

Department of Veterans Affairs

Memorandum

Date: September 10, 2013

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation, Improper Incentive Awards Program, VA Hudson Valley Health Care System, Montrose, NY (2012-02359-1Q-0092)

To: VISN 3 Network Director

1. VA's Office of Inspector General Administrative Investigations Division investigated an allegation of an improper incentive awards program at VA Hudson Valley Health Care System (HVHCS). To assess this allegation, we interviewed Mr. Gerald Culliton, HVHCS Director; Dr. Joanne Malina, HVHCS Chief of Staff; and other VA employees. We also reviewed personnel and email records, VA and local policy, and other relevant documents. We investigated but we did not substantiate another allegation, and we will not discuss it further in this memorandum.

2. We found that Mr. Culliton and other senior officials at HVHCS failed to ensure that local incentive award policy complied with VA policy, to include the use of VA form 4659. We suggest that you emphasize to Mr. Culliton and other HVHCS senior officials the importance of ensuring local policy complies with VA policy and that in the future, they confer with Regional Counsel about any new local policy to ensure that it complies with VA policy, as well as Federal laws and regulations. We are providing this memorandum to you for your information and official use and whatever action you deem appropriate. **No response is necessary.**

3. VA policy states that an employee may be given authorized absence without charge to leave when: (1) the activity is considered to be of substantial benefit to VA in accomplishing its general mission or one of its specific functions; (2) the activity will clearly enhance an employee's ability to perform the duties of the position presently occupied or may be expected to prospectively occupy; or (3) the basis for excusing the employee is fairly consistent with prevailing practices of other Federal establishments in the area concerning the same or similar activities. Examples of authorized absence are voting and registration, blood donor programs, and tardiness or brief periods of absence. VA Handbook 5011, Part III Chapter 2, (April 15, 2002).

4. VA policy defines an award as a generic reference to the entire range of rewards available to recognize an employee under VA's Employee Recognition and Awards Program, including cash, non-monetary, and time off awards. VA Handbook 5017, Part I, Paragraph 2(a), (April 15, 2002). It also states that a time off award is an excused absence granted to an employee without charge to leave or loss of pay and that the

minimum cash award is \$50. Id., at Part III, Paragraph 6b(3) and Appendix A, Paragraph 2. VA policy states that, with specified exceptions, the minimum time off award is 4 hours with awards granted and used in increments of 1 hour. Id., at Part III, Appendix F. It also requires that VA form 4659 (Incentive Awards Recommendation and Approval) with supporting documentation be retained by the organization for a period of 2 years from the approval date. Id., at Part I, Paragraph 6(c).

5. HVHCS policy 05-22HV, dated July 28, 2011, provided guidelines for local awards available to recognize an employee under the Incentive Awards Program including cash, non-monetary, honorary, and time off awards. In particular, it noted that time off awards would be granted in increments of 4 hours, which was contrary to VA policy of granting time off awards in 1 hour increments. Mr. Culliton told us that he would make sure that he made his Human Resources (HR) office aware of the discrepancy and correct it. Although this local policy contained Mr. Culliton's signature, he said that he would be more "deeply involved" in certain policies, but not something such as this one. He also said that HVHCS technical experts reviewed local policies and that he, as the Director, reviewed and signed all HVHCS policy.

6. An HVHCS memo dated April 2, 2012, with subject line "Employee Incentive to Increase My HealthVet (MHV) use by our Veterans," reflected that to assist with HVHCS's efforts to meet the aggressive FY 2012 deliverables for increasing veterans' use of MHV and secure messaging, HVHCS offered incentives to employees who demonstrated commitment to facilitating the three step registration process. The memo disclosed that when an employee reached specific targeted goals, the MHV Coordinator would notify their supervisor and the employee of their eligibility for the respective incentive award. The memo stated that the incentive program would remain effective from the date of the memo until September 30, 2012. The two offered incentives, which were both contrary to VA policy, were:

- Spot award of \$35 or 2 hours of authorized absence (employee's choice) for employees who completed a specified targeted goals with 50 veterans
- One day of authorized absence for employees who completed a specified targeted goal with 100 veterans.

7. Mr. Culliton told us that he became familiar with the MHV incentive program after we contacted him about our investigation. He said that he did not create this particular incentive program and that Dr. Malina probably gave the final approval for it. Dr. Malina told us that Mr. Culliton probably gave the final approval for the incentive program, as it was presented to the "QUAD," which consisted of Dr. Malina, Mr. Culliton, the Nurse Executive, and the Associate Director. Mr. [REDACTED], [REDACTED], told us that Mr. Culliton and Dr. Malina approved the incentive program. Mr. Culliton told us that he eliminated this program shortly after we contracted HVHCS staff.

8. However, we found that HVHCS subsequently issued policy 05-23HV, on June 1, 2012, and that it stated that On the Spot Awards remained an employee's choice of

4 hours of authorized absence or a cash award, which again was contrary to VA policy on authorized absences and time off awards. Mr. Culliton told us that this policy should be corrected to reflect time off rather than authorized absence. He said that he signed this policy, after HR supposedly reviewed it against VA guidelines, and the entire QUAD or top management team reviewed and concurred with it.

9. Ms. [REDACTED], provided records that reflected seven HVHCS employees received a MHV employee incentive award that consisted of either an authorized absence or a monetary spot award. Personnel records for these employees did not contain the required VA form 4659 to support the awards. Ms. [REDACTED] told us that she supervised these employees and that she did not complete or possess these forms for the employees. She said that she was a new supervisor and was unaware of the form requirement. Two other managers also told us that they were either unaware of the requirement or had limited knowledge of the requirement to use VA form 4659 as it related to incentive awards.

Conclusion

10. We found that Mr. Culliton and other senior officials at HVHCS failed to ensure that local incentive award policy complied with VA policy, to include the use of VA form 4659. We suggest that you emphasize to Mr. Culliton and other HVHCS senior officials the importance of ensuring local policy complies with VA policy and that in the future, they confer with Regional Counsel about any new local policy to ensure that it complies with VA policy, as well as Federal laws and regulations.

11. We are providing this memorandum for your information and official use and whatever action you deem appropriate. It is subject to the provisions of the Privacy Act of 1974 (5 USC § 552a). You may discuss the contents of this memorandum with the identified parties, within the bounds of the Privacy Act; however, it may not be released to them. If you have any questions, please contact [REDACTED]
[REDACTED]
[REDACTED]

WARNING
5 USC § 552A, PRIVACY ACT STATEMENT

This memorandum contains information subject to the provisions of the Privacy Act of 1974 (5 USC § 552a). Such information may be disclosed only as authorized by this statute. Questions concerning release of this memorandum should be coordinated with the Department of Veterans Affairs, Office of Inspector General. The contents of this memorandum must be safeguarded from unauthorized disclosure and may be shared within the Department of Veterans Affairs on a need-to-know basis only.