



Department of Veterans Affairs Office of Inspector General

Administrative Investigation Improper Locality Pay, Service Area Office West and Desert Pacific Healthcare Network, Long Beach, CA

Redacted



DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington, DC 20420

TO: Director of the Service Area Office (SAO) West
Director of the Desert Pacific Healthcare Network

SUBJECT: Administrative Investigation, Improper Locality Pay, Service Area Office West and Desert Pacific Healthcare Network, Long Beach, CA (2012-01841-IQ-0156)

Summary

We found that [REDACTED], [REDACTED], VA Long Beach Healthcare System, improperly applied Federal regulations related to teleworking when she advised Mr. Kevin Blanchard, Network Contract Manager, SAO West, that he could authorize a Long Beach duty station for a newly hired employee to provide her a higher rate of pay when she lived and regularly performed her duties outside of the Long Beach commuting area. However, even in applying those regulations, Mr. Blanchard failed to comply by recording the dates and times that the employee spent in the Long Beach area to justify that locale as her duty station. (b)(7)(C)

Introduction

While conducting another administrative investigation, we found that Mr. Blanchard improperly authorized an employee to receive the higher locality rate of pay for Long Beach, CA, when she regularly performed her duties in the San Diego, CA, area. To assess this, we interviewed Mr. Blanchard, [REDACTED], the employee, and other VA employees. We also reviewed personnel, email, travel, and other relevant records, as well as Federal laws, regulations, and VA policy.

Results

Issue: Whether an Employee Received an Improper Locality Rate of Pay

Section 5304 of Title 5, United States Code, authorizes locality pay for General Schedule employees with duty stations in the United States. Federal regulations state that an agency determines an employee's locality rate by determining the employee's official

worksite and that the official worksite is the location of an employee's position of record where the employee regularly performs their duties. 5 CFR §§ 531.604 and 531.605.

Personnel records reflected that the employee began her VA employment on January [REDACTED], 2012, as a GS-13, step 10, and that her official duty station was Long Beach, CA, with an annual salary of \$118,481. However, the employee told us that she regularly performed her duties in San Diego. The Office of Personnel Management website reflected that the GS-13, step 10, salary for the San Diego area, to include locality pay, was \$2,767 lower than for the Long Beach area.

The employee told us that accepting the position with VA reduced her salary, and in a November 18, 2011, email to Mr. Blanchard, she expressed a concern with the lower salary. Mr. Blanchard replied that he would contact human resources regarding her pay. Mr. Blanchard told us that he then spoke to [REDACTED] regarding the employee's salary (b)(7)(C) and that [REDACTED] told him that if the employee spent at least 25 percent of her time in Long Beach, she qualified for the Long Beach higher locality rate of pay. Mr. Blanchard said that he predicted that the employee would spend 25 percent of her time in Long Beach and that he would reassess it on an annual basis to determine how much time she spent at each location.

In a November 18, 2011, email to the employee, Mr. Blanchard told her that she needed to spend 25 percent of her time in Long Beach to receive the higher rate of pay but that she could minimize her travel to Long Beach by using video and teleconferencing. Mr. Blanchard and the employee told us that over the course of about 10 months she only spent about 10 days, or 5 percent of her time, working in Long Beach. They said that they did not have a formal day-to-day method of tracking where she performed her duties and that they would have to use email and other sources to reconstruct her past activities.

[REDACTED], [REDACTED], told us that prior to VA hiring the employee, he told Mr. Blanchard it was improper to offer her the Long Beach locality rate of pay. He said that he knew of no program in which employees could receive specific locality pay when they performed 25 percent of their duties within that geographical area. He further said that he had a difficult time communicating with Mr. Blanchard and that Mr. Blanchard did not "grasp" the regulations regarding hiring actions. The following emails reflected his concern:

- In a November 22, 2011, email to Mr. Blanchard, [REDACTED] said, "Do we really want to do this? That means she'll be here 1.25 days a week. I don't see that as very efficient since she'll be on the road half the day for two days a week. If she isn't here 1.25 days a week and gets LA/LB locality pay then it isn't fair to all the other staff members that are out of the LA/LB locality pay area. We're opening a can of worms if that word gets out. I think you should rethink this." (b)(7)(C)

- In another November 22, 2011, email to Mr. Blanchard, [REDACTED] said, (b)(7)(C) “Kevin, we[’]re setting ourselves up here. I don’t think [the employee] will be here at LB even close to 25% of the time. That would be at least 65 days per year on average. I don’t see that happening. Although the announcement is vague and she is taking a salary cut, we can’t give her the LA/LB locality pay if she is not in LB the minimum amount of time. It’s just not right. Thanks for listening to me.”
- In a November 22, 2011, email to [REDACTED] and a Program Specialist, Mr. Blanchard said, “I talked to [REDACTED] about it again this afternoon. She said using the “average days [sic] is ok. So that really would average around 5 days per month. I really don’t think that will be a problem the first year; since she will be spending a lot of time here getting up to speed. However, I do think it would be a good idea that we inform her that we will have to reassess that issue annually...”

[REDACTED], [REDACTED], told us that prior to VA hiring the employee, she [REDACTED] told Mr. Blanchard that it was improper and “not a good idea” for the employee to receive the Long Beach locality rate of pay. She said that the employee traveled to Long Beach, at most, 10 times, did not fulfill the 25 percent requirement, and a formal day-to-day tracking method did not exist to document where the employee spent her workdays. She also said that she never heard of a program that allowed employees to receive specific locality pay for performing 25 percent of their duties at a specific location.

[REDACTED] told us that when Mr. Blanchard asked her about the employee’s salary, she (b)(7)(C) told him that if the employee performed 25 percent of her duties in Long Beach, she qualified to receive the Long Beach locality pay. [REDACTED] said that the justification for this was in Federal regulation 5 CFR § 531.605(d)(1). However, the regulation states:

For an employee covered by a **telework agreement** [emphasis added], the following rules apply: (1) If the employee is scheduled to work at least twice each biweekly pay period on a regular and recurring basis at the regular worksite for the employee’s position of record, the regular worksite (where the employee’s work activities are based) is the employee’s official worksite. However, in the case of such an employee whose work location varies on a recurring basis, the employee need not work at least twice each biweekly pay period at the regular official worksite (where the employee’s work activities are based) as long as the employee is regularly performing work within the locality pay area for that worksite.

The employee told us that since being at VA, she has not taken telework training or signed a telework agreement. VA policy states that VA employees and their immediate supervisors should take telework training and that documentation establishing a telework arrangement must be signed by an employee and approving supervisor prior to

teleworking. VA Handbook 5011/5, Part II, Chapter 4, Paragraph 6. Mr. Blanchard told us that the employee did not participate in the telework program; neither of them took telework training; and the employee did not have a signed telework agreement. (b)(7)(C) later told us that she misinterpreted the regulation when she applied it to the employee's situation and that she was not familiar with interpreting Federal regulations concerning telework.

After reviewing the employee's hiring package, [REDACTED], [REDACTED], [REDACTED], told us that an error was made and that "the Long Beach locality pay should not have been used" and that a correction "will be needed." He said that he was not aware of any program allowing employees to receive specific locality pay by performing 25 percent of their duties at a specific locale and that outside of telework, he was not familiar with any regulations that supported time, location, and locality pay. Further, he said that Mr. Blanchard was given inaccurate information and that [REDACTED] made an error applying telework regulations to the employee's assigned duty station and locality rate of pay without a telework agreement in place.

Conclusion

We found that [REDACTED] gave Mr. Blanchard inaccurate information to justify (b)(7)(C) offering the employee a VA position with the Long Beach locality rate of pay when she was to perform her duties in San Diego. Federal regulations state that an employee's official duty station is where the employee regularly performs their duties. [REDACTED] and [REDACTED] both told Mr. Blanchard that it was improper to offer the employee the higher rate of pay, but he chose instead to accept the inaccurate information given to him by [REDACTED] so that he could give the employee a higher salary. Although he believed that the employee could receive the higher salary if she spent 25 percent of her time in Long Beach, he made no effort to document that she spent 25 percent of her duty hours there. Instead, she worked in Long Beach only about 5 percent of her duty hours. Moreover, [REDACTED] applied a Federal regulation which is related to teleworking, so the employee still did not qualify, as she did not have a telework agreement in place.

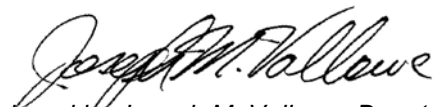
Recommendation 1. We recommend that the SAO West Director ensure that the employee's personnel records accurately reflect her duty station as San Diego from January [REDACTED], 2012, to present and that a bill of collection is issued to her for the total amount of improper locality pay given to her.

Recommendation 2. We recommend that the SAO West Director determine whether the employee should be permitted to telework, and if so, ensure that Mr. Blanchard and the employee receive annual telework training and complete the proper telework paperwork prior to the employee engaging in any telework.

Recommendation 3. We recommend that the Director of the Desert Pacific Healthcare Network ensure that [REDACTED] receives HR training as it relates to duty stations, locality pay, and teleworking. (b)(7)(C)

Comments

The Director of the Service Area Office West was responsive, and her comments are in Appendix A. The Director of the Desert Pacific Healthcare Network was responsive, and his comments are in Appendix B. We will follow up to ensure the recommendations are fully implemented.


(Original signed by Joseph M. Vallowe, Deputy,
Assistant Inspector General for Investigations for:)
JAMES J. O'NEILL
Assistant Inspector General for
Investigations

SAO West Director Comments

**Department of
Veterans Affairs**

Memorandum

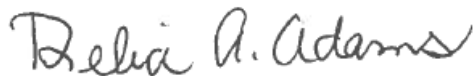
Date: March 1, 2013

From: Delia Adams, Director SAO West (10NA2)

Subject: **Administrative Investigation, Improper Locality Pay,
Service Area Office West and Desert Pacific Healthcare
Network, Long Beach, CA**

To: Director, 51Q Administrative Investigations Division (51Q)

1. I appreciate the opportunity to review the draft report recommendation from the OIG Improper Locality Pay conducted at the VA Long Beach, CA, office.
2. As discussed via the correspondence, Action plans, with proposed Target Completion dates are provided as well.
3. If you have any questions regarding the responses to these recommendations in the report, please contact me. I can be reached at 916-692-7310.



Delia A. Adams, MBA, CPCM
Director, SAO West

SAO West Director's Comments to Office of Inspector General's Report

The following SAO West Director's comments are submitted in response to the recommendations in the Office of Inspector General's Report:

OIG Recommendation(s)

Recommendation 1. We recommend that the Director of SAO West ensure that the employee's personnel records accurately reflect her duty station as San Diego from January ■, 2012, to present and that a bill of collection is issued to her for the total amount of improper locality pay given to her. (b)(7)(C)

Comments: Concur with Recommendation.

A new correcting SF50 was issued by Long Beach Human Resources on October 25, 2012, correcting the employee's duty station to San Diego, CA, with an adjusted Locality Pay. This was retroactive to January ■, 2012.

A bill of collection was issued to the employee from the Financial Services Center dated 11/17/12 for the amount of \$1,816.32.

Recommendation 2. We recommend that the Director of SAO West determine whether the employee should be permitted to telework, and if so, ensure that Mr. Blanchard and the employee receive annual telework training and complete the proper telework paperwork prior to the employee engaging in any telework.

Comments: Concur with the Recommendation.

The Director, SAO West, will review the employee's situation to determine if the employee should be permitted to telework. The Director has issued a new suspense for all SAO West employees to take Telework training annually.

The Director, SAO West, [REDACTED] [REDACTED] Mr. Blanchard for failure to follow directions related to his statements that he had not completed Telework training (b)(7)(C) as directed by the Director in FY11. IAW with VA Human Resources Management Letter NO. 05-11-01, Telework Enhancement Act of 2010 via email–suspense dated March 31, 2011, and again on April 25, 2011. A review of Mr. Blanchard’s TMS training records revealed he has not completed the Telework training as directed by the above emails. It appears Mr. Blanchard was also derelict in his duties to insure all employees were aware of the policies and also completed the training as directed.

ACTION: Contract HR for directions [REDACTED] [REDACTED] and remedies available

TARGET DATE: 15 March 2013

ACTION: Suspense all SAO West employees take the Telework training offered via TMS.

TARGET DATE: 1 April 2013

ACTION: Ensure Telework training is a part of all new employee orientation and training.

TARGET DATE: Effective Immediately

Network Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: March 18, 2013

From: Director of the Desert Pacific Healthcare Network (10N22)

Subject: **Administrative Investigation, Improper Locality Pay,
Service Area Office West and Desert Pacific Healthcare
Network, Long Beach, CA**

To: Assistant Inspector General for Investigations (51)

1. I concur with the draft report findings, recommendation #3, related to the Human Resources Department at VA Long Beach Healthcare System.
2. If you have any questions, please contact me at (562) 826-5963.



Stan Johnson, MHA, FACHE

**Network Director's Comments
to Office of Inspector General's Report**

The following Network Director's comments are submitted in response to the recommendation in the Office of Inspector General's Report:

OIG Recommendation

Recommendation 3. We recommend that the Director of the Desert Pacific Healthcare Network ensure that [REDACTED] (b)(7)(C) receives HR training as it relates to duty stations, locality pay, and teleworking.

Comments:

No additional comments.

OIG Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Acknowledgments	Christopher Holcombe

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