

AUDIT ERROR WORKSHEET (AEW)

JOB AID

References

All M21-1 references are found in the [Live Manual Website](#).

- [Public Law \(PL\) 107-314 — Bob Stump National Defense Authorization Act \(NDAA\) for Fiscal Year 2003](#)
- [Public Law \(PL\) 108-136 — National Defense Authorization Act \(NDAA\) for Fiscal Year 2004](#)
- [Public Law \(PL\) 110-181— National Defense Authorization Act \(NDAA\) of 2008](#)
- [38 CFR 3.750, Entitlement to concurrent receipt of military retired pay and disability compensation](#)
- [M21-1 VI.ii.4.A.6. — Concurrent Retirement and Disability Pay \(CRDP\)](#)
- [M21-1 VI.ii.4.A.7. — Concurrent Payment of VA Benefits and Combat-Related Special Compensation \(CRSC\)](#)
- [M21-1 VI.ii.4.E. — Processing Audit Error Worksheets \(AEWs\)](#)
- [VBMS-A User Guide](#)
- [Special Military Retirement Benefits web site](#)

Topic 1: Background Information

Background Information – Laws

The National Defense Authorization Acts (NDAAs) for FY 2003 and FY 2004 created two new benefits: Combat-Related Special Compensation (CRSC) and Concurrent Retirement and Disability Pay (CRDP). Both benefits effectively allow qualifying Veterans to concurrently receive all or part of the disability compensation (from VA) and retired pay (from their service department) to which they are otherwise entitled.

Eligibility criteria for CRSC were later updated by the NDAAs of 2004 and 2008.

Combat-Related Special Compensation (CRSC)

CRSC was authorized by the NDAA of 2003, Public Law (PL) 107-314, and became effective June 1, 2003. This benefit was designed to compensate certain Veterans who must waive military retired pay in order to receive VA disability compensation. *CRSC is not an automatic benefit and must be applied for through the Veteran's service department.*

CRSC is a monthly benefit the Department of Defense (DoD) pays to eligible military retirees that is separate from retired pay. It is not classified as retired pay, and it is not taxable. It is, however, subject to garnishment for child support and alimony.

CRSC is paid by the retired pay centers (Defense Finance and Accounting Service (DFAS) and U.S. Coast Guard Retiree and Annuitant Services); however, sometimes VA must reduce retroactive retired pay withholdings in order for a Veteran to receive his/her full CRSC entitlement.

Eligibility Criteria for CRSC

Effective June 1, 2003 (PL 107-314):

- 20 years active military service for retirement purposes
- Receipt of disability compensation from VA, and
- Qualifying combat-related disability or disabilities
 - Rated at least 10% disability for which a Purple Heart was awarded
 - Rated at least 60% disabling (alone or in combination with other combat-related disabilities)

Effective January 1, 2004 (PL 108-136):

- 20 years of
 - active military service for retirement purposes, or
 - reserve service for retirement at age 60
- Receipt of disability compensation from VA, and
- Qualifying combat-related disability or disabilities that are assigned any compensable disability rating

Effective January 1, 2008 (PL 110-181):

- Eligible for military retired pay based on length of service, with **no** minimum length of service requirement (This *includes* Veterans that were retired under TERA. It does *not* include Reserve retirees that received retirement pay for early retirement with physical disabilities under [10 U.S.C. 12731b.](#)),
- Receipt of disability compensation from VA, and
- Qualifying combat-related disability or disabilities that are assigned any compensable disability rating

Concurrent Retirement and Disability Pay (CRDP)

The National Defense Authorization Act of 2004 established CRDP effective January 1, 2004. DoD is responsible for administering this program and its intended purpose was to phase out the offset of military retired pay for VA disability compensation over a 10-year period.

A Veteran may qualify for CRDP if he or she:

- Has a combined disability rating of at least 50%, and
- Was retired from the military based on:
 - length of service (including Veterans that were retired under TERA), or
 - disability (10 U.S.C Chapter 61) with at least 20 years of active service, or
 - Reserve service with 20 qualifying years of service and has reached retirement age

An application for CRDP is not necessary:

- Retired pay centers (RPCs) automatically:
 - determine the amount of CRDP to which a Veteran was entitled, and
 - initiate payment to the Veteran
- Concurrent payment of both CRDP and CRSC may not be made. If a Veteran is eligible for both CRDP and CRSC, he or she may elect either benefit during the election open season.
- DFAS sends out election information to eligible Veterans each December, while the USCG sends the information in February

Topic 1 – Knowledge Check

An application for CRDP is necessary and must be filed on an approved VA Form.

- True
- False

Topic 2: What Is An Audit Error Worksheet (AEW)?

Definition of an Audit Error Worksheet

An audit error worksheet (AEW) is a document containing data regarding a Veteran's military retired pay (MRP) and entitlement to Concurrent Retirement Disability Pay (CRDP) or Combat-Related Special Compensation (CRSC).

How AEWs are Generated

When VA establishes or changes an award of disability compensation, and a retired pay indicator exists in the corresponding corporate record, VA electronically transmits the award data to DFAS and USCG. DFAS and USCG then audit the VA award data against their military retired pay records.

When an audit reveals an adjustment of the Veteran's disability compensation is necessary based on his or her entitlement to CRSC or CRDP, DFAS or the Coast Guard electronically transmits audit data to the Hines Information Technology Center (ITC).

Hines ITC then:

- Generates an AEW from the audit data
- Inserts the AEW into the corresponding eFolder, and
- Places the AEW under system control by establishing an 840 work item

VA uses batch processing to automate the adjustment of many Veterans' awards based on the audit data it receives from DFAS or the Coast Guard. This process includes the generation of an award in the Veterans Benefits Management System – Awards (VBMS-A) and the generation and mailing of a decision notice to the Veteran.

Refer to [M21-1 VI.ii.4.E.1.b. — How AEWs Are Generated](#)

EPs for Controlling AEWs

When the Hines ITC generates an AEW, it concurrently places the AEW under system control by establishing an 840 work item. The following is a list of potential work items:

- 840A – CRSC/CRDP AEW-VETSNET Award Suspended
- 840B – CRSC/CRDP AEW-VETSNET Award Terminated
- 840C – CRSC/CRDP AEW-VETSNET Award AR Exists

- 840D – CRSC/CRDP AEW-VETSNET Award Withholding Exists
- 840E – CRSC/CRDP AEW-VETSNET Award Negative VA Due
- 840F – CRSC/CRDP AEW-VETSNET Award Appropriate Payment Due

Steps to take upon receipt of an AEW:

- Ensure that an EP 298 – *CRSC/CRDP Processing* is pending
- Add the *Potential Under/Overpayment* special issue if not already added
- Clear the 840 work item the Hines ITC established, if applicable

Note: The date of claim for the EP 298 is the “run date” on the AEW (upper right-hand corner).

Topic 2 – Knowledge Check

In what manual reference can the definition of an Audit Error Worksheet (AEW) be found?

- M21-1 VI.ii.4.E.1.a.
- M21-1 VI.ii.4.E.1.e.
- M21-1 VI.ii.4.C.1.a.
- M21-1 VI.ii.4.C.1.e.

Topic 3: Reviewing And Processing AEWs

Reviewing AEWs

Step:

1. Compare the amount of benefits the corporate record shows VA withheld each month (for military retired pay (MRP) *only*) to the amounts shown in the *VA Withheld* column of the AEW for the same months to ensure they match. If the amounts do not match, follow the instructions below:
 - *If...*
the difference between the amount in the *VA Withheld* column and the amount in the *Due From VA* column for each entitlement month displayed on the AEW matches the withholdings in the corporate record for each of the same months,

Then...
no additional award action is necessary because VA has already released to the Veteran the amounts shown in the *Due From VA* column on the AEW. Clear the pending EP 298. Ensure a decision notice was issued.
 - *If...*
the difference between the amount in the *VA Withheld* column and the amount in the *Due From VA* column for each entitlement month displayed on the AEW does **not**

match the withholdings in the corporate record for each of the same months, *and* the award action that released the amounts in the *Due From VA* column did *not* change the amounts in the *Total* column of the corporate record for the same months,

Then...

adjust the Veteran's withholdings so they match the difference between the amount in the VA Withheld column and the amount in the Due From VA column for each entitlement month displayed on the AEW.

- *If...*
the difference between the amount in the *VA Withheld* column and the amount in the *Due From VA* column for each entitlement month displayed on the AEW does ***not*** match the withholdings in the corporate record for each of the same months, *and*
the award action that released the amounts in the *Due From VA* column *changed* the amounts in the *Total* column of the corporate record for the same months,

Then...

another AEW will be generated. Leave EP 298 running and defer action until the new AEW is generated. When the new AEW is generated,

- clear the corresponding 840 work item, and
- process the AEW under the pending EP 298.

2. If the earliest entitlement month displayed on an AEW is *prior* to November 2009, check for an out-of-system CRSC/CRDP payment.

(VA made out-of-system CRSC/CRDP payments from October 2006 through November 2009. If the corporate record was never updated to reflect the payment, the potential for duplicate payments exists.)

3. Verify the withholding in the corporate record solely exists to offset the Veteran's receipt of military retired pay.
 - If VA is withholding benefits for a reason other than to offset the Veteran's receipt of military retired pay,
 - Do not release the withholding
 - Clear the EP 298, and
 - Follow the instructions in [M21-1 VI.ii.4.E.1.g. — Adjusting an Award Based on an AEW](#)

Defer processing an AEW until VA appoints a fiduciary if

- VA is withholding benefits to offset the Veteran's receipt of military retirement, and
- VA has rated the Veteran incompetent but has not yet appointed a fiduciary

Refer to [M21-1 VI.ii.4.E.1.f. — Initial Review of an AEW](#)

Review the AEWs example in the presentation on slide 18.

Processing an AEW in VA Systems

Steps:

1. Does the AEW display an entitlement month that is earlier than November 2009?
 - If yes, proceed to the next step
 - If no, proceed to step 5
2. Follow the instructions in the [CRSC/CRDP Document Folder Added to Virtual VA Guide](#) for identifying out-of-system adjustments.

Important: Only automatic out-of-system adjustments are reflected on the document titled CRSC/CRDP One-Time Payment Notification from DFAS. Confirm that no manual, out-of-system adjustment was made based on receipt of an AEW by checking the Veteran's claims folder (including eFolder(s)) for a corresponding decision notice.

3. Was an out-of-system adjustment made during the time period the AEW covers?
 - If yes, proceed to the next step
 - If no, proceed to step 5
4. Update the PRIORS screen in VBMS-A to reflect the out-of-system adjustment. For more information on updating the PRIORS screen see [Prior Award Payments Screen](#).
5. Subtract the amount in the *Due From VA* column from the amount in the *VA Withheld* column to determine what the withholding (for military retired pay) will be for each month listed on the AEW. ($VA\ Withheld - Due\ From\ VA = New\ withholding\ amount$)
6. Enter the result of the calculation in Step 5 in the ADJUSTMENT AMOUNT field on the RETIRED PAY tab in VBMS-A. (Also need to enter the CRSC or CRDP Award amount from the AEW in either the CRSC AMT or CRDP AMT field, respectively.)
7. Generate the award.
8. Calculate the retroactive amount that VA owes the Veteran by totaling the amounts displayed in the *Due From VA* column of the AEW.
9. Verify that the result of the calculation described in Step 8 equals the *Net Effect* of the award adjustment that is displayed in VBMS-A.
10. Create decision notice to be sent to the Veteran regarding the award adjustment. Include

a copy of the AEW with the decision notice.

11. Forward the case to an authorizer for review and authorization of the award adjustment.

Note: the authorizer will:

- Clear the EP 298 (via authorization), and
- Release the decision notice to the Veteran

Special Handling of AEWs that Display an APPBD or APPBC

If an AEW displays an amount to the right of the text *Amount Previously Paid by DFAS* (APPBD) or *Amount Previously Paid by Coast Guard* (APPBC), take the following steps:

1. Process the AEW as normal and forward to a Senior VSR for review.
2. The Senior VSR will review the award and use the AEW Assistant to generate the AEW Letter to Finance, which requests that finance establish the APPBD or APPBC as a “collectible receivable.”
3. The Senior VSR will email a copy of the letter to the finance activity and upload a copy of the letter to the Veteran’s eFolder.
4. After the finance activity establishes the collectible receivable, the Senior VSR will authorize the award.

Important: If the award is not authorized within 48 hours, the collectible receivable will not be withheld from the award and the Veteran will be paid the full amount.

The steps described above allow the amount previously paid to the Veteran to be deducted from the AEW adjustment and concurrently update the corporate record.

Refer to [M21-1 VI.ii.4.E.1.j. — Special Handling of AEWs That Display an APPBD or APPBC](#)

Rounding Down the Due from VA Column

When processing older AEWs, the practice of rounding down the amount in the Due From VA column will depend on the adjustment date shown on the AEW. The chart below explains when rounding down is and is not appropriate:

If processing AEW award line dated...	Then...
prior to December 2013*	round down the amount in the <i>Due From VA</i> column.
December 2013 or later	do not round down the amount in the <i>Due From VA</i> column.
*The “Due From VA” amount on an AEW should never be rounded down for an entitlement month that includes a VA rate change that took effect on a day other than the first day of the month, regardless of the date.	

Refer to [M21-1 VI.ii.4.E.1.k. — Special Instructions About Rounding Down the Amount in the Due From VA Column](#)

Special Issues in Processing AEWs

- For additional information on situations involving Sequential Receipt of AEWs that Cover the Exact Same Time Period and Sequential Receipt of AEWs that Cover Some But Not All of the Same Entitlement Months, see [M21-1 VI.ii.4.E.1.h. — Sequential Receipt of AEWs That Cover the Exact Same Time Period](#) and [M21-1 VI.ii.4.E.1.i. — Sequential Receipt of AEWs That Cover Some But Not All of the Same Entitlement Months](#).
- For other special issues in processing AEWs, see [M21-1 VI.ii.4.E.1.j. — Special Handling of AEWs That Display an APPBD or APPBC](#), [M21-1 VI.ii.4.E.1.k. — Special Instructions About Rounding Down the Amount in the Due From VA Column](#) and [M21-1 VI.ii.4.E.1.l. — Special Instructions for Entitlement Months of January 2014 or Later](#).
 1. Special Instructions for Entitlement Months of January 2014 or Later
 2. Processing AEWs That List a Month in Which VA Adjusted Disability Compensation Effective a Day Other Than the First Day of the Month
 3. Processing AEWs With an Amount Withheld for MRP That Is Equal to or Greater Than the Amount Shown in the Due From VA Column
 4. Processing AEWs With an Amount Less Than the Amount Shown in the Due From VA Column
 5. Processing AEWs When VA Withheld Benefits From Either the First Day of the Month to a Later Date Within the Same Month or From a Day Within the Month to the End of the Month
 6. Processing AEWs When the Veteran Is Eligible for Concurrent Receipt of the Full Amount of His/Her Compensation and MRP Based on Length of Service

Decision Notices for AEW-Related Adjustments

Refer to [M21-1 VI.ii.4.E.1.r. — Notification of Award Adjustments Associated With the Processing of an AEW](#)

After processing an AEW, notify the Veteran of the AEW award adjustment.

- Enclose a copy of the AEW with the notice.
- Use of the AEW Assistant to generate the notice is mandatory.
- Applicable laws and regulations must be cited in the decision notice. They are as follows:
38 U.S.C. §5304, 38 C.F.R. §3.750, and 10 U.S.C. §1414.

Topic 3 – Knowledge Check

A veteran is eligible for concurrent receipt of the full amount of his/her disability compensation and MRP if:

- The AEW shows the Veteran is authorized 100 percent of CRSC for the month in question.
- The month in question is January 2010 or later and the AEW shows the veteran is authorized CRDP for the same month.
- The AEW shows the Veteran is authorized 70 percent of CRSC for the month in question.
- The month in question is January 2006 or later and the AEW shows the veteran is authorized CRDP for the same month.

Attachment A: Example – Basic Audit Error Worksheet

**VETSNET
Audit Error Worksheets (AEWs)**

CRSC/CRDPAEW VETSNET-AWARD APPROPRIATE PAYMENT DUE

VA FILE NUMBER: xxx xx xxxx

STUB NAME: Veteran, V RO NUMBER: 18

DATE: April 3, 2015

Entitlement Month	Gross Retired Pay	VA Waiver	Retired Net Pay	CRSC or CRDP	CRSC or CRDP %	CRSC or CRDP Award	CRSC or CRDP Paid	VA Award	VA Paid	VA Withheld	Total Dual Payment Due	Due from Retirement Pay	Due from VA
JAN-13	\$1,247.00	\$950.00	\$297.00	CRDP	80%	\$350.00	\$0.00	\$1,345.00	\$1,048.00	\$297.00	\$225.00	\$0.00	\$225.00
FEB-13	\$1,247.00	\$950.00	\$297.00	CRDP	80%	\$350.00	\$0.00	\$1,345.00	\$1,048.00	\$297.00	\$225.00	\$0.00	\$225.00
APR-13	\$1,247.00	\$950.00	\$297.00	CRDP	80%	\$350.00	\$0.00	\$1,345.00	\$1,048.00	\$297.00	\$225.00	\$0.00	\$225.00
MAY-13	\$1,247.00	\$950.00	\$297.00	CRDP	80%	\$350.00	\$0.00	\$1,345.00	\$1,048.00	\$297.00	\$225.00	\$0.00	\$225.00
JUN-13	\$1,247.00	\$950.00	\$297.00	CRDP	80%	\$350.00	\$0.00	\$1,345.00	\$1,048.00	\$297.00	\$225.00	\$0.00	\$225.00
JUL-13	\$1,247.00	\$950.00	\$297.00	CRDP	80%	\$350.00	\$0.00	\$1,345.00	\$1,048.00	\$297.00	\$225.00	\$0.00	\$225.00

Attachment B: Letter To Finance Found In AEW Assistant

Department of
Veterans Affairs

Memorandum

Date: March 04, 2020

From: Non-Rating

Subject: **AUDIT ERROR WORKSHEET PROCESSING**
(VETERAN'S FILE NUMBER), (VETERAN'S NAME)

To: FINANCE

Establish "Collectible Receivable"
\$100.00|

Time Period of Receivable:

From: to:

Once all action is completed please take to or call:

Name: (YOUR NAME HERE)

Extension: (YOUR PHONE NUMBER HERE)

Suspense Date: _____
(1-2 Days)

(YOUR COACH'S NAME HERE)
COACH

Attachment D: Example – Decision Notice

March 6, 2020

JOE VETERAN
100 VETERAN CT
LAS VEGAS, NV 00000

In reply, refer to:
335/NR
File Number: xxxxxxxxx
VETERAN, JOE

Dear Mr. VETERAN:

The Defense Authorization Acts of 2003 and 2004 established two programs whereby certain military retirees may have restored some or all of the retired pay they waived as required by law to receive disability compensation from the department of Veterans affairs (VA). VA has worked with the defense finance and accounting Service (DFAS) and the United States Coast Guard (USCG) Pay and Personnel Center(PPC) to develop a method for making retroactive adjustments of VA compensation that was withheld but is now permitted due to combat-related special compensation(CRSC) and concurrent retired and disability pay (CRDP) entitlement.

WHAT IS YOUR ENTITLEMENT?

Based on the information in your military retired pay files and VA records, you are entitled to a retroactive CRDP compensation payment of \$1,350.00. This payment covers the period January 1, 2013 through July 31, 2013. The figures used to calculate this amount are enclosed with this letter.

EVIDENCE USED TO DECIDE YOUR CLAIM

In making our decision, we used the following evidence:

- Audit Error Worksheet, dated April 3, 2015

APPLICABLE LAWS AND REGULATIONS

- 38 U.S.C. §5304 - Prohibition against duplication of benefits
- 38 C.F.R. §3.750 - Entitlement to concurrent receipt of military retired pay and disability compensation.
- 10 U.S.C. §1413a - Combat-related special compensation
- 10 U.S.C. §1414 - Concurrent payment of retired pay and Veterans' disability compensation

WHAT YOU SHOULD DO IF YOU DISAGREE WITH OUR DECISION

If you do not agree with this decision, you have one year from the date of this letter to select a review option to preserve your earliest effective benefit date. Your three review options and their proper applications are as follows, for a(n):

- **Supplemental Claim**, complete **VA Form 20-0995**, *Decision Review Request: Supplemental Claim*
- **Higher-Level Review**, complete **VA Form 20-0996**, *Decision Review Request: Higher-Level Review*
- **Appeal to the Board**, complete **VA Form 10182**, *Decision Review Request: Board Appeal (Notice of Disagreement)*

Please see the enclosed VA Form 20-0998, *Your Rights to Seek Further Review of Our Decision* for an explanation of additional review options. You may obtain any of the required applications by downloading them from www.va.gov/vaforms/ or by contacting us. You can also learn more about the disagreement process at www.va.gov/decision-reviews. If you would like to obtain or access evidence used in making this decision, please contact us as noted below. Some evidence may be obtained online by signing in at www.va.gov.

IF YOU HAVE QUESTIONS OR NEED ASSISTANCE

If you have any questions or need assistance with this claim, you may contact us by telephone, e-mail, or letter.

If you	Here is what to do.
Telephone	Call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the Federal number is 711.
Use the Internet	Send electronic inquiries through the Internet at https://iris.custhelp.va.gov .
Write	VA now uses a centralized mail system. For all written communications, put your full name and VA file number on the letter. Please mail or fax all written correspondence to the appropriate address listed on the attached <i>Where to Send Written Correspondence</i> .

You may also contact DFAS at 1-800-321-1080 for information concerning CRSC and CRDP payments. If you are a retiree of the Coast Guard or the Public Health Service, contact the Coast Guard Retired Pay Center at 1-800-772-8724.

In all cases, be sure to refer to your VA file number, XXXXXXXXXX.

If you are looking for general information about benefits and eligibility, you should visit our website at <http://www.va.gov> or search the Frequently Asked Questions (FAQs) at <https://iris.custhelp.va.gov>.

We sent a copy of this letter to your representative, DISABLED AMERICAN VETERANS, whom you can also contact if you have questions or need assistance.

Sincerely yours,

Regional Office Director

Enclosures: Where to Send Written Correspondence
 VA Form 20-0998
 Audit Error Worksheet, dated April 3, 2015

cc: DISABLED AMERICAN VETERANS

Practical Exercise

Instructions: Answer the following questions.

1. The National Defense Authorization Acts of FY 2003 and FY 2004 created two new benefits: _____ (____) and _____ (____). Both benefits effectively allow qualifying Veterans to receive partial or full concurrent receipt of VA compensation and military retired pay.
2. Is an application necessary for CRDP?
3. Effective January 1, 2008, what are the three eligibility criteria for CRSC?
4. Which EP (with the claim label) is used to control the processing of an AEW?
5. What action is necessary if an out-of-system adjustment was previously made during the time period the AEW covers?
6. When reviewing an AEW, the first step is to compare the amount of benefits the corporate record shows VA withheld each month (for military retirement pay *only*) to the amounts shown in the *VA Withheld* column of the AEW for the same months to ensure they match. If the amounts do not match and the difference between the amount in the *VA Withheld* column and the amount in the *Due From VA* column for each entitlement month displayed on the AEW matches the withholdings in the corporate record for each of the same months, what additional action is needed?
7. How is the retroactive amount that VA owes the Veteran calculated?
8. What is the basic formula for calculating the new withholding amount to enter in the ADJUSTMENT amount field on the RETIRED PAY tab under AWARD ADJUSTMENTS in VBMS-A?
9. Which block in M21-1 discusses the decision notices VSRs must prepare and release after adjusting a Veteran's award based on an AEW?