



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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HUMAN RESOURCES  
DIVISION

B-212974

NOVEMBER 18, 1983

The Honorable Caspar W. Weinberger  
The Secretary of Defense

Attention: DOD Office of the Inspector General  
Deputy Assistant Inspector General  
for GAO Report Analysis

The Honorable Harry N. Walters  
Administrator of Veterans Affairs

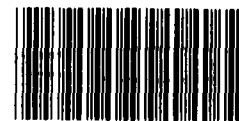
Subject: Dual Compensation Is Paid When Military  
Reservists Do Not Waive VA Disability  
Benefits (GAO/HRD-84-13)

We have reviewed Department of Defense (DOD) and Veterans Administration (VA) efforts to prevent dual compensation from being paid to reservists who receive VA disability benefits. Although the agencies have taken actions within the past few years to better identify reservists who should be waiving VA benefits, about 65 percent of these reservists continue to receive dual compensation. We estimate that in fiscal year 1982 VA paid about \$2.2 million in benefits that should have been waived.

Increased coordination between DOD and VA is needed to prevent dual compensation payments. We are recommending that the agencies take a number of specific actions to correct the problems we identified. The recommendations (see p. 10) and the findings that support them are discussed in enclosure I.

In commenting on a draft of this report, DOD and VA agreed with our findings and recommendations and described actions underway or planned to carry out our recommendations. (See encs. II and III.)

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As you know, 31 U.S.C. 720 requires you to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with your first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the above-mentioned Committees; the Director, Office of Management and Budget; and the Chairmen and Ranking Minority Members of the House and Senate Committees on Veterans' Affairs and Armed Services.



Richard L. Fogel  
Director

Enclosures - 3

DUAL COMPENSATION IS PAID WHEN MILITARY  
RESERVISTS DO NOT WAIVE VA DISABILITY BENEFITS

BACKGROUND

The Department of Defense (DOD) pays reservists and members of the National Guard (hereafter referred to as reservists) for reserve training. Some reservists also receive Veterans Administration (VA) compensation for disabilities incurred in prior active service.

Title 10 U.S.C. 684 provides that reservists who are entitled to VA compensation may elect to receive for their reserve duty either the VA compensation benefits or the reserve pay if they specifically waive VA compensation. It would usually be to the veteran's benefit to waive VA compensation because the daily military pay rate is generally higher than the daily VA compensation rate.

The Defense Audit Service reported in June 1980 that about 80 percent of the active reservists who received VA compensation payments in fiscal year 1979 either were not requested to execute a waiver or, if requested, incorrectly stated that VA compensation was not received. As a result of that report, DOD has matched computer tapes of reservist payees with tapes of VA compensation recipients on three occasions (the last was July 1982) to identify reservists who should submit waivers. DOD provided these names to the various military services, which were to ensure that all required waivers had been submitted or take action to obtain them. The July 1982 match identified 16,442 paid reservists<sup>1</sup> as receiving about \$1.6 million in monthly VA compensation benefits.

The waiver process

A veteran who enters the reserves must declare whether VA compensation benefits are being received or a claim is pending. When veterans declare that they receive or have applied for VA compensation, the reserve unit administrator should request that the veteran complete a form waiving VA compensation or elect to receive the VA compensation in lieu of reserve pay. When a veteran chooses to waive VA compensation, the reserve unit should

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<sup>1</sup>Some reservists receiving VA compensation might not perform paid reserve duty. For such reservists, there is no need to waive compensation.

send the waiver to the appropriate VA regional office. The reserve units are responsible for ensuring that such reservists prepare waivers at the beginning of each subsequent fiscal year.

When VA receives a waiver, compensation is withheld for the equivalent number of days for which the veteran has projected reserve pay during the fiscal year.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

We made our review to (1) evaluate controls to avoid dual compensation, (2) determine the extent to which dual compensation payments occur, and (3) identify ways to correct the situation.

We reviewed disability compensation case files at four VA regional offices. We visited three of these offices (Indianapolis, Indiana; Winston-Salem, North Carolina; and Houston, Texas) in conjunction with another ongoing review. A fourth office (San Diego, California), which had a high percentage of Navy reservists, was added to give us a better representation of that reserve component.

We visited or contacted military finance centers to identify procedures for integrating waiver data into payroll systems and to determine if the finance centers had taken any followup action to ensure that individuals identified on the tape matches submitted waivers. We also visited the Defense Manpower Data Center, Alexandria, Virginia, and contacted the First, Fifth, and Sixth U.S. Armies to discuss their involvement in the waiver process. We visited or contacted some Army, Air Force, and Navy reserve units to become familiar with unit personnel views of waiver procedures. We also reviewed Air Force Audit Agency and Defense Audit Service reports that identified dual compensation problems. We concentrated our DOD audit work on the Army, Air Force, and Navy because these components accounted for about 98 percent of the reservists who were required to waive VA compensation to receive pay for reserve training.

Our review took place from August through December 1982, and the case file review was primarily completed during October and November 1982. We used the results of DOD's July 1982 tape match to select cases for our review. Of the 16,442 paid reservists identified on the tape match as receiving VA compensation, 1,287 were under the jurisdiction of the four VA regional offices previously cited. We selected independent random samples for each of these offices, which provided a total sample size of 263 cases.

We reviewed VA case files to determine if a fiscal year 1982 waiver had been received, and we calculated the weighted percentage of cases where no waiver was in the file. Additionally, we analyzed disability cases that had a fiscal year 1982 waiver, identified errors made by VA in processing the waivers, and computed a weighted average dollar amount of error for each case.

We performed our review in accordance with generally accepted government auditing standards.

DOD'S EFFORTS TO ELIMINATE DUAL  
COMPENSATION HAVE HAD LIMITED SUCCESS

VA compensation had not been waived for about 65 percent of the paid reservists identified by DOD in July 1982. As a result, we estimate that in fiscal year 1982 VA paid about \$2.2 million in benefits that should have been waived. DOD has undertaken efforts to help eliminate these payments, but inadequate controls and various problems with the data bases used to identify reservists receiving VA compensation have limited their effectiveness.

Many reservists continue  
to receive dual compensation

Of the 263 reservists in our sample, 171 (65 percent) did not have a waiver in VA files for fiscal year 1982. Based on our sample, we estimate that the average monthly award of VA compensation to reservists was \$97.30 during fiscal year 1982. For the 92 reservists (35 percent) in our sample who did have waivers on file, the average time waived was 63 days, or 2.1 months. The average waiver of VA benefits would, therefore, be about \$204 for fiscal year 1982. For the 16,442 reservists identified in the July 1982 tape match, about \$3.4 million in VA benefits should have been waived. Since VA did not have fiscal year 1982 waivers for about 65 percent of the reservists, we estimate that VA paid about \$2.2 million in additional compensation benefits.

Additionally, we obtained information from VA that corroborated the results of our review in the four VA regions. In connection with other audit efforts, VA had given GAO a tape consisting of a 5-percent nationwide random sample of the entire VA beneficiary file as of October 1982. We matched this tape with the July 1982 DOD tape to identify reservists receiving VA compensation. Of the 827 persons identified by the match, data on the VA tape showed that 554 (67 percent) had no waivers of compensation during fiscal year 1982.

DOD has had limited success

From fiscal years 1979 to 1982, the percentage of reservists receiving dual compensation decreased from 80 to 65 percent. The problem still exists because adequate controls were not established to ensure that waivers are submitted. Also, the tapes used to identify reservists who should have submitted waivers contained inaccurate data, did not identify all reservists who may have attended training, and included some data that were misinterpreted by the Army finance center.

Controls to ensure waiver submittals were inadequate

The Defense Manpower Data Center sends the names of reservists receiving VA compensation to the respective military finance centers, where the names are matched against the active reserve pay files. The finance centers compare these names with their reserve pay files, noting whether reservists have been reported as filing waivers. The finance centers then submit this information to the reserve training unit commanders, who have primary responsibility for ensuring that reservists waive VA compensation. However, several reserve officials told us that the waiver process is a low-priority item in some units because most time is devoted to performing weekend drills and completing the associated paperwork.

For the first two tape matches, the finance centers were not required to follow up on corrective action. On June 2, 1982, DOD told the military finance centers that data from the third match were forthcoming and that they were required to identify and resolve all potential cases of dual compensation.

The Army finance center told each reserve unit what action was necessary, but there was no followup to ensure that correct action was taken. Some Army Reserve units submitted fiscal year 1983 waivers, but not the required fiscal year 1982 waivers. Three Army National Guard state offices and at least one Major U.S. Army Reserve Command did not respond to a finance center request for summary data on the number of waivers generated. Also, some units included waivers already submitted by reservists in their statistics on the number of waivers resulting from the match.

The Navy finance center sent the names of all matched reservists to the units with instructions to review each member's record and submit waivers when required. No followup action was taken to ensure that missing waivers were submitted.

The three Air Force Reserve elements gave the finance center summary data on the number of waivers submitted, but they were not required to report on the results of followup actions.

DOD also instructed the finance centers to report the effectiveness of their efforts to obtain waivers. The finance center responses indicated varied success. For example, the Navy finance center reported that only 35 percent of the identified members submitted fiscal year 1982 waivers. The Army reported that it could not estimate the dollar savings because it (1) doubted the validity of the data reported from the units and (2) had no record of the VA compensation paid to the members. The Air Force reported a total estimated annual VA savings of \$146,000 as a result of the three matches, but could not give us any supporting data.

Action to suspend drill pay when waivers were not submitted was first taken late in fiscal year 1982. The Navy finance center notified all training units that reservists who were identified on the July 1982 match and had not submitted a fiscal year 1983 waiver by November 1, 1982, would not be paid for October 1982 or subsequent drills. The suspension would continue until the finance center received a copy of the waiver.

The Air Force plans to take suspension action after the fiscal year 1983 tape match. The Air Force Audit Agency reported in December 1982 that the Air Force was not taking effective action to correct dual compensation. The report stated that a number of payroll offices did not obtain waivers when members were identified on a pay record comparison as not having filed waivers. Accordingly, the Air Force manual is being revised to require local payroll offices to suspend drill pay if a member does not waive VA compensation within 90 days of notification that a waiver is due. Personnel changes were also made at the local offices to place the employee responsible for pay suspension actions in the finance center chain of command. While we agree with the Air Force manual revision, the decentralized responsibility for initiating suspension action may not be effective because the payroll offices have not prevented dual compensation in the past.

The Army, which has over 70 percent of the reservists receiving compensation, has taken no action to suspend drill pay when waivers are not submitted.

Neither the Defense Manpower Data Center nor the military services provided VA with data from the matches or attempted to determine whether VA had received waivers that were to be submitted.

Army finance center  
misinterpreted data

The July 1982 DOD matched tape contained a data field titled "VA Waiver Indicator," which was taken from the VA compensation files. VA uses the field to identify cases in which a veteran has waived military retirement pay to receive VA compensation. VA has no indicator to account for waivers of compensation by reservists. The Army finance center mistakenly used the absence of a waiver indicator to determine which reservists needed to submit a fiscal year 1982 waiver. Consequently, it told units that waivers were needed for some reservists who had already waived VA benefits. This increased the workload at the unit levels. The Air Force and Navy finance centers ignored the VA indicator on the match tape because they were maintaining data in their records that identified reservists who had submitted waivers.

Inaccurate and incomplete data

We identified 159 incorrect matches on the July 1982 tape where DOD and VA reported different persons with the same social security number. We identified these errors by comparing names reported on both agencies' files for each case that matched by social security number. DOD, however, did not attempt to identify erroneous matches before sending information to the finance centers. An edit routine such as the one we used would enable DOD to detect and resolve such errors.

There were 8,286 reservists excluded from the July 1982 match, some of whom may have attended training during the year. These reservists, who are mostly from the Army and Navy Reserves, are not assigned to a specific reserve unit and therefore have not been included in the tape matches. They can, however, receive reserve pay for participation in certain reserve duty activities. Their pay records are maintained by their reserve personnel centers. Army and Navy reserve personnel center officials told us they could not give an accurate estimate of how many of these reservists go to annual training because budgetary fluctuations affect how many reservists will train. DOD, however, could include these reservists in the tape match with VA records to identify those that may be subject to a waiver.

IMPROVED DOD AND VA COORDINATION  
CAN ELIMINATE DUAL COMPENSATION

We met with DOD and VA officials in December 1982 to discuss our preliminary results. DOD personnel agreed that past



efforts to eliminate dual compensation have had limited success due to ineffective controls. Both DOD and VA officials stated that increased coordination can solve the problem.

While DOD is responsible for withholding drill pay until a waiver is submitted, more effective control over waiver submissions can be achieved by relying on VA rather than military finance centers to identify reservists not submitting waivers. For example, VA regional offices could use the annual tape match to identify reservists who have not waived VA compensation and then notify DOD of the need to suspend pay.

Officials from both agencies told us the costs of better controls would be small compared to the anticipated savings. VA officials said their most significant cost would be a one-time review of VA case files for all reservists identified on the tape match to determine who needs a waiver. Thereafter, VA could add to its automated records an annual reservist waiver indicator to be used as waiver actions are processed. Later tape matches could then readily identify all reservists whose VA compensation had not been waived.

Because the tape matches had only begun in 1980 and the three matches completed have had limited success, many reservists probably have received dual compensation for prior years. For example, 22 percent of the case files we reviewed had gaps in the successive years in which waivers were submitted. DOD and VA can reconstruct drill and waiver histories and determine if gap years result from a reservist leaving and then rejoining a unit or from a reservist not submitting waivers. DOD has drill pay records which could be compared with VA records to identify prior overpayments. An April 1983 Comptroller General Decision stated that retroactive waivers could be submitted for any prior period provided that VA would be willing to make such adjustments (B-207913, Apr. 15, 1983). Otherwise, DOD would be required to recover any prior overpayments from the reservists.

VA and DOD officials could not provide accurate estimates of the costs and savings of identifying and collecting overpayments caused by overdue waivers from prior years. However, considering a current nonsubmittal rate of 65 percent and a Defense Audit Service estimated nonsubmittal rate of 80 percent for fiscal year 1979, the potential savings from collecting past overpayments is likely to be substantial. As discussed above, VA has recognized that a one-time case file review will be needed of cases identified on the next tape match to determine who needs current waivers. At that time, a comparison of VA case file records and historical DOD drill pay data could be made for

the same cases. This would at least ensure that all those currently in the reserves are reviewed for prior overpayments with little additional cost.

IMPROVED WAIVER FORMS AND  
AUTOMATED RECORD CONTROLS  
CAN REDUCE VA PROCESSING ERRORS

When VA receives waiver forms, regional office staff determine the number of days for which compensation is to be withheld. Errors in processing waiver forms cost VA about \$85,000 in benefit payments in fiscal year 1982. These errors occurred because (1) the information provided on waiver forms was unclear as to the number of days to be waived or (2) VA filed the forms without taking action.

Reservists should generally waive VA compensation for 63 days to cover 48 inactive duty drill periods and 15 active duty days. Reservists receive 1 day's pay for each 4-hour drill period. Many reservists train one weekend each month and receive pay for two drill periods for each of the 2 days they train. Thus, these reservists would attend drill for 24 days each year representing 48 drill periods.

Each of the services has designed its own waiver format for reporting information to VA. However, the waiver formats do not provide for consistent information. The Army waiver form asks reservists to report the number of periods for which VA benefits should be waived. In support of that figure, the form also asks the reservists to separately report the number of days for which they would receive active duty and inactive duty training. It should ask for the number of paid 4-hour drill periods rather than days of inactive duty training. The Air Force form instructs reservists to report the number of calendar days on which drill is performed and not the number of drill periods. The Navy does not have a waiver form, but suggests a format for a waiver letter that would include the number of drills performed.

VA has instructed its regional office staff that care must be taken when processing waivers to ensure that the number of days' pay, rather than the number of calendar days on which drill attendance occurred, is being reported. Regional office staff are to request clarification from the reserve component if questions arise as to its method of reporting.

We compared the days waived on the forms with VA records to see if VA regional staff initiated the correct withholding action. We found that waivers were not properly processed in 22

of the 92 sample cases that had fiscal year 1982 waivers. In 10 cases, errors were caused by VA regional office employees calculating the wrong number of days' compensation to be withheld. Most of the errors occurred because VA employees did not recognize that reservists had used calendar days in submitting waivers and therefore withheld compensation for the number of calendar days instead of the number of drill periods. A common, clearly worded form should help eliminate the problem.

In nine cases, fiscal year 1982 waivers were filed without any withholding action. In one VA regional office, these errors were partially caused by mailroom personnel routing the forms to the wrong unit. In the other regional offices, no specific cause was identified.

Waivers are a small percentage of the regional office workload, and there is little training to familiarize employees with such documents or the procedures for processing them. We recognize the impracticality of establishing extensive control measures to ensure that waivers are processed when submitted to VA. However, if VA were to establish a waiver indicator in its automated records as discussed previously (see p. 7), future tape matches could detect cases in which VA did not act on submitted waivers.

We discussed the errors with regional office personnel, who took corrective action and recovered \$3,481. Based on the errors we identified in the four regional offices, we estimate that the amount of errors for all regional offices is about \$85,000. Since VA is receiving only 35 percent of the required waivers, the cost of VA errors could be substantially greater if all waivers were submitted.

### CONCLUSIONS

About 65 percent of reservists receiving VA compensation do not submit waivers. DOD is responsible for ensuring that reservists are not paid for active or inactive training unless they waive VA benefits. If a reservist does not waive VA benefits, military pay must be suspended.

DOD has made three attempts to identify reservists who should be annually executing a waiver. These attempts have not been effective because controls are inadequate to ensure that reserve units submit required waivers. Also, the data tapes used for identifying these reservists contained inaccurate and incomplete information. VA and DOD need to work together to prevent dual compensation.

VA is not correctly withholding compensation when waivers are submitted. Poorly designed waiver forms cause confusion for both reservists and VA staff, resulting in VA withholding fewer days of compensation than required. A clearly worded waiver form to be used by all reserve components would help resolve this problem. Also, VA is filing waivers without taking any action. Future tape matches could detect such errors if VA includes a waiver indicator in its automated records.

RECOMMENDATIONS TO THE SECRETARY  
OF DEFENSE AND THE ADMINISTRATOR  
OF VETERANS AFFAIRS

We recommend that the Secretary and the Administrator direct their respective agencies as follows:

- . --DOD continue to make an annual tape match to identify reservists who should submit waivers. The data that are matched should include all reservists who could be subject to waiver, and the results of the match should be edited to reduce inaccurate data.
- . --DOD provide the results of the matches to VA. ✓
- --VA, for the next match, review its records for all paid reservists identified as receiving compensation to identify missing, improperly processed, and unprocessed waivers. ✓
- --VA establish an annual reservist waiver indicator in its automated records when waiver actions are processed so that missing waivers can be identified in subsequent tape matches. ✓
- --VA solicit waivers from reservists who have not already submitted them and advise DOD when reservists do not submit waivers. ✓
- ✓ --DOD suspend pay for reservists who do not submit waivers. ✓
- --VA and DOD make arrangements to identify the extent to which waivers were not submitted, not processed, or improperly processed for prior years and take appropriate corrective action. ✓
- --VA and DOD develop a uniform waiver form.

Office of the  
Administrator  
of Veterans Affairs

Washington DC 20420



OCTOBER 13 1983

Mr. Richard L. Fogel  
Director, Human Resources Division  
U.S. General Accounting Office  
Washington, DC 20548

Dear Mr. Fogel:

Your September 13, 1983 draft report "Dual Compensation Is Paid When Military Reservists Do Not Waive VA Disability Benefits," GAO/HRD-83-84, has been reviewed. I agree with the findings and concur in all of the recommendations. I would like to offer the following comments concerning actions the Department of Veterans Benefits is currently undertaking to eliminate the problem of reservists receiving dual payment of reserve pay and Veterans Administration (VA) compensation:

- a. The VA plans to continue the annual DoD/VA reconciliation. However, the data furnished for each VA compensation record will be expanded by adding a reservist waiver indicator to our automated records. This indicator will be available in March 1984 and will identify each reservist record and the current waiver status.
- b. The VA has drafted a new waiver form for reservists to use to waive VA compensation payments. DoD officials have been asked to review the proposed waiver form and furnish us their comments. Initial release of waiver forms will begin in 1984, continuing each September thereafter. When a waiver is not filed within 90 days, the reservist will be identified in the master record data furnished with the annual DoD/VA reconciliation.
- c. VA and DoD personnel met recently and the VA agreed to furnish historical compensation payment data for all reservists identified by DoD. This can be accomplished when the reservist waiver indicator becomes available. DoD has agreed to be responsible for taking necessary action to have reservists file retroactive waivers with the VA or create accounts receivable if waivers are not filed. The VA agreed to accept retroactive waivers filed by reservists.

Thank you for the opportunity to review this report.

Sincerely,

  
HARRY N. WALTERS  
Administrator  
Deputy Administrator - For.



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

Reserve Affairs

18 OCT 1983

Mr. Frank C. Conahan  
Director  
National Security and International  
Affairs Division  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Conahan:

Enclosed please find the Department of Defense response to your draft report, "Dual Compensation Is Paid When Military Reservists Do Not Waive VA Disability Benefits," (GAO/HRD-83-84), (OSD Case No. 6354). The draft report has been thoroughly reviewed by this office and by the Military Services.

As noted in your forwarding letter, the Department of Defense and the Veterans Administration have worked to prevent dual compensation being paid to Reservists who receive VA disability benefits. As noted in the enclosed comments on the specific findings and recommendations in your draft report, procedural changes in the joint efforts of DoD and VA to prevent dual compensation payments are well underway.

An annotated copy of the draft report reflecting changes recommended for greater clarity was provided to members of your staff on October 5, 1983. Substantive comments on the specific findings, conclusions and recommendations are provided in the enclosure.

Sincerely,

A handwritten signature in cursive script that reads "Edward J. Philbin".

Edward J. Philbin  
Deputy Assistant Secretary

Enclosure  
a/s

SPECIFIC COMMENTS ON THE FINDINGS, CONCLUSIONS AND  
RECOMMENDATIONS CONTAINED IN GAO DRAFT REPORT, DUAL  
COMPENSATION IS PAID WHEN MILITARY RESERVISTS DO NOT  
WAIVE VA DISABILITY BENEFITS

- o FINDING A: DoD's Efforts to Eliminate Dual Compensation Have Had Limited Success. GAO found that DoD is responsible for ensuring that reservists who receive VA disability benefits are not paid for active or inactive training unless they waive VA benefits. GAO also found that the DoD has been making an effort to eliminate dual compensation, noting that from fiscal years 1979 to 1982 the percentage of reservists entitled to VA disability benefits receiving dual compensation decreased from 80 to 65 percent. Despite this effort, however, GAO estimated that in fiscal year 1982, VA paid about \$2.2 million in benefits that should have been waived. GAO concluded that although DoD has made three attempts to identify reservists who should be annually executing a waiver, these attempts have not been effective because controls are inadequate to ensure that reserve units submit required waivers. (GAO noted that the data tapes used for identifying these reservists contain inaccurate and incomplete information.) (pp. 3-6 and page 9, GAO Draft Report)

COMMENT: Concur. A proposed Memorandum of Understanding (MOU) between DoD and VA providing detailed procedures for the exchange of data concerning reservists in receipt of VA payments is being coordinated. This MOU provides that file formats involving matching secondary data elements will be arranged by the DoD and VA coordination for the exchange. These edit procedures will reduce inaccurate data. Control of Reserve Unit input will be maintained by the addition of an item covering these submissions in the annual records check for each reservist.

- o FINDING B: Improved DoD And VA Coordination Can Eliminate Dual Compensation. GAO found that both DoD and VA officials claimed that increased coordination can solve the problem of dual compensation. GAO also found that while DoD has the responsibility to withhold drill pay until a waiver is submitted, more effective control over waiver submittals can be achieved by relying on VA rather than military finance centers to identify reservists who have not submitted waivers. GAO further found that officials from both agencies stated that costs of better controls would be small compared to the anticipated savings. GAO concluded that VA and DoD need to work together to prevent dual compensation. (For example, GAO noted that DoD and VA can construct drill and waiver histories, and at least all those currently in the reserves could be reviewed for prior overpayments.) (pp. 6-3 and 9, GAO Draft Report)

GAO note: Page references have been changed to agree with the final report.

COMMENT: Concur. See comment on Finding A and Recommendation 7.

- o **FINDING C: Improved Waiver Forms And Automated Record Controls Can Reduce VA Processing Errors.** GAO found that errors in processing waiver forms cost VA about \$85,000 in benefit payments in fiscal year 1982. GAO further found that these errors occurred because (1) the information provided on waiver forms was unclear as to the number of days to be waived or (2) VA filed the forms without taking action. GAO also found that each military service has designed its own waiver format; however, the formats do not provide consistent information. GAO concluded that a clearly worded waiver form to be used by all reserve components would tend to resolve the problem of confusion for both reservists and VA staff that stems from poorly designed waiver forms. GAO further concluded that if VA included a waiver indicator in its automated records, future tape matches could detect instances where VA files waivers without taking any action. (pp. 8-10, GAO Draft Report)

COMMENT: Concur. A single waiver form has been developed by VA to replace the differing waiver formats now used by the Services. The new VA form is presently being reviewed within DoD.

- o **RECOMMENDATIONS.** GAO recommended that the Secretary of Defense and the Administrator of Veterans Affairs direct their respective agencies as follows:
- o **RECOMMENDATION 1.** DoD continue to make an annual tape match to identify reservists who should submit waivers. The data that are matched should be for comparable time periods and include all reservists who could be subject to waiver. The results of the match should be edited to reduce inaccurate data. [See GAO note.]

COMMENT: Concur. Procedures are specified in a proposed MOU between DoD and VA for the exchange of data concerning reservists in receipt of VA compensation payments. All reservists who could be subject to waiver will be included. The MOU provides that file formats involving matching secondary data elements will be edited. The MOU should receive final coordination in the first quarter of CY 1984.

- o **RECOMMENDATION 2.** DoD provide the results of the matches to VA.

COMMENT: Concur. See comment on recommendation 1.

GAO note: The recommendation to match comparable time periods has been deleted from the final report. Based on discussions with DOD officials, there was a reasonable basis for using different time periods.



- o Recommendation 3. VA, for the next match, review its records for all paid reservists identified as receiving compensation to identify missing, improperly processed, and unprocessed waivers.

COMMENT: No DoD comment necessary.

- o RECOMMENDATION 4. VA establish an annual reservist waiver moderator in its automated records when waiver actions are processed so that missing waivers can be identified in subsequent tape matches.

COMMENT: Concur. The procedures in Recommendation 4 and 5 will aid in the reduction of unmatched reservists and are presently being established.

- o RECOMMENDATION 5. VA solicit waivers from reservists who have not already submitted them and advise DoD when reservists do not submit waivers.

COMMENT: Concur. DoD agrees, see comment on Recommendation 4.

- o RECOMMENDATION 6: DoD suspend pay for reservists who do not submit waivers.

COMMENT: Concur. All Services will suspend pay within 90 days of notification from VA that a reservist has failed to file a waiver.

- o RECOMMENDATION 7. VA and DoD make arrangements to identify the extent to which waivers were not submitted, not processed, or improperly processed for prior years and take appropriate corrective action.

COMMENT: Concur. In cooperation with VA, DoD will examine the feasibility, costs and benefits of identifying prior cases of dual compensation and determine appropriate corrective action. This will specifically include the 8,286 reservists excluded from the July 1982 match.

- o RECOMMENDATION 8. VA and DoD develop a uniform waiver form.

COMMENT: Concur. A draft uniform waiver form has been prepared by the VA and is now being reviewed within DoD.