



Veterans Affairs
Canada

Anciens Combattants
Canada

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Final

AUDIT OF HEARING LOSS DECISIONS

Audit and Evaluation Division

Canada 

Acknowledgements

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Table of Contents

EXECUTIVE SUMMARY	I
1.0 BACKGROUND	1
2.0 ABOUT THE AUDIT	3
2.1 AUDIT SCOPE AND OBJECTIVE	3
2.2 METHODOLOGY	3
3.0 AUDIT RESULTS	4
3.1 COMPLIANCE WITH THE GOVERNING AUTHORITIES.....	4
3.2 PROFILE OF NOVA SCOTIA APPLICANTS IN RECEIPT OF HEARING LOSS BENEFITS	5
3.3 CONCLUSION	6
3.4 AUDIT OPINION	6

Appendix A – RISK RANKING OF RECOMMENDATIONS AND AUDIT OPINION

EXECUTIVE SUMMARY

The Veterans Affairs Canada (VAC) Disability Benefits Program provides eligible Veterans and other qualified individuals with benefits under the *Pension Act* and the *Canadian Forces Members and Veterans Re-establishment and Compensation Act*. Hearing Loss is the most claimed service-related medical condition under each of these Acts.

In September 2014, in response to findings presented to the Minister regarding the number of Hearing Loss claims being approved in one region of Nova Scotia, the Minister requested an audit of Hearing Loss decisions be conducted by VAC's Audit and Evaluation Division.

The objective of this audit was to assess VAC's compliance of Hearing Loss first decisions with applicable legislation, regulations, policies and processes. The scope covered Hearing Loss first decisions for Nova Scotia applicants that had a favourable or unfavourable decision rendered between April 1, 2012 and August 31, 2014.

The statistically valid file review identified two main streams of applicants receiving Hearing Loss disability benefits:

- 1) applicants who had audiograms in service and/or on release (59% of the files), with 59% of these applicants receiving a favourable first decision. Generally these applicants released post-1970 when audiograms were regularly conducted while in service and/or upon release; and
- 2) applicants who did not have audiograms conducted while in service or on release (41% of the files), with 91% of these applicants receiving a favourable first decision. Generally, these applicants released prior to 1970, when audiograms were not regularly conducted in service or upon release. The higher favourable rate for these applicants is a result of Departmental adjudicators applying the Benefit of Doubt provision outlined in legislation and policy.

The favourable rate for first decisions nationally was 70%, Nova Scotia was comparable at 71%, and the region raised in the media report was 77%.

The audit team observed that the Hearing Loss first decisions were 99% compliant with relevant legislation, policies and processes.

Overall, with the high degree of compliance with governing authorities the audit team determined the results to be "*Well Controlled*".

Chief Audit Executive's Signature

Kim Andrews
Chief Audit Executive

December 16, 2014
Date

1.0 BACKGROUND

Hearing Loss disability benefits are available through the Veterans Affairs Canada (VAC) Disability Benefits Program (the Program). The Program provides financial payments to eligible Veterans and other qualified individuals who have a service-related disability. To receive a Disability Benefit, applicants¹ must have a diagnosed medical condition or disability and be able to show that the condition or disability is related to their service. There are two main types of Disability Benefits - Disability Awards and Disability Pensions.

Disability Awards and Disability Pensions provide tax free payments to recognize and compensate for service-related disabilities resulting from injury, illness or disease related to service. The Disability Award is paid as a lump sum, periodic payment or a combination of the two. The Disability Pension is a monthly payment.²

The amount of a Disability Award or Disability Pension depends on:

- the degree to which the disability is related to the applicant's service (entitlement); and
- the extent of the disability (assessment).

VAC's Service Delivery Branch, within Head Office (HO), is responsible for the overall management, adjudication, and oversight of the Program. The adjudication of all Disability Benefit applications is performed at VAC's HO. Hearing Loss is the most common medical condition for which Veterans receive a disability benefit. Table 1 provides an overview of all Hearing Loss first decisions, both Disability Awards and Disability Pensions, between April 2012 and August 2014. The table highlights that the number of Hearing Loss first decisions nationally adjudicated on has declined by 3% (from 5,897 to 5,720) over the past two fiscal years, with the percentage of favourable first decisions decreasing from 74% to 67% over the same period.

¹ The term applicant refers to Veterans and other qualified individuals who have a service-related disability. The file review conducted by the audit team excluded RCMP members from the sample set, as they are eligible under separate legislation.

² Typically, CAF members and former members are covered under the *Canadian Forces Members and Veterans Re-establishment and Compensation Act* and are entitled to a Disability Award. Anyone who submitted an application prior to April 1, 2006, may still qualify for a Disability Pension for any condition(s) related to that application.

Table 1: Hearing Loss First Decision Nationally April 2012 – August 2014				
	2012/2013	2013/2014	2014 (April - August)	Total
Total Decisions Completed	5897	5720	1874	13491
Favourable (approved) Decisions	4354	3829	1279	9462
Unfavourable (denied) Decisions	1543	1891	595	4029
Favourable rate	74%	67%	68%	70%

Source: VAC's Statistics Directorate

In September 2014, in response to findings presented to the Minister regarding the number of Hearing Loss claims being approved in one region of Nova Scotia, the Minister requested an audit of Hearing Loss decisions be conducted by VAC's Audit and Evaluation Division. Table 2 provides an overview of Hearing Loss first decisions for Nova Scotia applicants between April 2012 and August 2014. As outlined in the table below, the number of Hearing Loss first decisions adjudicated per year from Nova Scotia has increased by 16% (from 884 to 1028 over the past two fiscal years), while the overall percentage of favourable decisions has remained similar to the national rates. Table 3 details Hearing Loss first decisions for the region of Nova Scotia identified in the media report. The number of Hearing Loss first decisions adjudicated per year in this region between April 2012 and August 2014 has increased by 14% (from 306 to 350), and the favourable decision rates each year were marginally higher than national and Nova Scotia rates.

Table 2: Nova Scotia Hearing Loss First Decisions April 2012 – August 2014*				
	2012/2013	2013/2014	2014 (April - August)	Total
Total Decisions Completed	884	1028	316	2228
Favourable (approved) Decisions	668	682	229	1579
Unfavourable (denied) Decisions	216	346	87	649
Favourable Rate (%)	76%	66%	72%	71%

Source: VAC's Statistics Directorate

* Some applicants had more than one first decision for their Hearing Loss condition

Table 3: Nova Scotia region identified in the media report (i.e Springhill, Amherst and surrounding area) Hearing Loss First Decisions April 2012 – August 2014

	2012/2013	2013/2014	2014 (April - August)	Total
Total Decisions Completed	306	350	64	720
Favourable (approved) Decisions	259	247	49	555
Unfavourable (denied) Decisions	47	103	15	165
Favourable Rate (%)	85%	71%	77%	77%

Source: VAC's Statistics Directorate

2.0 ABOUT THE AUDIT

2.1 Audit Scope and Objective

The scope of this audit covered the disability adjudication of Hearing Loss first decision claims for applicants residing in Nova Scotia, from April 1, 2012 to August 31, 2014.

The objective of the audit was to:

Assess the compliance of Hearing Loss first decisions with applicable legislation, regulations, policies and processes.

The audit criterion was whether Hearing Loss first decisions were made in compliance with the Hearing Loss policy and processes.

2.2 Methodology

This audit was conducted in conformance with the Internal Audit standards as outlined by the Institute for Internal Auditors, and is aligned with the Internal Audit Policy for the Government of Canada, as supported by the results of the Quality Assurance and Improvement Program. Table 4 outlines the audit methodologies used.

Table 4: Audit Methodologies	
Methodology	Summary
Interviews	Conducted with staff at HO, and one Operational Centre to gain an understanding of the Disability Benefits legislative framework, related adjudication processes, and roles and responsibilities of stakeholders.
Direct Observation	Observed Disability Benefits staff adjudicate Hearing Loss disability benefit applications to learn how decisions are made and what information is required to make a decision.

Documentation Review	Reviewed relevant departmental documents including relevant Acts (including the <i>Pension Act</i> , the <i>Canadian Forces Members and Veterans Re-establishment and Compensation Act</i>), regulations, policies and processes.
Literature Review	Reviewed literature pertaining to Hearing Loss, Veterans' demographics, and other disability programs.
Statistical Analysis	Collected and analyzed Disability Benefit and Hearing Loss recipient data from April 1, 2012 to August 31, 2014, as well as historical background trends dating back to April 1, 2009.
File Review	Assessed compliance with applicable legislation, policies and processes. Selected a statistically valid random sample of 213 Hearing Loss first decisions from a population of 2231 Hearing Loss decisions pertaining to Nova Scotia that were made between April 1, 2012, and August 31, 2014. Files were reviewed to assess if decisions were accurate and made in compliance with legislation, policies and processes.

3.0 AUDIT RESULTS

3.1 Compliance with the governing authorities

99% of the decisions reviewed were made in compliance with governing authorities.

Veterans and other qualified individuals who have a service-related disability must complete an application to be considered for a disability benefit. Applications are prepared and submitted by the applicant, or by a representative such as a Royal Canadian Legion Service Officer. Staff in VAC's Area Offices and at Service Canada Offices are also available to assist with Disability Benefit applications. VAC obtains service records, including available medical service records from the Department of National Defence/Canadian Armed Forces or Library and Archives Canada. These records are integral to establishing the service relationship with the Hearing Loss that is being claimed.

Disability adjudicators and adjudication officers have the authority to adjudicate Hearing Loss claims. The function of an adjudicator is to perform an active inquiry into the basis of a claim for a disability benefit. This involves reviewing all evidence relating to the claim to determine its relevance and credibility, weighing the evidence and providing a fair and impartial written decision that includes reasons explaining how the decision was reached. There are several legislative and guiding documents that assist adjudicators in determining eligibility, level of entitlement, and level of assessment. These include:

- *Pension Act*;
- *Canadian Forces Members and Veterans Re-establishment and Compensation Act*;
- Hearing Loss and Tinnitus Policy;
- Benefit of Doubt Policy;

- Table of Disabilities;
- Entitlement Eligibility Guidelines; and
- Hearing Loss Claims Approach Document.

A critical piece of evidence³ an adjudicator uses when granting entitlement and assessing the extent of the hearing impairment is an audiogram. An audiogram is the standard test performed to assess an individual's hearing and is administered by a clinical/licensed/certified/registered audiologist or other qualified medical practitioner. Hearing Loss levels are recorded on the audiogram and these losses are used by the adjudicators to determine if an individual meets VAC's criteria to be eligible for VAC's Disability Benefit Program.

A statistically valid file review of 213 Hearing Loss first decisions from Nova Scotia was conducted to determine if the decisions made were in compliance with the governing authorities. The file review revealed that 99% of the decisions were being made in compliance with legislation, policies, and processes.

3.2 Profile of Nova Scotia applicants in receipt of Hearing Loss benefits

The file review revealed that there are two main streams of applicants from Nova Scotia receiving Hearing Loss disability benefits:

1. Applicants who had audiograms conducted while in service and/or on release (59%).
 - Generally these applicants released post-1970 when audiograms were regularly conducted while in service and/or upon release.
2. Applicants who did not have audiograms conducted while in service or on release (41%).
 - Generally, these applicants released prior to 1970, when audiograms were not regularly conducted in service or upon release.

The main difference between the two streams of applicants was the service-related evidence the Department had received for review when adjudicating a claim.

Applicants with long-standing service often had detailed medical records, including audiograms, on file. When applicants had audiograms performed during the release process from the CAF, the audiograms generally showed a mild to moderate hearing impairment (VAC's policy considers this type of impairment a non-disabling Hearing Loss). Although not considered indicative of a Hearing Loss disability at the time, these findings when compared with subsequent post-release audiograms that show evidence of progressive impairment leading to a Hearing Loss disability, supported partial

³ Evidence is any form of proof that is offered to substantiate a claim and/or to establish the existence or non-existence of any fact. Evidence may be documentary (written), parol (oral) or demonstrative (physical). Source: Benefit of Doubt Policy, Veterans Affairs Canada, November 2013

entitlement awards. As per policy, VAC concluded that the applicant's service contributed to, but was not the sole cause of, the Hearing Loss disability.

The second main stream of applicants that received a Hearing Loss disability were typically either War Service Veterans or Reservists who did not have any audiograms conducted while in service nor upon release from service. The applications provided descriptions of the applicants' service deemed to have caused their Hearing Loss (e.g., use of firearms and exposure to loud military-related noises). When the post release audiogram that was included with the application showed Hearing Loss levels that met VAC's criteria for a Hearing Loss disability, as per legislation, VAC drew every reasonable inference in resolving all doubt in favour of the applicant that all of their Hearing Loss was due to their military service, as outlined in both legislation and the Benefit of Doubt policy. Applying the Benefit of Doubt resulted in applicants being granted a Hearing Loss disability with full entitlement.

For both streams of applicants, as per Departmental processes, the adjudicator reviewed the evidence presented. In addition, the service medical record, if available, was reviewed to help establish a relationship between service and a disability as per the Hearing Loss policy. 59% of applicants with a releasing audiogram had a favourable first decision, whereas 91% of applicants who did not have audiogram results from their time in service and/or upon release had a favourable first decision. The higher favourable rate for the second stream of applicants is a result of adjudicators applying the Benefit of Doubt provision outlined legislation and policy.

3.3 Conclusion

Overall, 99% of the Hearing Loss decisions reviewed for Nova Scotia, including the region of Nova Scotia mentioned in the media report, were in compliance with legislation, policy and processes.

3.4 Audit Opinion

The audit team observed that the relevant policies and processes for Hearing Loss claims were generally clear and being followed. File review results identified a high degree of compliance with key requirements. Overall, the audit team determined the results to be "*Well Controlled*".

Appendix A – RISK RANKING OF RECOMMENDATIONS AND AUDIT OPINION

The following definitions are used to classify the ranking of recommendations and the audit opinion presented in this report.

Audit Recommendations

Critical Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a high level of risk.

Essential Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a moderate level of risk.

Audit Opinion

Well Controlled Only insignificant weaknesses relating to the control objectives or sound management of the audited activity are identified.

Generally Acceptable Identified weaknesses, when taken individually or together, are not significant or are compensated by mechanisms in place. The control objectives or sound management of the audited activity are not compromised.

Requires Improvement Identified weaknesses, when taken individually or together, are significant and may compromise the control objectives or sound management of the audited activity.

Unsatisfactory The resources allocated to the audited activity are managed without due regard to most of the criteria for efficiency, effectiveness and economy.