

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Health Administration

*Review of
the Management of Travel,
Duty Stations, Salaries and
Funds in the Procurement
and Logistics Office*

September 30, 2013
11-01653-300

ACRONYMS AND ABBREVIATIONS

FLITE	Financial and Logistics Integrated Technical Enterprise
IDP	Individual Development Plan
OALC	Office of Acquisition, Logistics, and Construction
OIG	Office of Inspector General
OPM	Office of Personnel Management
PAID	Personnel and Accounting Integrated Data
P&LO	Procurement and Logistics Office
SAM	Strategic Asset Management
VA	Veterans Affairs
VHA	Veterans Health Administration

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Report Highlights: Review of VHA's Management of Travel, Duty Stations, Salaries and Funds in P&LO

Why We Did This Review

The Office of Inspector General conducted this review to determine the merits of four allegations claiming the Veterans Health Administration's Procurement and Logistics Office (P&LO) mismanaged travel, duty stations assignments, salaries, and funds.

What We Found

We substantiated two of the four allegations: P&LO did pay some employees the incorrect salaries for their duty station locations and P&LO did improperly use the VA Supply Fund to pay for travel. However, we did not substantiate that P&LO authorized excessive, unnecessary travel or that employees were virtually stationed away from where they needed to work.

We determined P&LO needed to strengthen internal procedures for approving travel. P&LO needs to ensure authorizing officials have direct knowledge of employee travel plans and only authorize travel after validating the necessity of the travel.

P&LO paid three employees incorrect salaries due to inaccurate duty station assignments in FY 2010. Prior to our review, P&LO identified the errors for two of the three employees, and corrected the salaries and recouped related overpayments. The third employee was overpaid about \$18,000 into FY 2013 because P&LO did not have standard procedures in place to ensure accurate duty station assignments.

Finally, P&LO improperly augmented FY 2010 appropriations by using the VA Supply Fund to pay travel costs for an employee whose salary was funded through appropriations. P&LO did not have procedures in place to ensure appropriate use of the VA Supply Fund.

What We Recommended

We recommended the Chief Procurement and Logistics Officer implement controls to strengthen employee travel review and authorization. P&LO should initiate a periodic review of all employee duty station assignments to correct assignment errors and recoup incorrect payments as appropriate.

Agency Comments

While the Under Secretary for Health concurred, the Principal Executive Director, Office of Acquisition, Logistics, and Construction generally concurred with our report recommendations. We consider the corrective action plans they provided acceptable and will follow up as appropriate on their implementation.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Allegations

In February 2011, the VA Office of Inspector General received an anonymous Hotline allegation that the Veterans Health Administration's (VHA's) Procurement and Logistics Office (P&LO) mismanaged travel, duty station assignments, salaries, and funds for 50 employees. Specifically, the complainant alleged P&LO:

1. Wasted travel funds by authorizing excessive, unnecessary travel.
2. Mismanaged the location of some employee duty stations by virtually locating them away from where they needed to work, thereby contributing to wasted travel funds.
3. Paid some employees incorrect salaries based on their duty station assignments.
4. Misused the VA Supply Fund to improperly augment VHA appropriations.

To determine the merits of the allegations, we reviewed data from the Personnel and Accounting Integrated Data (PAID) and FedTraveler systems to identify duty station assignments, salaries paid, travel taken, and the source of funding for travel and salaries in FY 2010 for the employees cited in the allegations. We then interviewed and reviewed supporting documentation for 20 of the 50 P&LO employees selected for review based on their travel, duty stations, salaries, and funding, as well as their managers when available, travel approvers, and other P&LO personnel.

Background

P&LO develops and oversees implementation of VHA policies and processes for VHA purchasing related to logistics, procurement, and standardization of commodities and equipment. P&LO personnel also serve as liaisons with logistics staff in the 21 Veterans Integrated Service Networks. In FY 2012, VA appointed a new Chief Procurement and Logistics Officer who reports to the Deputy Under Secretary for Health for Operations and Management.

VA funds P&LO through VHA appropriations and the VA Supply Fund, a self-sustaining revolving fund that supports VA's mission by the operation and maintenance of VA's supply system. This fund recovers its operating expenses through fees charged on purchases of VA products and services. Management responsibility for the VA Supply Fund resides within VA's Office of Acquisition and Logistics.

- Appendix A provides details on our scope and methodology.
- Appendix B offers additional background information.
- Appendix C identifies the potential monetary benefits from our review.

RESULTS AND RECOMMENDATIONS

Allegation 1 P&LO Authorized Excessive, Unnecessary Travel

Assessment

We did not substantiate the allegation that P&LO authorized travel that was excessive or unnecessary in FY 2010. Most of the travel was associated with established programs, including the Strategic Asset Management (SAM) pilot project, the Presidential Management Fellows Program, and the Technical Career Field Internship Program. However, we did determine that P&LO did not properly manage travel. Appropriate controls were not in place to ensure employee travel was necessary. P&LO nonsupervisory staff authorized travel for other employees without knowledge of their need to travel. Further, P&LO supervisors were sometimes unaware that employees scheduled travel or that travel was necessary to perform the employees' work.

What We Did

To address whether P&LO authorized excessive, unnecessary travel, we reviewed the purpose of travel for the nine employees who incurred \$25,000 or more in travel expenses or traveled 45 days or more in FY 2010. We requested and reviewed expense report documentation from the FedTraveler system and conducted interviews for each employee in our sample to obtain further details. We also validated the purpose of travel with the employees' supervisors.

Purpose of P&LO Travel

Seven employees incurred significant travel associated with the Financial and Logistics Integrated Technical Enterprise (FLITE) program's SAM pilot project. This project attempted to standardize and consolidate asset and inventory management, real property management, information technology asset management, and work order and project management into a single, department-wide advanced system. This pilot project was implemented at one site in Milwaukee, WI, to validate and refine system operations.

According to P&LO employees, delays and personnel changes related to the SAM pilot project during FY 2010 resulted in more travel for some P&LO employees than originally planned. P&LO contributed to the SAM pilot project by providing subject matter expertise in areas such as logistics, prosthetics, and asset and inventory management. VA management deemed onsite interaction of key team members essential for successful implementation of the pilot. VA canceled the project in October 2011 due to missed contract deliverables and changes in budgetary priorities for information technology developments. Given the cancellation of the SAM pilot project occurred after these trips, we determined travel by the P&LO employees for the SAM pilot project was appropriate.

Our review showed that the travel by one employee—a participant in the Presidential Management Fellows Program—was consistent with activities

outlined on the employee's Individual Development Plan (IDP). Thus, we also considered this travel appropriate. The Presidential Management Fellows Program helps Federal agencies meet their succession planning needs by providing a resource for candidates interested in leadership and management of public policies and programs. An IDP is required for each program participant. The IDP generally includes training, developmental assignments, and plans for rotational assignments.

Finally, travel by one additional P&LO employee involved in the Technical Career Field Internship Program was considered appropriate. The internship program provides guided developmental opportunities including site visits, training conferences, and detailed rotational assignments. The employee traveled for the purpose of acquiring training at the VA Acquisition Academy and to perform a rotational assignment to gain procurement experience at a VA Medical Center. These assignments were consistent with the goals of the internship program.

*Apparent
Control
Weakness*

While we did not identify instances of excessive or unnecessary travel, P&LO lacked reasonable assurance that travel funds were used efficiently. VA Handbook 0636, *E-Gov Travel Service (ETS) Procedures for Temporary Duty (TDY) Travel*, rescinded February 16, 2011, but in force during the scope of this review, required all approving officials to determine if travel was reasonable and necessary. However, this did not always occur.

Specifically, for the 9 P&LO employees, documentation on 106 (60 percent) of 176 authorized trips did not include evidence of review by the travelers' supervisors. Some of these trips were authorized by approving officials in supervisory positions; however, these officials were not the employees' direct supervisors. Further, of these 106 trips, nonsupervisory staff authorized 78 trips, and these trips did not include evidence of review by a supervisor. While there is no requirement for direct supervisors to be approving officials, inadequate review and approval of travel authorizations increases the risk of excessive or unnecessary travel.

In general, we found P&LO employees authorizing travel did not first determine whether the travel was reasonable and necessary. Nonsupervisory approvers did not always ensure supervisors were aware of employees' requests to travel. Supervisors were not always knowledgeable of employees' travel plans or their need to travel. Supervisory reviews are a fundamental financial management control over expenditures. Without this control, P&LO cannot ensure that travel funds are used efficiently or for appropriate work requirements.

*Corrective
Actions*

In the fall of 2012, P&LO established a centralized intranet portal to manage travel approvals. The portal provides the capability for P&LO employees to provide justification, business case analysis, and anticipated expenditure details for supervisory approval prior to travel. After supervisory approval,

portal documents are uploaded to the FedTraveler system for review and approval by P&LO budget officials and second-level supervisors. The portal also includes step-by-step instructions to ensure consistent use by all P&LO employees.

Recommendation

1. We recommend the Chief Procurement and Logistics Officer establish standard operating procedures to ensure that Procurement and Logistics Office approving officials only authorize travel upon obtaining the information needed to determine if travel is necessary.

Management Comments and OIG Response

The Under Secretary for Health agreed with our findings and recommendations. The Under Secretary confirmed that travel for all P&LO staff is now entered in the centralized SharePoint portal that requires a business case and full expenditure details before supervisor and Senior Executive Service approvals occur. Further, the Under Secretary indicated that on October 23, 2012, thorough guidance was provided to all P&LO staff via email, followed by 6-weeks of training via live meetings to ensure staff were properly trained.

We consider Recommendation 1 closed, based on P&LO's corrective actions. Appendix D provides the full text of the Under Secretary's comments.

Allegation 2 P&LO Virtually Located Some Employees Away From Where They Needed To Work

Assessment

We did not substantiate the allegation that P&LO virtually located employees away from where they needed to work. We determined that the two employees, each traveling 51 percent or more of the 251 Federal workdays to a single location, were not virtual employees. The travel for both employees was situational and temporary. Therefore, we did not conclude P&LO mismanaged the locations for these employees.

What We Did

To address this allegation, we reviewed travel records for 43 of the 50 P&LO employees who traveled in FY 2010. We identified two P&LO employees who traveled so frequently to one location that it appeared the employees' official duty stations were incorrect.

Travel for Virtual Employees Not Defined

We found that in FY 2010, neither the Office of Personnel Management (OPM) nor VA had a policy in place quantifying the maximum amount of time an employee can spend in travel status to one location before the employee's official duty station needs to change. In addition, VA did not require identification of virtual employees in FY 2010. A virtual assignment occurs when an employee works full-time at a location different from the hiring station, although the employee still reports to the hiring station. In the absence of a Federal standard, we used the majority of working days in a year at a location other than the official duty station assignment, along with supporting evidence, to determine if a traveler was a virtual employee and should have a different duty station assignment.

Review of Virtual Employees

We identified two P&LO employees who traveled a significant amount of time—51 percent or more of the 251 FY 2010 Federal work days—to one location. Neither was a virtual employee. One individual incurred significant travel to Milwaukee, WI, to support the FLITE program's SAM pilot project. The other employee traveled while participating in the Presidential Management Fellows Program. Because their travel was situational and temporary, we concluded that the P&LO employees were not virtually located away from where they needed to work.

We did not make recommendations because we did not substantiate the allegation or identify mismanagement of the employees' locations.

Allegation 3 P&LO Paid Some Employees Incorrect Salaries for Their Locations

Assessment

We substantiated the allegation that P&LO paid some employees incorrect salaries for their duty station locations in FY 2010. P&LO identified and corrected two such instances prior to our review; however, P&LO was still overpaying one employee as of November 2, 2012. Therefore, we concluded that P&LO did not consistently manage some employees' duty station assignments.

What We Did

To address whether P&LO paid employees incorrect salaries for their official duty locations, we identified seven P&LO employees whose residences were 75 miles or more from their duty station addresses. We used 75 miles as the cutoff for the employees reviewed to be consistent with a sampling methodology applied on a previous audit addressing closely related issues.¹ In addition, we researched two individuals whose duty stations were not identified in VA's PAID system.

Duty Stations and Salary

An employee may receive locality pay—an amount above the employee's prescribed salary—based on the geographic location or duty station to which he or she is assigned. Title 5 United States Code § 5304, *Government Organization and Employees*, authorizes locality pay for Federal employees. Locality pay is set by comparing General Schedule and non-Federal pay in each locality pay area. Per OPM guidelines, Federal employees eligible for locality pay receive at least the base amount. However, employees in certain geographical areas receive additional amounts based on a comparison of Federal and non-Federal pay in each locality pay area.

Incorrect Pay in FY 2010

In FY 2010, P&LO overpaid three of the seven employees because of incorrect duty station assignments; the other four employees received correct locality pay based on correct duty station assignments. Prior to our review, P&LO identified and corrected the duty station assignments and salaries for two of the incorrectly paid employees and recouped the salary overpayments. However, P&LO did not previously identify the remaining employee who received incorrect locality pay.

This employee received incorrect locality pay due to an incorrect duty station assignment. The employee's locality pay was for Milwaukee, WI, although the employee physically worked in Madison, WI, which had a lower locality pay rate. The employee had improperly received locality pay for Milwaukee from November 11, 2007 through November 2, 2012, the date of the employee's retirement. As a result, we questioned the appropriateness of the salary overpayment totaling about \$18,000. We believe P&LO should take corrective action in accordance with VA guidance.

¹ *Department of Veterans Affairs: Audit of Duty Station Assignments*, OIG Report No. 11-04081-142, April 19, 2012.

*Corrective
Actions*

During our review, P&LO officials stated they performed a review of employee duty station assignments and identified and corrected duty station assignments for 10 P&LO employees between 2011 and 2012. However, P&LO's actions did not correct the duty station assignment of the remaining employee we identified during our review as receiving incorrect locality pay.

Recommendations

2. We recommend the Chief Procurement and Logistics Officer perform an annual review of all Procurement and Logistics Office employees to ensure they have correct duty station assignments.
3. We recommend the Chief Procurement and Logistics Officer take action to recoup salary overpayments or pay underpayments for incorrect duty station assignments, as appropriate, in accordance with VA guidance.

*Management
Comments
and OIG
Response*

The Under Secretary for Health agreed with our findings and Recommendations 2 and 3. The Under Secretary stated that between 2011 and 2012, the P&LO Human Resources Liaison conducted a review and made several corrections to employees' duty station assignments. Further, a master report was pulled and employees' appropriate duty station locations were verified and corrected. This review began in September 2013 and will be conducted annually during the fourth quarter of each fiscal year.

The Under Secretary also stated that a review was underway to assess whether a retired P&LO employee was paid based on the correct duty station. P&LO will ensure that identified overpayments are recouped or underpayments are paid, as appropriate. P&LO planned to implement the corrective actions by October 30, 2013.

The Under Secretary's comments and action plan are responsive to the intent of the recommendations. We will monitor implementation of planned actions and will close recommendations when we receive sufficient evidence demonstrating P&LO's progress in addressing the issues identified. Appendix D has the the full text of the Under Secretary's comments.

Allegation 4 P&LO Used the VA Supply Fund Inappropriately

Assessment

We substantiated the allegation that P&LO improperly augmented VHA appropriations by using the VA Supply Fund to pay for travel. Thus, P&LO did not properly manage the use of the VA Supply Fund.

What We Did

To address whether P&LO used the VA Supply Fund to improperly augment VHA appropriations, we reviewed the source of funds used to pay salaries and travel for 43 P&LO employees who traveled in FY 2010. We also reviewed the Office of General Counsel opinions regarding the use of the VA Supply Fund.

Allowable Uses of the VA Supply Fund

Title 38 United States Code § 8121, *Revolving Supply Fund*, authorizes the use of VA's Supply Fund for the operation and maintenance of a supply system for VA, including procurement of supplies, equipment, and personal services. Office of General Counsel opinions limit VA Supply Fund use, stating that the Fund may not be used if a specific appropriation is available for the expenditure.

In general, if an employee's salary is paid using the VA Supply Fund, the employee's travel can be paid using the Fund as well. Conversely, if an individual's salary and benefits are paid through appropriated funds, the individual should not receive travel reimbursements from the VA Supply Fund without specific authorization. Personnel from both the Office of General Counsel and the Office of Acquisition and Logistics indicated such authorization is limited to instances such as acquisition training or conferences related to the VA Supply Fund.

Improper Use of the VA Supply Fund While Traveling

We identified one P&LO employee whose salary was paid using appropriated funds while the individual's travel was paid using the VA Supply Fund. P&LO incorrectly used the VA Supply Fund to pay for 15 trips totaling about \$28,000 from December 2009 through July 2010. The employee traveled in support of VA national initiatives not directly related to VA Supply Fund activities. A specific appropriation was available to fund one of the initiatives; VA funded the other initiative with VHA medical appropriations. VA should have used appropriated funds, rather than the VA Supply Fund, to pay for the employee's travel. Personnel from the Office of Acquisition and Logistics confirmed that the VA Supply Fund was not reimbursed for the employee's travel expenses.

Lack of Understanding of Guidance Led to Inappropriate Use of Funds

We concluded P&LO supervisors and approving officials were not aware of restricted vs. permitted uses of the VA Supply Fund. Similarly, approving officials stated they were not clear about when they should use the VA Supply Fund or VHA appropriations to fund travel. As a result, they did not always ensure that appropriate funding sources were used when authorizing travel.

Officials we interviewed stated the Office of Acquisition and Logistics and P&LO did not have an agreement outlining responsibilities on the use and management of the VA Supply Fund. Further, P&LO did not have adequate procedures in place to implement available guidance and ensure appropriate use of the VA Supply Fund. This created an environment that allowed improper use of the VA Supply Fund.

*Corrective
Action*

During our review, P&LO took corrective action to transfer the funds for the travel that should have been funded through appropriations. In June 2013, P&LO transferred the indebtedness from the VA Supply Fund account to P&LO appropriated funds for the 15 trips totaling about \$28,000. We concluded this action was sufficient to correct the identified issue.

Recommendations

4. We recommend the Chief Procurement and Logistics Officer provide training annually to supervisors and financial officials regarding permitted versus restricted uses of the VA Supply Fund.
5. We recommend the Deputy Assistant Secretary, Office of Acquisition and Logistics, in coordination with the Chief Procurement and Logistics Officer, establish a formal agreement outlining their respective management responsibilities and permitted versus restricted uses of the VA Supply Fund.

*Management
Comments
and OIG
Response*

The Under Secretary for Health agreed with our findings and recommendations and requested that the Deputy Assistant Secretary, Office of Acquisition and Logistics take the lead Recommendation 5. The Under Secretary stated that upon completion of Recommendation 5, the Chief Procurement and Logistics Officer will schedule a mandatory meeting and conduct training to ensure supervisors and financial officials are aware of permitted versus restricted uses of the VA Supply Fund. Further, each P&LO Deputy will certify to the Chief Procurement and Logistics Officer that subordinate supervisors and/or financial officials receive the training annually and records of the certification are maintained for auditing purposes. P&LO planned to implement the corrective actions by December 30, 2013.

The Principal Executive Director, Office of Acquisition, Logistics, and Construction concurred with Recommendation 4 and partially concurred with Recommendation 5. The Principal Executive Director stated that OALC will serve as the lead, in coordination with P&LO, in establishing a formal agreement outlining OALC's respective management responsibilities and permitted use of VA Supply Funds. Further, OALC will work with P&LO to draft a memorandum of understanding. OALC plans to implement this corrective action by September 30, 2013.

The Under Secretary's and Principal Executive Director's comments and corrective actions plan were responsive to the intent of the recommendations. We will monitor implementation of these actions and will close recommendations when we receive sufficient evidence demonstrating P&LO's progress in addressing the issues identified. Appendix D provides the full text of the Under Secretary's comments, and Appendix E provides the full text of the Principal Executive Director's comments.

Appendix A Scope and Methodology

We conducted this review from December 2011 through July 2013. Our work focused on P&LO management of travel, duty station assignments, salaries, and funds for FY 2010.

Methodology

We researched, identified, and reviewed applicable Federal laws and regulations, prior audit reports, and VA policies related to travel, duty station assignments, employee locality pay adjustments, and usage of the VA Supply Fund. We obtained and reviewed relevant data from the FedTraveler and PAID systems. We also obtained and reviewed Office of General Counsel opinions pertinent to use of the VA Supply Fund.

For our review, we identified 20 P&LO employees who during FY 2010:

- Incurred more than \$25,000 in travel expenses in one year or traveled 45 days or more in one year,
- traveled more than 51 percent or more of the 251 FY 2010 Federal work days to one location,
- had residence addresses more than 75 miles from their duty station assignments, and/or
- had salaries paid by the VA Supply Fund.

These 20 employees took 356 trips, including local travel. We interviewed each employee and his or her supervisor when possible, and requested documentation to support their interview responses.

Data Reliability

We used computer-processed data extracted from the FedTraveler system to identify and review travel records for P&LO employees for FY 2010. We obtained and reviewed previous audits and reviews of the FedTraveler system and determined that the data were sufficiently reliable for our review purposes.

We also used computer-processed data from the PAID system to identify duty stations, residential addresses, base salaries, locality pay rates, and personnel actions for P&LO employees in FY 2010. We verified the PAID data through employee interviews and analysis of employee leave and earnings statements. We concluded that the computer-processed data from the PAID system were sufficiently reliable for our review purposes.

Government Standards

We conducted our review in accordance with *Quality Standards for Inspections and Evaluations* published by the Council of Inspectors General on Integrity and Efficiency. These standards guide the conduct of all inspection work performed by Offices of Inspectors General. Accordingly, based on our review objective, we believe the evidence obtained provides a reasonable basis for our findings and conclusions.

Appendix B Background

VA Supply Fund

The VA Supply Fund is a self-supporting revolving fund, statutorily authorized by Title 38 United States Code § 8121, *Revolving Supply Fund*. The VA Supply Fund supports VA's mission through the operation and maintenance of a supply system, including procurement of supplies, equipment, personal services, and the repair and reclamation of used, spent, or excess personal property.

In addition to VA, the fund supports the procurement of supplies and equipment for other Federal agencies such as the Department of Defense and the Department of Health and Human Services. The VA Supply Fund is reimbursed by customers for the cost of all services, equipment, and supplies furnished. The fund recovers its operating expenses through fees charged on products and services purchased from VA. The VA Supply Fund is available without fiscal year limitations. The Office of Acquisition and Logistics operates and oversees the VA Supply Fund, including financial reporting, budgeting, accounting operations, and oversight.

Appendix C Potential Monetary Benefits in Accordance With Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
3	Recoupment of identified overpayments for locality pay associated with an incorrect duty station assignment.	\$0	\$17,803
Total		\$0	\$17,803

Appendix D Under Secretary for Health Comments

Department of Veterans Affairs

Memorandum

Date: September 13, 2013

From: Under Secretary for Health (10)

Subj: Healthcare Inspection – Review of the Management of Travel, Duty Stations, Salaries, and Funds in the Procurement and Logistics Office (Project 2011-01653-D2-0214) (VAIQ 7394565)

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for providing me this opportunity to respond to the Review of the Management of Travel, Duty Stations, Salaries, and Funds in the Procurement and Logistics Office.
2. I have reviewed the draft report and concur with the report's recommendations. Attached are corrective action plans.
3. If you have any questions or need additional information, please contact Karen Rasmussen, Acting Director, Management Review Service at (202) 461-6643, or by e-mail at karen.rasmussen@va.gov.



Robert A. Petzel, M.D.

Attachment

ATTACHMENT

**VETERANS HEALTH ADMINISTRATION (VHA)
Action Plan**

Office of Inspector General, Draft Report, Review of the Management of Travel, Duty Stations, Salaries, and Funds in the Procurement and Logistics Office (P&LO) (VAIQ 7394565)

Date of Draft Report: August 13, 2013

Recommendations/ Actions	Status	Completion Date
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Recommendation 1: We recommend the Chief Procurement and Logistics Officer establish standard operating procedures to ensure that Procurement and Logistics Office approving officials only authorize travel upon obtaining the information needed to determine if travel is necessary.

VHA Comments:

Concur

Travel for all Procurement and Logistics Office staff is entered in a centralized SharePoint portal that requires a business case and full expenditure details before supervisor and SES approvals occur. An uploaded copy of the approval document must be included in FedTraveler request before first level (budget team) and second level (supervisor) approvals occur. On October 23, 2012, thorough guidance was provided to all Procurement and Logistics Office staff via email followed by 6 weeks of training via live meetings to ensure all staff was properly trained.

Completed

October 23, 2012

Recommendation 2: We recommend the Chief Procurement and Logistics Officer perform an annual review of all Procurement and Logistics Office employees to ensure they have correct duty station assignments.

VHA Comments:

Concur

Between 2011 and 2012, the Procurement and Logistics Office Human Resources Liaison conducted a review and made several corrections to employees' incorrect duty locations. A master report was pulled and employees' appropriate duty locations were verified or corrected. The review began in September 2013, and will be conducted annually during the 4th quarter of each Fiscal Year (FY).

In Progress

September 30, 2013

Recommendation 3: We recommend the Chief Procurement and Logistics Officer take action to recoup salary overpayments or pay underpayments for incorrect duty station assignments, as appropriate, in accordance with VA guidance.

VHA comments:

Concur

A review process is in progress to assess whether a retired Procurement and Logistics Office employee (per OIG's specific recommendation) was paid under the correct duty station. The Procurement and Logistics Officer will ensure that identified overpayments are recouped or underpayments are paid, as appropriate. A master report will be pulled and employees and their appropriate duty location will be verified and corrected. This will continue to be an annual review during the 4th quarter of each FY.

In Progress

October 30, 2013

Recommendation 4: We recommend the Chief Procurement and Logistics Officer provide training annually to supervisors and financial officials regarding permitted versus restricted uses of the VA Supply Fund.

VHA Comments:

Concur

Upon completion of recommendation 5, the Chief Procurement and Logistics Officer will schedule a mandatory meeting and conduct training to ensure supervisors and financial officials are aware of permitted versus restricted uses of the VA Supply Fund. Each Procurement and Logistics Office Deputy will certify to the Chief Procurement and Logistics Officer that their subordinate supervisors and/or financial officials received the training annually. Records of the certification will be maintained for auditing purposes.

In Progress

December 30, 2013

Recommendation 5: We recommend the Deputy Assistant Secretary, Office of Acquisition and Logistics, in coordination with the Chief Procurement and Logistics Officer, establish a formal agreement outlining their respective management responsibilities and permitted versus restricted uses of the VA Supply Fund.

VHA Comments:

Concur

The Deputy Assistant Secretary, Office of Acquisition and Logistics will coordinate with the Chief Procurement and Logistics Officer, in establishing a formal agreement outlining respective management responsibilities and permitted use of VA Supply Funds. The Office of Acquisition and Logistics will work with the Procurement and Logistics Office and draft a memorandum of understanding (MOU).

In Progress

September 30, 2013

Veterans Health Administration
September 2013

Appendix E Principal Executive Director, Office of Acquisition, Logistics, and Construction Comments

Department of Veterans Affairs

Memorandum

Date: September 9, 2013

From: Principal Executive Director, Office of Acquisition, Logistics, and Construction (003)

Subj: Request for Review and Action Plan – OIG's draft report Review of the Management of Travel, Duty Stations, Salaries, and Funds in the Procurement and Logistics Office (VAIQ 7391329)

To: Assistant Inspector General for Audits and Evaluations (52)

1. The Office of Acquisition, Logistics, and Construction (OALC) completed its review of the Office of Inspector General's (OIG) draft report on Veterans Health Administration "Review of the Management of Travel, Duty Stations, Salaries, and Funds in the Procurement and Logistics Office (PLO)."
2. OALC concurs with OIG on recommendations 1 through 4. OALC partially concurs with recommendation 5, which recommends the Chief Procurement and Logistics Officer (PLO), in coordination with the Deputy Assistant Secretary, Office of Acquisition and Logistics, establish a formal agreement outlining their respective management responsibilities and permitted versus restricted uses of the VA Supply Fund. OALC will serve as lead, in coordination with PLO, in establishing a formal agreement outlining OALC's respective management responsibilities and permitted use of VA Supply Funds. OALC will work with PLO and draft a memorandum of understanding (MOU). By September 30, 2013, OALC anticipates respective principals will sign and execute the MOU.
3. If you have any questions, please contact Shana Love Holmon, OALC Executive Assistant, at (202) 632-4606 or shana.love-holmon@va.gov.


Glenn D. Haggstrom

Appendix F Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Paul M. Sondel, Director Nicholas Dahl Meredith Hauber Marie Orlofski Shawn Steele Briana Webster
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Additional administrative support provided by:	Jerry Goss Richard Wright
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Appendix G Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
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Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans
Affairs, and Related Agencies
House Committee on Oversight and Government Reform
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This report is available on our Web site at www.va.gov/oig.