

**Memorandum to the File
Case Closure**

Program **Alleged Misuse of Funds, Conflict of Interest, and Acceptance of a Gift**
OI&T, Washington, DC
 (2011-04285-1Q-0001)

The VA Office of Inspector General Administrative Investigations Division investigated allegations that [REDACTED] [REDACTED] OI&T, Washington, DC, misused funds and engaged in a conflict of interest when he extended a [REDACTED] contract despite [REDACTED]'s lack of performance and that [REDACTED] extended an employment offer or gave him a gift of a trip to the Bahamas in exchange for the contract extension. To assess these matters, we interviewed [REDACTED] and VA and [REDACTED] employees. We also reviewed email, personnel, and contract records, and Federal laws, regulations, and VA policy.

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Standards of Ethical Conduct for Employees of the Executive Branch state that an employee is prohibited by criminal statute, 18 USC § 208(a), from participating personally and substantially in an official capacity in any particular matter in which, to his knowledge, he or any person whose interests are imputed to him under this statute has a financial interest, if the particular matter will have a direct and predictable effect on that interest. 5 CFR § 2635.402. They also state that an employee shall not use public office for private gain; shall act impartially and not give preferential treatment to any private organization or individual; and, shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. 5 CFR § 2635.101(7), (8), and (14). Further, they state that an employee shall not, directly or indirectly, solicit or accept a gift from a prohibited source or given because of the employee's official position. 5 CFR § 2635.202. Federal acquisition regulations state that Government employees may not solicit or accept, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from anyone who has or is seeking to obtain Government business with the employee's agency. 48 CFR § 3.101-2.

Personnel records reflected that [REDACTED] began his VA employment in September 2008 as a [REDACTED] within OI&T, [REDACTED] Programs, Program Management Office, Washington, DC. Contract records reflected that the [REDACTED] contract, [REDACTED] Order [REDACTED] was to acquire contractor support services for two lines of business within OI&T IT Enterprise Strategy, Policy, Plans, and Programs. Records further reflected that the contract would support the Portfolio Programming and Management Office and the Program Management Office. Contract records further reflected that the function would be accomplished under the General Services Administration (GSA) Federal Acquisition Service. Records also showed that the contract was a Firm Fixed Price, which meant that the contract price was the bid price with no incentives or fees added, with specified optional tasks and project price/cost of \$15,540,059.

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██████████ told us that GSA personnel at their Philadelphia, PA, office assisted in contract support management by serving as both the Contracting Officer (CO) and Contracting Officer's Technical Representative (COTR) and that a VA COTR oversaw the day-to-day activities. He said that he worked on the contract from February 2009 to early November 2011 and that ██████████ Project Manager, ██████████ Program Analyst; and ██████████ IT Specialist, served as VA COTRs at one time or another for this contract. He further said that ██████████ was the COTR from February 2009 to spring 2011 and that ██████████ was the COTR from spring 2011 until the contract transferred to Product Development. (b) (7)(C)

An Executive Decision Memorandum, dated September 30, 2011, reflected the establishment of a Project Management Accountability System (PMAS) Business Office to reside in Product Development, and on October 13, 2011, ██████████ for OI&T, approved the establishment of the PMAS Business Office. As a result, ██████████ told a GSA representative in an email that due to a transition of certain functions and resources at VA OI&T to the PMAS Business Office, effective October 24, 2011, the new Program Manager was ██████████ and COTR was ██████████ and that he assumed that GSA would "make the appropriate notifications" to ██████████ of the change. (b) (7)(C)

Alleged ██████████ Lack of Performance

On November 22, 2010, a GSA contracting officer identified in a letter to ██████████ Contracts Manager, ██████████ several conditions regarding performance under identified task order and that the conditions negatively impacted the quality of deliverables and the service level received. The letter reflected that GSA would coordinate a meeting with all concerned parties (GSA, VA, and ██████████ to discuss the concerns and determine the need for a remediation plan. ██████████ responded on January 3, 2011, addressing the performance concerns and noting that pursuant to a meeting on December 15, 2010, ██████████ proposed to provide a Plan of Action and a comprehensive solution on how ██████████ intended to move forward and provide quality work consistent with ██████████ standards and that met Government expectations of performance under the contract. A GSA contract specialist, in a January 3, 2011, letter, notified ██████████ that the Government intended to exercise option period 2 for February 13, 2011, to February 12, 2012. (b) (7)(C)

██████████ told us that ██████████'s office was staffed with only about 25 percent of its approved Government fulltime equivalent staff and that ██████████ employees were needed to do the required work. He said that ██████████'s performance issues were documented with GSA; the issues occurred at the end of their first option year; and ██████████ made a proactive effort to realign their staff to accommodate areas of subject matter expertise that aligned to the work efforts of the office. ██████████ told us that he believed that ██████████ "shored up" their administrative reporting and other facets of the contract and that the performance issues did not rise to the level of contract termination. (b) (7)(C)

[REDACTED] told us that the office was always understaffed and that without the contractors, the work could not be completed in a timely fashion. She said that there were too many contractors and that she believed that they "could do the same with less." She also said that [REDACTED] had too many support staff on the contract and lacked expert level staff. [REDACTED] told us that in the last year, she worked closely with the deliverables and sometimes rejected them because they were not of the expected quality. She said that the issue was grammatical and/or content related and a lack of effort. She further said that there was a lack of quality review on [REDACTED]'s part but that their performance issues did not rise to the level of contract termination.

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[REDACTED] told us that the [REDACTED] contractors were essential, because very few Government employees were knowledgeable of the PMAS process. He said that [REDACTED]'s performance was superb and "spot on" delivering to the CIO. He further said that VA staff criticized their product because of semantics, such as spelling, spacing, and font size. He told us that there were difficult times, but they never faltered, never gave up, and got the job done right. [REDACTED] said that the performance issues never rose to the level of contract termination.

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[REDACTED] told us that [REDACTED] started the contract in February 2009, which was about the time that [REDACTED] became VA's [REDACTED]. He said that [REDACTED] was dissatisfied with the performance of VA systems, so [REDACTED] introduced PMAS. He also said that [REDACTED] then re-gear[REDACTED] and helped setup PMAS. He told us that during that period, [REDACTED] did not perform all the reviews, but was active again within a couple of months. Further, he said that [REDACTED] performed most of the work that the office produced; however, he said that two VA employees frequently made baseless complaints and misrepresented information, resulting in GSA counseling VA employees on the proper way to work in a contract environment. [REDACTED] told us that once GSA got involved, things improved; however, two VA employees continued complaining about little things, such as a missing comma.

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[REDACTED] told us that she overheard discussions between VA employees concerning [REDACTED] contract employees not performing at the expected level. She said that she would not describe [REDACTED]'s performance as "great" but that the issues she experienced with [REDACTED] consisted of spelling and grammatical errors. She, however, said that she considered the errors semantic or style related.

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A VA Program Analyst told us that the [REDACTED] contractors were not needed and provided poor deliverables. She said that the performance issues involved grammatical errors, research ability, analysis, and inability to put it all together. She also said that the contractors wasted time by surfing the internet and taking extended lunches and that she told [REDACTED] on several occasions that [REDACTED] provided inadequate work. She said that [REDACTED] told her to work with the contractors, made excuses for their poor deliverables, and said, "Well, maybe the directions given to them weren't clear" or "You need to work with the contractors." Further, she said that many of the issues were

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systemic and existed before she arrived, got progressively worse, and were not resolved by [REDACTED]

A VA Collaboration Lead told us that she told [REDACTED] that the [REDACTED] support was unneeded. She told us that they probably only needed one or two good contractors and that [REDACTED]'s quality was "grossly" under par with expectations. She said that the issues involved grammatical errors, logically inconclusive paragraphs, a lack of understanding of the relevant processes, and "simply just incorrect facts." The Lead said that the quality issue was addressed at meetings with [REDACTED] but nothing was done. However, she told us that [REDACTED]'s performance did not rise to the level of contract termination. She said that although GSA was told of the problem, they could not do anything without [REDACTED]'s concurrence. A VA Lead Program Analyst told us that she experienced many quality issues with [REDACTED] and that [REDACTED] addressed the performance issues by asking [REDACTED] to hire two more contractors.

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A VA Management Analyst told us that the [REDACTED] contract "as written" was needed but that she believed the contractor employees needed skill sets and expertise to deliver quality items on the first round; however, this group did not have such. She said that [REDACTED] seemed hesitant to report that it was not working. She further said that she was the only person that recommended terminating the contract and not exercise the option year. GSA provided an "interim" contractor performance report/standard evaluation for the contract that addressed the reporting period of Feb 13, 2009 to Feb 12, 2011, which reflected an "excellent" rating regarding [REDACTED]'s quality of product/service, cost control, timeliness of performance, and business relations. A GSA Contracting Specialist provided a contractor performance assessment report for Option 2b, which noted [REDACTED]'s past rating as "very good," and said that for this contract, there was no documentation for contract termination. [REDACTED] said that she did not have anything strong enough to end the contract despite quality/timeliness concerns.

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[REDACTED] told us that he did not feel this contract wasted Government funds. He said that there were strengths and weaknesses in a Government employee workforce with contractor support. He said that [REDACTED] performed adequately and provided the required deliverables. [REDACTED] told us that a good part of the complaints about the standards of deliverables was personality and/or other factors and dynamics in the office. He said that he needed the skill sets, depth, and flexibility of the contractors, as well as the Government employees. He further said that, "Had I not had the contract support, I would not have been able to accomplish my mission as a director of the office." He acknowledged that there were issues, but he said that he believed that the performance concerns were addressed and resolved. Additionally, he said that [REDACTED]'s performance never rose to the level of contract termination.

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Alleged [REDACTED] Employment Opportunity

We interviewed numerous VA employees and none had any knowledge of [REDACTED] seeking employment with [REDACTED] or any employment offers made to him. In regards to [REDACTED] employees, [REDACTED] told us that [REDACTED]

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worked for him when he was the Office of NORAD, U.S. NORTHCOM, North American Aerospace Defense Command, and U.S. Northern Command. Personnel records reflected that served as North American Aerospace Defense Command and U.S. Northern Command, from 2005 to 2008 and told us that, at that time, was a Navy Reserve Officer. said that after he left as he had no contact with until he began working at said that he only had a professional relationship with and that it never created an unfair advantage for. told us that he first met in 2005 while a He said that they served together for a few months and that once he completed his service at NORTHCOM, he had no contact with until he began working for supporting's organization in January 2011. He said that he no longer worked with because of an organizational split. He further said that never used his VA position for his own private gain.

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told us that he did not know prior to's arrival to VA in February 2009 and that he worked with him until October 2011. described his relationship with as purely professional and that his relationship with never created an unfair advantage for. also said that always set a standard for honesty, clarity, professionalism, and was a man of great integrity.

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said that he never communicated with or any of its representatives about employment opportunities and that he had no desire to work for and told us that they had no knowledge of ever communicating with about potential employment opportunities.

Alleged Improper Gift

In reference to allegedly accepting an improper gift of a trip to the Bahamas, told us that he traveled to the Bahamas on three occasions and had two future trips planned to travel there. He said that he and his spouse decided to invest in a property in the Bahamas and that only he and his spouse were involved with the investment. Purchase agreement documentation reflected that at (seller) agreed to sell to and his spouse interval(s) in Condominium located on Paradise Island, Nassau, Bahamas.

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and told us that owned a time-share in the Bahamas and that he traveled there with his family for pleasure. told us that in 2011, traveled to the Bahamas twice for pleasure with his wife and kids and that she had no knowledge that paid or financed any of this travel. and both told us that they did not pay or finance's travels to the Bahamas and that they had no knowledge of ever receiving anything of value from or its representatives. said that he never received anything of value that influenced him in the performance of his official VA duties and that he never solicited, accepted, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or

anything of monetary value from anyone who has or is seeking to obtain government business with his agency.

Conclusion

Although some VA employees disclosed concerns about [REDACTED]'s performance, whether [REDACTED] adequately addressed them, and whether the contract was needed, others told us that the contract was needed and the performance was not bad enough to terminate the contract. Further, with the establishment of PMAS, the contract function was transferred from [REDACTED]'s oversight to [REDACTED] and [REDACTED] within the PMAS Business Office. We found no evidence that this was an improper contract or that there was reason to terminate it. Further, we found no evidence that [REDACTED] engaged in a conflict of interest or that a [REDACTED] representative made an offer of employment or gifted him a trip to the Bahamas. [REDACTED] provided documents that reflected he owned a timeshare in the Bahamas, and VA employees told us that they were aware that [REDACTED] and his wife owned a timeshare in the Bahamas and that they vacationed there. Therefore, we are closing these allegations without a formal report or memorandum.

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Prepared By [REDACTED]

7/27/12
Date

Approved By [REDACTED]

7/27/12
Date