

perform a comprehensive post pay review. The CGA would appear a more likely candidate to perform these types of reviews.

2. Timing. It would not appear appropriate to conduct a VA-Retro post payment review, even if I had a properly trained staff, while R&A was striving to get these payments issued and reduce a substantial backlog.

Additional Information

It may be helpful to gather statistics from the pre payment review and show the dollar value of potential improper payments that were corrected before they were issued. This could help show the importance and usefulness of the pre pay review process in preventing mispayments to retirees.

=====

Karl

-----Original Message-----

From: BERNHARDT, KARL H CIV DFAS
Sent: Thursday, June 26, 2008 10:41 AM
To: LUCAS, FRANK CIV DFAS
Cc: MCDERMOTT, DAVID SES DFAS; JAKYMA, DOUGLAS CIV DFAS; WILES, AMY CIV DFAS; SMITH, DOUGLAS CIV DFAS; BENISEK, GENE CIV DFAS
Subject: RE: Cong. Kucinich Data Letter Request

Frank,

I thought that you were involved in obtaining approval for the sampling plan from Mr. Gaddy? You should have correspondence that reflects the obtaining of approval and the final approved plan. For example I believe there was discussion that the plan approval had been delegated down from OSD(C) to the Agency Director.

Karl

-----Original Message-----

From: LUCAS, FRANK CIV DFAS
Sent: Thursday, June 26, 2008 10:30 AM
To: BERNHARDT, KARL H CIV DFAS
Cc: MCDERMOTT, DAVID SES DFAS; JAKYMA, DOUGLAS CIV DFAS; WILES, AMY CIV DFAS; SMITH, DOUGLAS CIV DFAS; BENISEK, GENE CIV DFAS
Subject: RE: Cong. Kucinich Data Letter Request

Karl,

The attachment is provided in response to para 2 of Congr. Kucinich's request. This includes the statistical sampling plan (narrative and sampling table) developed by Standards & Compliance, Operational Review (a.k.a. "Frank Lucas' group") for use by the CGA; the checklist developed by R&A, DoDFMR Vol 5 references and IR comments to an earlier draft that were considered in the final sampling plan.

Please note that Operational Review was not involved in the actual pre (or post) payment review process of any VA Retro payments or analysis of results from such sampling plans. Rather, we developed the pre payment sampling plan for use by the CGA or any statistical analysis of data from such reviews.

Frank

-----Original Message-----

From: BERNHARDT, KARL H CIV DFAS
Sent: Thursday, June 26, 2008 6:42 AM
To: NOE, NORMAN CIV DFAS; MOXLEY, MICHAEL CIV DFAS; 'Egeland, James S'; 'Graddy, Darrell W'; SMITH, DOUGLAS CIV DFAS; BENISEK, GENE CIV DFAS; LUCAS, FRANK CIV DFAS; GOUDLOCK, EDWINA CIV DFAS
Cc: BERMAN, JUDY CIV DFAS; MCDERMOTT, DAVID SES DFAS; SMITH, MARTHA J SES DFAS; BOUTELLE, CHET SES DFAS; ONDER, GARRICK CIV DFAS; JAKYMA, DOUGLAS CIV DFAS; WILES, AMY CIV DFAS; POGUE, DIANA CIV DFAS

THE DEFENSE FINANCE AND ACCOUNTING SERVICE VA RETRO PROJECT UPDATE
(Statistics as of February 29, 2008)

CURRENT STATUS:

- In September 2006, DFAS identified 133,057 retirees potentially requiring retroactive payment.
 - Of the original population of 133,057 retirees with claims, 98,057 claims have been adjudicated.
 - DFAS has paid \$58,161,228 to date.
 - DVA has paid a projected \$212,560,908 to date.
 - Of the total universe of 217,294 claims being reviewed, as of February 29, 2008, a total of 157,243 claims have been adjudicated.

ACTIONS TAKEN:

- The contract service provider, Lockheed Martin, has more than tripled the number of technicians available to process Retro VA claims. In addition, the training schedule has been accelerated.

STANDARD PROCEDURES	PROCEDURES NO./J.O. NO. 1111.08
CHECK ONE <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Administrative <input type="checkbox"/> Job Outline <input type="checkbox"/> Policy Statements <input type="checkbox"/> Management Guidelines	ORGANIZATION CODE: Retired and Annuity Pay
SUBJECT : Team Blue VA Retro/CRSC Payroll Review Team Blue Quality Assurance Payroll Review	REVISION NO. 2
	DISTRIBUTION: VA Retro, CRSC, Retired and Annuity Pay, Quality Assurance, Training
	SUPERSEDES May 07, 2008 edition

I. PURPOSE AND SCOPE

The purpose of this Standard Operating Procedure (SOP) is to clearly define the review requirements and procedures on the review of VA Retro/CRSC payrolls. This SOP will also define the reporting process of such review.

II. INTRODUCTION

The role of Team Blue Quality Assurance is to provide a documented review of VA Retro payrolls in compliance with the use of authoritative sources of data. The listing of these data elements has been agreed to by both Lockheed and the CGA.

Payroll review is based on a randomly selected grouping of 40 (total) accounts pulled from the payroll queue at regular intervals throughout a production day. These smaller groups, which comprise the total sample, are selected from the payroll queue through the use of EZ Quant. This method of payroll sampling is repeated for three grouping of accounts:

1. Where any DFAS payment is in excess of \$2500
2. Where DFAS payments are individually below \$2500
3. Where there is no DAFS payment – only VA payment

Accounts computed as No Pay Due or Debts are not subjected to QA review.

Payroll review is focused on validating information on the account against the authoritative sources of data. The QA team does not re-compute or reconstruct the account manually. In instances where the sampled account is not complaint with the authoritative sources of data, the case is "Pulled" from the payroll.

Effective Date June 17, 2008	Revision No.2	Approved B. Sadigh	Doc. No.	Page 1 of 3
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A replacement account is selected for the sample. In instances where the review process detects a systematic flaw, the account is failed (not pulled). In instances where a single technician has two or more errors in the sample, the entire the work of that technician is removed from the payroll.

The review sample will also include all VIP members and all payments in the sample in excess of \$30,000.

The review will be conducted in accordance with the VA Retro Authoritative Source Data checklist dated May 1, 2008.

Throughout the review process the Q/A team will continuously communicate their findings to Systems, Operations, Training and VA Retro Program Management.

The review of payrolls will also be documented in the Quality Control Checklist (QCC) database.

III. REFERENCES

- A. VA Retro Authoritative Source Data dated May 1, 2008.

IV. SYSTEMS USED

All review by Team Blue Quality Assurance will utilize the Authoritative Sources of Data as directed by Program Management. These are documented in Section V, Attachment "E".

V. ILLUSTRATIONS

- A. Ez-Quant Sample Selection
- B. Payroll Sample
- C. Quality Control Checklist
- D. CGA Payroll Review Report
- E. Authoritative Data Sources

VI. PROCEDURES

1. At the beginning of each day, the payroll review team will begin sampling accounts from the payroll queue.
2. Samplings of 10 (for each category) are pulled – using EZQuant – throughout the day.



3. VIP accounts and those culminating in a total DFAS payment of \$30,000 are specifically reviewed.
4. This process is repeated for the three payroll groupings of "Over \$2500", "Under \$2500" and "VA Only".
5. Accounts found to be inconsistent with the authoritative sources of data are "Pulled" from the payroll sample and replaced.
6. Where system discrepancies are detected, the account "Fails" review.
7. Payrolls are then processed by pulling all accounts (by type) from the payroll queue and submitting them to the COL process.

All QA reviews will be conducted against the list of authoritative sources of data agreed to between LM and DFAS on May 1, 2008. The review SOP will be modified in concert with any changes on this list.



Martha J. Smith, Director DFAS, Cleveland
DFAS Cleveland
Anthony J. Celebrezze Federal Building
1240 East 9th Street
Cleveland OH 44199-2055

1 June 2008

Dear Ms. Smith,

I am CSM Harold E. Lewis, U.S. Army, (Retired); I would like to share with you my one year odyssey in dealing with the DFAS concerning my CRSC/Concurrent Retirement and Disability Account. I have always updated my CRSC as the Veterans Administration has changed my disability determination.

In March of 2007 I submitted an update to CRSC, and was told in approximately ninety-days I would receive any back pay that was due, this happened approximately the same time as the Army wide review of CRSC/CRDP.

In June of 2007 I called the DFAS phone number to find out if a status on my account has been made. I was told, based on my social security number being entered into the computer that I was due no pay, or back pay. I informed the young lady that by my calculations that I was and she was mistaken. She placed me on hold, and after a lengthy time told me that a supervisor made a review of my records and that the initial determination was incorrect, and that I would be getting a letter soon explaining how the determination was made.

Now the fun begins, I called in July-it was waiting on three signatures, I called in August still but now the signatures were down to two, I called in October, and was told that I was in a group that was difficult to determine and it was still being worked on. I called in November and was told there was an amount determined, but it could not be

DFAS-CL

released to me until it went to DFAS for verification. I called in December and was told it was getting close to finalizing.

On December 20, I was hospitalized for internal bleeding. Hospitalized for nine days, my wife revived me at home after I stopped breathing. The internal bleeding was caused by a medicine prescribed for pain. Prescribed by the Veterans Hospital in Temple, Texas. This does not pertain to the subject; it's just a month by month accounting.

On 7 April 2008, I received a letter from DFAS, London, Kentucky. It stated that my account was current and the entitlements were correctly computed.

I believe that that is incorrect; the consistent changing of stories on a month by month basis caused me to, at times, doubt my sanity. I served 28 years in the Army, in one of the toughest jobs there was. Field Artillery. I taught my soldiers not to lie, cheat, steal, or tolerate any one who did.

I have always believed in my country, and that, at times risking my life for my country was the price you paid for the your blessed birth in this wonderful free country.

I am disgusted with my treatment by DFAS, I sent four emails outlining my questions and asking for a phone call, but was never called. I was given one excuse after another, for a year.

My belief now is that DFAS, and this country only want to recognize me when I am killing people in the name of the United States.

I am writing you for help, your phone number are no help, your on line is no help, your customer service men and women only read a computer screen, and will not under any circumstances let you talk to anyone else. I am disgusted.

I want my record reviewed by someone you trust. If the answer is the same, so be it.

DFAS-CL

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And, I would like a complete audit in writing on a month by month determination if your decision remains the same.

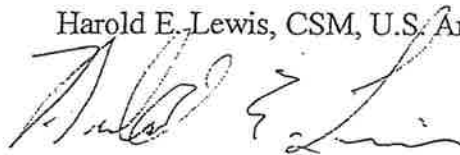
I am including seven enclosures' that may assist the requested audit.

Thank you, Ms. Smith for your time, and your service to our men and women who protect this great nation. The first enclosure is, in my opinion the starting document.

The Veterans Affairs letter dated 22 August 2006 was a determination letter awarding me a compensable service-connected disability of 90%. EFFECTIVE 1 JANUARY 2006.

Sincerely,

Harold E. Lewis, CSM, U.S. Army, (Retired)



Enclosures':

CRSC-Personal Audit from January 2, 2006, thru January 31 2007.

DFAS Letter dated April 2, 2008

Department of Veterans Affairs, Letter dated 22 August 2006

Adjustment to Previous CRSC dated 1 May 2007 (VA Copy)

Adjustment to Previous CRSC dated 1 May 2007 (Veterans Copy)

CRSC statement dated 2 January 2008

Department of Veterans Affairs Letter dated 2 February 2006

CSM (Retired)
Harold E. Lewis



CC: Honorable Chet Edwards
Honorable Kaye Bailey Hutcheon

DFAS-CL





DEFENSE FINANCE AND ACCOUNTING SERVICE

Retired and Annuity Pay

DVA Retro - [REDACTED]
April 2, 2008

CSM HAROLD E LEWIS, USA (Retired)
[REDACTED]
[REDACTED]

Dear Sergeant Major LEWIS:

This letter is to inform you the Defense Finance and Accounting Service (DFAS) has reviewed your Combat Related Special Compensation (CRSC) / Concurrent Retirement and Disability Pay (CRDP) account.

The Public Laws establishing these entitlements were amended so that retired military members who have previously received, or are currently receiving CRSC and / or CRDP, could have their entitlement(s) recalculated based on retroactive ratings awarded by the Department of Veterans Affairs (DVA).

Our most recent review has determined that your account is current at this time and that these entitlements have been correctly computed for the period of June 2003 through March 2008. A Retiree Account Statement (RAS) will be sent, under separate cover, to confirm the current status of your account.

Should you have any further questions, please contact us at Defense Finance and Accounting Service, US Military Retirement Pay, PO Box 7130, London, KY 40742-7130, or call, toll free, via 1-877-327-4457 (commercial 216-522-6161), Monday through Friday, 8:00 AM to 4:30 PM Eastern Time. You may also send us a toll free fax via 1-800-469-6559.

Sincerely,

Retired and Annuity Pay

PLEASE KEEP A COPY OF THIS LETTER FOR YOUR RECORDS.

DFAS-CL [REDACTED]



DEFENSE FINANCE AND ACCOUNTING SERVICE

1240 EAST NINTH STREET
CLEVELAND OHIO 44199

Command Sergeant Major Harold E. Lewis,
U.S. Army (Retired)

JUN 18 2008

[REDACTED]
[REDACTED]

Dear Sergeant Major Lewis:

This is in response to your letter, dated June 1, 2008, to Ms. Martha J. Smith, Director, DFAS Cleveland, concerning the status of your Combat-Related Special Compensation (CRSC) and Concurrent Retirement and Disability Payments (CRDP) retroactive payments. Your inquiry was forwarded to our office for reply.

In September 2006, the Department of Veteran's Affairs (DVA) identified approximately 133,057 veterans in receipt of CRDP or CRSC that may be eligible for additional retroactive compensation. This retroactive payment is commonly referred to as a VA Retro payment. In October 2006, the Defense Finance and Accounting Service (DFAS) in coordination with the DVA began a process of computing these payments. On June 8, 2008, we completed all claims the DVA identified in September 2006.

In March 2008, your VA Retro was adjudicated and we determined we did not owe you a retroactive payment. This resulted in the letter we sent to you dated April 2, 2008 advising you of the results of our computation.

We have recomputed your VA Retro. Upon re-computing your account we corrected the entitlement information and determined you are due a VA Retro payment from both us and the DVA. We anticipate a payment for approximately \$1,935.00 to be deposited to your First National Bank account no later than Thursday, June 27, 2008. Additionally, you are eligible for payment from the DVA in the estimated amount of \$12,829.00. That information will be forwarded to the DVA for additional validation and possible payment. There may often be a lapse of time between the payments from the two different agencies. If you do not receive payment from them within 45 days, you may wish to contact them directly at 1-800-827-1000.

We apologize for the poor customer service you received. If you have any questions, you may contact Mr. Sonny Alquero or Jeff Meier in the Ombudsman's office at 216-522-6395. You may also write to us at Defense Finance and Accounting Service, U.S. Military Retirement Pay, PO Box 7130, London, KY 40742-7130.

Sincerely,

Douglas Smith
Director, Retired and Annuitant Pay
DFAS Cleveland

www.dfas.mil
Your Financial Partner @ Work

DFAS-CL

[REDACTED]



DEFENSE FINANCE AND ACCOUNTING SERVICE

1851 SOUTH BELL STREET
ARLINGTON, VA 22240-5291

JUL 11 2008

The Honorable Dennis J. Kucinich
Chairman, Domestic Policy Subcommittee
Committee on Oversight and Government Reform
United States House of Representatives
Washington, D.C. 20515-6143

Dear Mr. Chairman:

This responds to your fifth document request dated July 07, 2008, regarding the Defense Finance and Accounting Service's (DFAS) VA Retro program. Accurate and expeditious claim adjudication is a very serious matter that has the full attention of the DFAS and the entire Department of Defense.

The DFAS has determined that the enclosed 222 pages of documents are responsive to your request for information. The documents are identified with the bates numbers DFAS-CL 013138 through DFAS-CL 013359, and are contained in two boxes. We are continuing our review of the DFAS records. Any additional responsive documents will be provided as soon as possible, if located.

In response to your contracting questions for the VA Retro project: a) we have provided a complete contract history with this response, b) the VA Retro project was administered as a separate stand-alone task order from the start because the developmental nature of the work required by the VA Retro project had not been contemplated or priced as part of the basic contract. Although the original contract did not contemplate the VA Retro project, the work was considered to be within the general scope of the Retired and Annuitant pay process; and therefore, was more properly covered by the issuance of a task order, c) the requested original deliberative documents that the DFAS has identified are provided with this response. We will continue to review the DFAS records to determine if there are any further responsive documents to this request.

In response to your questions regarding "zero determinations": 1) determinations by category total as follows; 24,356 of the Original population; 1,092 of the New and Returning population; and 2,835 of the Ongoing population, 2) determinations are made by the contractor, Lockheed Martin Corporation, the CGA has reviewed some portion of these determinations for accuracy, members are notified of these determinations by letter, and data regarding the number of determinations "reversed" is not maintained. Determinations are reversed through pay audit or through receipt of revised medical information from Department of Veteran Affairs, in which event the case is moved to another category for adjudication, such as "ongoing".

www.dfas.mil

Your Financial Partner @ Work

The enclosed documents contain sensitive information and are subject to the disclosure provisions of the Freedom of Information Act, (5 U.S.C. § 552) and the Privacy Act, (5 U.S.C. § 552a). The Department of Defense has consistently taken the position that such information must be safeguarded in order to protect the safety, privacy, and dignity of service members and civilian personnel. In conformance with this policy, the DFAS has redacted individual personal identifiable information from the documents being produced for this transmittal.

The DFAS provides these documents with a full reservation of rights and with the understanding and intent that such provision shall not be deemed a waiver of any applicable privilege. The DFAS respectfully requests that these documents be shared only within the Committee and then only with those who have an official need for the information, that the documents not be disclosed outside the Committee or to the public, that appropriate steps be taken to safeguard these documents, and that the documents be destroyed after use.

I want to assure you that the DFAS is taking all steps necessary to comply with your latest document request as quickly as possible. We will continue to accommodate all reasonable requests.

Please contact Ms. Judy Berman, of my staff, at (703) 607-3783, if you have any questions or concerns, or require additional briefings on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Zack E. Gaddy". The signature is stylized and cursive.

Zack E. Gaddy
Director

cc: The Honorable Darrell Issa
Ranking Member