

Department of Veterans Affairs

Memorandum

Date: January 31, 2017

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation – Alleged Improper Use of Relocation Program and Incentives, Veterans Health Administration (VHA) (2014-04097-IQ-0002)

To: Deputy Under Secretary for Health for Operations Management (10N)

Purpose

The VA Office of Inspector General (OIG) Administrative Investigations Division investigated the following allegations received through the OIG Hotline related to

- [REDACTED]:
1. Hiring efforts for the [REDACTED] were limited so that only SES applicants could apply.
 2. [REDACTED] received an improper pay package and relocation incentive for her transfer from serving as the [REDACTED] to assuming the position as the [REDACTED].
 3. [REDACTED] purchased Director's conference room furniture without first receiving proper approval.
 4. [REDACTED] negatively impacted clinical programs when she asked for a Government Owned Vehicle (GOV) to be permanently assigned to her.

Objective, Scope, and Methodology

The objective of this investigation was to determine whether there was evidence to support the above-mentioned allegations. To assess these allegations, we reviewed relevant Federal laws, regulations, and VA policies. We also reviewed recruitment, personnel, email, vehicle utilization, and purchase order records. In addition to reviewing this documentation, we interviewed [REDACTED]; [REDACTED]; [REDACTED]; Mr. Fernando Rivera, former Acting Deputy Under Secretary for Health and Operations and Management (DUSHOM); Mr. John Grady, [REDACTED] Associate Director; [REDACTED]; [REDACTED]; and Mr. Gerald Culliton, Director of the VA Connecticut Healthcare System.

Results

Hiring Efforts for [REDACTED] Were Limited To Current SES & Career Development Program (CDP) Candidates, However VA Policy Permitted Such Limitation.

VA Policy states that the objective of VA's SES staffing program is to support accomplishment of the Department's mission through the recruitment and placement of well qualified individuals for SES positions.¹ This policy provides management the right to determine whether an SES position will be filled through the career appointment of an individual identified through merit competition or through a noncompetitive action such as non-career appointment, reassignment, transfer, reinstatement, or appointment of a certified graduate of an SES Executive Development Program. Initiation of the merit staffing process does not limit this management right in any way.²

[REDACTED] was notified of the upcoming [REDACTED] position vacancy and collaborated with Veterans Integrated Service Network (VISN) 3 to build the job announcement for this position. During our interview of [REDACTED], she informed us that she initially posted the position announcement simultaneously on both the USAJOBS website and the CSEMO Sends list serve. [REDACTED] posted the job announcement on July 23, 2013, which was one month prior to the previous [REDACTED] departing the facility. [REDACTED] was subsequently notified that Mr. Michael Sabo, the then VISN 3 Director, requested the position be removed from USAJOBS and announced only through the CSEMO Sends list serve. [REDACTED] indicated that by announcing the position exclusively through CSEMO Sends, the candidate pool was limited to only current SES employees.

Our review of hiring documents reflected that on August 8, 2013, [REDACTED] provided Mr. Sabo with a memorandum containing a list of candidates who expressed interest in the position. A Noncompetitive Selection Certificate was attached to the memorandum and contained only [REDACTED] name. Mr. Sabo signed the Certificate, selecting [REDACTED] for the position.

While our review of the evidence confirmed that hiring efforts for the [REDACTED] position were limited to current SES employees, VA policy provided Mr. Sabo with the right to determine whether this position would be filled through merit competition or through a noncompetitive action. As such, this limitation of competition in and of itself did not violate VA policy.

[REDACTED] Received a Relocation Incentive Without Proper Justification.

Recruitment and relocation incentives may be used to appoint high quality employees in positions that are likely to be difficult to fill without such incentives.³ Prior to authorizing

¹ VA Directive 5027, *Senior Executive Service*, para. 2(h)(1).

² *Id.* at para. 2(h)(2).

³ VA Handbook 5007/46, *Pay Administration*, Chapter 2, para. 1(a).

a recruitment or relocation incentive, organizations must first fully justify the need for the incentive. VA Form 10016, *Justification and Authorization of Recruitment and Relocation Incentives*, must be used in both the justification and subsequent authorization of incentives. Section A of this form, *Justification of Incentive*, is the basis for determining that a position is likely to be difficult to fill without the use of an incentive. This section must be completed by the recommending official as soon as an organization determines that an incentive may be needed and the servicing human resources office must review and concur on justifications to ensure they are specific, current and relevant for the position. This section must be completed and properly authorized prior to placing a statement on the vacancy announcement that a recruitment or relocation incentive may be authorized.⁴

Recommending officials must consider and fully document how each of the following factors contribute to the determination that an incentive is needed:

1. The availability and quality of candidates possessing the competencies required for the position including the success of efforts within the previous six months to recruit candidates for similar positions using indicators such as job acceptance rates, the proportion of positions filled, and the length of time to fill similar positions.
2. The salaries typically paid outside the Federal Government for similar positions;
3. Turnover within the previous six months in similar positions;
4. Employment trends and labor-market factors that may affect the ability to recruit candidates for the position or similar positions;
5. Special or unique competencies required for the position;
6. Efforts to use non-pay authorities such as special training and work scheduling flexibilities to resolve difficulties alone or in combination with a recruitment incentive;
7. The desirability of the duties, work or organizational environment, or geographic location of the position; and
8. Other supporting factors, such as historical information on the occupations or types of positions VA has experienced difficulty in filling with high quality

⁴ *Id.* at para. 7(a).

candidates or geographic areas that traditionally have been considered less desirable.⁵

Justifications of incentives will not contain employee-specific information but rather will document why a position is likely to be difficult to fill in the absence of an incentive. Section A, *Justification of Incentive*, must be fully completed and signed by the appropriate officials prior to the completion of Section B. Employee-specific information will be documented in Section B, *Authorization of Incentive*, of VA Form 10016 once a candidate is selected and offered an incentive.⁶ Incentives may not be authorized to employees solely due to superior qualifications or to compensate employees for pay disparity with comparable positions in the private sector or for positions that routinely have a significant number of qualified applicants.⁷

In order to receive a relocation incentive, employees must sign a service agreement and agree to complete a specified period of service at a specific duty station or with a successor agency in the event of a transfer of function.⁸

The Appraised Value Offer Program (AVOP) is a home sale program where the contractor will make the employee an offer based on relocation appraisals. The employee then has 60 calendar days after contractor notification of the appraised value offer to accept or decline the contractor's offer, if no third party offer is received from an outside buyer.⁹ VA may offer the AVOP in connection with an employee's permanent change of station. The VA Secretary is the Approving Official for all eligible SES and SES Equivalent Title 38 employees, such as VHA Network and Medical Center Directors. The AVOP will be offered only on the basis of a position's proven critical need; requirement for critical skill(s); the availability of funds; and a candidate's written statement that he/she will not accept transfer unless the home buyout is authorized. Requests to authorize an AVOP must include written affirmation of the critical need for the AVOP by the applicable Under Secretary or Assistant Secretary. The employee must sign a service agreement to be eligible for the AVOP.¹⁰

Our review of records revealed that [REDACTED] received a relocation incentive at the amount of \$25,658 per year for 2 years and was also approved for the AVOP. While certain documentation related to the incentives appeared to have been completed, we found that VA failed to fully comply with the procedural requirements of its policy for approving such incentives.

Prior to authorizing a relocation incentive for the [REDACTED] position, VA failed to properly justify the need for such an incentive. As outlined above, VA Policy requires organizations to utilize the VA Form 10016 for the justification of incentives *prior* to

⁵ *Id.* at para. 7(b).

⁶ *Id.* at para. 7(c).

⁷ *Id.* at para. 8(c).

⁸ *Id.* at para. 12.

⁹ VA *Financial Policies and Procedures*, Volume XIV, Chapter 8, sec. 080602.

¹⁰ VA *Financial Policies and Procedures*, Volume XIV, Chapter 8, sec. 080205.

placing a statement on the vacancy announcement offering these incentives. However, we found that this form was never completed as required and found no evidence of approval of a relocation incentive prior to the vacancy announcement. Instead, the former VISN 3 Network Director, Mr. Sabo, sent an undated memorandum to the Secretary requesting a relocation incentive for [REDACTED]. Based on the content of this memorandum, it appears that it was written well after the position had been posted and after Mr. Sabo had decided to recommend [REDACTED] for the position. Although the memorandum addressed the justification factors to consider in authorizing a relocation incentive, Mr. Sabo failed to follow the instructions for completing VA Form 10016, which include guidance on the required substance for each factor. As such, the justification for each factor was lacking in substance.

For instance, in discussing the availability and quality of candidates possessing competencies required for the position, the instructions require providing a detailed narrative and verifiable evidence showing why quality candidates are not available without the use of an incentive. The instructions further state that the results of recent recruitment efforts for the position or similar positions using such indicators as job acceptance rates, current vacancy rates, and the length of time required to fill similar positions should be included. In discussing this factor, Mr. Sabo failed to include any of this information. Instead, he noted that he only received one applicant for the position and recommended that she be selected based on her knowledge and experience.

In discussing turnover within the previous 6 months in similar positions, the instructions require that a narrative be provided showing any recent turnover in the position. The instructions cite a high volume of recent separations, transfers, or retirements as examples of situations which may indicate a need for an incentive in order to quickly attract a high quality candidate. The instructions further provide guidance to compute an annual turnover rate. As justification for this factor, Mr. Sabo cited inconsistencies in leadership which have caused disruptions in the facility since the previous [REDACTED] accepted another position. However, our review of the records show that this position was only vacant for one month prior to [REDACTED] being selected as [REDACTED] and approved for a relocation incentive. Mr. Sabo did not provide any further indicators of a high turnover or separation rate.

With the exception of two justification factors, Mr. Sabo similarly failed to provide substantive information for each factor in accordance with the instructions for completing VA Form 10016. Instead of discussing why the position would be difficult to fill in the absence of an incentive, it appears that [REDACTED] relocation incentive was authorized primarily due to her superior qualifications and to compensate her for pay disparity despite the fact that VA policy provides that incentives may not be authorized solely for these reasons.

With regard to the AVOP incentive, we found the justification and documentation related to this incentive to be appropriate. Similarly, we did not find any impropriety with regard to [REDACTED] salary as [REDACTED].

██████████ Purchase of ██████████ Room Conference Furniture Did Not Require Approval.

Prior to 2011, VA policy required that all executive furniture and renovations to executive suites exceeding \$5,000 be submitted for approval to the Deputy Secretary.¹¹ However, the directive requiring this approval was rescinded on June 21, 2011.¹²

Despite the fact that ██████████ was not required to submit the purchase of conference room furniture for approval to the Deputy Secretary, we nevertheless looked into the purchase of this furniture to ensure the purchases made were not excessive. During our interview of ██████████, she stated that she had requested new chairs for the conference room within the ██████████ suite as the chairs were over 20 years old and needed replacement. Although ██████████ did not request a new table for the conference room, one was purchased along with the new chairs she requested. ██████████ pointed out that although is technically located within the executive suite, it is used as a medical center resource by many groups within the facility. In other words, the conference room was not used exclusively by ██████████. During our interview of ██████████, the individual who fulfilled ██████████ request, he confirmed that the chairs were old and needed to be replaced.

In our review of relevant records, we did not come across any evidence suggesting that the purchases made for the conference room were unnecessary or excessive.

██████████ Request for a GOV to be Permanently Assigned to Her Did Not Negatively Impact Clinical Programs.

VA Policy requires that each VA vehicle be utilized adequately, which is determined by an annual mileage expectation. VA recognizes that some vehicles are adequately utilized, but do not accrue the mileage expectation. As such, vehicles that fail the mileage test must pass time criteria usage in order to be retained. For sport utility vehicles, the mileage expectation is 7,500 miles per year and the time criteria usage requirement is 15 days per month. Vehicles that repeatedly fail the utilization standards should be disposed.¹³

On July 1, 2014, ██████████ Executive Assistant requested a GOV on ██████████ behalf for her use to visit other campuses and outpatient clinics that fell within her purview as ██████████. This request was fulfilled and a Ford Explorer was permanently assigned to ██████████ from the general motor pool. During our interview of ██████████, she stated that she did not intend for a vehicle to be assigned permanently and exclusively to her. In fact, ██████████ indicated she had only used the GOV on one occasion. ██████████, the ██████████ Fleet Manager, informed us that the Motor Vehicle Trip Log for the GOV reflected that several individuals in ██████████ office used the vehicle while it was assigned to ██████████. However, on December 1,

¹¹ VA Directive 71.26.1, *Central Office Controlled Items* (September 8, 1994).

¹² VA Notice 11-03, *Rescission Notice* (June 21, 2011).

¹³ VA Directive 0637, *VA Vehicle Fleet Management Program* (May 10, 2013).

2014, the vehicle was ultimately moved back into the general motor pool, because the mileage and time criteria were not being met.

While the GOV permanently assigned to [REDACTED] for a 6-month period was underutilized, this did not impact clinical programs, as separate vehicles were assigned for exclusive use by clinical programs. [REDACTED] did not recall receiving any complaints from clinical programs regarding a shortage of available cars.

Conclusion

While we did find that hiring efforts for [REDACTED] position were limited to SES and CDP candidates, VA policy provides the authority to limit competition in this manner. However, we found that Mr. Sabo failed to substantively and procedurally comply with VA policy in justifying and requesting authorization for a relocation incentive for [REDACTED]. With regard to [REDACTED] purchase of conference room furniture, we did not find her purchases to be excessive or in violation of any VA policy. Lastly, while the GOV assigned to [REDACTED] was underutilized for a period of 6 months, we did not find evidence of any negative impact on clinical programs.

The VA OIG Office of Audits and Evaluations (OA&E) conducted an audit to assess how effectively VA utilized recruitment, relocation, and retention (3R) incentives to develop and maintain its workforce (Report 2014-04578-371, issued January 5, 2017). In this audit report, OA&E made recommendations for VA to improve its recruitment, relocation and retention incentives. In an effort not to provide duplicate recommendations, we did not provide additional recommendations based on our findings in this report.



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