



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

October 31, 2008

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United States Senate  
Washington, DC 20510

Dear Senator:

I am writing to advise you of the actions the Department of Veterans Affairs (VA) is taking to address the Office of Inspector General's (OIG's) findings that veterans' claims documents had been improperly identified by VA regional offices for shredding. This problem was uncovered by the OIG during an audit to determine if the Veterans Benefits Administration (VBA) regional offices have effective controls for the accurate and timely processing of claims-related mail. VA regional offices receive approximately 25 million claims-related documents through the mail every year.

The OIG audited four regional offices (Detroit, St. Louis, St. Petersburg, and Waco) and discovered documents had been inappropriately placed in the shred bins, affecting between two and five veterans at each office. VBA immediately ceased all shredding activities while a nationwide review was conducted of all documents in shred bins. Approximately 500 documents that could potentially affect a claimant's entitlement to benefits were found improperly placed in shred bins at various regional offices. These regional offices are taking appropriate action on all of the documents found.

I am deeply concerned that improper actions by VA employees could have caused any veterans to receive less than their full entitlement to the benefits they earned through their service to our Nation. I have directed that immediate action be taken to address this most serious issue. Document shredding will not be resumed until we ensure measures are in place to prevent future incidents of employees inappropriately discarding veterans' paperwork.

Our action plan includes establishment of a special Records Control Team that is currently meeting to strengthen our policies and procedures for the protection of veterans' records and the proper handling and disposal of documents. Our new procedures will require employees to date and initial all claims-related documents they have determined are appropriate for shredding. Employees will forward all claims documents identified for shredding to their supervisor for approval. This two-person review and approval process will be required prior to the destruction of any claims document.

Employees will maintain all documents to be shredded in a special receptacle, which will be open to spot checks by their supervisor. We also are creating a Records

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Control Officer at every regional office to strengthen oversight of all records management and disposal activities. Reviews of documents identified for shredding will be integrated into the site visits performed by Headquarters program offices and area offices. Regional offices will also be subject to unannounced site visits.

Special training is being conducted this week on the proper handling and disposal of documents. The training emphasizes every employee's responsibility for protecting the documents and records entrusted to our care by those we serve. Directors are required to certify to their Area Director that all employees completed the training by November 3, 2008. Additionally, a separate training module on ethics will be developed and administered in November.

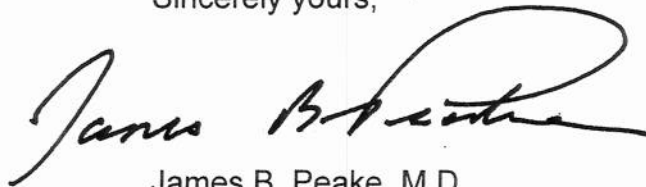
A workgroup convened this week to determine how to handle, in the fairest manner possible, the claims from veterans and their families who may have been affected by inappropriate destruction of documents. This workgroup will confer with the veterans service organizations, with whom we have already been in dialog, and our oversight committees in Congress before finalizing our policy.

The OIG is continuing its investigation of those cases where inappropriate shredding may be traceable to a specific employee or employees. I assure you that legal and disciplinary action will be pursued to hold accountable any employee who has acted improperly.

VBA briefed the majority and minority staff members of both the Senate and House Veterans' Affairs Committees on this situation. A briefing has been also provided to the six largest veterans service organizations. We will continue to frequently update you and the other members of our oversight committees, as well as our other stakeholders, on our ongoing actions to ensure we are fulfilling our obligations to protect and serve our Nation's veterans.

The shredding of documents that affect the benefits of veterans cannot be excused. As I have testified, we must move rapidly to the paperless processing of claims. There is no excuse for failing to leverage industry standards and technology in support of our veterans.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Peake". The signature is fluid and cursive, with a large, sweeping flourish at the end.

James B. Peake, M.D.