO, the OIG investigations, two Congressional Hearings, negative publicity about the disrespectful and unprofessional comments about the Congressional Staff and about Veterans "Oscar the Grouch", I would have thought that Director Rubens would have changed her behavior. But, unfortunately none of these events seem to indicate that her behavior has been corrected or improved. With regard to the Oscar the Grouch analogy, Director Rubens stated that she was not equating Veterans with Oscar the Grouch but rather she was equating employees with Oscar the Grouch. I ask you: Do you think Ms. Rubens' clarification is any better? Her actions once again are indicative of a deny, cover up and repeat management philosophy.

Knowing employees' morale was low because of the lingering negative effects of the pending OIG Report and negative publicity about them, Directors Rubens stated in employee group meetings that morale is their (the employees') responsibility, not Management's. Her position shocked the employees. As stated previously, employees have been under a cloud since all the violations were reported and investigated. Regrettably, the employees are becoming increasingly numb to statements like this. I want to piggy-back on testimony provided to Congress last week by VA doctor Maryann Hooker. She presented information on Psychological Safety and Workplace Bullying. The negative aspects of these practices are the fundamental tenet of VA Management in the Philadelphia RO and throughout VBA. These represent some of the ways Management covertly retaliates against employees who have the nerve to speak up about injustices or any potential problem.

Philadelphia RO Management constantly holds employees to a higher standard of performance and behavior than they do themselves. It is a classic double standard, do as I say not as I do. Management would never accept an explanation from an employee that they simply misinterpreted an order or regulation. Deny—cover up—repeat.

Another serious problem in Philadelphia RO is the manner in which Reasonable Accommodation requests from employees with disabilities and Equal Employee Opportunity (EEO) complaints are handled. Many of these cases involve Veteran employees who have a Service Connected Disability. Many times PTSD is one of these conditions. When the Reasonable Accommodation Committee approves an accommodation, many times the Division Chief will refuse to implement it. This refusal to implement has caused internal friction between the Reasonable Accommodation Committee and the Management Staff including HR. This then forces the employee to have to file an EEO Complaint. Then the same pattern occurs for processing EEO cases. These stalling tactics cause unnecessary stress on employees who are already in a stressful state. It aggravates their existing physical conditions and causes additional emotional damage. In addition, it also costs the VA to waste hundreds of thousands of dollars in lost production, settlements and judgments.

Some of these cases were as simple as changing an employee's desk/seat from under an air vent or approving Telework for medical reasons. The actions to deny or delay these resolutions seem punitive and retaliatory. Again, deny—cover up—repeat. Not only are the specific employees affected by this practice, but it also has a chilling effect on other employees as well. There are several pending EEO cases fitting this pattern that are scheduled for EEOC Hearings, which could have easily been resolved at earlier stages of the process. Now, VA will incur added expenses and lost productivity regardless of the outcome. Should the employees prevail, then the costs to VA will skyrocket to include damages as well as attorney's fees.

With regards to the issue of Ms. Rubens' reimbursement for relocation and other expenses, many employees feel this is just another example of the perception that she is above the law and afforded special treatment by Senior VACO Management. Several years ago, it was common knowledge throughout VBA that when knowledge that former Philadelphia RO Director Thomas Lastowka was going to retire that Ms. Rubens wanted to take his place. Given the practice in VBA that once Senior Leaders and Director had paid their dues by accepting assignments across the country, and they were getting close to retirement, they could be relocated to a place

of their choosing. Perhaps this was back to or close to their hometown or to a more favorable retirement area. Ms. Rubens fit this description. She had paid her dues around the country and in VACO, so she could have her pick of where to go. Philadelphia was close to home for her. By all accounts Ms. Rubens was going to be the next Director in Philadelphia. However, VBA Undersecretary Hickey asked Ms. Rubens to stay in VACO and help her for at least two more years. Speculation was that since she stayed, she would be guaranteed the Directorship in Philadelphia.

Consequently, the Philadelphia RO Director position was opened for competition. It was filled by Mr. Robert McKenrick, a complete outsider to VA. Since he was not familiar with any of the VA processing, protocols or history, Mr. McKenrick was dependent on the senior Management Staff already in place in Philadelphia RO. In my opinion, this was all a set-up to secure Ms. Rubens' relocation to Philadelphia. Why? Because in my opinion, I believe the senior Management Staff in Philadelphia and then Eastern Area Director, who were all friends of Ms. Rubens, sabotaged Mr. McKenrick by not providing him sound guidance. Consequently, he couldn't properly handle all the problems surfacing in Philadelphia RO. Therefore, this established sufficient reasons to have to transfer Mr. McKenrick out of Philadelphia, creating an opening for a new Director. Guess who?

I do not believe the Philadelphia RO Directorship was a problem to fill. I believe there were or would have been many qualified candidates for the position. And, yes, Diana Rubens would have been one of them. But, there was no need for a special bonus to fill this position. Does the fact that Ms. Rubens has many friends throughout VA/VBA give the appearance of favoritism? Does this fact give the appearance she is being protected? With regard to the questions and explanations about the relocation expenses, it seems once again the philosophy of deny—cover up—repeat is being used with regards to Ms. Rubens' relocation.

It is my hope that justice will be served. Please don't allow the deny-cover up-repeat practice to be rewarded or to continue. Drastic action needs to be taken to break these practices. Congress has passed new laws to give VA Secretary the authority to do this. In my opinion and that of many employees and Veterans, the only way VA can restore its integrity is to remove the Management Staff in Philadelphia RO. Given all that has occurred, we do not think the current management staff will be able to fix or otherwise effectuate the changes necessary to change the practices and culture at the Philadelphia Regional Office.

Thank you again for affording me this opportunity to testify today.

Respectfully,

Joe Malizia, President, AFGE Local 940

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#### PREPARED STATEMENT OF DIANA BLENDER

I want to express my gratitude to you for the opportunity to be heard today regarding the Philadelphia Regional Office and I am here to testify to the events as they happened to me. I am grateful for this opportunity to do the right thing for our Veterans. I am going to address an outline of events that brought me to the point of filing an EEO.

My name is Diana Blender. My story is one of harassment, belittlement and discrimination that occurred to me when I attempted to blow the whistle. Sadly for me, when I unearthed the true happenings of this department and their gross unjust manipulations of others, I was sent on a journey of daily abuse, mental cruelty, emotional torture and undeserved corrective job actions.

When I first came to triage I had great hopes and large amounts of pride that I was working with the Department of Veterans Affairs and my first supervisor was very pleased with my work ethic and was impressed with my dedication to become proficient and effective at my job for the betterment of our department.

Our department was run by a highly proficient supervisor who was unceremoniously replaced at whim with an inexperienced, unskilled supervisor who had no experience in what the inner workings of our department also lacking in any historical knowledge of our operations. This new supervisor was totally ineffective in the daily management of our department and allowed staff members to realign the direction of the department in a highly negative and abusive manner.

These employees took this opportunity to redirect the most difficult work to others, mostly older people. They were harassed and verbally abused, all under the watchful eye of an ineffective assistant supervisor who allowed this abuse to continue and eventually escalate.

It was being done to benefit some, but much more importantly to the detriment of others, my self-included. We all knew this activity existed, had existed for almost three years and management looked the other way. At various times, changes were made in the way the mail was distributed, to make it fair but these changes were never lasting and reverted almost immediately. When I was brave enough to address this ongoing situation with my superior's daily abuse to me in the workplace became my norm, and this behavior was encouraged by my management.

Most of the targeted victims were older women and men who became aware of this abusive situation and addressed it with upper management.

Upon reporting it to my supervisor the retaliation was abusive, offensive and unbearable.

#### **History of Events**

- This chronology starts in mid-2008, with doing my job and picking up speed as required at my level. I was enjoying the work and proud of my accomplishments. My coach was very supportive and pleased with my progress and success.
- The work day started by picking up bundles of random mail (25 pieces each) that had been stamped and bundled the previous day. The work was difficult but manageable. As time went on, I noticed that some of my co-workers were way outperforming and doing exceptional amounts of work, they were coming in extra early to get their mail and removing difficult cases from their bundle and returning them to the stacks for others to complete.
- One day when I came in earlier than usual and went to get the mail, I noticed that two of my co-workers who were Claims Assistants, as I was, were separating the mail in to different piles and selecting out the easier work from the harder claims. They then bundled the easier work into the requisite bundles of twenty five and distributed those easier claims to themselves and other friends. The other mail bundles of 25 pieces was left in each Claim Reps mail bin waiting to be picked up for processing and therefore was void of easy mail, which normally formed a part of the average used to determine processing amounts to be done. All of this was easy to discern this since the easier claims were yellow sheeted and much thinner than the normal claims. A stack of 25 easy claims is substantially lower than of 25 regular claims that took more time to process. I noticed that on some people's desks the pile of mail that they were to process was indeed much lower than normal. Those desks were the ones of those consistently performing way above normal. All of the time-consuming claims had been sorted out of their mail. That evidently was not happenstance.
- When I questioned them as to what they were doing, to placate me they let me into their scheme. The next day I reported this activity to my direct supervisor, who I later found out was one of those benefiting from this unfair activity.
- Suddenly, I began to receiving a majority of very difficult claims to be processed. The action taken by my immediate supervisor was to start picking apart my daily work and returning pieces for correction of errors. The quality of my work prior to event was never in question. The upshot of my reporting this to him was that I was given only the most difficult claims and being forced to do them at the same rate as the easy ones. Hence, my evaluation was poorer and I was denied a much deserved promotion.
- I noticed that no one else, other than myself, were having their claims reviewed and being returned for corrections and it was obvious that I was being discriminated against for reporting the unfair activity in distributing the mail.
- Those who were coming in early had no real authority to do so, but it seemed to management to be adventitious since it relieved everyone else from the responsibility of sorting the mail. Indeed management seemed to take the attitude that the discrepancy of work was no concern to them.
- It became apparent that those that benefited from the allocation of the easier mail were mostly men in a close knit clique. It was easy to notice the discrimination that was occurring against women in general, and also to older employees, was due to the fact that this particular male clique was now being put in charge. The result of the above mentioned selection of work was used to get rid of co-workers that were either women or people above a certain age.
- When I brought my concerns about gender discrimination to upper level management, the response was that there was no gender discrimination because our supervisor in charge was a woman.
- After my complaint there was an attempt to correct these issues. Then each person doing processing was given numbers corresponding to the last two digits of the Social Security number on a claim and they were to get only those claims; this was a mixture of the easy and the more time consuming ones. It seemed

like an equitable way of dividing up the work, and indeed, it was fair. Unfortunately, this fair distribution of work did not continue for very long.

- When the time came for our office to begin to receive work from other Regional Offices, our work seemed to increase 10 fold. There was no way we could process the amount of work we were receiving on a daily basis. At one point we had 28,000 pieces of mail in shopping carts that we could not process. These pieces of incoming mail sat unopened for months. We also had thousands of pieces of returned mail from claimants that never got addressed and were left unopened. A majority of this mail was a part of EVR's (Eligibility Verification Requests). These eligibility reports were sent out by the VA to claimants to determine if their income and net worth still made them eligible for VA benefits. This was time sensitive material and therefore if it remained unprocessed the individual was cut off from receiving benefits.

- Due to the fact that I was an exceptional worker, I was selected to process Congressional Claims. There was a special team in place to process these particular claims. I began that particular work under the tutelage of the Congressional Expert. I felt that handling the Congressional claims were critical. Processing of Congressional mail is also time sensitive. Because of our inability to keep up with our incoming mail, more and more claimants were seeking help from their congressman. At this time, I asked my supervisor on more than one occasion, for permission to go through the 28,000 pieces of mail and look specifically for Congressional envelopes. I was told this was not allowed. Management decided to distribute this mail throughout the building on a day when I was not at work. As soon as I returned to work the next day, I began to receive phone calls from other employees throughout the building, asking why they were getting Congressionals. I asked them to send them to me (ASAP) and I would process them.

- I emailed my supervisor about the fact that Congressionals were being misdirected and I asked how this happened. She replied to me that the 28,000 pieces of mail were distributed for processing throughout the building. I asked why the Congressionals were not separated since they were done by a special team and should not be done in the same manner as most claims. I asked her if we could email supervisors throughout the building to separate Congressionals and send them back to our office. This was not done.

- At this time I made it very clear to her that I felt I was responsible for Congressionals and that what she had done would reflect on me. She replied, "Don't worry about it."

- Not long after this incident, instead of me retrieving the Congressionals as I recommended, the responsibility of handling the Congressionals was taken away from me and I became management's scapegoat.

- After the Congressionals incident, I was once again given an inordinate number of difficult claims. It seems that the old method of being able to rig the mail in favor of the chosen few was back into full force. At this time it was common knowledge that I filed an EEO complaint. So once again, I became a target.

- Not only was I being given difficult work, but actual harassment had started to occur. These are just some examples of the bullying I endured on a daily basis.

- I was in deep concentration doing work on my computer; there was a loud thump in back of me. I jumped up in fright because everything up until that point in time was calm and quiet and I was completely involved in my work. This loud thump was very unexpected. Tears came to my eyes as I spun around and noticed a co-worker, had quietly snuck up behind me and thumped a load of files on my desk. He walked away holding back his smirks and laughs.

- On the morning of April 12, 2011 there was a pile of mail on my desk waiting to be stamped. In accordance with the previous email from my supervisor, we were responsible for one hour of stamping, so I proceeded to stamp mail that was given to me. Suddenly, my male co-worker loomed over me and began abruptly taking my mail away with no explanation. I grabbed the mail back and asked, "What are you doing?" He said that he needed mail to stamp and so he was taking mine—ignoring that there were piles and piles of mail on the desks all around waiting for those that had not yet come to work. Clearly, I was his target. He then went away, but soon returned a few minutes later, bending over and shouldering me aside and then scooped up the mail that I was assigned to stamp. Again, when I asked him what he was doing, he replied that our supervisor told him that he should take my mail. When I approached my supervisor about this situation, she said that he approached her and told her that I was not doing my stamping. I then told my supervisor that this was not true and I had been working for some time. Her response was, "Well I guess he lied."

I then approached my co-worker and asked him why he lied, he would not answer, but then after a minute he said very loudly (in means to humiliate me, so that all could hear), "I need to get the stamping done and you don't even have the right date on it." This was false, I had just adjusted the date on my stamping machine earlier that day and it was obvious on the mail that I had already stamped. The harassment was not over. Later that day, he appeared in our desk area where he had no business to be. His desk was in the front of the office and mine was in the back. Clearly, he had an agenda. He then spoke to my neighboring workers (the men) in a loud voice, so that all would hear, "Us guys are working hard because the men get the job done in this place." He appeared in our area again later that same afternoon, repeating the same remarks. He clearly wanted a confrontation with me, but did not get one.

- The above mentioned incidents were just a fraction of the injustices and harassment I witnessed and endured while working in triage for three years. A woman who sat behind me was fired because she would not sign a document falsely accusing me of something I had not done. Because of this and other hostile actions, I filed an EEO claim and attempted to transfer to another department. For a long time my requests for a transfer went unanswered. I then became a target of their malice.
- Once again, I want to express my gratitude to you for the opportunity to be heard. I am grateful for this chance to do the right thing for our Veterans.

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#### PREPARED STATEMENT OF RUSTYANN BROWN

Good morning committee members and guests. My name is Rustyann Brown. I am a retired federal employee who served 10 years in the Navy as a Hospital Corpsman and then years later continued my federal service at the Veterans Benefits Administration Regional Office, Oakland, CA. I was hired by the VA on September 15, 2009 as a Claims Assistant and considered this a wonderful opportunity to continue serving my Veteran community.

I quickly realized that we were being instructed to do things that were not in the best interest of the Veteran, but instead, good for the employee and management numbers. It started with returned mail piling up in huge tubs and no one assigned to research and locate current addresses.

Letters regarding claims issues that we sent to Veterans always included the 1-800 # and not our own direct line. This type of communication was discouraged as they did not want us bogged down with calls. Elderly and terminal Veterans claims would not be moved or acted upon; just no sense of urgency for them.

I began, very quickly, to voice my opinion to my supervisors and other employees because we were not doing the right thing. This was a regular visit to my supervisor's office. Sometimes as I approached, I could see him roll his eyes at me and then dismiss me with, "Just do what you are told to do". Then one day this supervisor brought me into his office and told me that per the director I could no longer do volunteer work with the Oakland Vet Center. I had been volunteering to help Veterans understand the forms and which ones were needed for their situation. When I asked why I was being restricted, I was simply told that the director believed that it was a conflict of interest.

In July 2012 I was promoted to Veterans Service Representative and sent to San Diego for what should have been 8 weeks of training. Instead after only 3 weeks, my training group of five was brought back and placed on a special informal project. We were never given an answer as to why we were doing this work that was part of our previous role and why we were not allowed to fulfill the remainder of our training requirements.

This project consisted of processing 13,184 informal claims which had never been reviewed. We realized that a substantial portion of these veterans were now dead and their claims had never been answered; nothing had been done to help them.

If we determined that they were dead or had never filed a formal claim, we were instructed to mark them "NAN", No Action Necessary, our initials, the date and set aside. We began to ask management why nothing was being done to take care of these claims as required by policy. And also why their criteria for screening these claims was not the normal screening practices.

I would go home on a daily basis telling my husband of the heart wrenching letters I had read that day and how so many of these veterans and dependents were now dead before anyone had even looked at their claim. Even among the ones still

living, it had been years, sometimes more than 10 or 12 years since they had made the request.

After several months of screening these claims we were taken off the project and relocated to a different team. Our team continued to do other special projects for our previous department, IPC and we were also finally given claims to begin developing in our new position. This was new work for us for which the San Diego training was supposed to prepare us.

I began to see Military Sexual Trauma claims show up in my work assignments. These claims are supposed to be developed by the Special OPS Team because of the sensitive nature of the claim. But, when I would take the claim to my mentor or supervisor and tell them what I had and that it needed to be moved to the Special OPS Team, I was told to just do the next action and move it on. This was a huge problem for me as I am a survivor of military sexual trauma and service connected for PTSD due to this. For me, simply reading the statements would bring back all the memories I had tried for years to forget. I would spend time in the restroom crying or hiding in a stair well so I could be alone and not have anyone see the physical reaction I would have to these claims.

A Reasonable Accommodation Request was initiated in May 2013 to remove MST and certain other PTSD claims from the claim files I reviewed, those that provoked my PTSD symptoms. Under the VA's rules, I should have received a response within 30 days. Yet, I did not even receive a request for additional medical documentation for over 60 days, and did not receive a final determination for five months. During this time, I continued to review files, and my own PTSD reactions intensified in part because of fears that I would have to review the files which exacerbated my symptoms. I took FMLA in September to remove myself from the situation. While I was on leave on Oct 30, 2013 5 months after the request was initiated, I received a letter from the regional office denying my request without good justification. During this entire time, no one at the agency had engaged in the required interactive process with me as a disabled employee; no one asked me about the details of which files I could not review, and what would remedy the situation. Thus, they never learned that it was a smaller group of files than they believed, with a simple accommodation which would allow me to continue as a Veterans Service Representative. With my accommodation denied, and in order to maintain my employment and protect my retirement, I agreed to take a downgrade in pay and status and was sent back to IPC as a Claims Assistant.

Then in April 2014, a cart showed up in my work area and when I looked at what was on the cart, it was some of those informal claims from Nov. 2012.

I saw my initials on the very first page. I didn't understand why they were still hanging around. I took a picture of the cart (shown above) and forwarded it to Congressman LaMalfa. 2 other employees and I, hand carried approximately 120-140 claims to the OIG office in the building, per Congressman LaMalfa's instructions, all of which required actions. OIG came in for 16 days to do an investigation in June-July, 2014.

After months of being referred to as "snitch" or "NARC" by other employees and being isolated with my department, I put in for early retirement. I could no longer continue to work under these conditions so I retired Sept 15, 2014.

From that day I have fought to get the word out regarding these claims and the Veterans who were ignored. So many of these Veterans had letters or personal notes attached begging for help, and we, the VBA Oakland, did nothing.

I do not have General or CEO on my resume', but, I know what was done to these veterans was not right. I will carry those memories of the letters for the rest of my life. I ask this committee to do everything in their power to do the right thing for these veterans, their families and the employees that truly want to do the right thing without fear of retaliation. Thank you.

## PREPARED STATEMENT OF LINDA A. HALLIDAY

Mr. Chairman and Members of the Committee, thank you for the opportunity to discuss the results of the Office of Inspector General's (OIG) recently published reports where we substantiated allegations of mismanagement and data manipulation at the VA Regional Office (VARO) Philadelphia, Pennsylvania and allegations of claims mismanagement at the Oakland, California, VARO.<sup>1</sup> I am accompanied today by Ms. Nora Stokes, Director, OIG Bay Pines Benefits Inspection Division and Mr. Brent Arronte, Director, OIG San Diego Benefits Inspection Division.

## BACKGROUND

The number of substantiated allegations and non-compliance with Veterans Benefits Administration (VBA) policy at the Philadelphia VARO and the inability to maintain records relating to approximately 14,000 pieces of mail at the Oakland VARO were indicators of leadership failures, weaknesses in competencies, or a disregard of existing VBA policy. Given the lack of oversight and the significant findings at these two offices, we have serious concerns regarding the lapses of management at these VAROs to appropriately direct and oversee the wide-range of benefits and services for which they are responsible. In May and June 2014, VBA appointed new directors to these two VAROs.

Since we first began the OIG independent benefits inspection program of VAROs in April 2009 to the present, we have consistently reported the need for enhanced policy guidance, oversight, workload management, training, and supervisory review to improve the accuracy and timeliness of disability claims processing and VARO operations. Our benefits inspections also include special reviews of VBA programs and initiatives. Since we began our review at the Philadelphia VARO in June 2014, the OIG initiated 13 additional reviews at 11 other VAROs.<sup>2</sup> For seven of these reviews, VA leadership requested OIG assistance; the remaining six were initiated as a result of allegations received from anonymous sources. OIG substantiated six of the seven allegations received from VA leadership, which included significant volumes of unprocessed paper mail and VBA staff and supervisors manipulating electronic records by deleting electronic controls needed to manage claims processing actions, amending dates of claims, and cancelling pending claims. Several of the reviews identified individuals engaging in inappropriate activities that eventually resulted in administrative sanctions against some employees by VA management, including termination. While these allegations have been addressed, we are concerned these actions are potential indicators of a systemic trend, motivated by a need to enhance reported performance metrics.

Since the onset of VBA's multiple initiatives to reduce the claims backlog, VBA has struggled with maintaining data integrity. In our July 2014 report on VBA's Special Initiative to review claims pending over 2 years, we found VBA incorrectly removed all provisionally rated claims from its pending inventory.<sup>3</sup> This process misrepresented VBA's actual workload of pending claims and its progress toward eliminating the overall claims backlog. We estimated 7,823 provisionally-rated claims had been removed from the inventory though they still awaited final decisions.

## PHILADELPHIA VARO

The Philadelphia VARO is responsible for administering a range of benefits and services that total approximately \$4.1 billion annually. Of VA's 56 VAROs, the Philadelphia VARO also includes one of VA's three Pension Management Centers (PMCs) responsible for processing claims for pension and survivor benefits. Jurisdiction of the Philadelphia PMC includes over 19 Eastern States, Puerto Rico, and some foreign countries.<sup>4</sup> The PMC also processes cases identified through 10 computer-match programs used to assess the integrity of information provided by pension recipients. The VARO also operates two National Call Centers.

In late May 2014, we received numerous allegations on the OIG's Hotline from different sources pointing to serious concerns within the Philadelphia VARO. Many of these allegations were indicative of serious mistrust between VARO staff and

<sup>1</sup> Review of Alleged Data Manipulation and Mismanagement at the VA Regional Office, Philadelphia, Pennsylvania (April 15, 2015); Review of Alleged Mismanagement of Informal Claims Processing at VA Regional Office, Oakland, California (February 18, 2015).

<sup>2</sup> VA Regional Offices: Baltimore, Maryland; Boston, Massachusetts; Denver, Colorado, Honolulu, Hawaii; Houston, Texas; Little Rock, Arkansas; Los Angeles, California; New York, New York; Oakland, California; San Diego, California; St. Paul, Minnesota (denotes two separate reviews).

<sup>3</sup> Review of the Special Initiative To Process Rating Claims Pending Over 2 Years (July 14, 2014).

<sup>4</sup> The Philadelphia PMC jurisdiction does not include Central and South American countries.

management. Allegations and concerns we identified affected claims processing activities to include VARO management, and the management of the Veteran Service Center (VSC), PMC, two call centers, and an Insurance Center.

Due to the multitude and broad range of allegations, we assembled a multidisciplinary team comprised of OIG benefits inspectors, auditors, and administrative and criminal investigators. Our work included interviewing VARO staff from all operational areas to include clerical, technical, and managerial staff. We also conducted a complete physical inspection of all VARO workspace, including offsite locations that house the Philadelphia National and Pension Call Centers. During the course of our review, we issued two management advisory memorandums to the Under Secretary for Benefits (USB) on the need to take immediate corrective action regarding misapplication of Fast Letter 13-10, "Guidance on Date of Claim Issues," and on working conditions at an annex facility on June 20, 2014, and July 23, 2014, respectively.<sup>5</sup> Overall, we conducted over 100 interviews with VARO management and staff to assess the merits of more than 100 allegations and complaints as well as other areas of non-compliance OIG staff observed. Allegations of wrongdoing at the Philadelphia VARO included issues such as "cooking the books," referring to data manipulation and taking actions that inappropriately reduced workload backlogs, mail mismanagement, and the potential processing of duplicate payments. Mismanagement of VA resources resulted in compromised data integrity, lack of financial stewardship, and lack of confidence in management's ability to effectively manage workload and to protect documents containing personally identifiable information.

There is an immediate need to improve the operation and management of the Philadelphia VARO and to take actions to ensure a more effective work environment. We identified serious issues involving mismanagement and distrust of VARO management impeding the effectiveness of its operations and services to veterans. Further, the extent to which management oversight has been determined to be ineffective and/or lacking requires VBA's oversight and action. Moving forward, VBA and VARO leadership must work to restore the trust of employees and promote open communication at the Philadelphia VARO. The VARO can be successful by working transparently and engaging the staff to work together to deliver vital services and benefits to veterans and their families as it oversees the administration of approximately \$4.1 billion in annual eligibility payments.

Overall, we made 35 recommendations for improvement encompassing operational activities relating to data integrity, public contact, financial stewardship, mail mismanagement, and other areas of concern. The USB agreed with 32 of the 35 recommendations that included target completion dates for corrective actions that extend through December 2015. The USB deferred concurrence on three recommendations pending the outcome of a VBA Administrative Investigation Board, which was convened as a result of Recommendation 1 in our report. (The OIG's review did not identify specific individuals responsible for the mismanagement outlined in this report because this responsibility is a Department program function outside the scope of the role of the Office of Audits and Evaluations, which is to identify conditions and causes adversely affecting organizational performance.) Given the serious nature of the issues identified, the OIG plans to follow up at the appropriate time and assess the effectiveness of the corrective actions. Noteworthy, while VA took actions to fix problems in the VARO, we recently received additional information that some of the problems identified in this report continue to negatively impact some areas of claims processing performance.

#### *Data Integrity*

Misapplication of Fast Letter 13-10, "Guidance on Date of Claim Issues," resulted in incorrect dates of claims being entered in VBA's electronic system of record, alteration of quality reviews by supervisory staff, and delays in entering appealed claims in VBA's appeals tracking system. We substantiated an allegation that VARO staff misapplied the guidance in Fast Letter 13-10. We observed and determined VARO staff used the guidance to manage mail backlogs within the PMC and to adjust dates of claims for claims that were 125 days and older in the VSC. Thus, mismanagement of previously unadjudicated claims was considered prevalent in the PMC and the VSC.

We also determined the Fast Letter guidance created opportunities for negative consequences when VARO staff did not use the required electronic designators or provide required notification to VBA's Compensation Services when adjusted claims

<sup>5</sup> These management advisory memorandums are included in the OIG's report, Review of Alleged Data Manipulation and Mismanagement at VA Regional Office Philadelphia, PA (April 15, 2015).

were completed. Because this guidance was not followed, the expected audit trail was removed. Without an audit trail, the Philadelphia VARO cannot identify the claims with adjusted dates, nor can they determine the frequency in which VARO staff misused the guidance to adjust dates or the impact the adjusted dates have on claims processing timeliness.

Overall, we concluded the guidance in the Fast Letter was flawed because it required claims processing staff to apply current dates to older claims that had been previously overlooked. This practice is not in line with VA core values of integrity. Additionally, by adjusting the dates of older claims to reflect current dates, the aging claims may not have received expedited processing actions—ultimately delaying decisions and benefits delivery to veterans and their dependents. Further, the practice of applying a current date to aging claims calls into question the reliability of VBA performance measures related to timeliness.

We also substantiated that a supervisor altered the results for 52 of the 86 individual quality reviews (60 percent) we examined. VARO staff had completed the quality reviews between May 8, 2014, and July 30, 2014. We also determined VSC management was complicit in these actions because it was aware of the supervisor's actions but did not take actions to stop the practice. VSC management excused the supervisor's actions, explaining that some claims processing staff were unaware that they were required to update certain VBA systems. According to VBA policy, individual quality reviews are intended as a performance measure to ascertain the quality element in that individual's performance standard. Altering the review results by a third party renders the resources invested in those reviews meaningless and does nothing to promote quality and consistency among decision makers in VAROs. Moreover, these actions may have compromised the accuracy of claims processed at the Philadelphia VARO. Further, because individual quality review results were altered for some staff, we consider the accuracy rates for claims processing staff at the Philadelphia VARO to be unreliable.

We did not substantiate the allegation that VARO staff processed less complicated appealed claims by "cherry picking" easy cases out of docket order. The Philadelphia VARO does not have control over appealed claims under the jurisdiction of the Board of Veterans Appeals. As such, VARO staff could not influence how the Board of Veterans Appeals controlled or managed its workload. However, while assessing the merits of this allegation, we determined VARO staff did not enter Notices of Disagreements (NOD) in the Veterans Appeals Control and Locator System (VACOLS) within 7 days as required in VBA policy. An NOD is a written communication from a claimant expressing disagreement with a decision and desiring to contest the decision; it is the first step in the appeals process. VARO staff use VACOLS to control and track veterans' appeals and manage the appeals workload. The effectiveness of VACOLS is dependent upon the quality of information entered. As of June 30, 2014, VARO staff working in the VSC exceeded the 7-day standard by more than 4 months on average. Delays in recording NODs affect the integrity of VACOLS data and misrepresent performance metrics related to the number of appealed claims pending and the time it takes VARO staff to complete them. In addition, National Call Centers rely on accurate and timely entries in VACOLS to respond to inquiries from callers.

Further, in our report, *Audit of VA Regional Offices' Appeals Management Processes*, we observed VARO staff did not record 145 appeals in VACOLS, which delayed processing for an average of 444 days.<sup>6</sup> Consequently, we recommended and the USB agreed to develop and implement a plan to provide adequate oversight to ensure staff record NODs into VACOLS. However, based on our review of the Philadelphia VARO and our prior audit results, we are concerned that entering NODs into VACOLS continues to be a systemic issue affecting timely processing actions for appealed claims as well as data integrity relating to the number of appealed claims pending in VBA's inventory.

#### *Public Contact*

We substantiated an allegation that the PMC had not provided responses to more than 31,000 inquiries received through VA's Inquiry Routing and Information System. On average, the inquiries had been pending for 312 days—significantly exceeding the VBA's standard that 90 percent of these inquiries should be responded to within 5 business days. We determined the mismanagement at the Philadelphia VARO and the Eastern Area Office, which has management oversight responsibility for the Philadelphia VARO, failed to ensure adequate staffing and prioritization of this workload. Consequently, inquiries from veterans, widows, and potential beneficiaries were unanswered. Additionally, we identified 2 instances from our 30 sam-

<sup>6</sup> *Audit of VA Regional Offices' Appeals Management Processes* (May 30, 2012).

ple cases where family members notified VA of the deaths of widows who were receiving death pension benefits. However, PMC staff did not take timely action to review the inquiries so the monthly pension benefits payments continued to be paid. Despite notifications of deaths in these two cases, the estates of the deceased beneficiaries received improper payments totaling \$10,056 over a period of 3 months and 5 months respectively.

#### *Financial Stewardship*

VBA has a fundamental responsibility to be effective stewards of taxpayer resources and to safeguard those resources against improper payments. Broadly defined, an improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

We substantiated the allegation that VARO staff did not prioritize the merging of duplicate records, which ultimately resulted in improper benefits payments totaling about \$2.2 million to 56 beneficiaries. We also found that VBA's national duplicate payment report for fiscal year (FY) 2012 to FY 2014 only identified 7 (13 percent) of the 56 beneficiaries we found receiving improper payments. Further, once improper payments were identified, VARO staff did not take, or delayed taking timely actions to terminate and recoup the improper payments. We shared this information with VARO management early in our process on October 2, 2014, so it could take corrective actions. However, as recently as April 6, 2015, we received an allegation and a listing of duplicate records that allegedly had been identified in 2012, but had not been corrected. We reviewed the listing the complainant provided and confirmed that the duplicate records had not been consolidated. We also confirmed that no improper benefits payments were being made.

#### *Mail Mismanagement*

As early as December 2013, OIG criminal investigators received an allegation that a VARO employee hid mail in a file room. The allegation was substantiated but criminal prosecution did not occur because there was no evidence that the documents had been destroyed, the employee no longer worked for VA, and VARO management had the mail in its possession and had implemented a plan to process the mail. Because we continued to receive complaints and allegations about VARO staff hiding or inappropriately destroying mail during our current review, we conducted a physical review of the VARO's workspace. During our physical inspections of the workspace, we observed several areas of mail management that required further review by OIG staff.

We are aware of VBA's transition to electronic mail processing versus paper-based mail processing. Reportedly, all 56 VAROs are processing mail under VBA's Centralized Mail Initiative as of January 2015. Under this initiative, paper mail is routed directly to scanning sites where it is scanned directly to the electronic folders. The OIG has not yet assessed the effectiveness of the Centralized Mail Initiative. However, during the transition from a paper to electronic process, VBA must continue to ensure claims processing staff continue to process paper mail accurately and timely. Our review of mail management practices at the Philadelphia VARO revealed weakness on two levels. At the VARO level, management did not prioritize or provide adequate resources to ensure mail was processed timely. We also determined VBA's internal reviews of the Philadelphia PMC, conducted by the Pension and Fiduciary Service, were ineffective because it did not always follow up on prior recommendations for improvement or open action items.

VARO mail consists of various categories with multiple subclasses of mail. For example, incoming mail pertains to claims or inquiries and includes subclasses such as drop or file mail. Effective mail management is crucial to the success and control of workflow within the VARO. VBA policy emphasizes the importance of mail management by requiring staff to open and date stamp claims-related mail in the mailroom and route it to the appropriate location within 6 hours of receipt.

#### *Incoming Mail*

Contrary to VBA policy, VARO management designated responsibility for opening and date stamping incoming mail to locations outside the mailroom. Consequently, mail was not always opened and date-stamped within 6 hours of receipt. Because mail was not always date stamped on the date it was received at the VARO, staff routinely adjusted date stamps to reflect an earlier date. To document the date VARO staff actually received mail, staff annotated the date mail was received on a piece of paper on top of a bin of mail. Claims-related mail that is not properly date stamped can affect benefits payments and misrepresent claims processing timeliness measures reported to stakeholders.

#### *Access and Control of Date Stamping Equipment*

Typically, VA staff use electronic date stamps to annotate the date a claim is received at a VA facility; generally, this date is also the date used to begin paying benefits, if awarded. We confirmed VARO management did not ensure staff minimized the use of date stamps or that access and use of the equipment was limited to authorized staff. Inadequate security of date stamping equipment and uncontrolled access to the keys needed to adjust the date mechanism in the machines puts VAROs at increased risk for abuse. For example, as indicated in another report, Review of Alleged Data Manipulation of Veteran Claim Dates, Boston VA Regional Office, we substantiated lapses in oversight at the Boston VARO provided the opportunity for a Veterans Service Officer (VSO) to manipulate dates of claims prior to submitting them to the VARO for processing.<sup>7</sup> Because Boston VARO management did not ensure only authorized staff accessed and used date stamping equipment, the VSO was able to date stamp documents unassisted by VARO staff. He was then able to slip blank sheets of paper in between claims documents and then later affix those dates to claims documents that he had not submitted timely.

#### *Unscanned Mail*

VARO staff working at the PMC did not prioritize or provide adequate resources to ensure staff timely scanned documents to Virtual VA (VVA)—VBA's electronic repository. On June 19, 2014, we observed 68 boxes of mail, which VARO management described as a backlog of completed claims waiting for VARO staff to scan to VVA. When we returned on June 23, 2014, 48 boxes were remaining. Management explained that staff had scanned 20 boxes to VVA over the weekend. We estimated the remaining 48 boxes contained approximately 16,600 documents relating to claims VARO staff had completed. We sampled 160 of the documents that VARO staff had completed but had not been scanned to VVA and noted the documents contained VARO date stamps ranging from September 2009 through June 2011. VBA policy requires decision makers to consider all relevant documents before deciding claims. The relevancy of documents sitting in bins cannot be determined and as such, creates unnecessary risk that may affect the accuracy of benefits and entitlement decisions.

#### *Returned Mail*

We also confirmed that VARO management did not ensure PMC staff processed returned mail timely. We observed 98 boxes of mail containing an estimated 22,400 pieces of mail that had been returned as undeliverable by the United States Postal Service. We sampled 96 pieces of mail and observed the returned mail had been received at the Philadelphia VARO between August 2010 and February 2013, and 3 of the documents sampled had the potential to affect benefits. For example, on November 30, 2011, VA sent a letter notifying a veteran's designated beneficiary for Government life insurance benefits of that veteran's death. The letter also included documentation needed to claim the life insurance benefit. Because VARO staff did not initiate any action to identify a correct address, the beneficiary of the life insurance benefits may be unaware of entitlement to the life insurance benefits. Additionally, VBA's Pension and Fiduciary Service site review teams also noted weaknesses related to processing returned mail on two prior site review visits, yet, these conditions were never addressed.

#### *Military File Mail*

We substantiated the allegation PMC staff mishandled military file mail. We projected about 6,416 documents categorized as unidentifiable could be identified using VBA systems. We found PMC management oversight lacking because it did not conduct reviews to ensure staff performed comprehensive searches using all VBA systems or attempted to contact the correspondent when telephone numbers and addresses were provided on the unidentified mail. Had management conducted periodic reviews, it would have realized some of the military file mail categorized as unidentifiable could be identified. Additionally, in August 2014, during a return visit to the Philadelphia VARO, we judgmentally sampled 26 documents pending a final review before management approved them for destruction and found 11 of the 26 documents could be identified using VBA systems. We could not identify the remaining 15 documents; however, 14 contained telephone numbers and/or a return mailing address. We did not find any instance where staff destroyed military file mail prematurely; however, lapses in management oversight and the lack of accountability for screening military file mail prior to destruction increased the risk of this occurring.

#### *Drop Mail*

<sup>7</sup> Review of Alleged Data Manipulation of Veteran Claim Dates, Boston VA Regional Office, MA (April 15, 2015).

The Philadelphia VARO stored approximately 14,675 pieces of veterans' paper mail instead of shipping this claim-related mail to one of VBA's contracted scanning facilities for conversion into the electronic processing environment. Our random sample of this mail identified nine pieces of mail affected or had the potential to affect benefits. For example, a veteran submitted an informal claim that was not associated with the veteran's electronic record and therefore not available to VARO staff when the disability claim was decided. Because the mail was not available, VARO staff did not know the veteran's claim for benefits was received earlier which resulted in assigning an incorrect date for benefits payments to begin.

#### *Personally Identifiable Information*

We discovered VA-related documents containing Personally Identifiable Information (PII) inappropriately stored in an area accessible to VA and non-VA employees. The documents containing PII belonged to veterans and VARO employees. The documents containing PII consisted of VA claim and insurance numbers, employee personnel action forms, and 83 signature cards belonging to credit union members dated from 1961 through 1998. The signature cards contained names, bank account numbers, birth dates, Social Security numbers, home addresses, and employment information. Forty of the credit union signature cards listed the Philadelphia VARO as their employer. Management did not routinely conduct physical inspections of all space accessible to VARO staff and were unaware documents containing PII for veterans and employees were inappropriately stored in the interior office of a kitchen.

#### *Documents Retained Beyond Records Control Schedule*

We could not substantiate the allegation that VARO management hid two pallets containing boxes of potentially old claims from the view of visiting Members of Congress because OIG teams were not physically present at the time of the visit on July 28, 2014. However, our review of the contents of 32 boxes on the 2 pallets revealed Insurance Center managers were non-compliant with VBA's record control schedule. The personnel-related documents for Insurance Center employees had been inappropriately retained from FY 2006 through FY 2012. Housing and maintaining unnecessary and outdated personnel-related records covering 6 fiscal years resulted in ineffective use of VA space and equipment.

#### *Working Conditions and Morale of VARO Staff*

We received numerous complaints about working conditions at a geographically separated annexed worksite of the VARO and based on our own observations, we alerted the USB of conditions violating Occupational Safety and Health directives. We are also concerned about the reasonableness of new performance standards requiring staff to complete calls, on average in less than 8 minutes. The timeliness standards may result in compromised customer service to many callers, such as the elderly, those with hearing impairments, and in responding to tearful or irate callers.

#### *Oakland VARO*

The Oakland VARO and its satellite office in Sacramento is responsible for compensation claims, public contact, vocational rehabilitation and employment. Combined, these programs annually total approximately \$1.9 billion.

On July 10, 2014, the OIG received a request for assistance from the USB to review allegations that the Oakland VARO had not processed nearly 14,000 informal requests for benefits dating back to the mid-1990s. In addition, Congressman Doug LaMalfa also requested the OIG review these allegations. A complainant also alleged that those "informal claims" were being improperly stored.

VA considers an informal claim to be any type of communication or action indicating intent to apply for one or more benefits under the laws administered by VA. Upon receipt of an informal claim, and when no formal claim is on record, VA will forward an application form to the claimant for completion. If a formal claim is received within 1 year of the date VA sends the application form to the claimant, VA considers the date of receipt of the informal claim as the effective date of claim. As such, an informal claim is not tracked in VBA's performance metrics. Further, an informal claim does not impact data integrity. However, informal claims that staff do not process accurately, could lead to delays in veterans receiving timely benefits.

In July 2014, we conducted an unannounced onsite review at the Oakland VARO and its Sacramento satellite office to assess the merits of the allegations. Our work included interviewing VARO staff from the VSC to include technical and managerial staff. We conducted a complete physical inspection of all VARO workspace, including an offsite location in Sacramento.

We substantiated the allegation that Oakland VARO staff had not processed a significant number of informal requests for benefits dating back many years and improperly stored formal claims. We could not confirm that VARO staff processed all

of the informal claims found in October 2012, nor could we confirm the initial list contained 13,184 informal claims because of management's poor recordkeeping practices. Further, we substantiated Oakland VARO staff did not properly store 537 informal claims because these claims were not discovered until the office was undergoing a construction project. Some of these informal claims dated back to July 2002. The 537 informal claims, documented by VARO management in June 2014, appear to be part of the original list found by VBA's special review team in October 2012; however, poor recordkeeping practices limit our ability to confirm this fact.

VARO staff did not perform an adequate review or take actions needed on all of the unprocessed informal claims found by staff when the office was undergoing a construction project. The USB testified that none of the documents required any action. However, we found that 7 of the 34 documents in our sample (21 percent) were informal claims that had not been processed. Further, Oakland VARO staff had repeatedly reviewed these seven informal claims from December 2012 through June 2014 without taking additional action as required.

We issued a report on February 18, 2015. The Oakland VARO Director concurred with our three recommendations. However, in March 2015, a complainant, who had kept a list on a work computer of names from the initial alleged list of approximately 14,000, came forward with additional information regarding the issue of poor recordkeeping. This complainant provided additional details that were not disclosed during our initial review. Subsequently, the VARO Director informed the OIG a partial list containing 1,308 unique documents was discovered. Both the Oakland VARO and the OIG now have a copy of that list. The OIG has selected a statistically random sample from that list and is currently reviewing the documents. The preliminary results of that small sample indicate that both formal and informal claims are included in the partial list that was recently obtained.

#### CONCLUSION

Our findings at these two VARO s raise serious concerns about VARO management's ability to appropriately direct and oversee the wide range of benefits and services for which they are responsible. It is clear that VBA needs to take immediate action to improve the operation and management at these facilities and to re-examine the effectiveness of its internal processes to ensure the accuracy and delivery of benefits and services to veterans and their families. The OIG will continue to provide oversight of VBA operations and monitor implementation of our recommendations.

Mr. Chairman, this concludes my statement and we would be happy to answer any questions that you or Members of Committee may have.

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#### PREPARED STATEMENT OF MR. DANNY PUMMILL

Chairman Miller, Ranking Member Brown, and Distinguished Members of the Committee, thank you for the opportunity to discuss the Veterans Benefits Administration's (VBA) operations and progress made at the Philadelphia and Oakland Regional Offices (RO). I am accompanied today by Ms. Diana Rubens, Director of the Philadelphia RO; Ms. Lucy Filipov, Assistant Director of the Philadelphia RO; Ms. Julianna Boor, Director of the Oakland RO; and Ms. Michele Kwok, Assistant Director of the Oakland RO.

#### Progress and Results

First, I would like to provide an update on the tremendous progress we have made in transforming the claims process at the national level. VBA has reduced the disability claims backlog by almost 70 percent, from the peak of 611,000 in March 2013 to approximately 188,000 today. Last year, VBA completed a record 1.32 million disability rating claims, and we are on track to meet or beat that record this fiscal year. Approximately 95 percent of the claims in our inventory are now being processed electronically in our new digital environment, the Veterans Benefits Management System (VBMS). The average age of the pending claims in the inventory is now 132 days, down 150 days from the peak of 282 days in February 2013. Similarly, the average time to decide a claim has improved by 176 days, from a peak of 348 days to 172 days. The reduction in the disability rating claims backlog and our increased production have not come at the expense of quality, which has also improved significantly. We have increased our claim-based accuracy from 86 percent in 2011 to 91 percent today. When we measure accuracy at the issue level within each claim, our accuracy level is 96 percent. At the same time, we remain focused

on all of the other workload components of the wide range of benefit programs we are privileged to administer.

VBA has the incredibly important mission of effectively delivering the benefits our Nation's Veterans and their families have earned and deserve. In carrying out its mission, VBA employees have adopted and embraced the Department's core values of Integrity, Commitment, Advocacy, Respect, and Excellence—appropriately captured in the phrase “I CARE.” Our workforce includes over 21,000 employees, 53 percent of whom are Veterans themselves. VBA's progress in reducing the claims backlog would not be possible without our dedicated workforce and leadership throughout the organization.

### **Employee Engagement**

VBA needs the talents of each and every one of our employees to succeed in reaching our goals. Our employees demonstrate every day that they are motivated to make a difference in the organizations where they work and in the lives of those they serve. They are dedicated to our unique mission of service to America's Veterans, their families, and Survivors.

We recognize our responsibility for developing, sustaining, and nurturing our employees—highlighting their accomplishments, addressing their concerns, and giving them the training and tools they need to deliver quality benefits and services. Our Directors use a number of innovative methods to facilitate communication, identify and address issues of concern, and help employees understand the importance of the work that they do. Many Directors have invited Veterans to their RO to meet and speak with employees so they gain a better understanding of the daily challenges disabled Veterans face. Town hall meetings are held to improve communication with management, and many managers also hold recurring team meetings. VBA established Change Management Agents at every RO to plan for and oversee the implementation of VBA's transformation initiatives at their local facility and facilitate communications between employees and managers. The Agents create awareness and understanding of VBA's Transformation goals and plans, offer training, seek employees' input, and listen to their feedback on our Transformation efforts.

VBA also utilizes the Under Secretary for Benefits (USB) pulse checks to engage employees. Pulse checks provide an open dialogue between front-line employees—supervisory employees are directly precluded from participating—and the USB. This open, honest, and transparent dialogue allows employees to directly communicate concerns, issues, and suggestions to the USB on topics ranging from VBMS, to mandatory overtime and new performance standards. The purpose of these events is to improve communication and encourage employees to raise all issues to VBA leadership, while ensuring no retaliation for frank assessments of initiatives.

VBA encourages all employees to participate in the annual All Employee Survey, the results of which are carefully assessed and analyzed to focus on areas needing improvement to promote a healthy and motivated workforce. RO Directors are required to select and seek improvement in two measures where they have influence. These measures are evaluated by their Area Director at the end of the performance period.

### **Whistleblower Protection**

The Department of Veterans Affairs (VA) is committed to consistently improving processes and programs and to ensuring fair treatment for whistleblowers who identify areas for improvement. Secretary McDonald talks frequently about his vision of “sustainable accountability,” which he describes as a workplace culture in which VA leaders provide the guidance and resources employees need to successfully serve Veterans, and employees freely and safely inform leaders when challenges hinder their ability to succeed. We need a work environment in which all participants—from front-line staff through lower-level supervisors to senior managers and top VA officials—feel safe sharing information and observations for the benefit of Veterans and as good stewards of the taxpayers' money.

In recent months, VA has taken several important steps to improve the way we address opportunities for operational improvement and to ensure that those who identify those areas are protected from retaliation. Last summer, the Secretary established the Office of Accountability Review, or OAR, to ensure leadership accountability for whistleblower retaliation and other serious misconduct. VA has also improved its collaboration with the Office of Special Counsel (OSC), which is the independent office responsible for overseeing whistleblower disclosures and investigating whistleblower retaliation across the Federal Government. VA has negotiated with OSC an expedited process to speed corrective action for employees who have been subject to retaliation. That process is working well, and we are now beginning a collaborative effort with OSC's Director of Training and Outreach to create a robust

new training program to ensure all VA supervisors understand their roles and responsibilities in protecting whistleblowers.

#### **Leadership Accountability and Coordination**

VBA holds employees at all levels of the organization accountable for performance as we continuously strive to fulfill our commitment to providing timely and accurate benefit decisions. Objective measures and performance standards are used to make basic determinations that our managers and employees are meeting or exceeding their job requirements. Procedures are in place to reward our best performers and to work with employees who need additional training to improve performance.

All VBA senior managers of ROs are held accountable for effective workload management and the resulting performance of their offices. Performance is evaluated against national and RO-specific targets that are based on our strategic goals. The targets are established at the beginning of each fiscal year and account for a variety of measures, including timeliness, production, and inventory. Performance expectations are established based on the previous year's performance, giving consideration to current staffing and anticipated receipts at each RO. There are several layers of oversight including VBA's Office of Field Operations and the Area Offices that routinely review the performance of ROs and their leadership teams. The performance is measured against established targets, workload, and staff turnover.

VBA aggressively monitors RO workload trends and performance, and as negative trends develop, Area Directors establish and monitor performance improvement plans for RO Directors to ensure appropriate attention is given to problem areas. Performance improvement plans identify areas for improvement such as production capacity, quality, or timeliness. Often, a challenged RO will engage a high-performing station to share best practices.

VBA's Stat Reviews are a performance technique and tool using statistical data and visual displays of those data to monitor progress and improve performance. This monthly process involves in-depth performance metric reviews with the USB and other top VA leaders, as well as VBA's Office of Field Operations and other members of the VBA leadership team, to analyze and manage performance more effectively. Every RO participates in the Stat Reviews to ensure alignment across ROs on transformation initiatives and that best practices and lessons learned are shared quickly across leadership teams.

VBA's Stat Reviews are based on highly successful performance management programs conducted Government-wide. The USB sits with RO Directors in the half-day meeting to discuss challenges and successes, using extensive data-driven performance measures for accountability. This allows VBA leadership to more easily identify what improvements are needed to produce desired performance results. Stat Reviews also help VBA leadership understand what is or is not working, while motivating RO managers and employees to focus their energy and creativity on achieving specific results. The Stat Review process encourages focus on accountability to achieve workload performance metrics and sharing of best practices throughout VBA.

#### **Improvements at the Philadelphia RO**

The dedicated employees of the Philadelphia RO have demonstrated commitment to improving the delivery of benefits to Veterans and their families. The Philadelphia RO asked every employee to recommit to the I CARE values last month, putting Veterans and their needs first. The employees of the Philadelphia RO take this commitment to heart, and many of our employees in Philadelphia are Veterans themselves.

##### *Overview of the Philadelphia RO*

In July 2014, Ms. Diana Rubens was appointed as the Director of the Philadelphia RO. As the Director, Ms. Rubens is responsible for administering a range of VA benefits to over 1 million Veterans and their families living in eastern Pennsylvania, southern New Jersey, and Delaware. These services include administration of compensation and pension benefits, national call center services, and vocational rehabilitation and employment benefits, which total approximately \$4.1 billion in annual payments.

Upon her arrival in Philadelphia, Ms. Rubens immediately began building and strengthening working relationships with RO employees and local stakeholders by expanding and improving communication and focusing on creating a culture that puts Veterans and their eligible beneficiaries first. A number of initiatives were launched in her first several months at the RO and continue now, including:

- Expanding avenues for communication with employees, to discuss issues, ideas, and ways to improve the RO;

- Conducting training for all supervisors to increase communication and provide tools for supervisors to build trust and improve interactions with employees;
- Improving the physical appearance of RO space, including the public contact area, to enhance the environment for both Veterans and employees; and
- Improving communication and relationships with external-VBA stakeholders.

Our transformation efforts have improved performance at the Philadelphia RO. The backlog of Veterans' claims in eastern Pennsylvania has been reduced from its peak of 13,000 claims in December 2011 to 5,400 claims today, an improvement of 58 percent. Veterans there are also waiting less time for decisions. The average number of days pending has been reduced from a peak of 264 days in April 2013 to 159 days today. The progress is not at the expense of quality, which remains high at 91 percent at the claim level and 98 percent at the issue level.

The Philadelphia Pension Management Center (PMC) has also made tremendous strides in improving performance. The PMC oversees Veterans pension and all Survivors' claims for the Eastern United States, Puerto Rico, and most foreign countries. The PMC's backlog was reduced by 94 percent, from its peak of 13,300 claims in July 2013 to 763 claims today. Timeliness has also improved from a peak of 196 days in November 2012 to approximately 60 days today. Accuracy is currently at 100 percent. While there is more work to do, improvements have been initiated or achieved amidst various challenges since Ms. Rubens' arrival in July 2014.

#### *Leadership and Employee Morale*

First, let me assure you that since Ms. Rubens assumed her new duties as the Director of the Philadelphia RO in July 2014, she is committed to fostering an environment and culture where employees feel safe to raise issues. Protecting whistleblowers from retaliation is a key component of carrying out VA's core mission in accordance with its institutional I CARE values. Veterans expect VA leadership to cultivate an environment that empowers employees and demands accountability in service to our Veterans. The RO is making progress by participating in mandatory whistleblower training to ensure every supervisor at the RO understands retaliation is not tolerated and adheres to the I CARE values. Ms. Rubens is working to ensure every employee feels safe in raising concerns and is protected from any retaliation.

In addition to these efforts, the Philadelphia RO's management team has taken a multitude of steps to engage employees, such as:

- Inviting all employees to meet with Ms. Rubens in one of the 40 town hall meetings that she had held/led since August 2014 so she can directly hear their concerns, respond, and take action on issues raised;
- Reenergizing the RO's Collaborations Strategies Group comprised of employees who have volunteered to lead committees to help improve the Philadelphia RO;
- Establishing monthly Listening Post sessions in November 2014 for employees to brainstorm ideas and develop ways to improve processes;
- Placing suggestion boxes in the Veterans Service Center (VSC) in January 2015 to obtain feedback from employees; and
- Creating a workgroup in November 2014 to analyze the VA All Employee Survey 2014 results for the Philadelphia RO and develop action plans to address areas for immediate improvement.

Ms. Rubens continues to strengthen her leadership team, creating a more inclusive environment for the entire workforce. The Philadelphia RO conducted training for all supervisors to improve communications and develop ways for supervisors to build trust and improve interactions with employees. A 2-day team building and emotional intelligence training was held in December 2014. The training focused on developing skills through which supervisors can lead with a Veteran-centric focus. An additional training session was provided by VBA's Office of Employee Development and Training on February 5, 2015. This has improved communications between RO leadership and all employees with more clear and consistent messages, feedback, and team outcomes.

Ms. Rubens and her management team are enhancing relationships with stakeholders through Veteran town halls and claims clinics, semiannual Congressional seminars, quarterly meetings with Veterans Service Organizations (VSO), and weekly meetings with our local American Federation of Government Employees president. They implemented a VSC advocacy team in December 2014 to better manage Congressional inquiries, and they are instituting a new way to track and monitor inquiries regarding pending appeals and non-rating claims. Local media have been invited to all Veteran town halls. In addition, the Philadelphia RO has supported the Veterans Health Administration at all of its local Veteran town halls at VA medical centers. In March, the RO supported the American Legion Veteran town hall and local Veteran engagement events. Although there is more work to do,

the Philadelphia RO is committed to improving operations and communications to better serve its Veterans.

*Issues Raised by OIG*

Leadership within VBA and management at the Philadelphia RO take recommendations from VA's Office of Inspector General (OIG) very seriously. The RO actively and quickly worked to address issues that were raised and implemented action plans to ensure these issues do not occur again.

*OIG Report Published April 15, 2015*

VA's OIG began an investigation at the Philadelphia RO on June 19, 2014, based on allegations of mismanagement made through the VA OIG hotline. The investigation began 3 weeks prior to Ms. Rubens' arrival on July 10, 2014. Upon her arrival, she engaged with management and immediately began implementing solutions to issues raised by OIG while they were on-site. VBA had already remedied many of the findings when the final report was published on April 15, 2015. VBA continues to work to resolve the remainder of the findings based on the recommendations in the report. VBA is also conducting an Administrative Investigation Board to determine if further actions are appropriate.

*OIG Management Advisory*

On June 20, 2014, OIG issued a Management Advisory. Four recommendations were included in this advisory. The first recommendation was related to the allegation that staff at the Philadelphia RO misapplied VBA Fast Letter (FL) 13-10, Guidance on Date of Claim Issues. OIG found instances in which the Philadelphia RO did not enter the correct date of claim in some Veterans' records and recommended that VBA discontinue use of FL 13-10. On June 27, 2014, VBA suspended FL 13-10, pending a thorough review of its implementation. The Philadelphia RO complied immediately with VBA's discontinuation of Fast Letter 13-10. Ms. Rubens charged the leadership of the VSC and PMC to ensure the earliest date of receipt of claim was consistently used to establish claims. Employees were immediately engaged and informed to comply with this direction.

The second recommendation was related to scanning completed pension claims. OIG found 68 mail bins containing completed pension claims and associated evidence that had not been scanned into VA's electronic records. These claims were completed in 2011, and it is important to note that no Veterans were waiting for the resolution of these pension claims. In addition, the most relevant information related to these claims was available within VBA's electronic systems. Should the original documents be needed for processing subsequent claims, PMC employees would access those documents in the paper records. Prior to the OIG investigation, the Philadelphia PMC's processes had been adjusted to incorporate up-front scanning of documents, and resources had been dedicated to scanning the completed claims. Although the work had not been completed at the time of OIG's arrival, it was underway and subsequently completed in August 2014. VBA is transitioning all claims processing to a fully electronic system, VBMS. VBA has a contract with a private scanning vendor to convert paper documents into digital format and upload them into VBMS. VBA is examining the use of the contract scan vendor for the PMC scanning to enable more rapid uploading to VBMS.

The June 20, 2014, OIG Management Advisory also reported on several instances in which Veterans or their dependents received duplicate payments resulting from duplicate records in VA's electronic system. Resolution of duplicate records continues to be a top priority of the Philadelphia RO. VA's Hines Information Technology Center generates monthly reports identifying potential duplicate payments in VBA's corporate database for resolution. Ms. Rubens personally engaged with the employees who brought this issue forward and members of the Philadelphia RO management team to form a workgroup to develop and implement procedures to prevent establishment of duplicate records and improper payments. As a result of the workgroup, the RO provided training on searching VBA systems to identify existing records before establishing a new record for a claimant. Additionally, VBA developed standardized training for field personnel on how to avoid creating duplicate records and how to correct the system when duplicate records are identified.

The fourth recommendation in the Management Advisory was to limit employees' access to electronic date stamps. To address OIG's recommendation, the Philadelphia RO changed its procedures on July 11, 2014, and moved date stamping into a secure mailroom. A small number of exceptions were permitted for the public contact staff and other front office employees. Employees continue to be assigned to specific machines so the RO can audit use of date stamps. All unassigned machines remain secured by the RO's Records Management Officer.

*OIG Management Implication Notification—Occupational Safety and Health*

On July 23, 2014, OIG sent a Management Implication Notification Letter—Occupational Safety and Health to address facility conditions at the RO's leased space located at 4700 Wissahickon Avenue. The 150 employees of the National Call Center and National Pension Call Center reside in this space. Ms. Rubens took immediate action to engage with the General Services Administration (GSA), which manages this lease, and secured contracts with GSA to begin immediate construction at the main RO building, at 5000 Wissahickon Avenue, to house these operations. VBA anticipates employees will move into new space by the end of May 2015.

#### **Improvements at the Oakland RO**

The dedicated employees of the Oakland RO share a similar commitment to providing the best service possible to Veterans and their families, who deserve nothing less.

##### *Overview of the Oakland RO*

In May 2014, Ms. Julianna Boor was appointed as the Director of the Oakland RO. In this role, Ms. Boor is responsible for administering approximately \$1.9 billion in annual payments to over 137,000 Veterans and their dependents in Northern California. The Oakland RO administers the full range of compensation and vocational rehabilitation and employment benefits. Ms. Boor promotes development opportunities for all employees through both local and national programs. She promoted and supported the 2014 All-Employee Survey, which resulted in a high participation rate of 70 percent. Ms. Boor carefully assessed and analyzed the results of the survey and continues to work collaboratively with her labor partners to focus on areas needing improvement to promote a healthy and motivated workforce.

Ms. Boor also continues to build effective relationships with Congressional stakeholders, VSOs, and the Veteran communities. She has participated in multiple town hall and Veterans advisory committee events. She holds monthly meetings with VSOs and Congressional Staffers. Ms. Boor partnered with the California Department of Veterans Affairs (CDVA) in implementing a Strike Force Team, utilizing 12 CDVA employees to assist in obtaining information on claims and submitting more fully developed claims. The team's assistance continues to assist in reducing the number of claims in the backlog.

The backlog of northern California Veterans' claims has been reduced by 73 percent, from its peak of 30,000 claims in June 2012 to 8,000 claims today. The average age of pending claims was reduced from 467 days at its peak in March 2013 to 161 days today—a 306-day improvement. Quality remains high at the RO—claim-level quality is at 96 percent and issue-level quality is at 98 percent.

##### *Employee Morale and Engagement*

The Oakland RO's leadership team takes seriously its responsibility in developing and nurturing employees, as well as ensuring they have the training and tools they need to do the job. They also focus on providing a safe workplace, not only in terms of physical safety, but safety from harassment, discrimination, and retaliation. Ms. Boor encourages candid disclosure of information about problems and understands that retaliation is not tolerated and adheres to the I CARE values. She promotes developmental opportunities for all employees through both local and national training programs and tries to find as many ways as possible to have an open dialogue with employees—from all-employee meetings to daily meetings for teams. Her leadership team actively solicits suggestions on ways to improve, which has resulted in ideas implemented locally and shared with other ROs.

In addition, a special communication mechanism was established in Oakland that has become quite popular with employees. Every week, the RO celebrates special instances of exceptional customer service in the form of "Friday Shout-Outs." These instances range from helping a homeless Veteran find shelter close to the treating hospital, to helping a young family with five children in financial hardship obtain a down-payment for a new home with the grant of service-connected disability compensation.

Ms. Boor and the RO's management team aggressively promoted and supported the 2014 All-Employee Survey, which resulted in a 70 percent participation rate. RO management carefully assessed and analyzed the results of the survey and continues to collaborate with labor partners to focus on areas needing improvement to develop a more healthy and motivated workforce. Oakland employees have faced and overcome many challenges over the past few years and continue to demonstrate each day that they are motivated to make a difference in the lives of Veterans and their families.

##### *Documents Found in 2012*

To address performance challenges, a special support team was sent to Oakland in October 2012. In November 2012, a member of the support team found a file cabi-

net of duplicate copies of approximately 13,000 documents. VBA initiated an immediate review to determine if a formal claim had subsequently been received, and if so, was the correct effective date used for any benefits awarded as a result of the informal claim. Oakland employees completed the initial review of all of the documents in December 2012, with the exception of 2,155 documents requiring a review of the associated claim folders housed at off-site storage facilities.

In May 2014, before the Oakland RO had completed all of the 2,155 claim folder reviews, allegations of unprocessed claims were made by former employees on a radio talk show. The documents were re-reviewed in June 2014 to see if further action was needed on any of the documents, and then the copies were filed in the Veterans' records. In hindsight, a record of all documents reviewed should have been kept to validate the review process.

To further investigate the allegations, VBA requested the assistance of OIG. Unfortunately, OIG was unable to confirm the actions taken by the Oakland RO on the majority of the 13,000 documents, as only 537 documents were remaining to be reviewed at the time the OIG investigation was initiated. The copies of all of the other reviewed documents had been filed in each individual Veterans' claims folder.

In total, 403 documents, or approximately 3 percent of the original 13,000 documents, were identified as requiring additional claims processing actions, primarily granting an earlier effective date. These corrective actions were completed in September 2014.

In February 2015, OIG issued the findings from its July 2014 investigation, noting the Oakland RO's inadequate maintenance of records on the review. In the report, OIG acknowledged that neither VA nor OIG can determine entitlement to disability benefits without the Veteran submitting a formal application for benefits. As such, OIG recommended the Oakland RO complete a review of the remaining 537 documents, provide training on proper procedures for processing informal claims, and implement a plan to ensure oversight of those staff assigned to process the informal claims.

#### *Corrective Actions*

VBA fully concurred with the OIG recommendations to improve operations and implemented all recommendations. The Oakland RO also recently implemented the national centralized mail initiative in January 2015, which significantly reduces the potential for delayed handling of paper documents. All of the Oakland RO's claim-related mail is now directed to a centralized scanning facility in Janesville, Wisconsin, for conversion from paper to electronic digital format.

Additionally, on March 24, 2015, VA implemented an important regulatory change to require use of standardized claim and appeal forms. This change includes a new intent to file process that replaces the informal claim process for applicants who need additional time to gather all of the information and evidence needed to submit their formal application for benefits. This new process protects the earliest possible effective date if the applicant is determined eligible for benefits and helps to ensure anyone wishing to file a claim receives the information and assistance they need.

#### **Closing**

The progress made at both ROs could not have been accomplished without the dedicated leadership of the officials present today. Ms. Rubens and Ms. Boor, supported by their Assistant Directors, have both led significant progress towards reaching VA's goals. Both have shown great leadership, dedication, and commitment to employee engagement. This concludes my remarks. My colleagues and I are happy to respond to any questions from you or other Members of the Committee.

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#### PREPARED STATEMENT OF MR. RYAN CEASE

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to submit my written statement regarding Philadelphia and Oakland: Systemic Failures and Mismanagement.

Since 2012 I've teamed up with Kristen Ruell to provide the VA OIG as well as members of Congress details and evidence regarding systemic failures and mismanagement. When we first submitted our concern to OIG we wanted to remain anonymous because we were afraid of retaliation from our peers and management. Regardless our identities were revealed since at the time the whistleblower protection act was not taken seriously. Since we were afraid that we were going to lose our jobs we contacted the media to stay on the radar. After being a voice that's

being heard, whistleblowers from the VARO would secretly provide us with information since they too are afraid of retaliation.

For the record I would like to provide this written statement as a status report, additional findings after the release of the VA OIG report and my personal opinions.

I've selected 6 questions for this written statement that I have firsthand knowledge of, obtained from the VA OIG Report, Review of Alleged Data Manipulation and Mismanagement at the VA Regional Office, Philadelphia, Pennsylvania dated April 15, 2015.

**Did VARO staff misapply Fast Letter 13-10, "Guidance on Date of Claim Issues" and enter incorrect dates of claims in the electronic record?**

Although the guidance under Fast Letter 13-10 was terminated effective June 27, 2014, older dates of claims can be hidden in the VBA systems using the End Product (EP) EP 930 for Service Connected Compensation and EP 937 for Non-Service Connected Pension or Death Compensation and DIC Claims with an earlier effective date.

For VA Service Connected Compensation Claims the following End Products are used once it's established in the VBA System, handled by the Veterans Service Center (VSC):

- EP 010—Initial Disability Compensation Claims—Eight Issues or More
- EP 110—Initial Disability Compensation Claims—Seven EP 110—Initial Disability Compensation Claims—Seven Issues or Less
- EP 020—Reopened Claims—Compensation

For VA Non-Service Connected Pension Benefits or Death Compensation and DIC Claims are used once it's established in the VBA System, handled by the Pension Management Center (PMC):

- EP 197—Initial Death Pension Claims
- EP 127—Reopened Claims—Pension
- EP 147—Initial Death Compensation and DIC Claims
- EP 029—Reopened Death Compensation and DIC Claims

As of last week the VSC was instructed to provide justification to management upon establishing an old date of claim, under the normal end product codes EP 010, 110, and 020. However, establishing an EP 930 to hide older date of claims are still being applied in the VSC and PMC (under EP 937). This makes it look like the VARO has accomplished their goal on eliminating older claims.

Due to the pressure of achieving production points to justify an employee's workload, most employees would top sheet a Veteran's physical claim folder or electronic claim folder upon completion of a claim. Top sheeting is reviewing only new documents beyond the active date of claim.

Old claims that are not addressed are usually identified if a Veteran submits a Notice of Disagreement and request for a Decision Review Officer Review (DRO Review). This election forces the Decision Review Officer to review the Veteran's entire physical claim folder and electronic folder prior to providing the Statement of the Case or an Amended Decision of the issue on disagreement. Since the DRO Review forces an entire review of the Veteran's record, top sheeting cannot be applied, so finding old claims by the Appeals Team due to a DRO Review is common.

Once an old claim is identified it is then sent back to the VSC or PMC to be established under the proper End Product (EP) designation and date of claim.

The following questions should be asked and looked into:

- Do both VSC and PMC use the correct date of claim when an old unprocessed claim is discovered by the Appeals Team (or randomly appear out of nowhere in the VARO)?
- As well as what is the oldest claim in the VARO's inventory and how was it discovered?

If the VARO is saying that they do not have claims categorized as old pending in their inventory or that they have reached their goal of eliminating old claims, someone is lying to the VA Central Office or Congress.

This information was acquired from multiple anonymous whistleblowers reporting the information to me because they were concerned that the problem still continues and while I process claims in the Appeals Team.

**Did VARO staff process Board of Veterans' Appeals claims out of order by "cherry picking" the easy cases?**

Since I've been transferred to the VSC Appeals Team in November 2014 I do agree with OIG's findings that they did not substantiate the allegation that VARO staff processed less complicated appealed claims by "cherry picking" easy cases out of docket order. It is true that Philadelphia VARO does not have control over ap-

pealed claims under the jurisdiction of the Board of Veterans' Appeals. As such, VARO staff could not influence how the Board of Veterans' Appeals controlled or managed its workload.

However due to the pressure of achieving production points to justify an employee's workload, cherry picking is common in the VSC and PMC main floors for regular cases. Most employees do have the integrity to work older or harder cases in their workload regardless of the point system. But there's always those who would rather work on the easy cases to get by and save their jobs since unmeasured time is usually frowned upon by management. To regulate this issue some responsible Coaches (Team Supervisors) would conduct monthly projects to eliminate older cases, forcing the employees to initiate an action on a pending claim.

Cherry picking does occur but this applies to other VAROs as well. There are many factors on why this occurs in our work environment but it takes a responsible Supervisor to identify the issue and take action.

#### **Did VARO staff timely process Notices of Disagreement for appealed claims?**

Since I've been transferred to the VSC Appeals Team in November 2014, I have firsthand experience on how the workload is managed regarding the Notice of Disagreements.

As listed by the OIG report the delay is due to the following reasons:

- Disorganized Storage of NODs—Changed due to the Centralized Mail Center
- Increased Appealed Claims Workload—Currently Occurring
- Misrouted Mail—Currently Occurring

OIG recommended the following:

- The VARO implement a plan to ensure and effectively monitor staff enter appealed claims in Veterans Appeals Control and Locator System within 7 days to ensure accurate and timely reporting to stakeholders.
- The VARO Office Director implement a plan to ensure efficient operations when processing appealed claims, to include determining if additional staffing is required to process approximately 700 appealed claims from another VA Regional Office.

Based on my experience working with the VSC Appeals Team the Notice of Disagreement delay is ongoing. Currently the major issues with the delay are the following:

- *Centralized Mail Scan Delay:* The timeframe for the scan facilities to upload the Notice of Disagreements into the VBA portals is not instant upon receiving the documents. They are unable to keep up with the volume of incoming mail.
- *VARO Intake Processing Center Backlog:* Once the Notice of Disagreements are scanned they are uploaded into an electronic portal on which Claims Assistants in the Intake Processing Center (IPC) are tasked to identify, establish an End Product (EP 170) in VBMS for tracking purposes and assign the case to the Appeals Team. Many of the Claims Assistants in IPC are not familiar with VACOLS or the Appeals Process so only a select few are knowledgeable on updating VACOLS.
- *Under Staffed in the Appeals Team:* The Appeals Team is under staffed and unable to keep up with the incoming Notice of Disagreements. In addition to each Veterans Service Representative's (VSR) primary duty, most are assigned special duties to include handling attorney fee cases, verifying herbicide exposure, posttraumatic stress stressors and locating missing service records. The special duties take up more time then the primary duties so getting back to the normal workload can vary depending on the amount it takes to complete the special duties. In addition, the team must also undertake high priority cases which need attention as soon as possible such as White House Inquiries, Congressional Inquiries, Homeless and Terminal Cases.

The major question that should be asked is what is the national average on how many days it takes for the Notice of Disagreements to be placed into VACOLS once it is received?

Also where does the Philadelphia VSC and PMC Appeals Team rank regarding the delay of the Notice of Disagreements being placed in VACOLS?

There is no way at this point for NODs to be placed into VACOLS within 7 days as required. The only way this requirement is obtainable is if the following changes are applied:

- The scan station must upload the NOD into the portals on the same day or within 3 days upon receiving the document.
- Combine the PMC and VSC Intake Processing Center to prevent misrouted scanned mail.
- Increase the amount of Claims Assistants to help alleviate the incoming workload of the VARO.

- Train all Claims Assistants on how to update VACOLS and gain basic knowledge of the Appeals Process equivalent to a Veterans Service Representative (VSR).
- Increase the staff in the Appeals Teams as soon as possible.
- Have Special Duties such as Military Records Specialist and Attorney Fee Coordinator VSRs in the Appeals Team focus only on those duties so that the regular workflow of appeals is not interrupted.

For the record my current Supervisor and Assistant Supervisor at the VSC Appeals Team have been very proactive on managing our workload regardless of our limitations.

Did VARO management ignore benefits-related inquiries and veterans' claims submitted through VBA's Inquiry Routing and Information System at the Pension Call Center?

Both Kristen and I were informed about this issue by an anonymous employee. Due to the hostility of PMC management towards recognized whistleblowers, the employee did not want to be identified for the possibility of retaliation. We advised the employee to provide this information to the OIG along with us.

As of last week I conducted a followup with the anonymous employee regarding the 31,410 pending inquiries. I was informed to date no action has been taken on the pending inquiries via IRIS.

OIG selected judgment sample of only 30 inquiries from this listing to review. Based on the report they just mentioned that they are inquiries. But the truth is the majority of the reports of contact via IRIS are informal claims which can grant the Veterans with an earlier effective date. Due to this they all must be properly reviewed to check if the VARO owes Veterans additional payments based on an earlier effective date generated by the informal claim. As well as identify and take actions on death notifications of beneficiaries in a timely manner to prevent improper payments beyond the termination date.

The VARO was tasked to fix this issue and USB concurred with their recommendations and reported the Philadelphia PMC had fewer than 300 inquiries pending as of March 15, 2015.

There is something clearly wrong with this answer. An IRIS if not printed can easily be deleted electronically leaving no trace.

The big question is if the anonymous employee informed me that no actions have been taken on the 31,410 IRIS "inquiries" how is it that it has been reduced to 300 inquiries by March 15, 2015?

In addition to the big question of who reviewed them, did OIG save a control list of the IRIS inquiries to verify if the PMC conducted the correct actions?

The questions raised by the anonymous employee are:

Of the 31,410 IRISes that have been responded to, how many times was a phone call made, per the Veteran's request?

How many times was a letter sent to a Veteran?

Why does the PMC disregard the Veteran's request for the type of contact they want?

Damage control was done and a followup is needed. People who were tasked to conduct the review must be questioned and the data must be presented and hopefully OIG has a control list to cross-reference the PMC's response.

**Did VARO management fail to prioritize the merging of duplicate claim records that resulted in improper payments and instruct staff to waive associated overpayments?**

When I was a Claims Assistant in PMC Triage I was assigned the duty of fixing duplicate records and other various record issues. I've always been told that duplicate records are not a priority and that upper management told us to focus on our regular work. I then got promoted to the VSC as a Veterans Service Representative (VSR). I was then informed that no one really knew how to fix duplicate records in the VSC so I was assigned to help VSC with their duplicate records issues. I've done it for approximately 2 years while also tasked to work my regular workload and my Military Records Specialist duties for brokered cases and then the NEHMER project.

According to the report, the USB advised OIG that Hines Information Technology Center (ITC) staff generate monthly cumulative reports on a national level identifying duplicate payments in VBA's corporate database. However, VARO staff OIG interviewed were unaware these reports existed.

The question is where is this report that HINES provided the VARO? The funny thing is we're the ones who notified upper management to contact HINES when we had our DUPC meetings.

In 2012 Kristen and I worked together to reveal that duplicate records can indeed create duplicate payments and later down the line Kristen revealed that the dupli-

cate payments were not being recouped properly PMC. We submitted this information to OIG in 2012. We never got a proper response regarding what we reported until we resubmitted our findings along with other mismanagement concerns in 2014.

From experience working with duplicate records for years, double payments will not occur as much in the VSC compared to the PMC since VSC requires the Veteran's Service Treatment Records and Personnel Records to complete a claim. PMC on the other hand had a habit of authorizing payments on pension claims without a social security number, verified service dates and correct dependent information.

The OIG visited the VARO in June 2014; we asked them what happened to our initial report in 2012. They informed us that it came out inconclusive. We were never asked how we found the duplicate payments until June 2014. Our previous report was just pushed to the side without any effort on contacting us to obtain more information. It was case closed in 2012 with no notification. In 2012 Kristen and I also wanted to remain anonymous but someone from the OIG revealed our identities to management so we had no choice but to contact the media to protect our jobs.

So the second time we reported the issue I created two charts for OIG on June 24, 2014 to assist them on locating duplicate records with duplicate payments. I'm not sure how in-depth their investigation was because the number of duplicate records on the report is the number that I've provided them.

No one at the VARO looks for duplicate records; they only come across it and then it's forwarded to me to fix. When the VARO was assigned the NEHMER project I reviewed the incoming spreadsheet and identified duplicate records. I've compiled a list for management and I was told that we didn't have to worry about those duplicate records because it didn't affect the Veteran's payments. Since this was a Court Order Project and NVLSP project I felt that that response that I've received was not right so I sent that list to OIG as well.

I was then relieved of my duties fixing duplicate records once I provided the VSC IPC my procedures and templates. I was then transferred away from the main VSC floor and assigned to the Appeals Team. The duty of duplicate records in the VSC is now being handled by one person as a fulltime position, which I've been asking for and suggested since 2011. I've submitted multiple suggestions on how to fix the problem at the VARO before it got worse and they were both denied and never reached VACO. I then gave up on submitting suggestions to human resources.

When I was transferred to VSC no one compiled an inventory list of identified duplicate records so I created one for the DIBC and requested the VSC to create one as well. Since then we were able to gain an approximate count of duplicate records in the VSC. The PMC on the other hand was not allowed to create a list of their duplicate records. I was informed by multiple employees in the PMC. This is very questionable since when I left the PMC there were about 1500 to 2000 duplicate records floating around unattended. The reason for this is because the Philadelphia PMC covers pension claims for the whole entire east coast of the U.S. Fortunately one employee compiled a list but only 150 were identified since that employee took it upon himself like me to make an inventory list for tracking purposes. I'm not sure who is handling duplicate records in the PMC since the last person was promoted.

There are a lot of steps at the VARO level to fix duplicate records. There are hardly any updated procedures that are easily accessible to end users. I've made one for the VSC since I kept on calling the National Service Desk to gain new procedures that the VARO is not aware of. The PMC is still new to VBMS so the new employees who are assigned the duty probably does not know to transfer the electronic documents first prior to a merge. If a duplicate record is merged and steps are missed electronic documents end up getting lost in a location in VBMS that can only be accessed by using a special search feature. I don't believe that this information was ever relayed to PMC.

Duplicate records have increased nationwide because the VA Form 21-526EZ, ebenefits, and the new VA Form 21-0966 Intent to file form does not require the Veteran to provide his or her service number. A lot of Veterans with service numbers have claim numbers in the VBA system already. This will create more double payments and headaches to all of the VAROs.

How serious is the VA taking duplicate records now? I'm not really sure; I hope that after this hearing there will be some changes.

#### **Did VARO staff mishandle military file mail?**

Kristen and I reported this practice in 2012; this too was dismissed until it was raised again in 2014. The question is will the VARO keep doing it? Will whistleblowers keep reporting it?

The sad new is VBMS has an unassigned document location, so instead of physical documents being lost, now electronic documents are being lost too. The unassigned document list in VBMS is hardly reviewed and it's equivalent to military file mail. This is nationwide, not just at our VARO.

Since Kristen and I revealed multiple issues to OIG, Congress and the media we've been categorized as the snitches of the VARO. A lot of coworkers and members of management would say that we are just out there to give our building a bad reputation. Which I don't understand because most of the people who complain about the issues that's going on in the building would not step up because they are comfortable having a "it is what it is" mentality. A lot of our co-workers would say just keep your mouth shut, no matter what you do it's going to get covered up. Well we made it this far, I really do hope our efforts will bring some changes not only for our VARO but the whole nation.

For the record the Philadelphia VA Regional Office has a lot of amazing employees who would go above and beyond for a Veteran in need. A lot of us believe in our mission "To care for him who shall have borne the battle and for his widow, and his orphan."

My name is Ryan H. Cease. I am a Veterans Service Representative, at the Philadelphia VA Regional Office. I have worked with Kristen Ruell for almost 3 years to reveal Systemic Failures and Mismanagement at the Philadelphia VA Regional Office. I would like to add to the record my concerns of the current outcome after the release of the OIG Report, Review of Alleged Data Manipulation and Mismanagement at the VA Regional Office, Philadelphia, Pennsylvania dated April 15, 2015.

As a result of the investigation the guidance under Fast Letter 13-10 was terminated effective June 27, 2014. Older dates of claims can still be hidden in the VBA systems using the End Product (EP) EP 930 for Service Connected Compensation and EP 937 for Non-Service Connected Pension or Death Compensation and DIC Claims with an earlier effective date.

Since I've been transferred to the VSC Appeals Team in November 2014, I do agree with OIG's findings that they did not substantiate the allegation that VARO staff processed less complicated appealed claims by "cherry picking" easy cases out of docket order. However due to the pressure of achieving production points to justify an employee's workload, cherry picking is common in the VSC and PMC main floors for regular cases.

Since I've been transferred to the VSC Appeals Team in November 2014, I have firsthand experience on how the workload is managed regarding the Notice of Disagreements. Based on my experience working with the VSC Appeals Team the Notice of Disagreement delay is ongoing. Currently the major issues with the delay are the centralized mail scan delay, VARO Intake Processing Center backlog, and under staffed Appeals Team.

As of last week I conducted a follow up with the anonymous employee regarding the 31,410 pending inquiries. I was informed to date no actions have been taken on the pending inquiries via IRIS. Both Kristen and I were informed about this issue by an anonymous employee. Due to the hostility of PMC management towards recognized whistleblowers, the employee did not want to be identified for the possibility of retaliation.

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Did VARO staff mishandle military file mail? VBMS has an unassigned document location, so instead of physical documents being lost, now electronic documents are being lost too. The unassigned document list in VBMS is hardly reviewed and it's equivalent to military file mail. This is nationwide, not just at our VARO.

Well, we made it this far, I really do hope our efforts will bring some changes not only for our VARO but the whole nation.

## LETTER OF MR. RICHARD J. GRIFFIN

The Hon. Jeff Miller, Chairman,  
Committee on Veterans' Affairs,  
U.S. House of Representatives,  
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your question at the April 22, 2015 hearing before the Committee on "Philadelphia and Oakland: Systemic Failures and Mismanagement" about a statement by a witness, Ms. Lucy Filipov, that the Office of Inspector General (OIG) instructed her "not to discuss that investigation until it's complete." You asked the OIG witness, Ms. Linda Halliday, whether that direction from an OIG office was appropriate, and she offered to provide this statement for the record.

As a standard practice in OIG administrative investigations, OIG Administrative Investigators read an introductory statement to witnesses at the beginning of each interview. These instructions are given to maintain the integrity of our investigation and to prevent collusion by witnesses while the investigation is ongoing. The instructions given to Ms. Filipov were appropriate and consistent with OIG standard practice. Following is a portion of that statement:

We are conducting an administrative investigation that involves specific allegations that we will discuss during our conversation. Any information that is discussed or derived from this interview is designated as confidential by the OIG and is not to be disclosed to any individual outside the OIG.

VA policy requires VA employees to furnish information and testify freely and honestly in cases respecting employment and disciplinary matters. Refusal to testify, concealment of material facts, or willfully inaccurate testimony in connection with an investigation or hearing may be grounds for disciplinary action. An employee, however, will not be required to give testimony against him/herself in any matter in which there is indication that he/she may be or is involved in a violation of law wherein there is a possibility of self-incrimination. The information that we will be discussing is protected from unauthorized disclosure under the Privacy Act and other Federal laws. You should not disclose to anyone the nature of the questions we ask you or any other information you may become aware of during this interview."

Thank you for the opportunity to provide this information for the hearing record.

Sincerely,  
Richard J. Griffin,  
Deputy Inspector General

