VA CONFERENCE SPENDING AND ACCOUNTABILITY

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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VA CONFERENCE SPENDING AND ACCOUNTABILITY

Wednesday, November 28, 2012

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The Committee met, pursuant to notice, at 10:14 a.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [Chairman of the Committee] presiding.

Present: Representatives Miller, Bilirakis, Roe, Stutzman, Flores, Johnson, Runyan, Benishek, Huelskamp, Brown, Michaud, McNerney, Donnelly, Walz, and Barrow.

Also present: Representative Al Green of Texas.

OPENING STATEMENT OF CHAIRMAN JEFF MILLER

The CHAIRMAN. Good morning. This hearing will come to order. And I recognize Ms. Brown for a UC request.

Ms. BROWN. Thank you, Mr. Chairman.

I would like to be recognized in order to ask unanimous consent that the gentleman from Texas, Mr. Green, be allowed to join us at the dais and participate in today's hearing. I am sure he will be in in the next couple of minutes.

The CHAIRMAN. Without objection, so ordered.

Thanks everybody for being here. We are here today to examine in detail VA's conference spending, particularly following the VA inspector general's highlighting the wasteful spending that occurred at HR conferences in Orlando in 2011. I also want to examine VA's response to this Committee and Congress regarding its conference spending.

I think that fundamentally this hearing is about accountability, accountability to the veterans, to the taxpayers and to this oversight Committee, and I am concerned on all fronts. And I want to briefly share today why.

On the 16th of August of this year, the Ranking Member and I sent a letter to the Secretary asking a series of questions relating to VA's conference spending. In that letter, we referenced the conflicting testimonies that we had received over the course of the 112th Congress regarding VA's total expenditures. First, we were told $20 million was spent in fiscal year 2011 on conferences. Then we were told it was a little over $100 million. Finally, we were told that there really was no accurate, reliable figure on conference spending that existed.

And because of these discrepancies, we asked for clarification of VA's total conference spending for that year and prior years as well as a breakdown of all individual conferences. So rather than receiving what——welcome, sir.

Mr. GREEN. Thank you.

The CHAIRMAN. Rather than receiving what we would say is a coherent response clearly explaining the discrepancies and answering all of the questions that we posed, VA produced what I term as a "data dump" of information to the Committee under the cover of a letter by the Assistant Secretary For Congressional and Legislative Affairs, Joan Mooney, on August 24th of 2012.

Even though I discussed what I believed was a lack of response to our letter at the Committee's September 25th hearing, we were not informed by Ms. Mooney until a week later that her letter and the information provided along with it served as the Secretary's official response.

But even assuming that was provided in August was what the Secretary intended to be the official response, our questions still remain unanswered.

These questions that were answered conflicted with prior testimony given by VA. For example, when we tallied up, when we, the Committee, tallied up total VA conference expenditures for fiscal year 2011, based on the information that VA had provided to us, it came to $86.5 million. This represents the fourth answer provided to the Committee for VA conference spending in 2011. First was $20 million; then over $100 million; then no reliable number; then the number that we came up with was $86.5 million.

Now the confusion over what VA's actual conference spending is reminds me of the inspector general's report on the Orlando conferences in which they found VA's reported expenditures were incorrect.

Absent any clear response, I am left to wonder whether VA, at best, has no reliable controls on its spending or, at worst, is hiding——and hopefully I don't believe that this is the case——but that VA is trying to hide something from the Committee. And so during questioning, hopefully we will be able to get further answers this morning.

Further, after reading that VA Chief of Staff John Gingrich would, going forward, be approving all overseas travel on behalf of VA, I asked staff to inquire about VA's spending on foreign travel. I wanted to know how much was spent on overseas trips over the last 3 years, what were the purposes of the trip, and who went on the trips. This is pretty straightforward. It was made in August, and I repeated it several times, yet I have not gotten an answer. I have no answers, which would help us understand whether the pictures posted on the VA Canteen Service's twitter feed and Facebook page of a European field trip, which if you look at the screen, everybody can see——there. Those are pictures——do you have the sheet you gave me?

Those are pictures from Italy on the Facebook page of the VA's Veterans Canteen Service.

One of the things that bothered me the most was a post that said, somebody wrote in and said, "tough trip." VA Canteen Service response was, "research is tough, but someone has to do it." Is this a boondoggle, or not a boondoggle? At best, these pictures are of a privately funded vacation posted on a government Web page, or at worst, it was taxpayer-financed with no known legitimate purpose.

The point is that if VA refuses to respond in a timely fashion for requests of information, we have no way of knowing, except by exercising the extraordinary step of this Committee issuing a subpoena.

Unfortunately, lengthy delays or not responding to requests at all has become the normal for VA. I have asked the staff to compile a list of all outstanding requests I or my staff has made since our accountability hearing in September. It is not a partisan issue, because I think some of the same frustration is shared with my colleagues on the other side of the aisle.

But of the 91 total requests of VA made by letter, email, over the telephone or in meetings, 91 requests, VA has only answered 16. Seventy-five requests are still outstanding; 66 of those are either past 2 weeks or beyond VA's agreed date for delivery of the information.

In a touch of irony, VA's testimony for this hearing was almost 8 hours late. We clearly have a problem, and I think we all want to get to the bottom of it, both with respect to conference spending and VA's relationship with this oversight Committee.

As an aside, I asked Ms. Mooney to testify today regarding these and other matters but was told she would be on vacation. She said that all of her official actions could be addressed by the Deputy Secretary in her absence.

And I trust you are prepared to do that, Mr. Gould.

So, with that, I recognize our Ranking Member this morning, Ms. Brown, for her opening statement.

[THE PREPARED STATEMENT OF CHAIRMAN MILLER APPEARS IN THE APPENDIX]

OPENING STATEMENT OF HON. CORRINE BROWN, ACTING RANKING DEMOCRATIC MEMBER

Ms. BROWN. Thank you, Mr. Chairman.

And good morning everyone.

Mr. Chairman, I thank you for holding this hearing on VA conference spending. I am sure our veterans and American people are waiting to hear from the VA about the two conferences that we are talking about.

I think this is important for all organizations to have conferences and training. It certainly helps with creating an efficient and effective workforce that we will be better able to serve the Nation's veterans. I also encourage our Federal agencies to support areas outside of Washington when planning and deciding on these events. The conference in Orlando helped to boost economic opportunities——disclaimer, in my district——and also other districts.

Promotional items, travel expenses, our witness today may not have been involved in the conference financing and planning decisions, but they were in positions of authority to approve the conference budget. I actually hope these two conferences are not just the tip of the iceberg of misjudgment and wasteful spending but rather are two isolated incidents from which the agencies can learn.

We already know that VA processing and oversight mechanisms that were in place were insufficient and that management failed to

review and monitor the expense of the conference. The question is, how can we fix it, and what can we do to ensure that this doesn't happen again? We are looking forward to ensuring that going forward, VA's senior leadership approaches spending taxpayer dollars with the same care and attention that they would approach spending their own dollars.

The Department of Veterans Affairs Official Inspector General Report, "Administrative Investigation of the Fiscal Year 2011 Human Resource Conferences in Orlando," indicates several problems that were outlined and recommendations were made. Following the recommendations, the administration took appropriate action. I am looking forward to hearing today's testimony.

And thank you, Mr. Chairman.

And I yield back the balance of my time.

[THE PREPARED STATEMENT OF HON. BROWN APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Ms. Brown.

I want to welcome the first panel and only panel of witnesses to the table this morning. First, Honorable W. Scott Gould, Deputy Secretary of Veterans Affairs for the U.S. Department of Veterans Affairs. With him, Mr. W. Todd Grams, Executive in charge for the Office of Financial Management and Chief Financial Officer for the U.S. Department of Veterans Affairs, and Ms. Phillipa Anderson, Assistant General Counsel for the U.S. Department of Veterans Affairs.

Thank you very much for being here with us today.

Mr. Secretary, you are recognized for 5 minutes.

STATEMENT OF THE HONORABLE W. SCOTT GOULD, DEPUTY SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY W. TODD GRAMS, EXECUTIVE IN CHARGE, OFFICE OF MANAGEMENT, CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND PHILLIPA ANDERSON, ASSISTANT GENERAL COUNSEL, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. W. SCOTT GOULD

Mr. GOULD. Thank you, Mr. Chairman, Chairman Miller, Ranking Member Brown, distinguished Members of the House Committee on Veterans' Affairs, thank you for your steadfast support for America's veterans and for this opportunity to testify on VA's commitment to oversight, accountability and training for our employees.

Mr. Chairman, our written statement and ask that it be included in the record.

The CHAIRMAN. Without objection.

Mr. GOULD. Thank you.

VA's first priority is always providing our Nation's veterans with the best care, services and benefits possible. For that reason, none were more disappointed than the Secretary and I in the lapses in oversight and judgment identified by the VA inspector general's report on the execution of two human resources and administration conferences in Orlando in 2011.

As Secretary Shinseki said upon the public release of the report, the failures outlined in it represent abdications of responsibility, failures of judgment and serious lapses of stewardship. Those failures were unacceptable, and I apologize to veterans and to this Committee for their occurrence.

Accordingly, we have taken immediate action, consistent with the recommendations of the IG report, to strengthen oversight of training conferences, improve accountability and safeguard taxpayer dollars. The IG report stated that the Secretary provided a responsive action plan addressing the IG's recommendations. VA has removed purchasing authority from employees in the work unit under investigation. We have directed outside independent reviews of all training conference policies and procedures. We have directed ethics training for all VA personnel involved with the planning or execution of the conferences and undertaken an internal review of training conference approval processes to ensure compliance with Federal law and regulation, administration policy and departmental policy.

As a result of the internal review, VA issued a revised conference planning and oversight policy in September of this year, establishing new standards to ensure senior executives exercise due diligence in the planning, execution and management of their sponsored training conferences.

In summary, this policy demanded three things. First, every event will have a single point of accountability at the senior executive level. Second, each event will have four phases: concept, development, execution and reporting, each with its own objectives, metrics and standards of execution to ensure value and accountability. And third, a new training support office to assist VA employees in meeting our new reporting requirements.

I am confident that these new policies will improve accountability, and we look forward to receiving the final reports from the ongoing third party reviews to further hone our processes and ensure accountability. While we are aggressively addressing the issues identified by the IG, we also recognize the critical importance of VA training. The IG report states that VA's HR conferences in Orlando were held to fulfill valid training needs and that they offered legitimate substantive training courses, making clear that our focus on legitimate and required training is not in question.

A large number of VA doctors, nurses, claims processors, human resource specialists and other dedicated VA employees and, most importantly, our Nation's veterans benefit from VA training every year. Veterans expect, require and deserve a professional, well-trained workforce. Our department's mission and sacred obligation is to honor and best serve our veterans. Incumbent in that mission is the nonnegotiable requirement to manage our resources carefully and ensure that there is always appropriate oversight of and accountability for our acts.

We look forward to working with this Committee to ensure that that happens consistently, fairly and routinely, while preserving the ability to train our personnel to deliver high-quality care, benefits and services.

Mr. Chairman, I will be glad to answer questions from you and other Members of the Committee. Thank you.

[THE PREPARED STATEMENT OF W. SCOTT GOULD APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much. I originally had contemplated swearing in the witnesses today, but I do not intend to do that. I expect that all answers will be full and complete or taken for the record and, if taken for the record, that we will receive a timely response to the questions.

Have you or anyone at the table been directed to withhold or delay the transmission of requested information to this Committee?

Mr. GOULD. No, Mr. Chairman.

The CHAIRMAN. Have you or anybody here directed others to delay anything to this Committee?

Mr. GOULD. Mr. Chairman, there are many instances where in the interest of providing accurate information, we continue to review and analyze the information that we gather to meet the many requests of this Committee. I would cite as examples of that work that we have done to testify in over 100 congressional hearings, to respond to 1,100 congressional briefings, to formally respond to over 6,000 specific policy requests. We have responded to over 3,000 questions for the record. I could go on, but the idea is a simple one, that we have a steady and very large flow of information to this Committee and others on the Hill, and I just submit to you that making sure that the information is properly and accurately prepared is paramount in our mind.

The CHAIRMAN. Is it your testimony, then, that you are not aware of anybody at VA directing anybody to withhold information from this Committee?

Mr. GOULD. My testimony would be that we are absolutely committed to congressional oversight, that we have provided a constant flow of information to this Committee and that our intent is to do so in an accurate and thorough manner.

The CHAIRMAN. On behalf of the entire Committee, I ask again, can we get your assurances that the 66 overdue requests for information that this Committee has made can be responded to in a timely fashion, and what do you consider a timely fashion? Obviously, you probably don't know what all 66 requests are, but some of them are very long in being responded to. And I think part of the problem that we have had has been we ask a question, it doesn't get responded to; we ask again, and then, of course, it gives the impression that somebody is not wanting to provide timely information. So I want to say can you do it by the end of the week? Obviously, the end of the week is pretty quick.

What type of answer would you give me?

Mr. GOULD. Mr. Chairman, first of all, I have directed our congressional team to respond to oversight requests expeditiously.

Let me just give you an example just to put this in context and for veterans and viewers that might be listening at home. This Committee had a very active engagement in oversight on the pharmaceutical prime vendor, you recall that, PPV, on that single series of exchange, we provided this Committee almost 35,000 documents and emails. And so I would just point out that, Mr. Chairman, we

both recognize the need to fulfill our duty to submit to congressional oversight. We have done so in the past in enormous volume. There is a range of inquiries that we get from your Committee, sir, and others on the Senate side as well, and in the effort to provide accurate information, to do it well, we often run into time delays, and that is the sole reason for our delay here.

The CHAIRMAN. And of course, the whole genesis, the PPV issue, was we had requested and requested and requested the information. We hadn't gotten any information. We threatened to subpoena, got an agreement from VA, and of course, in a very short amount of time, all of that documentation appeared. So I certainly understand that as well.

If we can, I talked about the different, in the travel and conference schedules, the different numbers that we had come up with, do we have yet, or does VA have a number that was spent on travel in 2011 for conference spending? Conference spending.

Mr. GOULD. Mr. Chairman, as we begin the discussion on costs in your opening remarks, I am certainly appreciative of the fact of the different numbers that you have received and I am sure many people are listening thinking, well, why would that be the case? Before I turn to our CFO and give a little bit of detail into that, I just want the Committee to take stock of the fact that we have received over 125 requests for information about travel. When those requests come in, they come in for different time periods, different purposes, with different cutoff points, 20, 50, 100, and in fact define cost for training in different ways. One different example is, is travel included or not?

So Mr. Grams I think can shed some additional light here, but I just want to temper the Committee's review and as you listen to this understand that there is an enormous burden on VA to respond professionally well and accurately to a range of requests coming at us from different individuals with different definitions.

The CHAIRMAN. And if I can, Mr. Grams, let's add one more that the request be answered timely.

Mr. GOULD. Yes.

The CHAIRMAN. You failed to put that in your response as well as.

Mr. GOULD. Thank you, Mr. Chairman, for that correction.

Mr. GRAMS. Thank you, Mr. Chairman. I would say that when it comes to conference costs, you were given all the numbers that you mentioned earlier. The best and most current estimate that we have are the numbers that you cited, the 86.5, that was the, if you add everything that was up in the material that we gave to this conference and to this Committee and Chairman Issa, that is the best number that we have today.

If I may, let me explain why these numbers are changing. There are I would say two periods in budget and finance in government right now, before conference and after conference. And this attention on conferences happened all in the past year. The traditional way, the way we are required by the rules and procedures in putting together our budget at the VA and the Federal budget at large that comes to Congress, goes through OMB, does not specifically identify conference costs, be that good or bad that has never been a requirement. However, all the costs are captured and accounted

for in our budget, the travel for conference is under the line item in the budget of travel. The supplies and materials are under supplies and materials.

So what we are being asked to do, be it good or bad, it is the reality right now, is to find a way to go across those what are called object classes or budget accounts, travel, supplies, materials, et cetera, et cetera, contractor support. We now have to go through all those accounts in the VA and pull out for each conference those different pieces and then add those numbers up.

This is the first time we have had to do that at a cumulative level because of the new requirements on conference, and it is becoming an iterative process. I do believe the numbers are getting better over time.

Our focus right now is to have a manual system, which is being put into place so that we are collecting this data as we do the conferences now in a more, in a more cohesive way of capturing those different dollars across the different accounts so that we have it up front so this doesn't become kind of a fire drill exercise when we are asked a question.

Our goal in the future is to have an automated system that will do this for us so we are focused on the future so that we make sure these numbers stop changing and we have a better count.

The CHAIRMAN. If I can, and I know my time has expired, but can you talk a little bit about foreign travel and why we are having such a difficult time getting information in regards to——there can't be that much foreign travel done by the Department of Veterans Affairs.

Mr. GOULD. Mr. Chairman, thank you for that question.

Your photos earlier on, obviously, the first time we have seen those even though you got them from our Web site I would just point out that we have a community of physicians that are renowned across the world as leaders in their field. We spend a half a billion dollars a year in research and development, and we are smart enough to know that there are other smart folks out there in other countries that may have insights, suggestions and scientific advances that can help us serve our veterans more effectively. We are working to improve our knowledge of health care at every turn, and that includes being open to the idea of leaving this country to go find that.

So we are hard at work making sure that we pull together that information. You asked a request for a 3-year period, and as Mr. Grams just testified, this is a data pull that our financial management system is not set up to do quickly or well.

The CHAIRMAN. Very simple question.

Mr. GOULD. Yes.

The CHAIRMAN. How much money is spent on foreign travel by the Department of Veterans Affairs?

Mr. GOULD. Mr. Chairman, we are looking to provide that information to you. I am sure in this environment, folks know that we have a tendency to litigate on just about every figure we put before the Committee lots of discussion pro and con and analysis. Sir, with respect, you just did it to start off remarks here, four different numbers. We are very committed to making sure that we provide

you a single number that is accurate and correct. We will do so, and we know we have an obligation to do that.

The CHAIRMAN. Ms. Brown.

Ms. BROWN. Thank you Mr. Chairman.

Mr. Secretary, I have a question for you, because recently I had to go to Bethesda, and I was out there, and there were numerous veterans out there that had lost several limbs, and of course, with the new technology, we are saving many lives, but they are coming back, and they need all kind of help and assistance. Your position, what else do you do besides respond to us, Congress? Do you have any other responsibilities to the veterans?

Mr. GOULD. Yes, ma'am.

Ms. BROWN. I would like to know what they are, because obviously, we don't know.

Mr. GOULD. One of the——

Ms. BROWN. As Under Secretary, that is what I want to know, what are you doing to help those veterans?

Mr. GOULD. Yes, ma'am. So that is our number one mission.

Ms. BROWN. Are you sure?

Mr. GOULD. To provide the health care and the benefits that our veterans need and that they have earned and that they deserve. Secretary Shinseki has laid out an aggressive program to improve access. We have added 800,000 people to the roll; put more youngsters in school, we have almost 1 million on the new GI Bill now; reduce homelessness, we have dropped that number substantially almost 20 percent in the last 2 and a half years, so progress has been made. And that is our prime role. At the same time that we engaged in a process that is as important as this one is today, we find ourselves focused on less than one-tenth of 1 percent of the budget and a set of actions that we freely admit that should never have happened, but we end up diverting the activities of the senior management team to fulfill this particular discussion on training conferences in Orlando.

Ms. BROWN. You mentioned the pharmaceutical.

Mr. GOULD. Yes.

Ms. BROWN. And that was a good example. How many pieces—— and it was like 3 years, but I need to know about those veterans that have lost so many limbs. What are we doing? You are the Under Secretary. What else do you do, besides respond to us?

Mr. GOULD. Well, of course, our number one role in the entire system is set up to stay focused on our mission, serving the veterans, providing them with health care and benefits, burial services that they have earned and that they deserve. The bulk of our day and our desire is to be spent on serving them. We start every day with a desire to help our veterans. We hold our veterans' needs first and foremost in our mind and we work to avoid the distraction as senior leaders and managers while fulfilling our legal responsibility to submit to oversight and appropriate oversight in a timely fashion.

Ms. BROWN. Well, as a Member of Congress, obviously, we want you to spend X amount of time with the veterans. But my question, I know you are over the entire VA, how much time with all of these requests that we have, like the pharmaceuticals——I thought that

was a great example of just you needed a whole staff just to deal with that, that issue, a whole staff.

Mr. GOULD. Yes, ma'am.

Ms. BROWN. It was ludicrous. And many people have come up to me that were at that hearing and have responded to it. Because it was, you know, I got called on it, but it was just what I called it, because it was ludicrous. Give us that pharmaceutical response again.

Mr. GOULD. Yes, ma'am. We provided 35,000 pages of information to the Committee. I do not know how many folks are on the professional staff here, but that is a whole lot of reading to do the emails that were associated with it. I imagine a great deal of work was taken up in the Committee as well.

From the VA perspective, that took an enormous amount of time of our counsel, of our employees. Look, if I have to come up here and spend time, that is really not a problem. I am here to serve the President and do what I must, but it, what really bothers me when our line operators get drawn into a process that pulls them away from serving veterans.

The CHAIRMAN. Would the gentlelady yield?

Ms. BROWN. She would gladly yield.

The CHAIRMAN. I just would remind Members of the Committee that it was a unanimous, bipartisan subpoena that was voted on in this Committee, because we were not able to get the information that we were trying to acquire, and we knew that it was voluminous, but that still does not discharge us from our responsibility of requesting that information so——and then it came in a pretty timely fashion after we——in fact, let me give you one little interesting tidbit. I had no idea VA, if Joan Mooney told me correctly, VA has never been subpoenaed in 40 years. That was the first time this Committee had ever threatened to subpoena. And I find that good in a way, and it may also say that we haven't done our oversight responsibility as well.

Senator——

Mr. GOULD. Mr. Chairman, if I could. Mr. Chairman could I respond briefly.

The CHAIRMAN. Certainly.

Mr. GOULD. It would just be to observe the following. When we performed and provided the information that you requested, 35,000 pages, one theory is that we went back with the subpoena and just threw that together in 3 or 4 days. What I would submit for the Chairman's consideration was that was the end of a very long process, which we had already taken your requests very seriously and were working and then finally were able to deliver. So the cause and effect there, sir, respectfully, is out of joint.

The CHAIRMAN. And I would also say that it would not have gotten to this Committee without the threat of a subpoena.

Mr. Donnelly. Congratulations.

Mr. DONNELLY. Thank you, Mr. Chairman.

I would just like to say in regards to the work that was done on the pharmaceutical issue, which I was part of and Members on both sides were part of, that the effort was to try to make sure that every taxpayer dollar was spent wisely, that rules were followed, and that we appreciated the VA's effort in doing that and that the

VA acknowledged that, hey, you know, we have to make sure that those rules are being followed as well. So I never considered it as ludicrous, I considered it as doing our job and what we are on this Committee to do.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

I was reminded by the Ranking Member that it was not my time to yield.

Ms. Brown, your time has expired.

Ms. BROWN. You took my time. That is what happens when you are in the minority.

Congratulations, Senator.

The CHAIRMAN. Mr. Flores.

Mr. FLORES. Thank you, Mr. Chairman.

Thank you, panel, for joining us today.

I have a few questions. First of all, I am very concerned about what we have here. This is, even though the point was made we are talking about just part of 1 percent of what the VA spends to try to take care of our veterans, what it did tell us, though, is that there is a culture at the VA that doesn't put the veterans first. I mean, trips to Italy and the food parade we saw on the screen up there was very disappointing to me. It reminds me of the pictures I saw of the GSA individual that was in a hot tub in Las Vegas. He was unelected, he is unaccountable, he is irresponsible with taxpayer dollars. It almost seems like it is bureaucrats versus the veterans. And to me the veterans come first, and I could care less about bureaucrats.

Now, Mr. Gould, in your testimony you described one of the responsibilities of the new RCE, or the responsible conference executive, to ensure the conference was executed within 5 percent of planned budget.

My question is why is it 5 percent? Why isn't it exactly or under budget as we go forward? One of the things I have looked at, I have looked at a summary of the policy that you put together to try to make sure that conferences, conference dollars are spent appropriately, and I see that we have set up a conference certifying official. We have got a corporate training support office. We have to create an after-action review report. Then we have got this responsible conference executive. We just create offices and bureaucrats and reports to try to offset the fact that we have got a broken culture.

So two parts to the question, with the fiscal situation the country is in, A, why are we having these conferences to start with? I think you tried to explain it, but we have got 3.8 million Americans today that are some, in some sort of online secondary education or post high school education today. Why can't we look at things like that?

Why can't we, part two, why can't we ensure that the conferences are carried out on budget, not within 5 percent? It should be on or under budget.

And then, number three, what are we going to do to fix the culture so that this stuff doesn't come up in the beginning?

You don't want to be here testifying. I don't want you here testifying about this kind of crap. I want you all to do your job and take care of the veterans.

So please answer the questions.

Mr. GOULD. Congressman, thank you.

Just let me start with the piece about our employees at VA, 320,000 of them, sir, I know that you do not intend to draw a generalization from this instance to every one of the 320,000 people that show up to work hard at our organization every day. I can tell you they are committed to our mission. They are hardworking, and they are mortified at what happened in Orlando. But it is not evidence of the character or the desire to serve our veterans, in my view, one iota.

Your observation about having a single accountable executive you are right, that is part of the new program, and it is a response to a new question that Congress has asked us, who is the single point of accountability? We have an answer to that question. That is the RCE at the senior executive level.

A moment ago, you brought up a question about variance; why wouldn't we have a tighter standard on that? Let me give you a simple example. We design effective training. People hear about it by word of mouth. The subscription rate goes up. Suddenly we have a cost variance there, some extra seats and some extra costs associated with that. So by no means are we saying that 5 percent is acceptable, our RCEs are going to work hard to make sure that there is accountability in the process, but we don't want to tighten down in a process that has some natural flow due to operations that, at least in my perspective, we could avoid.

And your last comment about the declaration of the travel, excuse me, the training and support office, look, if we pursue this kind of oversight and response to its logical conclusion, it would be like operating a grocery store and having a security guard next to every can of soup in the place.

I agree with you; we should not be going to that overkill on oversight. That is why I believe it is terribly important that today we balance both our active plan to improve oversight, to address the issues that so concern you, but at the same time avoid clamping down on important training, valuable training, that I think we all agree our veterans need and deserve.

Mr. FLORES. I yield back.

The CHAIRMAN. Mr. Michaud.

Mr. MICHAUD. I want to thank the Chairman and Ranking Member for having this follow-up hearing today, and on the outset, I want to say that it is extremely important that training does occur to make the department more efficient. I think that is important. However, I do not appreciate wasting taxpayers' money and not keeping a close eye on that. So I want to thank the panel for being here this morning.

I have a couple of questions. I read the inspector general's report, and part of the recommendations on page 22 and 23 is very similar for a lot of the different employees that were involved. The Secretary's response to the recommendations two through seven as far as hiring someone outside the VA to look at and determine the appropriate administrative action be taken against these employees; in the Secretary's response, he agreed to all of them as it relates to other employees, with the exception of the chief of staff, which was not included in looking at outside groups to look at appropriate

actions be taken. Why was the chief of staff separate from the other employees as far as the Secretary's response to the inspector general's report?

Mr. GOULD. Thank you, Mr. Michaud.

First of all, I want to join you again in acknowledging the problems here that in our view is unacceptable that this money was wasted, and we are hard at work in implementing the plan that the inspector general has reviewed and has determined to be fully responsive.

I would argue that our accountability mechanisms through the entire chain of command, including the chief of staff, are very much a part of our overall accountability efforts and let me describe them to you, but to do that, I have to fix each individual in a structure of accountability and responsibility to start with. So to begin, this program that was conducted in Orlando, Florida, was the suggestion of our Assistant Secretary For Human Resources and Administration. In concept, it began with a simple idea. We have done a survey; in 30 key areas of competence, we see a gap in 24 of them.

So our employees are not trained where they need to be, and we need to do something about it.

So at a very high level, the assistant secretary in question goes to the chief of staff with a one or two-pager and says, look, will you authorize my proceeding to design and execute this event. The chief of staff did that, and then subsequently, in my view, the execution went wrong. But it was not the authorization to do, in my view, highly justified, well justified training.

So as you look at the different roles, the chief of staff, we have taken administrative action. The Secretary has completed that. The inspector general has concurred that it was appropriate. At the assistant secretary level, unfortunately, Mr. Sepulveda has resigned directly connected with this issue. And then, at a third level down, the senior executives and career individuals involved under Title V, are entitled to a due process, and that process is continuing.

So let me just state for the record that Chief Gingrich is an extraordinarily talented public servant. He has worked extremely hard. He authorized this program at a high level, and the inspector general has concurred that the administrative action taken was appropriate.

Mr. MICHAUD. Thank you. VA response also to recommendation number eight mentions that the general counsel is developing a comprehensive policy to address issues identified in the report. Has that policy been completely finalized? Are you still working on some parts of it?

Mr. GOULD. I will turn to Ms. Anderson in just a moment to give you some of the detail. But at a high level, we have policy already, not wanting to wait. Our action plan is published in the IG report. While the third party review is conducted, we are going to get new information about how to do this better and with greater accountability. We are going to incorporate that work in. So this is clear action already taken and additional action to follow.

Ms. ANDERSON. Thank you. The work group——I was a member of a work group led by the general counsel. The work group was charted on August 22nd of this year. We met for the first time on September 6th, several days later. The work group included rep-

resentatives of VHA, NCA, VBA, the Office of Management Acquisition and other staff offices.

We believe that the work group, the composition of the work group included all of those stakeholders of interest in the conference planning, conference execution, as well as the budget process of conferences.

What we found, we found really no lack of policies and procedures in the areas of the conference related policies and procedures. There are many policies on travel, financial management, acquisition and even conference planning. They were in different spots, however. We decided that a comprehensive policy is necessary, one-stop shopping, if you will, as well as we found a gap in identifying or having identified one individual or an individual responsible for the execution and management of conferences.

In the IG report, the failures were in found in the execution and management as the Secretary mentioned, not in the concept. So that is where we focused our development of the policy.

The two main features of that policy are, one, the identification of a conference-certifying official. That official is responsible, at the SES level, not to be delegated, responsible for exercising due diligence in the development and planning of the conference, presents it to the Under Secretary or Assistant Secretary, and that concept is then certified and provided to the reviewer and approver for the conference.

We didn't stop there. We also concluded that it was necessary to have one individual responsible and accountable for the actual execution and management of the conferences. And we have identified that individual as the responsible conference executive, again, an SES level. That person is responsible for basically assuring that hopefully those deficiencies that were found in the IG report, the use of the purchase cards, going beyond the scope of the contract, that that would not be done, that responsible——that official looks at the conference from the beginning through the end, accounting for what is done, the requirements, and the costing.

Fifteen days after the conference, that responsible official is to certify that all of the laws, all of the policies and regulations, they have been in compliance and also, 30 days after, submits an after action report, and one final, that that official is responsible for submitting the costs. And so we are——again, we pointed out that we are tracking the costs. So there is one individual now responsible and accountable in addition to the certifying conference official.

Mr. MICHAUD. Thank you.

The CHAIRMAN. Mr. Flores.

Mr. FLORES. Thank you, Mr. Chairman.

I would like to follow up. Again, I came from the real world before I ran for Congress and I ran a company and was a C level officer for 20 years. And I never would have tolerated, I never would have participated in an organization that had a culture like this. I would have tried to fix the culture. It wouldn't need all the extra policies and procedures if we could get just a culture where we followed the policies and procedures and the law that exists. If we had, if it was clearly——if it was clear from the outset that if you violated law or violated statute or you violated policy, you would

lose your job. I think we would have a lot fewer problems of this nature.

One of the things we talked about, let's say that we have an RCE, and the conference goes over budget. What are the implications if a conference goes over budget?

Mr. GOULD. Sir, are you directing the question to me.

Mr. FLORES. Whoever can answer it.

Mr. GOULD. Let me take the first piece and then we can talk about the specific remedies that are available if the RCE were to surpass their authorities or other problem would emerge.

Like you, I come from the private sector as well, and I understand and it resonates with me. Culture is all important in an organization. That is why we have spent so much time focused on our values, integrity, commitment, advocacy, respect, and excellence. But we know in organizations as big as an organization like the VA, you don't always get it right, but the vast majority of the individuals we have and the culture we are trying to create at VA to transform this organization begins with that bedrock recognition that we are here to serve our veterans and this is all about our values.

In fact, training itself plays a key role in that. Those are just words on a piece of paper if they don't become real in the field. One of the ways that you get that out there is by doing the kind of valuable investment, holding the conferences, bringing people together, getting the information, having the discussions and translating those values into action so that your organization becomes increasingly self-policing, increasingly able——

Mr. FLORES. Let's just cut to the chase. What are you going to do if you have a conference go over? What happens?

Mr. GOULD. I invite Ms. Anderson to describe what those remedies are.

Mr. FLORES. Fifteen seconds or less. What are you going to do?

Ms. ANDERSON. We will review the cause, if the cause is a lack of, that the RCE or the certifying conference official did not exercise——

Mr. FLORES. Let's just say they went out there and made a bunch of videos, they bought a bunch of swag, and they ate a bunch of food and went over budget, what are you going to do?

Ms. ANDERSON. We will go through the due process as we are doing today. There is an administrative body that is, they are reviewing the actions, and they will recommend action.

Mr. FLORES. Okay so——

The CHAIRMAN. Mr. Flores, I apologize, if you could hold your follow up, I accidentally recognized you, and it was Dr. Roe's time, so I would ask you to hold if you would on your follow-up questions. Dr. Roe.

Mr. ROE. Yes, sir. I thought you had forgotten about me for a minute.

The CHAIRMAN. Never.

Mr. ROE. A couple of things that, and I agree with Mr. Michaud, that you do need continuing education and conferences, there is no question about that. Having spent over 30 years in the private sector and having requirements to be able to continue to admit people to a hospital, there are requirements there every year about CE,

continuing education. Those things occur in HR and various things. And what we would do is every year, we would see what those requirements were for our practices. And we would budget a certain amount of money that would allow that person to go ahead because we were spending our own money. And we have met those requirements, that is what we did.

And the requirements were, number one, does this conference that we are going to, is it a play thing in Orlando, am I going to see Mickey Mouse, or am I going to learn something? And when I get back, did it meet those needs? That is all we did and it is pretty simple. We did that 30 years.

I also put on a continuing medical education course for 30 years, so I know exactly how it is done because I have done it.

The perception out there when you see this, if you are a taxpayer in east Tennessee where I live, just barely getting by, and you are paying your taxes and you see these silly videos or you see these other things, even if it is a tenth of whatever percent, it is hundreds of thousands and millions of dollars, and to us where we live, that is a lot of money. And the perception out there is if you have got one set of rules for people in government, and the other perception is there is the rest of us out there in the real world. And perception is reality in politics. And so that is what I see here, and it is embarrassing for me to go home and try to explain to people why their money is being wasted.

Now if I am doing your continuing education, I am going to know what HR people need, and I am going to look for creative ways to use the Internet, to use distance learning, to use all of those things that will help cut my costs. And you should be able to tell us in 2 seconds how much money was spent on travel for conferences. That ought to be pretty simple. I could tell you in two seconds where in my practice, I could find it in 5 minutes, can tell you exactly what it was. If you give me a phone call I can make that call and have that information in 5 minutes what we spent last year completely for 100 providers and 450 employees. I can tell you that.

And I don't know why it is that you can't tell us how much you spent, how much you spent on travel; how much do you budget when you go to a meeting like in Orlando? Is it just a carte blanche? You just get to, is there a certain per diem you get to pay for each day, and how much money are you spending? Those things ought to be fairly simple. Is that done?

Mr. GOULD. Congressman, thank you for that question.

Your comment about perception is right on the money, and that is why it is critically important that I think we hold two ideas in our minds in this discussion today: On the one hand, that the training that we do that is requirements-based; it is focused on helping people do their jobs better and serving veterans is done well; and at the same time, that we strongly disapprove, we join you in condemning the activities, the misconduct that led to the waste of this money. There is no question those two things, those two ideas, have to be there to have a balanced view of what has gone on in Orlando, so I might just say, with all due respect, a 450-person organization is a little bit different than a 320,000-person organization. That is why it takes time to do that.

Mr. ROE. Look, I understand that, but checks are checks. You have got to write a check at the end of the day, and people are paying for this. And I have veterans that come up and say, I can't get in the hospital down here, Doc. I am in a line 40 miles long, and then they show me this videotape where they show me this plush event that occurred in Orlando. It is very hard to explain that to people and do it with a smile on your face. It is embarrassing.

I will I tell you who it is embarrassing for. It is embarrassing for the 300-something-thousand hardworking VA people who are then tagged with that, I can tell you that. I know that what you said is correct. There are a lot of very, very good people. Many of them are some of my best friends on this Earth, who work hard every day for veterans, and it is embarrassing for them.

I don't know whether you budget a certain amount, whether you look at those needs, whether it has even been peeled down, that is fairly simple stuff. The VA ought to be able to do that. You know, there are 154 hospitals. You know what requirements are needed to keep those folks certified. There should be a budget for that and a policy to do that. I don't know why that hadn't been done.

Mr. ROE. One other quick question, Mr. Chairman, if I can. I will try not to run over my time.

Does the employment education system plan the conference planning or funding? Can you explain to us how that works.

Mr. GOULD. I am sorry. Say the question again, sir?

Mr. ROE. The employee education system?

Mr. GOULD. Yes.

Mr. ROE. It does, it is part of the budget?

Mr. GOULD. Yes, that is correct. We have essentially two entities that do complementary aspects of training. Employee Education Service, founded in legislation in the 1970s, focused primarily on physician recertification, care, nurses, medical and the like. And then VALU, the VA Learning University, that is focused on the same kind of cost cutting and cost effective measures you mentioned a moment ago, we do about 75 percent of our training using the Web today. That number continues to increase. One of the reasons why it has is the role that VALU has played in making sure we do as much of it as we can.

Mr. ROE. Just one last comment. One of the reasons that we switched to as much of the Internet distance learning as we could was that it was a lot cheaper. Number one, it was much cheaper. And secondly, you didn't have to travel away and spend all the money at hotels and airports and cabs and all that. It saved us a tremendous amount of money, and we got the same value.

If there will be a second round, Mr. Chairman, I may have some more questions. I yield back.

The CHAIRMAN. Thank you.

Mr. Walz.

Mr. WALZ. Thank you, Mr. Chairman. Congratulations to you, too, on your appointment to the Chairmanship. Our veterans are well served with that appointment. Once again, Dr. Roe hit the nail right on the head. And I will continue his line of thinking on this. As you know, Mr. Gould, I am the staunchest supporter of our heroes in the VA. But because of that, I also need to be the harshest

critic. And I think the thing in here, and the one thing I would say is a Wounded Warrior laying in the polytrauma center in Minneapolis, which arguably getting the best care in the world for those wounds, I would argue that is the real word. I don't think we need to make the separation in that. I would also make the case that two-thirds of Fortune 500 CEOs complained about ineffective professional development for their people too. So this is an area that is plagued. That doesn't excuse us not getting this right. And the thing as a teacher that this worries me the most is that Dr. Roe is exactly right, and everyone who has spoken is, the perception amongst the public is this is a good time free-for-all on the public's dollar, not to get anything out of this. The thing that has always concerned me about professional development is why aren't we back planning it from the results that Dr. Roe talked about what we are going to get out of this? I have got to be honest with you. If you are doing professional development and the wait time on claims increases, your professional development stinks. And that is the way it is. I say this, I am looking at teachers that they did 1,300 studies and a meta analysis of this, and what we found out in teaching is of doing that is if there is of 49 core hours, 18 things that teachers can work on that if they do these things they boost student achievement by 21st percentile points. The cost is almost irrelevant if you are boosting student achievement.

My question on this is what was the outcome gained? How are we measuring that? How were we getting there? Yes, when the average cost of a Fortune 500 conference is $1,300 a person and yours is $3,300, you got to do better. You have got to think about where this is at. And I am not talking about punishing your employees or whatever. But it makes sense if you have got a health care professional development going on, I would invite you to come to Rochester, Minnesota. The rates are cheap in January and February. It is at the home of the Mayo Clinic. And you will get good things going on. It is that perception that——we are not asking people to live in poverty, to live in working conditions that don't work. We are just asking to have a measurement of what we are getting for this. And my biggest fear is it is very hard for us to ask the public to continue to justify giving you money for this professional development. And we saw it in teaching. Before we started improving our outcomes, we ended up cutting back on professional development. And guess what happens is in the first 5 years we lose 61 percent of new teachers. And I would make the argument we don't give them the skills to succeed.

So I would just ask you, Mr. Gould, and I know it is broad and it is general, how do we do a better job of back planning from the outcome that Dr. Roe was talking about and then budgeting accordingly? Because I would make the argument on this you might be able to justify $3,300 if you were able to reduce processing times by 21 percent over an 18-month period because of the training that happened there. I rarely get to see what the training did for people. And that is what is hard for me to make the case to my employees too. So please, if you could, tell me how we address that.

Mr. GOULD. Congressman, thank you. Clearly speaking from both your experience as a leader and a teacher, you get that vital connection between value, training, and mission outcomes, which is

exactly what led us to the decision to hold this training in the first place. We had simple reasoning, which is that a youngster that is a Wounded Warrior lying in a hospital wants to know that the doctor that comes by, the nurse, the orderly has been trained to do the job that will affect their body, their counseling, and their recovery. So we began with a simple notion that in order to get the right people in the right place at the right time for medical care, we needed human resources folks who knew how to recruit, train, retain individuals in the first place. We then rewound the tape even further. We asked ourself how ready are our people today to meet those challenges of hiring the right person at the right time and the right place on medical care? The answer was there was a deficiency in 24 of 30 competencies that are required to do that job well. We designed the program around that. We then rolled that out in Orlando. The IG has not questioned the legitimacy and value of that training. And we have gone and calculated a return on investment, a calculation, a financial calculation on the return that our organization has received. And we have recovered even more money than we did spend. And sir, if I might, just that apples to oranges comparison, we have gone and done that analysis as well using ASTD data that is available on their Web site and determined that our cost per hour per employee was actually less than the private sector average. So we are using new technology. We are doing our training smart. It is an integral part of our strategy to get the kind of mission outcomes that we are both fully committed to.

Mr. WALZ. Somehow together then we have got to do a better job of articulating that and making sure the public knows.

Mr. GOULD. Yes.

Mr. WALZ. Because all of my colleagues are right, the outrage is there. I got in trouble last time over in the GSA when I questioned how in the heck could anybody eat a $47 breakfast. John Stewart corrected me and said in New York City it is easy. So I think when you are looking just at the dollar amount on this, we need to be careful what we are getting. And I think that analysis of cost-benefit analysis for spending and improved training and improved at the end of the day quality of care to our veterans is a critical piece of this.

So I am grateful for that, and I appreciate you being here again.

Mr. GOULD. Thank you, sir. That is the bottom line.

The CHAIRMAN. Dr. Benishek.

Mr. BENISHEK. Thank you, Mr. Chairman. I just want to quote a line from the statement of Mr. Gould. "As Secretary Shinseki said immediately upon the public release of the report, the failures outlined in the report represent abdications of responsibility, failures of judgment, and serious lapses of stewardship." And yet when I was listening to your response to Mr. Michaud's question, there has been one resignation. And as far as I know, nobody else suffered from any of this abdication of responsibility, failure of judgment, or serious lapse of stewardship. Your answer suggested that there was some sort of administrative process that was going on. And yet this was from an IG report of 2011, and now it is near the end of 2012. So nobody has suffered in over a year since this report is out? Everybody is still working on the job despite the abdication

of responsibility, failure of judgment, and serious lapses of stewardship? That is very frustrating to me.

Mr. GOULD. Congressman, if I might just point out that while you are correct that the events did occur in July and August of 2011, the report was only issued on October 1 of this year. So we have the benefits of the IG's insight and review. And sir, as you may know, we also have obligations under Title V to make sure that once those initial findings are determined that we then go through an administrative review process, sift through all the data, and make sure that every possible bit of information, both problematic and otherwise, is revealed, and that each individual has their rights under due process respected.

So this testimony simply catches us at a time when we have not completed that work. It will be completed. And there will be consequences that come from that if they are warranted and if they are upheld. And I just want to say that——

Mr. BENISHEK. It is just my experience in the short time I have been here is that it seems that people who have problems in the VA, and this happened in the Miami hospital colonoscopy case where the person who was ultimately responsible was simply transferred to another VA. You know, that type of thing doesn't breed responsibility, it breeds sort of a bureaucratic shuffling of papers. And you know, I just want to be sure that somebody who was responsible for this abdication of responsibility, failure of judgment, and serious lapses of stewardship——

Mr. GOULD. Congressman, if I might, Miami construction would be a great example. We had four people suspended. Two people are gone from employment at the VA. There were real consequences at the VA. My only point, sir, is they take time. They have got to be done fairly, they have got to be done well. For the employees that are there, they trust us to handle that well. But there is accountability, sir. And I can't think of a greater accountability than Mr. Sepulveda's resignation, lost his job; 3 days notice; wife that doesn't work; and, a 10-year-old son. That is pretty hard stuff. Now, we are waiting to here what happens with the career folks who were involved. But as we all know, and I have counsel here that can explain that process to you, under Title V there are due process that we have got to follow. Had this hearing been held after the new year, we might have answers for you at that point. We would certainly be willing to share what they are when they occur. But the fact that they have not happened is not indicative of any diminished level on our part or the Secretary's part that we are indignant, that this happened, that there was misconduct. We are deeply concerned about that and apologetic, but we are also moving on. We have a plan, and we are moving forward.

Mr. BENISHEK. I would like to see that report and the responsibility efforts——

Mr. GOULD. Yes, sir.

Mr. BENISHEK.——as soon as possible. I will yield back the remainder of my time.

The CHAIRMAN. Thank you, Dr. Benishek.

I would like to recognize the gentleman who graduated from Choctawhatchee High School in Fort Walton Beach, Florida, Mr. Green. Thank you for joining us today.

Mr. GREEN. Thank you, Mr. Chairman. I greatly appreciate this opportunity to serve with you today. And I thank the Ranking Member as well from Florida, a long time friend. And yes, I did graduate from Choctaw. I am amazed that you have found that piece of trivia.

The CHAIRMAN. I am on the Intelligence Committee.

Mr. GREEN. Well, I thought it might have much to do with this thing called the iPad. I just finished Googling you, and found quite a few interesting tidbits as well.

I am honored to be here today, and I am also saddened that I am here, because I have the DeBakey VA Center in my congressional district. And as you can well imagine, I have a kinship with the vets that will transcend, just simply knowing that they exist. I frequent the facility. On an annual basis, we go in sometime around the Christmas holiday, and we accord each veteran a flag. And while it might seem like a very small thing, it is something when you see tears well in the eyes of a veteran who says you are the first representative of the government to come in and say to me, I appreciate you for your service. When you do this kind of thing, you develop a special kind of bond with people. And when it comes to veterans, I have concluded that I am really not a Democrat, I am a person who respects people who are willing to risk their lives for us. They go to distant places, and they don't always return the way they left. And I just believe that we have to do as much as we can to assist them. And I am a believer that when it comes to these issues we can transcend party lines and work hard for them.

Now, having said this, in terms of my position as a neophyte with this Committee, the optics of this are quite disturbing. I sense that you are contrite, I sense that you want to atone, but I have to let you know the optics are quite disturbing. The consternation created by the optics alone can cause one to want to make sure that this never happens again. And without going into all of the things that occurred, and these things have been chronicled quite well, I do want to know, and I have heard much of your testimony, but as succinctly as you can put it, how do you stop this so it that it never, ever happens again, so that we never have to face veterans and give explanations about things that they don't quite understand? They become very much discombobulated by these kinds of things. So how do you give assurance, if you will, please, that this would never happen again?

Mr. GOULD. Mr. Green, thank you for that very heartfelt remarks. I share that view with you, that partisanship should stop at the water's edge. And we hope it does under the Secretary's leadership at the VA and before this Committee.

So simply put, briefly put, how does this never happen again? First of all, it is a recognition that there is a problem. We have recognized that publicly. We need a plan to implement, to follow through at every stage to make sure that this does not happen again. We have such a plan. It is published. We are working to implement it now. And we need to communicate effectively to our employees the tremendous responsibility that they bear when they take public resources and focus on service to veterans, that every step of the way our oversight processes are functioning and we are

willing to follow up. At the same time, we do not want that desire to bring the ability of our field personnel to their knees providing paperwork and reports over and over again. So we are looking to find that balance, sir, between clear, decisive oversight and the ability to continue the training which just about everybody in the room today has recognized we have got to have, we have to do well in the future.

Mr. GREEN. Mr. Chairman, you have been very generous. I do greatly thank you, and look forward to continuing to serve with you and the Ranking Member.

Ms. BROWN. Would you yield——

Mr. GREEN. I will yield.

Ms. BROWN.——your 9 seconds? Thank you very much for joining this Committee, coming in today. At the beginning you said that you were speaking not as a Democrat or Republican. I have always felt that this Committee wasn't a Democratic Committee or a Republican Committee. In the past, we have been an American Committee. And we work together for the good of the veterans. Just for your information, sometimes I am confused by some of the directions, but we don't have time for some of the stuff that goes on in other Committees on this Committee. I serve on this Committee because I really feel that the veterans have served their time, they have paid their dues, and we owe something to them.

Mr. GREEN. Thank you very much. I have been properly edified.

Ms. BROWN. Thank you.

The CHAIRMAN. Thank you for joining us today.

Mr. Stutzman.

Mr. STUTZMAN. Thank you, Mr. Chairman. And I want to thank the panel for being here. I would like to, Mr. Chairman, if I could, talk about a local issue in Fort Wayne just a little bit, and the communication problems that we have had at the Fort Wayne Veterans Hospital. Congressman, now Senator-elect Donnelly and I, and Senator Coats have had conversations with the administration at the local level at the VA, and also have asked for an IG investigation of some of the problems that we have had there. And to me, the reason I want to bring this up is it seems to be systemic as far as communication from top to bottom. And you know, whether you are a 450-employee entity or whether you are a 300,000, it doesn't matter. Systems have to work. If it is too large, then something needs to change. And the situation that has happened with the Fort Wayne facility is that there were positions that were not being filled. Then there was retirements. Then there was a person that had to be let go. And all of a sudden you don't have a staff at the facility, and we had to close down, the VA closed down several of the services provided to our veterans. And I mean you can imagine what that does to the veteran community in northeast Indiana, that it creates a lot of uncertainty, a lot of skepticism. And we in our congressional offices were not even notified of the closing. At first we were told that it was a closing to upgrade facilities, do some remodeling. And once Mr. Donnelly and I had a phone conversation, we found out that it was really due to staffing problems. And to me, this is just——it is unacceptable that things can go on this long to that point where all of a sudden we portray to the general public that we are just going to close the facilities down so

that way we can upgrade the facilities when there is a larger systemic problem behind the scenes where positions are not being filled. And within such a large organization, I find it unacceptable that those positions can't be filled in a timely manner. And with the veterans seeing and not having services provided to them because of this closing, what does that say to the community? The local facilities are the face of the VA. And that is where the services are to be provided.

I would just like, first of all, you to know our situation and, that Mr. Donnelly and I have asked for an investigation on why this has taken place. But how can these things be stopped? And how can these things be communicated better to our offices rather than us calling you? You know, could you be calling us and saying this is what is happening? Because it just doesn't go over well with myself, and it doesn't go over well in the community.

Any comments?

Mr. GOULD. Thank you, Congressman. And you all are leaders in your community. Folks come to you with problems, and this is part of our process at work. We hear from Members, we hear from the media, we hear from our own data collection all across the country. We learn that there are problems and we take action on them. Our paramount responsibility is the safety and service, the health of our veterans. And when we encounter a situation where we feel that there are inadequate staff or there is some problem with the volume of people that are using surgery services and the like, we will take action to make sure that we protect those veterans and provide them with another access point for services.

And to your point, this is an example where having people, good people in the right place at the right time with the right skills is critical to being able to operate the largest direct health care system in the country. That is why in Orlando, Florida, we were focused on making sure that the HR specialists who hire those individuals in the first place, to make sure that those positions are filled. I couldn't think of a better example of how critical the connection is between HR specialists and adequate personnel in the field. And your experience at the pointy end of the spear an example where we don't have enough people in position. Part of the reason for that is we don't have the systems yet in place to be able to make sure that every single position across the country is filled when it needs to be filled. And that is our goal to do that.

Mr. STUTZMAN. I just find it unacceptable that we close services because we don't have staff in place. If a Parkview Hospital in Fort Wayne or if a Lutheran Hospital in Fort Wayne did the same thing, they would lose patients. And the veterans don't have another place to go. And for this to happen is unacceptable.

Thank you all. I will return the balance.

Mr. GOULD. Sir, if I might just say it, I accept the notion that it is unacceptable that our veterans don't get services that they have earned and deserve. I would point this out, that safety is our number one priority. We would never want to administer a service that we didn't feel we were prepared for. And for each one of those individuals involved, we are out there in the communities, purchase care if required, or sending them. It is a little bit less convenient, but the access is there.

Mr. STUTZMAN. Absolutely. I agree, I think safety is the number one concern. But at the same time, we have to have foresight in making sure that these services are provided, and not because of a staffing problem that all of a sudden we have to close facilities down.

Mr. GOULD. Thank you, sir.

Mr. STUTZMAN. Thank you. I will yield back.

The CHAIRMAN. Ms. Brown.

Ms. BROWN. Thank you. First of all, thank you, Mr. Chairman, concerning that issue in Miami as far as that clinic, the hospital I guess, that we were able to get the moneys to complete that operation facility. So I want to thank you.

And my question, I guess is to piggyback on what he was saying, the amount of time that it takes for us to hire let's say a VA nurse, or the amount of time we are losing it to the private sector because of the amount of time, I don't quite understand what is the problem. We could have a qualified person that is a doctor in one area, and you need that service in another area, and it could take a year to get them transferred.

So can you tell us a little about that? And then of course I want to know about the facility in Orlando. I am getting personal and local. But when will that hospital open? And have we straightened out some of the——I have toured it with the Chairman, and there have been many news stories about it. Part of the facility is complete and it is just sitting there. So can you give me a status report on the Orlando facility?

Mr. GOULD. Yes, ma'am. I will try to address all three points that you raised. First, to thank you for a great example of this Committee working together to fix a problem. Miami was a great example. Both the Secretary and I extend our appreciation for what you did here. We now have construction moving forward. And we expect it will be completed by the third quarter of this year.

Shifting quickly to Orlando, beautiful facilities, partly constructed, ready to go. Another part, the hospital that has grabbed the headlines, is not in position yet. This is a top priority for us to resolve. I can share with you that the current extended contract completion date is July of 2013. We recognize that we are in a series of very sensitive contractor negotiations right now, but we have directed the contractor to provide a revised schedule to meet the current extended contract completion date due to VA the first of the week in December. That is next week. So we will be getting a reply from the contractor. Responsibility now rests with the contractor to make improvements to the work processes and to fulfill contract requirements.

So we are moving forward, Congresswoman Brown. We are moving forward, and we are expecting presently a completion date of July 2013.

Ms. BROWN. Just one thing. I don't understand, and I hope as we move forward when we give the VA all of the money up front, $615 million or what else, why is it that it takes so long to get these projects done? We have a lot of veterans that are elderly and they need the facilities. And I don't know why we don't have a what is it, design-build, or, you know, I am not an engineer. But we should

be able to get it done. And it shouldn't take——July, I wanted it open this October——

Mr. GOULD. Yes, ma'am.

Ms. BROWN.——before the November elections, by the way.

Mr. GOULD. Yes, ma'am. And I can understand why. It was obviously a desire we shared, too, to do this as quickly as we can. I think one of the specific challenges here is getting the design documents fully up to speed, making sure that you are ordering the equipment in advance so that they don't get there and sit in a warehouse, but the warranties are still in place when you go ahead and install that. And as the Chairman knows, we have had some challenges on the contract side. So both VA responsibilities and I would argue contractor responsibilities together creating the delay. What I am reporting to you here today before this Committee is that we now have a new deadline in front of the contractor. They have an obligation to respond to us. I would like to see them get a lot more folks there working faster to get this done.

And earlier, ma'am, you raised the issue of how do we compete effectively with, you know, getting the nurses and so on? And one of the reasons why we made this investment in HR training is again the criticality, you can see how our HR folks do is directly related to our ability to compete for our fair share of the best and brightest in the nursing community, vital to our ability to deliver health care. And so one of the reasons why we held the Orlando training conference is to address that issue, how to help them be better in hiring, training, and retaining nursing staff, among others, across our system. So this is critically important that we continue to do this training.

Ms. BROWN. Well, I understand we are going to have something like 1,800 positions in that Orlando area. And you know, to me we don't have to wait until we open up. We could partner with you are right there with the University of Central Florida, other organizations and groups, private sectors. We could have the training, we could have people when we open the door ready to go. And there are other facilities there that we could——and maybe you can't. But it doesn't make any sense that we have those homeless facilities and those other facilities sitting there and we are not doing anything until July of next year.

Mr. GOULD. Yes, ma'am. Just two quick points on that. Our belief is that every single veteran in that community is getting the service that they need today. What we both want is that it be in a beautiful new state of the art facility. And we can't wait to make that happen. But those veterans are getting services. They are getting services in different locations now. And we want them into the new facility just as quickly as we can in Orlando.

Ms. BROWN. I will continue to monitor it, and I yield back the balance of my time.

The CHAIRMAN. Thank you very much. I share your concerns on the completion date for the Orlando facility as well.

Mr. Runyan.

Mr. RUNYAN. Thank you, Mr. Chairman. And Deputy Secretary, thank you for your testimony today. And I agree with Mr. Green, the optics of this reek. Now, to go on to what my friend Mr. Walz was saying, and I bring this point up no matter who from the VA

is here usually. And we talk about metrics. And we talk about numbers. And to Mr. Walz's point, you know, there is value to it. It is value added to it. But you bring up——I just want to put this. In your testimony, you had 73 percent of supervisors said that their people that work under them felt more motivated, 87 percent learned new skills, and 74 percent were more productive. Okay. Outcome. First of all, what was the baseline that was measured against? And a number in the 70th percentile, what was wrong with the last training session? I find it mind-boggling for somebody to grow 70 percent. Where did we drop the ball in the last session to get to this massive amount of growth? And it just comes to these things I think most of us, like we said with the case of Mr. Walz, we can validate it if we have valid metrics. But where are we coming up with these numbers? Because 70 percent improvement, it seems great. But when you step back and look at it from past numbers, we are dropping the ball somewhere. And we have to figure that out. Can you kind of lead me there? Is there a baseline you measured that from? At the end of the day, it is something Secretary Shinseki talks about is accountability. And growth like that is tremendous. But where did you drop the ball previous to that?

Mr. GOULD. Thank you, sir, for the question. I think perhaps one of the most troubling aspects of the training that we found ourselves in need of delivering to our HR specialists is that it hadn't happened in years. So imagine an organization of almost 4,000 people focused on the kinds of important mission-oriented hiring, training, retaining personnel, and not to have been out on the football field and had some walk-throughs and some training. So we failed them. We let them down. Now, what we did apply was state of the art measurement for return on investment and training. It consists of four parts. First part is student in the class at the end, was the training good? Yes or no. Student again takes a test. Did you get something out of it? Can we see that in measurable terms? Third thing, individual gets back to their supervisor, we asked the supervisor do you see a difference in performance? A year later we come back, we asked the question did you see performance in the mission? That is what we are after. We are after that level of accountability. It is that measurement process that resulted in our return on investment analysis, and why I am so fully committed to continuing to do this training. We will get better at the metrics piece. I would argue we are doing it to standard, to an industry standard right now.

Mr. RUNYAN. And I will just leave you with this comment, now that you brought up my past career. You know, you have the saying that practice makes perfect. And I would argue that perfect practice makes perfect. I have never had a perfect practice, never played a perfect game. But if you are not striving for perfection in the practice, when it comes to execution of those skills you are never going to be there.

Mr. GOULD. Thank you so much. I believe we have employees that are really trying to do that. And as you say, nobody has ever had a perfect practice. This is a case where we didn't execute perfectly. There were mistakes. We have acknowledged them. And what we have done is we have put a plan in place to try to avoid that in the future.

Mr. RUNYAN. Thank you. Chairman, I yield back.

The CHAIRMAN. Mr. Michaud, you have any follow up?

Mr. MICHAUD. Yes. Mr. Gould, will the VA provide the Committee with a copy of the July 2012 report examining the impact of the VBA training program as referenced in your testimony? I think that will get to some of Congressman Walz's earlier questions. If you can provide that.

Mr. GOULD. I will.

[THE INFORMATION APPEARS IN THE APPENDIX]

Mr. MICHAUD. Also, you mentioned the need to deploy highly trained veterans service representatives and rating specialists to regional offices in order to eliminate the backlog. You talked about that in your testimony. How many have already been deployed and where? And will there be additional VSRs and RVSRs that will be deployed? And where will they be deployed? If you don't have the answers to the last two questions, if you can provide it for the Committee.

Mr. GOULD. Mr. Michaud, thank you for that invitation. I would say I will provide that information to you. I would say quickly, that training is a key part of our strategy to get the claims backlog down. You can't make that kind of progress and ask people to do new things without training them how to do it.

Mr. MICHAUD. Great. Thank you, sir. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Huelskamp.

Mr. HUELSKAMP. Thank you, Mr. Chairman. I appreciate the opportunity to ask some questions at this point in the responses or lack of responses. And we will go through a few of those. It has been 106 days since I asked some of these questions, and have received a response to only one of those. But let me go through those for the Committee.

I have asked the Department a number of the following things. First of all, will you provide a list of attendees at the July 2011 conference in Orlando? Will you provide a list of attendees at the August conference in Orlando? Will you provide a list of individuals involved in planning these conferences? Did Mr. Sepulveda receive a severance package or exit bonus?

The VA stated that employees had misused taxpayer dollars. What exactly does it mean when you say they will be held accountable? Will you provide the names and titles of employees who are being held accountable? Will you provide a complete detailed list of all expenditures for the 2011 Golden Age Games? Will you provide a list of those who actually attended the games? Will you provide a list of individuals involved in planning the games? Will you provide the number of veterans who attended the games? Will you provide a list of each advance trip to Hawaii ahead of the games? Will you tell us how much you spent on these advance trips? Will you provide a list of the staff attending these advance trips? Will you provide a complete list of all event planners used for the games and amounts paid for the VA services? And then what was the exact process through which Alaska Destination Specialists was selected to provide event planning services?

Now, of these 15 questions I want you to provide at least an indication for me of why you have refused to answer all of these.

Mr. GOULD. Mr. Huelskamp, just listening you to go through that list is instructive I think for everybody sitting here. First of all, your commitment to doing oversight and doing it well, we respect and appreciate. But just going through that list, you can see that times every Member on this Committee and the Senate and the House side that it might be a bit challenging to field all those. What we are doing is working very diligently to respond to each of those. If I am not mistaken, some that you mentioned have already been responded to. So was it your intent to say that none of those had been responded to or that some had and some had not?

Mr. HUELSKAMP. You might be confused, but those were all ignored, some of them for 106 days. Do you know the individuals that helped plan the Golden Age Games? Do you know that answer?

Mr. GOULD. I do not know who——

Mr. HUELSKAMP. Does anybody know over there who planned the games?

Mr. GOULD. Sir, we will certainly find that information out.

Mr. HUELSKAMP. When will you find it out? In another 106 days? You want to wait 106 days? These are simple questions. And I don't want to be brutal here, but this is not an issue of perception, this is an issue of competence. This is an issue of competence, the failure to either know the answer or refuse to answer them. It is not about me personally, it is about 700,000 constituents that want an answer. It is about a gentleman in Syracuse, Kansas, who had to drive 522 miles to the nearest VA Hospital. In that time you can fly folks to Orlando for a great conference. And you won't even tell me who they are. You won't even tell the American people who attended, who planned those conferences. How do you hold folks accountable for the budget when you won't even tell us what the budget was? Was there a budget for these conferences? I will ask Ms. Anderson that question. Was there a budget for these conferences? I am asking Ms. Anderson the question, who raised that. Ms. Anderson, if you can answer that question. Is there a budget for these conferences? Was there?

Ms. ANDERSON. Which conference are you referring to?

Mr. HUELSKAMP. Well, how many you have ever had in 2011 that apparently we are still trying to figure out. You claim that you are going to hold folks accountable if they exceeded the budget. Was there an actual stated budget for these conferences?

Ms. ANDERSON. I was referring to the new policy. And I think Mr. Grams could address the budget issue on conferences. I think he has done that in the testimony, that we don't budget conferences.

Mr. HUELSKAMP. Thank you for answering that question. But Mr. Grams sat there on September 20. As the CFO, I asked numerous budget questions, and never once, Mr. Grams, did you offer any information, any indication of what the answer is. We are trying to answer. These are not complex questions. Who went? I don't know. One hundred six days later. I think, again, this is an issue of incompetence or failure to disclose. Either you are trying to hide something or it is total incompetence. This is unacceptable. I know the Committee has asked question after question after question. We see new things, more questions come up every time you might

answer one of those. But those are 15 outstanding questions. But in particular there is one in particular that really grates many folks is you spent a million dollars to hire somebody in Alaska to run the Golden Age Games and plan that. Was that a bid process? Was that competitively bid to spend a million dollars for someone to run the Golden Age Games? That planner exceeded the cost of every other game before that, I believe.

Mr. GOULD. Congressman, it strikes me that you may not have been here at the beginning of the testimony when I did answer more thoroughly what is going on with respect to our responsiveness. Number one——

Mr. HUELSKAMP. No, I can catch that. Answer the question. The question is a million dollars. Was that a competitively bid contract?

Mr. GOULD. I would like to answer your question, sir, if you will allow me. Just give me a minute, and I will——

Mr. HUELSKAMP. I waited 106 days. Go ahead. I can wait another——

Mr. GOULD. We understand we have an obligation to respond to Congress through its appropriate oversight, number one. Number two, we have delivered truck loads of information. In the specific example of PPV, 35,000 documents, 6,000 policy questions, 100 hearings, 1,100 staff briefings. Sir, you can sit here and shake your head, but the reality is that there is a tremendous amount of information that flows to this Committee and others on a daily basis by a very competent team at VA.

Now, there are items on your list that we have yet to respond to, but we will. You have my firm commitment that we will do that. We have directed our Assistant Secretary for Congressional Affairs. We have gathered teams of people to go through emails and data and records. What may sound simple is in fact quite complex. And when we come into environments like this, and there is an edge to litigate on each issue, you can expect us to go through that with a great deal of care so that we can provide accurate information to the Committee. So I just ask——

Mr. HUELSKAMP. But you didn't answer the question. Did you answer the question? No, you didn't. Could you answer the question I just asked?

Mr. GOULD. You just asked me are we going to respond to those requests? My answer is yes.

Mr. HUELSKAMP. No, I asked you was the contract for the event planner in Alaska for the Golden Age Games in Hawaii, was that a competitively bid contract?

Mr. GOULD. I would be happy to provide that information to you.

Mr. HUELSKAMP. Does anybody here know? Mr. Grams, do you know? A million dollar contract. Do you know the answer? You are the CFO.

Mr. GRAMS. Yes, sir, I am the CFO. The question you are asking is in the VA pool, but it is not in my swim lane. It is an acquisitions question.

Mr. HUELSKAMP. Do you have any of your staff here that can answer that? That is just one question that I ask a specific answer.

Mr. GOULD. Congressman, you have asked. It is on your list. We will provide that information to you. I want to do that accurately.

Mr. HUELSKAMP. I will make it part of the official record. And you have any idea how long it would take to figure that out? It is just one phone call I would guess.

Mr. GOULD. Sir, one among thousands.

Mr. HUELSKAMP. When will you answer it?

Mr. GOULD. Respectfully, we will get that information to you as accurately and as quickly as we can.

Mr. HUELSKAMP. Oh, as you wish. It is one phone call. Thank you, Mr. Chairman. I yield back.

Mr. GOULD. Thank you, sir.

The CHAIRMAN. Mr. Gould, in August you provided us, the VA provided the Committee a list of what was supposed to be all VA conferences held from 2005 to date. In looking at the information that was provided, it showed that some major conferences, including many of the senior VHA leadership conferences, were left off of the list. We have been asking, through the Committee staff, for the information on those missing conferences since October 4, information that I would think would be readily available.

So my question to you, are you aware that certain conferences were omitted from the list that was provided to this Committee?

Mr. GOULD. No, sir, I was not. It goes to the point of the need to submit accurate information to the Committee and, as we just discussed, the need to be careful, to exercise due diligence on that point.

The CHAIRMAN. I find it a little confusing that we should be getting to a much smaller pool, if you will, of conferences with VHA and leadership. So I would think it would be a much smaller number of answers. So much like Mr. Huelskamp, I would hope that we could get a response to that soon. But interestingly enough, because we hadn't gotten that information, we have been, as you might expect, perusing VA's new media, Twitter accounts and Facebook pages. And the VA's own Facebook account showed in 2010 that a senior VHA management conference was held at the Venetian hotel in Las Vegas. And I just am trying to figure out why it was left off of the list that was provided to the Committee.

Mr. GOULD. Sir, I don't have any explanation other than that there are literally thousands, since 2005, of conferences. We have a lot of work do to pore through information and data. We are doing our best to get it to this Committee. And we recognize fully that you have a right to it. We want to make sure that it is accurate when it is provided.

The CHAIRMAN. Just again, we had asked for all VA conferences that were held from 2005 to date. So if you would take that for the record as well.

I would ask if any other Members have any other questions. Mr. Flores?

Mr. FLORES. Thank you, Mr. Chairman. I would like to go ahead and close the loop on where we were going before. But before I do that, let me start here. This is a quick question. Can we get a copy of the September 16 revised conference policy for the record?

Mr. GOULD. Yes, sir.

[THE INFORMATION APPEARS IN THE APPENDIX]

Mr. FLORES. Okay. Very good. I want to go back to what Mr. Walz and Dr. Roe were saying. And it has to do with culture. I agree with Dr. Roe, whether the organization has four employees or 320,000 employees, if you get the right culture you can have fewer policies, you can have fewer procedures and so forth. If employees are properly disciplined because they don't exercise the proper amount of gray matter in making a decision, then the other employees are not damaged, their reputations aren't hurt in the process. So what we have here at the VA is a situation where a few folks made really bad decisions. And it has sort of impugned the reputation of the other 320-some-odd thousand that are out there working hard for our vets. That is not what we want to have happen to any of our folks. The reason this is so critically important to me is because in my district, in the Waco VA regional office, we have got the worst claims processing record in the country. That is not directly on point with what we are talking about here today. However, a vet sees the VA as the VA, all of it, whether it is wasting money on a Dash Dawson video or whether it is spending millions of dollars to go to Orlando, or to stay at the Venetian, or whatever. They see this waste, they see their grandchildren's money being borrowed from the Chinese because people are making classically bad decisions.

So I want to come back to the question I had before. Under the new policy that you are going to have, if an employee is found to have violated either statute or policy or procedure, are you going to discipline and/or fire that employee? Yes or no.

Mr. GOULD. Sir, you know that I am constrained just a little bit by law on my answer here. Let me answer personally and then in my formal role. On a personal basis, should there be accountability for this behavior? You betcha. In my professional role I have an unbending obligation to make sure that the individuals involved have due process.

Mr. FLORES. Yeah, I didn't say——I wasn't taking away due process. Assuming you have gone through due process and you have found that they violated statute, policy, procedure, are they going to be disciplined? Are the American people going to know that they——is the taxpayer going to know they were treated fairly? And is the veteran going to know that they were treated fairly out of this process?

Mr. GOULD. I believe they will. And sir, you started out just a moment ago with perception. And I agree with you most strongly that a few have tarnished the reputation of the many. But when we started off this hearing we had pictures put on the flat screen around the room. And it included pictures of a vacation in Italy. What was implied is that something untoward had happened here, that public funds had been used, that this was a junket paid for by government. Now, we have been doing a little bit of research as I have been sitting here, and this was a personal vacation. And it shouldn't have been posted on the Web site, but no VA funds were used. I think that we need to think carefully when we talk about culture that there are 320,000 hardworking employees at VA that don't like having their reputation damaged and sullied by this kind of activity. That explains why we take so seriously the problems, and we are dead set on fixing them. But at the same time, we have

got to hold onto the idea of their reputations and hard work in this process.

The CHAIRMAN. Mr. Flores, if you would yield for just a minute.

Mr. FLORES. Yes, sir.

The CHAIRMAN. Mr. Gould.

Mr. GOULD. Yes, Mr. Chairman.

The CHAIRMAN. Why was it on VA's official Facebook page?

Mr. GOULD. Clearly, an individual must have posted it there. We will get to the bottom of that.

The CHAIRMAN. Is that correct, should it have been or not?

Mr. GOULD. We will get to that. No, my view is that it shouldn't have been on the Web site. It will be taken down immediately.

The CHAIRMAN. It already was taken down. The minute that we brought it up it disappeared.

Mr. GOULD. Terrific. But sir, I hope you understand that putting that kind of information up is a slap at the employees who work at VA every day. And respectfully, sir——

The CHAIRMAN. Mr. Gould, let me tell you something. No, no. No, no. You and I had a very civil conversation yesterday afternoon.

Mr. GOULD. Yes, we did.

The CHAIRMAN. I have not one time slapped at any of the 300,000 VA employees. I have slapped at the leadership. And your responses in the last 15 minutes have just raised what we call the hackles on the back of my neck again. The truce is over. It lasted less than 24 hours. Expect much more oversight from this Committee. Don't you ever accuse a Democrat or a Republican on this Committee of slapping any of the hardworking 300,000 VA employees. Rest assured it is the leadership that we are concerned with. And with that, expect more questions from this Committee, this hearing this morning for the record, because they are coming in great volumes.

This hearing is adjourned.

[Whereupon, at 12:10 p.m., the Committee was adjourned.]

A P P E N D I X

Prepared Statement of Chairman Jeff Miller

Good morning, this hearing will come to order.

We are here to examine, in detail, VA's conference spending, particularly following the VA Inspector General's report highlighting the wasteful spending that occurred at HR conferences in Orlando, Florida in 2011. We will also examine VA's response to Congress regarding its conference spending. Fundamentally, this hearing is about accountability … accountability to veterans, to taxpayers, and to this oversight Committee. I am concerned on all fronts. Let me briefly share the reason why.

On August 16, 2012, the Ranking Member and I sent a letter to the Secretary asking a series of questions related to VA's conference spending. In that letter we referenced the conflicting testimony we received over the course of the 112th Congress regarding VA's total expenditures. First we were told $20 million was spent in FY2011 on conferences; then we were told it was a little over $100 million; finally we were told that no accurate, reliable figure on conference expenditures exists. Because of these discrepancies, we asked for clarification of VA's total conference spending for that year and prior years, as well as a breakdown of all individual conferences.

Rather than receiving a coherent response clearly explaining these discrepancies and answering all of the questions we posed, VA produced a data dump of information to the Committee under the cover of a letter by Assistant Secretary for Congressional and Legislative Affairs, Joan Mooney, on August 24, 2012. Even though I discussed what I believed was the lack of a response to our letter at the Committee's September 25, 2012, hearing, we were not informed by Ms. Mooney until a week later that her letter, and the information provided along with it, served as the Secretary's official response.

But even assuming what was provided in August was the Secretary's official response, our questions still weren't answered. And those questions that were answered conflicted with prior VA testimony. For example, when we tallied up the total VA conference expenditures for FY2011 based on the information VA provided it came to $86.5 million. This represents the fourth answer provided to the Committee this Congress on VA conference spending in FY2011: First $20 million; then over $100 million; then no reliable number; and now $86.5 million.

The confusion over what VA's actual conference spending is reminds me of the Inspector General's report on the Orlando conferences in which they found VA's reported expenditures were wrong. Absent any clear response, I am left to wonder whether VA, at best, has no reliable controls on its spending or, at worst, is hiding something from this Committee. I plan to get into this more during questioning.

Further, after reading that VA Chief of Staff John Gingrich would, going forward, be approving all overseas travel on behalf of VA, I asked staff to inquire about VA's spending on foreign travel. I wanted to know how much was spent on overseas trips over the last three years, what the purposes of the trips were, and who attended. This straightforward request was made in late August and repeated multiple times. Yet I still have no answers.

I have no answers which would help us understand whether the pictures posted on the VA Canteen Service's Twitter feed and Facebook page of a European field trip, which everyone can see here [point to television monitor], represents evidence of a boondoggle or not. At best, these are pictures of a privately funded vacation posted on a government Facebook page. At worst, this was a taxpayer financed trip with no known legitimate purpose. The point is that if VA refuses to respond timely to requests for information, we have no way of knowing except by exercising the extraordinary step of the Committee issuing subpoenas.

Unfortunately, lengthy delays or not responding to requests at all has become the norm. I have asked staff to compile a list of all outstanding requests I or my staff has made since our accountability hearing in September. Of the 91 total requests of VA made by letter, email, over the phone, or in meetings, VA has only answered

16 of them. 75 requests are outstanding and 66 of those are either past two weeks old or beyond VA's agreed date of delivery. In a touch of irony, VA's testimony for this hearing was almost 8 hours late.

We clearly have a problem here and I intend to get to the bottom of it, both with respect to conference spending and VA's relationship with this oversight Committee. As an aside, I asked Ms. Mooney to testify today regarding these and other matters but was told she would be on vacation. She said that all of her official actions could be addressed by the Deputy Secretary in her absence. Mr. Gould, I trust you are prepared for that.

I yield now to the Ranking Member.

Before I yield to the Deputy Secretary for his opening statement I'd like to ask the panel to rise and raise their right hands so they can be sworn in. Do you swear to tell the truth, the whole truth, and nothing but the truth? Thank you. Please be seated.

Prepared Statement of Hon. Corrine Brown,
Acting Ranking Democratic Member

Good morning everyone, and thank you, Mr. Chairman, for holding this hearing on VA's conference spending. I'm sure our veterans and the American people are anxiously waiting to hear from the VA about the two multimillion-dollar conferences.

This is not the first scandal involving lavish conference spending by a Federal agency. The General Services Administration (GSA) spent more than $800,000 at a Las Vegas conference in which they paid $6,000 for commemorative coins, $58,000 for audio-visual services, $146,000 on food, and included a clown and mind reader, a yearbook. At the time, we thought this was an example of outrageous and wasteful spending.

GSA was supposed to ensure good stewardship of the taxpayer dollar and be the prime model of transparent government for other agencies, but it failed miserably, primarily because it did not have adequate oversight over its own policies and procedures.

Unfortunately, not long after their debacle, we learned about the VA's own conference indiscretions. By now we are all too familiar with the details; reportedly two lavish VA training conferences that cost over $6 million dollars and included the now famous Patton parody videos, unnecessary promotional items, travel expenses, and much more.

Our witnesses today may not have been involved in the conference's financial and planning decisions, but they were in positions of authority to approve the conference budget. I truly hope that these two conferences are not just the tip of an iceberg of misjudgment and wasteful spending, but rather, are found to be two isolated incidents from which the agency can learn.

We already know that VA's processes, and the oversight mechanisms that were in place were insufficient, and that management failed to review and monitor the expenses of the conferences. The question is, how do we fix that? And how do we ensure that it doesn't happen again? We are looking to be assured that, going forward, VA senior leadership approaches spending taxpayer dollars with the same care and attention they would approach spending their own money.

The Department of Veterans Affairs Office Inspector General report, *Administrative Investigation of the FY2011 Human Resources Conferences in Orlando, Florida,* identified several problem areas and outlined recommendations. Following the report, Secretary Shinseki agreed with the recommendations, and his Chief of Staff, Mr. Gingrich, took responsibility for his role in allowing these excesses. Therefore, I hope that today's hearing will focus on how the VA will modify their procedures and implement policies to establish budgetary control and ensure that future conference budgets are appropriate.

I look forward to hearing today's testimony. Thank you and I yield back.

Prepared Statement of W. Scott Gould

INTRODUCTION

Chairman Miller, Ranking Member Filner, and Distinguished Members of the House Committee on Veterans' Affairs: thank you for the opportunity to be with you today to discuss VA's commitment to transparency, oversight, and the training of

its employees to deliver the highest quality service to our Nation's Veterans, family members, and survivors, while ensuring accountability. I want to thank the Committee for their ongoing partnership in our common commitment to serve our Nation's Veterans.

I know that many of you are especially interested in talking about VA training conferences—about the issues identified by the VA Inspector General (IG), and about what our department is doing to ensure that such issues do not occur again.

At a time when the physical, mental, and emotional health needs of our Veterans are so acute, and when the demands on VA health budgets are so great, there is no justification for the spending of public funds outside the legitimate needs and missions of this department.

The IG report on the 2011 Human Resources and Administration (HRA) conferences in Orlando identified several examples of such wasteful expenditures. To call the report findings deeply disappointing would be an understatement. As Secretary Shinseki said immediately upon the public release of the report, the failures outlined in the report represent abdications of responsibility, failures of judgment, and serious lapses of stewardship.

VA's mission—to serve our Veterans—must be at the core of our work all the time, including when we are planning, attending, and managing training conferences.

ORLANDO HR CONFERENCES

The VA's HRA held two training events for VA employees in Orlando during the summer of 2011 featuring nearly 100 classes and workshops. The training was required to address gaps in the capabilities of HR employees that were identified in 2010. HR employee performance is important because they make sure that the right people are hired and trained – people who will directly deliver health care and benefits to Veterans. The evidence gathered suggests that these sessions had significant return on investment. One year later, 74 percent of the responding supervisors of conference participants agreed or strongly agreed that the attendees had been more productive on the job following the conference, and 73 percent agreed or strongly agreed that their employees were more motivated at work as a result of participating in the conference.

More significantly, 78 percent of responding supervisors of conference attendees reported that they had seen evidence that their employees had used new skills or knowledge on the job as a result of conference attendance. Seventy percent of supervisors stated that their employees' job performance had improved after the conferences. We must factor these results into our assessment of these training conferences and improve on them in the future, even as we redouble our efforts to prevent the kinds of issues described in the IG report.

VA is aggressively addressing the execution and oversight failures outlined in the IG report. This includes taking appropriate action with regard to personnel found to be responsible for those failures, as well as establishing new policies and procedures, which are discussed in more detail below, to help ensure that such failures do not occur again. Regarding IG recommendations relating to named career employees, to ensure due process, the Secretary has appointed senior officials to review evidence of wrongdoing and to recommend and take appropriate administrative action. Much of this testimony will be devoted to discussing these new policies and procedures in greater detail.

IMPROVEMENTS IN OVERSIGHT

It is VA policy to determine whether the Department will see a quantifiable improvement in operations for investments in training. As part of that approval process, offices must prepare a detailed business case analysis. They must also ensure that the conference or training event is part of a rational strategy to develop VA employees' skill sets in the optimum way. The requirement to measure outcomes for training events has enabled us to capture and evaluate performanceperformance data that will lead to more relevant and focused training.

Since January 2009, VA has issued several increasingly restrictive policies regarding the planning and execution of training conferences. In August 2011, the Department began requiring all offices to submit for approval any training event or conference attended by *50* or more employees. Additionally, VA issued several memoranda and regulations incorporating Office of Management and Budget (OMB) guidance on training conference planning and execution.

On September 21, 2011, OMB issued Memorandum 11–35, "Eliminating Excess Conference Spending and Promoting Efficiency in Government," which instructed all agencies "to conduct a thorough review of the policies and controls associated with conference-related activities and expenses." On May 11, 2012, OMB expanded that

effort to mitigate the risk of inappropriate spending, issuing Memorandum 12–12 (OMB M–12–12), "Promoting Efficient Spending to Support Agency Operations." M–12–12 outlined a series of policies and practices for conference sponsorship, hosting, and attendance to ensure that Federal funds are used appropriately on these activities, and that agencies continue to reduce spending on conferences wherever possible. VA incorporated this policy in its July 3, 2012 memoranda.

After issues at the 2011 HR National Training Conferences came to light, it was clear that we needed to go further still in order to ensure that we leave a lasting culture of accountability VA. In early August 2012, after being briefed by the VA IG's office on its investigation of the Orlando conferences, the Secretary immediately ordered a range of strict measures to ensure tougher oversight:

- full Departmental cooperation with the IG investigation;
- the removal of purchasing authority from employees in the unit under investigation;
- an outside, independent review of all training policies and procedures and the execution of all training conferences;
- an outside, independent review of conference planning and execution, and oversight policies and practice;
- ethics training for all VA personnel involved with the planning or execution of conferences; and
- an internal examination of existing VA policies as they relate to Administration policy, departmental policy, and Federal law and regulation on conferences.

As a result of this internal examination, on September 16, 2012, VA issued a revised conference planning and oversight policy. The new policy regarding the approval and planning of conferences was further developed and communicated in a revised memorandum on September 26, 2012. VA conference process now has four phases: concept, development, execution, and reporting. Each phase has objectives, metrics, and standards of execution. Once an organization has a concept for a conference, that concept is to be developed and included in the Concept Authorization Briefing as part of the quarterly Conference Planning and Execution Briefing Cycle. Starting in December 2012, more detailed briefings on any conferences VA proposes to host or co-host, or Federal or non-Federal hosted conferences VA employees will be conducted on a quarterly basis.

Conferences estimated to cost between $20,000 and $100,000 require approval by an Under Secretary, Assistant Secretary, or equivalent senior official in the proponent organization. Conferences estimated to cost over $100,000 but less than $500,000 require approval by the Deputy Secretary. Conferences over $500,000 are generally not permitted under OMB Memo 12–12 and may only proceed if the Secretary approves a waiver. To help implement these reforms, VA has established a corporate Training Support Office, which helps coordinate quarterly Conference Planning and Execution Briefings.

Conferences that receive *conceptual* approval proceed to the *development* stage. To provide better oversight and single points of accountability from the event's planning through its execution, the Department now requires each Administration and Staff Office to designate a Conference Certifying Official (CCO), who must be a Senior Executive or SES-equivalent. The CCO, who must be familiar with all VA and Executive Branch training conference policies and procedures, will certify that the proposed event complies with all regulations and policies. The CCO also certifies that the proposal, which includes all anticipated costs, provides a detailed business analysis for the planned conference and travel investment.

If a conference is approved, and planning commences, each conference estimated to cost VA over $20,000 will require the appointment of a second official, the Responsible Conference Executive (RCE). The RCE will ensure the conference is executed according to the plan approved by the CCO and adheres to all applicable regulations and policies. The RCE's responsibilities continue through and after the event. The RCE must certify, within 15 days of the completion the conference, that due diligence was exercised in the execution of the training conference and ensure the conference was executed within 5 percent of the planned budget.

"Due diligence" includes: prior approvals of any conference-related spending; bans on entertainment and promotional item spending; and restrictions on spending in accordance with OMB Memo M–12–12 and VA's financial policies and procedures. To further assist in executing future conferences in a more efficient manner, the Responsible Conference Executive must also submit an After-Action Review Report.

The designation of a Conference Certifying Official and a Responsible Conference Executive for every large conference will clearly identify the specific individuals responsible for ensuring appropriate conference planning and overseeing conference management and execution.

Additionally, the Department currently has a central conference tracking repository and is developing an electronic portal that will contain materials to help Administrations and Staff Offices develop their conference business case and associated planning documents. This portal will also help track information for the Department to report training conference spending in accordance with OMB Memo M–12–12 and Public Law 112–154, the "Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012". This law requires VA to track and report to Congress quarterly conferences that are sponsored or co-sponsored by VA and attended by at least one VA employee, or estimated to cost VA at least $20,000 – and to provide estimates for the next quarter.

The Department has instituted sound policies and has provided clear guidance to individuals within VA responsible for the approval, planning, and execution of conferences. We recognize that insufficient oversight has resulted in the misuse of some taxpayer dollars. This is unacceptable. We will continuously review our policies and procedures to ensure we are using our resources effectively and appropriately while providing the training that is so critically necessary for VA employees..

VALUE OF TRAINING FOR VA'S MISSION

While we must address the specific issues by the Inspector General and the systemic problems they implicate, we must also be very conscious of the continued value of VA training conferences.

As this Committee is well aware, this is a time of rapidly growing challenges for VA. To meet those challenges across the vast network of VA hospitals, clinics, benefits offices and national cemeteries, it is necessary that our personnel train and consult with VA colleagues and outside authorities on new and best practices across an enormous spectrum of subjects, ranging from electronic-records administration to suicide prevention. The progress we have made in the last few years to transform the Department into a 21st century organization would not have been possible without a highly trained workforce. Our employees need to be trained to ensure they stay current to deliver on our mission. We will make maximum use of technology to meet most efficiently meet those training needs, however conferences will remain essential to VA's efforts to meet the rapidly evolving needs of our Veteran population.

In 2009, VA recognized that the changing needs of Veterans required improving and enhancing the training of its employees. At that time, VA training programs were scattered, siloed, and underutilized. The need for improved performance was clear in the midst of increased demand due to ongoing combat operations and the expected retirement of a high proportion of the VA workforce in the near future. If VA did not invest substantially in its employee training, the Nation faced the prospect of an underprepared, undertrained VA at precisely the moment when the needs of our Veteran community were greatest.

One of VA's four strategic goals requires us to invest in our employees so that they can improve service and customer satisfaction for Veterans and their families. Consequently, the Department identified transformation of our human-capital management as a main element in our Strategic Plan. We have been working for the past three years on providing our employees with the training they need.

Training requirements are based on identified competencies for each employee. We have worked to define management and technical competencies for all our key service areas. At the forefront of these efforts is the policy requiring that there be "line-of-sight" from the Department's strategic goals and capabilities, through organizational missions and functions, to the individual employee's personal performance and development plans. Through this "line-of-sight" approach, we can identify the employee-level competencies needed to achieve the Department's strategic goals. We can then identify gaps in these competencies, and develop training programs to fill them.

VA's training programs – including, but not limited to, our training conferences – follow a cyclical model. The cycle begins by identifying the critical knowledge, skills, and behaviors an employee requires to better serve our Veterans. These defined competencies and our organizational values are linked to training. Training needs are then compared to available resources and a final plan developed to correct gaps across the entire organization on a priority basis. Through this process the course offerings in our training programs, including training conferences, are identified. As training courses are developed, we give strong consideration to ensuring that courses are available to the largest population of employees, and are carried out in a cost-effective manner – with a preference for using available technology to provide virtual training where feasible.

Once conducted, courses are rigorously evaluated to assess participant satisfaction, on-the-job behavior change, and organizational impact. The feedback from this

evaluation is used to inform future course-development and to continually improve our training methods.

To facilitate high quality, cost-effective continuous learning, VA established VA Learning University (VALU) in 2003. Further, VA created centralized training centers for specific fields, such as the VA Acquisition Academy and the Veterans Benefits Academy.

VA's Human Capital Investment Programs (HCIP), have demonstrated a positive return on investment (ROI). HCIP initiatives are designed to build a healthy and engaged VA organization where employees deliver high-quality services. VALU applied industry best practices to analyze the ROI for HCIP initiatives, yielding a positive 5%. These findings are being used as the foundation for deeper insights into new initiatives with the ultimate goal of demonstrating the future value of HCIP as well as driving investment decisions moving forward.

Advances in technology have made distance learning a more feasible option for many kinds of training. VA has already made extensive use of technology to provide training nationwide, and we are aggressively looking into new ways in which we leverage it even further. However, as a result of the Department's diverse and complex missions, there are occasions, which are outlined below, when travel to conduct face-to-face meetings for training is most effective and efficient.

We must avoid falling into a mindset that reflexively denies the value of in-person meetings. Such meetings certainly have their place. But we clearly have to do a better job of monitoring our costs and improving oversight. In accordance with Administration directives and internal policies, VA has instituted a multi-tiered approval process for all training conferences that cost VA over $20,000. Recognizing that resources are limited and that further efficiencies can be found in our operations, VA continues to find ways to implement the Administration's guidance to reduce spending while continuing to provide high quality training.

Our Administrations and Staff Offices have adapted their training programs to better improve employees' ability to provide high quality service for Veterans. I would now like to turn to some of the individual administrations and staff offices within VA, to talk about how these programs – including, where necessary, in-person conferences – are resulting in better support for America's Veterans:

VETERANS HEALTH ADMINISTRATION

In perhaps no part of VA is personnel training of greater significance than in the Veterans Health Administration (VHA), which must not only contend with the complex health care challenges facing the Veteran community, but must also do so while competing with private-sector companies for health care and administrative talent.

VHA is the Nation's largest integrated health care system, providing quality clinical care to more than 8.4 million enrolled Veterans at more than 1,400 points of care across the country. VHA's mission is to honor America's Veterans by providing exceptional care that improves their health and well-being. To do this effectively, training and competency development is critical as we work to maintain statutory, regulatory or VA-required licensure, certification and qualifications.

Providing these opportunities for clinical skills development is essential to recruitment and retention as we work daily to address the emerging issues unique to the large and diverse Veteran population including: Polytrauma from multiple war related injuries; disease positively associated with exposure to various chemicals during conflict; traumatic brain injury and post-traumatic stress disorder; suicide prevention and other mental health diagnoses; women's health and military sexual trauma; cancer and other age-related diseases of Korean-era and Vietnam-era Veterans; and elimination of Veteran homelessness.

Consider our increasing investment in telehealth training. Telehealth is and continues to be a key driver in maximizing access to primary and specialty services for all Veterans, including those in rural or remote areas. The implementation of this telehealth infrastructure requires training for an overall understanding behind the vision of how this program can change care and delivery to Veterans as well as providing skills and competency for utilizing the necessary equipment and technology.

In 2011, 160 participants acquired the knowledge and skills to manage telehealth programs and facilities. Students participated in hands-on training and evaluation of technology support for over 380,865 patients who used telehealth services last year alone.

Another example of the direct and tangible results of training programs throughout VHA is the Patient Aligned Care Team (PACT) Collaborative and Learning Center. PACT is central to VHA's strategy to implement a medical home model and team-based care. 1,233 VHA participants utilized this collaborative to better equip the VHA health care teams to provide coordinated and holistic care with stream-

lined delivery of services. After completing the training, participants reported a 27% increase in Veterans contacted within 48 days and visited within 7 days of transition from the hospital.

VETERANS BENEFITS ADMINISTRATION

Now let's turn to the Veterans Benefit Administration, or VBA. One of the most significant areas in which VA's commitment to training has shown results is the Challenge training program utilized by the Veterans Benefits Administration (VBA) to train its Veterans Service Representatives (VSR) and Rating Veterans Service Representatives (RVSR). VBA seeks to eliminate the disability claims backlog and process all claims at a 98% accuracy level.

Central to meeting this goal is investing in the training of VBA's personnel. Under its comprehensive Transformation Campaign Plan, VBA redesigned and enhanced the Challenge training program in July 2011. Redesign of the centralized Challenge program grew out of VBA's need to make new claims processors more proficient and productive at the start of their careers, while minimizing the impact on experienced staff called on to provide follow-on training at the local regional offices. A July 2012 report examined the updated training's impact after nearly a year of use. This report is a prime example of VA's thorough examination of the return on training investments. The training, centralized at VA's Benefits Academy in Baltimore, creates efficiencies in training delivery by collocating the new employees at one site. On balance, the expenditure of sending new VBA employees to Baltimore for an eight-week period of training is outweighed by the gains in accuracy and productivity those employees receive from being assembled to receive training from knowledgeable and effective instructors delivering a long, complex curriculum. Further, the shared learning experience enables employees with diverse backgrounds who work in different regional offices across the country to develop a shared sense of mission. Finally, common training standards and methods lower variance in quality and productivity around the Nation.

The new model demonstrated success in 90 days. Under the legacy model, at the end of the six-month training period trainees averaged one-half case per day and 60% accuracy prior to review. In contrast, by the end of just over three months under the revised Challenge model, graduates were able to complete more than a case per day with greater than 95% accuracy. When employees returned to their home stations, they continue to learn through additional on-the-job training. This focus on training helped VA complete a record- breaking 1 million claims per year the last two fiscal years, delivering faster, better decisions for Veterans.

As VA continues to receive more disability claims, deploying highly trained and competent VSRs and RVSRs to the Regional Offices is a main focus in the Department's goal of eliminating the claims backlog by 2015.

OFFICE OF MANAGEMENT

Training is focused not only on the ever changing technical aspects of the medical and benefits offered to Veterans and their families but the rapidly changing management environment, as well. VA continues its transformation by creating a highly skilled workforce that supports all operational and management functions. That's where VA's Office of Management comes in.

For example, the Office of Finance was tasked with training approximately 6,800 VA employees in financial management positions within VA. The FM Training Conference is the principal platform by which all VA employees who perform financial management related duties come together to share knowledge and learn essential skills in the areas of auditing, accounting, budget analysis, and financial management.

These conferences offered 27 courses including Appropriations Law, Federal Financial Management Overview and Federal Accounting Fundamentals. With other improvements we have made, VA achieved a 75% reduction in material weaknesses in our FY 2011 annual financial audit.

OFFICE OF INFORMATION AND TECHNOLOGY

The VA Office of Information and Technology (OIT) delivers available, adaptable, secure, and cost effective technology services to the VA and acts as a steward for all VA's IT assets and resources.

To ensure exemplary execution of this mission, it is vital that IT staff at all of the VA facilities are aware of policy changes and how to implement and communicate changes to the customer base of over 300,000 VA employees.

For example, OIT has used the Project Management Training Summit to convene IT project managers to ensure that they are all aligned on the profound changes in the way OIT delivers its services to the VA workforce. Summit facilitators were able to evaluate the training summit and capture significant metrics regarding the

validity and usefulness of the training: 76% of participants felt better informed about system processes; 72% reported a better understanding of budget execution; and 81% had a better understanding of operations and maintenance planning.

Through this training summit and other training conferences that OIT has held since 2009, OIT has been able to ensure that our highly dispersed, nationwide IT staff is consistently provided the training and information IT need to ensure high-quality customer service to Veterans as technology continues to advance.

As VA moves forward to implement the Secretary's vision for a highly skilled workforce, training remains a vital and important way for VA employees to continually improve their service to Veterans.

Training conferences featuring face-to-face education and practical, hands-on instruction help to develop a robust workforce in all sectors of business. They are necessary to stay on the leading edge of processes and technology, so VA can continue to provide Veterans with exemplary service. As we continue to harness technological advancements, VA will critically reexamine training opportunities with a commitment to implementing further efficiencies by reducing, where appropriate, administrative spending – while also providing excellent training to keep our employees certified in their field and equipped with the tools necessary to serve those who have already given so much in serving us.

QUALITY AND TIMELINESS OF INFORMATION TO CONGRESS

VA values the oversight of our Congressional committees and Members. Partnering with Congressional offices to provide information to better serve our Nation's Veterans is a goal of the Department. In this spirit, Secretary Shinseki notified Congressional leaders of the investigation into the Orlando HR training conferences after the Secretary was notified of the investigation by IG personnel.

VA provided detailed information to this Committee and other committees after we learned of the IG investigation into the Orlando HR training conferences. In August, the Department, provided multiple Congressional committees with thousands of pages covering VA's department-wide policies and procedures relative to training conferences generally; Orlando-specific contract and acquisition documents; Orlando conferences specific documents, including agendas, activities, training course evaluations, and speeches; and over 33 hours of video produced for and during the conferences on DVDs. Since August, VA has received approximately 125 inquiries spanning a range of issues related to training conferences. Many of these inquiries have required customized data collection efforts involving all Administrations and Staff Offices. In order to provide consistent and accurate information, thousands of man hours have been spent processing these requests.

VA believes that greater transparency and partnership can be improved by providing thorough, accurate information. Providing complete, verifiable information is contingent upon gathering and circulating the requested data among a number of stakeholder offices in VA. This is especially the case when the requested data comes from every Administration and Staff Office. This process, while detailed and lengthy, helps ensure that there is consistent and accurate information provided to Congress.

VA employees regularly interact with and provide information to committee and Member staffs on VA programs and policies. During the last two fiscal years, VA senior leaders participated in 118 hearings, conducted over 1,142 briefings to Members of Congress and staff; responded to 3,204 questions for the record and processed approximately 40,000 constituent casework inquiries. Additionally, VA responded to over 6,000 specific policy-related requests for information.

VA also supports the Government Accountability Office (GAO) in its investigative mission to Congress. During last fiscal year, VA participated in 43 entrance conferences and 41 exit conferences. VA provided information during the conduct of each of these GAO reviews. VA also gave information on 65 draft GAO reports and 72 final GAO reports, representing a 35 percent and 52 percent increase respectfully over the previous fiscal year's numbers.

As these figures indicate, VA is committed to supporting Congress in its oversight mission and I assure you, VA will continue to provide Congress with accurate and complete information.

CONCLUSION

Our Department's mission is to honor and serve the Nation's Veterans; this is a sacred obligation for both the Department and the Nation. Incumbent in serving Veterans, their dependents, and survivors is the need for us to manage our resources carefully and ensure there is appropriate oversight of and accountability for our acts. We look forward to working with our partners in Congress to help ensure that our new policies on training conference planning, approval, and execution effec-

tively address the issues identified by the IG, our internal review, and pending third-party reviews, while preserving the ability to train our personnel to deliver high quality benefits and services in a rapidly changing environment.

Mr. Chairman, I will be glad to answer any questions you or the other Members of the Committee have.

Question For The Record

To Hon. Eric K. Shinseki, Secretary, U.S. Department of Veterans Affairs, from Bob Filner, Ranking Democratic Member

NOVEMBER 28, 2012

The Honorable Eric K. Shinseki
Secretary
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Mr. Secretary:

In reference to our Full Committee hearing entitled, "VA Conference Spending Accountability" that took place on November 28, 2012, I would appreciate it if you could answer the enclosed hearing questions by the close of business on January 7, 2013.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively and single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please email your response in a word document to *Carol Murray at Carol.Murray@mail.house.gov*. If you have any questions, please call 202–225–9756.

SINCERELY,

BOB FILNER

RANKING DEMOCRATIC MEMBER

DT:cm

1. Will the VA provide a copy of the July 2012 report examining the impact of the VBA training program referenced in your testimony?

2. In your testimony you highlighted the importance of the training provided to VA HR employees at the two conferences held in Orlando, Florida in 2011 and the importance of hiring health care professionals. Of the 1,600 Human Resources employees that attended the 2011 conferences, how many are directly responsible for hiring the much needed positions for VA Northern Indiana Health Care System at the Fort Wayne, Indiana campus that have led to the closure of vital services to veterans?

3. Your new policies require that conferences that exceed a certain budgetary amount will require approval by a Deputy Secretary, Under Secretary, Assistant Secretary or other senior officials. I would consider Mr. Gingrich a senior official, given that he authorized the budget for the multimillion dollar conferences. Who will oversee that leadership?

4. According to the VA OIG report, the conference planner lacked the authority to commit governments funds for much of the expenses associated with the conferences, yet these individuals continued to do so.

a. Why weren't these activities monitored?
b. Why wasn't VA leadership questioning accounting expenses?

5. According to the VA OIG report, there seems to be a complete lack of awareness from management of who was involved in the planning of the conferences, who committed to governments funds for expenses associated with the conferences, and overall confusion of roles. It seemed that no one really knew who did what. This allowed lower-grade employees take on a bigger role then they should have. Why did this occur?

a. Why didn't management take responsibility?
b. Why would management delegate authority to lower-grade employees and remain uninvolved with the planning of the conferences?
c. Is this hands-off approach encouraged throughout the Department?

6. In your written statement, in reference to the "Challenge training program" you reference a July 2012 report that "examined the updated training's impact after nearly a year of use." Please provide copy of this report.

7. In your written testimony you reference the VA's "comprehensive Transformation Campaign Plan." Since the Committee's June 19, 2012 hearing on the VBA Claims Transformation Plan we have been requesting a copy of this detailed plan that is not in a PowerPoint format. In a June 22, 2012 e-mail exchange with a VA Congressional Relations Officer we were assured that the VA was "working on a version that provides additional detail, in word format" and that this would be provided "as soon as possible." We have followed-up on this request a number of times, since at the June 22, 2012 hearing and at a subsequent hearing the Under Secretary for Benefits referenced a more detailed and comprehensive plan than a PowerPoint demonstration provided to Committee staff. Please provide the Committee immediately with such a detailed plan, or at least a firm date upon which the Committee may expect to receive such a plan.

Responses to Bob Filner, Ranking Democratic Member from Hon. Eric K. Shinseki, Secretary, U.S. Department of Veterans Affairs

1. Will the VA provide a copy of the July 2012 report examining the impact of the VBA training program referenced in your testimony?
VA Response: The requested report and associated press release are publicly available at *http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2352.*

2. In your testimony you highlighted the importance of the training provided to VA HR employees at the two conferences held in Orlando, Florida in 2011 and the importance of hiring health care professionals. Of the 1,600 Human Resources employees that attended the 2011 conferences, how many are directly responsible for hiring the much needed positions for VA Northern Indiana Health Care System at the Fort Wayne, Indiana campus that have led to the closure of vital services to veterans?
VA Response: In 2011, seven Human Resources (HR) Specialists from the Department of Veterans Affairs (VA) Northern Indiana Health Care System attended the HR conference in Orlando, Florida. Hiring Managers are directly responsible for hiring health care professionals, and the HR Specialists provide the expertise necessary to support the Hiring Managers.

3. Your new policies require that conferences that exceed a certain budgetary amount will require approval by a Deputy Secretary, Under Secretary, Assistant Secretary or other senior officials. I would consider Mr. Gingrich a senior official, given that he authorized the budget for the multimillion dollar conferences. Who will oversee that leadership?
VA Response: VA issued a Conference Oversight Policy Memorandum on September 26, 2012, that identifies the levels of leadership and oversight required of any conference attended by VA employees. The specific level of leadership oversight is a function of the estimated cost of the conference. For conferences estimated to cost less than $20,000, a Senior Executive Service (SES) employee or equivalent provides the leadership and oversight of the conference, and must use the same stringent procedures mandated for the larger conferences. For any conference estimated to cost over $20,000, a Conference Certifying Official (CCO) and Responsible Conference Executive (RCE), both SES-level employees, provide the leadership and oversight for the conference.
For approval purposes, conferences estimated to cost under $20,000 require approval by an SES employee or equivalent. Conferences estimated to cost $20,000 to $100,000 require approval from the appropriate Under Secretary, Assistant Secretary, or their equivalent. Conferences estimated to cost $100,000 up to $500,000 require approval from the Deputy Secretary. For conferences estimated to cost $500,000 or more, a Secretarial waiver is required.

4. According to the VA OIG report, the conference planner lacked the authority to commit governments funds for much of the expenses associated with the conferences, yet these individuals continued to do so.

a. Why weren't these activities monitored?

VA Response: The VA Conference Oversight Policy Memorandum issued on September 26, 2012, established CCOs and RCEs at the Senior Executive Level for all conferences exceeding $20,000. The RCE is responsible for ensuring that an approved conference or training event is executed with strict adherence to all applicable regulations and policies. As part of the review, the RCE will ensure that only properly warranted Contracting Officers make modifications to existing conference contracts, and that such modifications are made only when appropriate and within the overall spending limits set in the conference's approved spending plan. VA is also providing new training to program officials so they understand their roles in the procurement process.

b. Why wasn't VA leadership questioning accounting expenses?

VA Response: The VA Conference Oversight Policy Memorandum issued on September 26, 2012, established CCOs and RCEs at the Senior Executive Level for all conferences exceeding $20,000. The CCO and RCE are responsible for tracking all conference spending from proposal to completion, and the RCE must certify that all spending was in accordance with all regulations and policies.

On November 13, 2012, the Deputy Assistant Secretary for Finance and Deputy Assistant Secretary for Acquisition and Logistics issued a memo requiring the names of all purchase cardholders with single purchase limits greater than the micro-purchase threshold be matched to a list of valid warrant holders. Any cardholders who could not be matched were to have their single purchase limit reduced to the micro-purchase threshold. Additionally, the memo stated that any exceptions to this policy would have to be approved by the VA Senior Procurement Executive. This exception processing better aligns granting of this authority to the executive responsible for those activities. Although not a change in policy, it should be noted that any transaction above the micro-purchase threshold must be in compliance with Federal Acquisition Regulations.

5. According to the VA OIG report, there seems to be a complete lack of awareness from management of who was involved in the planning of the conferences, who committed to governments funds for expenses associated with the conferences, and overall confusion of roles. It seemed that no one really knew who did what. This allowed lower-grade employees take on a bigger role then they should have. Why did this occur?

a. Why didn't management take responsibility?

b. Why would management delegate authority to lower-grade employees and remain uninvolved with the planning of the conferences?

VA Response to 5 and sub-questions a and b: The Secretary accepted the OIG's recommendations for appropriate administrative action regarding the individuals involved; that process is underway. The VA's Conference Oversight Policy Memorandum issued on September 26, 2012 established its updated policy. The policy requires a waiver from the Secretary for conferences that are projected to cost VA more than $500,000. The Deputy Secretary is the approval authority for conferences costing VA in excess of $100,000. Conferences projected to cost more than $20,000 but less than $100,000 must be reviewed by the appropriate Under Secretary or Assistant Secretary. The memo also established two new roles in the conference planning process: the CCO and the RCE, each of whom must be a Senior Executive or SES equivalent. The CCO reviews all conference proposals and certifies compliance with all regulations and policy before moving forward for clearance. In addition, each individual conference expected to cost over $20,000 now has an RCE, whose role is to oversee the day-to-day planning and execution of such conferences and to ensure that the conference is executed in accordance with regulation and policy.

c. Is this hands-off approach encouraged throughout the Department?

VA Response: VA has consistently stated that misuse of federal funds is unacceptable, and that is why VA acted quickly to implement rules that reflect a continuing commitment to safeguarding federal funds. VA's Conference Oversight Policy Memorandum, dated September 26, 2012, responds to the oversight gaps identified in the OIG report and the internal reviews conducted in the wake of the 2011 HR Training Conferences by identifying roles and responsibilities of senior-level leadership to ensure proper accountability and oversight of federal funds. An SES level employee must review and approve any conference estimated to cost under $20,000. Two SES-level employees, a CCO and RCE will be appointed for each conference projected to

cost in excess of $20,000. Their roles are to ensure adherence to all applicable statutes, regulations, and policies when planning and executing the approved conference. As the single point of responsibility for conference execution, the RCE will oversee and manage all execution-level activity for the assigned conference. The memorandum also requires the respective Under Secretary, Assistant Secretary, or their equivalent to act as the approval authority for a conference projected to cost from $20,000 to $100,000. The Deputy Secretary is responsible for approving conferences estimated to cost from $100,000 to $500,000. Conferences estimated to exceed $500,000 require a waiver by the Secretary.

6. In your written statement, in reference to the "Challenge training program" you reference a July 2012 report that "examined the updated training's impact after nearly a year of use." Please provide copy of this report.

VA Response: Please see the response to question 1.

7. In your written testimony you reference the VA's "comprehensive Transformation Campaign Plan." Since the Committee's June 19, 2012 hearing on the VBA Claims Transformation Plan we have been requesting a copy of this detailed plan that is not in a PowerPoint format. In a June 22, 2012 e-mail exchange with a VA Congressional Relations Officer we were assured that the VA was "working on a version that provides additional detail, in word format" and that this would be provided "as soon as possible." We have followed-up on this request a number of times, since at the June 22, 2012 hearing and at a subsequent hearing the Under Secretary for Benefits referenced a more detailed and comprehensive plan than a PowerPoint demonstration provided to Committee staff. Please provide the Committee immediately with such a detailed plan, or at least a firm date upon which the Committee may expect to receive such a plan.

VA Response: The VA Strategic Plan to Eliminate the Compensation Claims Backlog was provided to the House Committee on Veterans' Affairs on January 25, 2013.

Materials For The Record

Deliverables for VBA from Rep. Michaud

Deliverable 1: Requested the July 2012 report issued concerning the effectiveness of the VBA Challenge Training as referenced in the written statement.

Response: The requested report and associated press release are publicly available at *http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2352.*

Deliverable 2: Requested information concerning the number of Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs), and how many have already been deployed and where.

Response: Please see the attached spreadsheets. The FY13 VSR and RVSR onboard spreadsheet shows the number of employees onboard as of the end of November. The VBA RVSR and VSR hires spreadsheet reflects the VSRs and RVSRs that we hired in fiscal years (FYs) 2011, 2012, and 2013. Both spreadsheets are sorted by Area and regional office.

Deliverable 3: Will there be additional VSRs and RVSRs deployed and where will they be deployed?

Response: VBA's current FY 2013 funding request includes 14,355 direct Compensation and Pension employees. This is an increase of 35 direct FTE over FY 2012. Currently, VBA is fully staffed to the FY 2013 funded levels and any hiring will be a result of replacing FTE losses. Throughout the FY, staffing losses will be monitored and filled to ensure regional offices are operating at full claims processing capacity.

Regional office staffing allocations are determined by a performance-based ″Resource Allocation Model″. Directors must ensure they are staffed to their approved ceilings throughout the year, and fill VSR and RVSR roles as necessary in order optimize output.

The additional deployment mentioned refers to VBA's approximately 1,200 claims processors who were dedicated to Nehmer claims processing throughout FY 2011 and into FY 2012. The last of the live Veterans' Nehmer claims were completed in April 2012, and the last survivor claim in October 2012. These claims processors have been re-deployed to focus on the oldest claims in our inventory and other specialized missions, such as Benefits Delivery at Discharge, Quick Start, and appeals workload.1

	VSR	RVSR
Eastern Area	1459	607
Baltimore	56	41
Boston	82	18
Buffalo	49	26
Cleveland	138	95
Detroit	95	44
Hartford	43	24
Indianapolis	92	27
Manchester	21	7
New York	77	41
Newark	45	17
Philadelphia [1, 2]	498	121
Pittsburgh	62	30
Providence	74	65
Togus [1]	100	41
White River	12	4
Wilmington	15	6
Southern Area	1747	934
Atlanta	168	85
Columbia [1]	177	99
Huntington [1]	98	45
Jackson	89	43
Louisville	87	54
Montgomery	96	57
Nashville	150	94
Roanoke [1]	158	81
San Juan	53	25
St. Petersburg [1]	392	184
Washington	1	
Winston-Salem	278	167

	VSR	RVSR
Central Area	1898	840
Chicago	89	47
Des Moines	41	23
Fargo	20	13
Houston	180	91
Lincoln [1]	100	51
Little Rock	67	44
Milwaukee [2]	306	68
Muskogee [1]	155	92
New Orleans	61	33
Sioux Falls	20	13
St. Louis [1]	134	66
St. Paul [2]	349	101
Waco [1]	339	180
Wichita	37	18
Western Area	1445	767
Albuquerque	38	17
Anchorage	20	9
Boise	30	18
Denver	102	55
Cheyenne	12	6
Fort Harrison	25	15
Honolulu	29	14
Los Angeles	119	39
Manila	39	10
Oakland	120	54
Phoenix [1]	136	77
Portland	86	41
Reno	37	19
Salt Lake City	114	94
San Diego [1]	269	127

	VSR	RVSR
Seattle [1]	281	178
AMC	**102**	**48**

[1] Regional office with a Resource Center
[2] Includes Pension Management Center

VBA RVSR & VSR Gains

FY11–FY13 (To date)

	2011		2012		2013	
	RVSR	VSR	RVSR	VSR	RVSR	VSR
EASTERN AREA	**39**	**63**	**11**	**115**		**20**
BOSTON		2		21		6
PROVIDENCE	25	1	10	3		
NEW YORK						
BUFFALO						
HARTFORD				5		
NEWARK				4		
PHILADELPHIA	1	42		42		2
PITTSBURGH						
BALTIMORE						
CLEVELAND				11		4
INDIANAPOLIS	4	15		8		1
DETROIT	9		1	13		
MANCHESTER				1		
TOGUS		3		7		7
WHT RIVER JCT						
WILMINGTON						
SOUTHERN AREA	**67**	**49**	**11**	**58**		**31**
ROANOKE		6		11		9
HUNTINGTON	5	7	3	2		2
ATLANTA	6	7		5		
ST PETERSBURG		1		23		
WINSTON-SALEM	53	16		8		
COLUMBIA		1				
NASHVILLE	1		4			4

VBA RVSR & VSR Gains—Continued

FY11–FY13 (To date)

	2011		2012		2013	
	RVSR	VSR	RVSR	VSR	RVSR	VSR
MONTGOMERY			4			
JACKSON		1				
LOUISVILLE	2	10		4		8
SAN JUAN				5		8
WASHINGTON DC						
CENTRAL AREA	**32**	**75**	**16**	**105**	**2**	**27**
NEW ORLEANS	3	2		2		
CHICAGO	6	9	5	6	1	4
MILWAUKEE	8	7		15		7
ST LOUIS				4		1
DES MOINES		1		3		1
LINCOLN	2	4		13		10
ST PAUL		12	2	20		4
WACO	12	27	7	26		
LITTLE ROCK						
MUSKOGEE				14		
HOUSTON	1	11		1		
FARGO		2	1	1	1	
SIOUX FALLS						
WICHITA						
WESTERN AREA	**35**	**68**	**21**	**124**	**3**	**15**
DENVER	15	7		6		
ALBUQUERQUE		6		2		
SALT LAKE CITY				2		
OAKLAND		3		16		
LOS ANGELES		5		9		
PHOENIX			2	5		4
SEATTLE	4	19	13	53	2	
BOISE		2		1		2
PORTLAND						
RENO			4	2	1	

VBA RVSR & VSR Gains—Continued

FY11–FY13 (To date)

	2011		2012		2013	
	RVSR	VSR	RVSR	VSR	RVSR	VSR
MANILA						
SAN DIEGO	13	17		22		6
FT HARRISON		1		2		
HONOLULU	3	3	2			2
ANCHORAGE		5		4		1
AMC	**15**	**6**	**10**			

MEMORANDUM

Department of Veterans Affairs

Date: September 26, 2012
From: Chief of Staff (00A)
Subj: Department of Veterans Affairs (VA) Conference Oversight (VAIQ# 7280489)
To:Under Secretaries, Assistant Secr—etaries, and Other Key Officials

1. This memorandum supersedes all memoranda previously issued by the Department of Veterans Affairs (VA) Chief of Staff concerning conference oversight, and provides updated guidance on the planning, review, approval, and execution requirements for conferences. See Attachment 1. The Department standard is clear: we will strictly adhere to statutes, regulations, policies, and procedures concerning conference planning, approvals, acquisitions, and execution. This standard requires robust oversight and management controls by our leaders as outlined in this memorandum and the attached documents. VA leaders and employees must continue to comply with Public Law 112-154, Section 707- Quarterly Reports To Congress on Conferences Sponsored By The Department, and OMB M-12-12, dated May 11, 2012 ″Promoting Efficient Spending to Support Agency Operations.″ See Attachment 3.

2. The Secretary has directed two external, independent reviews: one focused on VA's training and another on conference policies, principles, and procedures. The review related to training will assess the adequacy of VA's current controls over training requirements determination and approach, trainee selection, effectiveness measures, and whether those policies, principles and procedures are implemented effectively and consistently throughout the Department. The review focused on conferences will examine the adequacy of VA's controls over conference planning and related acquisition processes and how those controls are implemented throughout the Department. Both reviews will examine our internal policies as well as look for best practices from other government agencies, as we seek to implement the Administration's guidance to reduce expenses. After the conclusion of the third party reviews of VA's conference planning execution and oversight policies and practices, a ″Conference Planning, Execution and Oversight″ directive and handbook will be published in third quarter of Fiscal Year 2013.

3. *Background:* Standards for determining when and how federal agencies execute conferences are evolving. OMB recently provided all federal agencies guidance that sets a standard with regard to the need for collocation of employees during meetings and conferences. Specifically, OMB states that, ″agencies must confirm that physical collocation of Federal employees in a conference setting is a necessary and cost-effective means to carry out the agency's mission.″ OMB guidance further states that ″agencies should begin their reviews by presuming that physical collocation as part of a conference is not required in the majority of cases.″ OMB indicates their expectation that professional development needed to keep skills current for human resources, accounting, procurement, or other government professionals be done by VTC, webinars, or other electronic means. VA recognizes electronic means are useful tools, but also that not all clinical training and professional development can be accomplished through these mediums.

OMB also requires that agencies ensure that appropriate policies and controls are in place to limit food, beverage, or other refreshment costs at conferences sponsored

or hosted by the agency, as well as lodging costs for employees attending conferences and fees paid to subject-matter experts to speak at conferences. They also remind us that agencies should look to host or sponsor conferences in space controlled by the Federal Government where possible in order to reduce costs. OMB also emphasizes entertainment-related expenses are expressly prohibited, including paying for motivational speakers, as contrasted to speakers with specific subject-matter expertise in the topic of the conference. OMB also specifically mentions that promotional items are an unallowable expense. (*Danny Werfel, Aug 31, 2012, Controller Alert- Federal Conferences and Real Property Data Quality*)

4. *Definitions:* The Department of Veterans Affairs (VA) will adhere to the definition of ″conference″ included in OMB Memorandum (M-12-12), which uses ″conference″ as defined in the Federal Travel Regulation (FTR): ″[a] meeting, retreat, seminar, symposium or event that involves attendee travel. The term ″conference″ also applies to training activities that are considered to be conferences under 5 CFR 410.404.″ Therefore, conferences covered by these guidelines include all conferences, training sessions, meetings, Advisory Committee meetings, rehabilitative sporting events, orsimilar events where travel is involved that are VA hosted or co-hosted, or other Federalor non-Federal entities host, without regard to number of attendees or dollar value. In addition to activities included in the definitions above, activities such as Federal Executive Institute; senior leader courses; administrative board hearings, e.g., Board of Veterans' Appeals hearings; and award ceremonies will be treated as conferences. While we recognize that an administrative board hearing, for example, may not meet the threshold levels for approval, the entity hosting the activity is responsible for the same degree of scrutiny and oversight as with any conference or training event hosted by VA. All thresholds referenced in this memorandum are inclusive of travel and non-travel costs.

5. *Approval Authorities:* Approval authorities, which shall not be re-delegated, for conducting conferences which VA-hosts or co-hosts, or other Federal or non-Federal entities host are as follows(See Attachment 2):

a. where the projected costs to VA are in excess of $500,000, conferences are generally prohibited. Any waivers of this restriction must be approved by the Secretary. (See Attachment 6). Requests for a waiver will be reviewed by the Deputy Secretary and the Chief of Staff who will make recommendations to the Secretary no later than 60 days prior to the event;

b. where the projected costs to VA are in excess of $100,000 but less than $500,000, the Deputy Secretary and the Chief of Staff will continue to review. (See Attachment 5). The Deputy Secretary will approve proposals no later than 60 days prior to the event;

c. where the projected costs to VA are at least $20,000 but less than $100,000, the conference must be approved by the Under Secretary, Assistant Secretary or equivalent of the organization proposing to conduct the conference no later than 60 days prior to the event; and

d. where the projected costs to VA are less than $20,000, the conference may be approved in accordance with the sponsoring Administration or Staff Office's established approval process no later than 30 days prior to the event. The Administration or Staff Office is responsible for ensuring that the approving authority is a Senior Executive or SES-equivalent.Administrations and Staff Offices will ensure that the same appropriateguidelines, statutes, policies, and regulations are followed for the review and approval process for a conference costing the VA less than $20,000 or having less than 50 attendees.

e. For a graphical depiction of budgetary thresholds, please see Attachment 3.

f. Approval is required when exhibiting (display booths, recruitment fairs, etc.) or participating at conferences hosted by other Federal or non-Federal entities. Further guidance on approval requirements will be provided by October 15, 2012.

g. Commitment of any funds or obligation to the government is prohibited priorto the review and approval of the specified Approval Authority.

h. Waiver of timelines may be granted by the specified Approval Authority with sufficient justification to request an exception.

6. *Process:* VA's conference process will have four phases: Concept, Development, Execution, and Reporting. (See Attachment 4). Each phase will have objectives, metrics, and standards of execution. Starting in October 2012, VA will begin a quarterly Conference Planning and Execution Briefing Cycle.

Each Administration and Staff Office will be responsible for briefing the Chief of Staff quarterly on any anticipated conferences VA proposes to host or co-host, or Federal or non-Federal hosted conferences VA employees will attend, during the next twelve months. All planned conferences costing VA over $20,000 each will re-

quire a concept plan. The format for the concept plan will be posted on the portal (to be developed) and will be the same as the format currently utilized for current fiscal year submissions. However, all planned conferences costing VA less than $20,000 each will be submitted in a lump-sum estimate as part of the quarterly briefing to the Chief of Staff.

a. *Conference Planning Cycle:* Ninety days prior to the start of a fiscal quarter, the Chief of Staff will host a meeting of the Administrations and Staff Offices to review and authorize planning and business case development for all conferences proposed to cost VA $20,000 or more in funds or resources.After the Chief of Staff performs an initial review of the fiscal year plan, each Administration and Staff Office are required to brief the Chief of Staff on their individual fiscal year conference plan. Each Administration and Staff Office must ensure that their budget officer is fully integrated into the decision process of all four phases to ensure fiscal discipline. Deviations of more than 5 percent above the approved conference budget require notification back to the approving authority and will require additional approval if budgetary thresholds are crossed.Templates for information required will be contained in the conference portal.Byexception, with appropriate justification, a conference can be submitted for approval out of cycle as long as all planning requirements have been met.

b. *Concept Phase:* VA will establish a disciplined conference approval process, which will begin with the concept phase. Once an organization has a concept for a conference, that concept will be developed and included in the Concept Authorization Briefing as part of the quarterly Conference Planning and Execution Briefing Cycle.

c. *Development Phase:* This phase includes the development of the businesscase and the guidance for the planning and execution of the potential conference, and certification by the Conference Certifying Official (CCO).

d. *Execution Phase:* This phase covers the period after the conference has been approved and the Administration or Staff Office has begun to execute the fully developed plan.

i. Site visits are authorized but must be approved by the Responsible Conference Executive (RCE). The use of any site visit should be limited to situations where all other reasonable alternatives such as Web searches, use of Internet, phone conversations and teleconferencing have proven insufficient with the proposed conference site vendors. All approved site visits will minimize days of travel and travelers.

ii. In accordance with the Office of Acquisition and Logistics InformationLetter (IL-049-12-12) located at: http://www.va.gov/oal/docs/library/ils/il02— 12.pdf, Legal and Technical Review of Proposed Contracts for Conferences, all proposed contracts for conferences, where VA's commitment, expenditure and liability combined exceed $25,000, require legal and technical review prior to signature by a VA Contracting Officer.

e. *Reporting Phase:* This phase covers the period after the execution of theconference. Administrations and Staff Offices will ensure that conferences were executed in accordance with applicable policies and regulations, and they must also conduct After Action Reviews. (See Attachment 13). Administrations and Staff Offices will assist in VA's continuing duty to track and report conference attendance and spending in accordance with Public Law 112-154 and OMB M- 12-12.

7. *Responsibilities:* Each Administration and Staff Office must develop internal supervisory controls for oversight of the execution of the conference, including appropriate checks and balances.

a. Each Administration and Staff Office shall appoint in writing at least one CCO. (See Attachment 7). The CCO shall be a Senior Executive or SES-equivalent. The designee shall be familiar with the regulations and policy related to the conduct of conferences, training, and meetings. All conference proposals where costs to VA are expected to exceed $20,000 must be reviewed and certified by the CCO as being in compliance with regulations and policy.

b. A Senior Executive official shall be designated in writing as the RCE for anycovered conference estimated to cost at least $20,000 (See Attachment 10). The RCE is to be responsible for ensuring adherence to all applicable statutes,regulations, and policies when executing the approved conference. The RCE will nominate an appropriately qualified person to serve as the Program Manager (PM). (See Attachment 14).

c. The RCE must certify that due diligence was exercised during the execution stage of a conference within 15 days of the conclusion of the conference. Examples of due diligence include, but are not limited to, requiring prior approval of any conference-related expenditure, including any use of purchase cards, and the RCE ensuring that there is a rational basis for the approval of lodging upgrades. This also includes ensuring that no conference includes expenditures for the use of entertainment (videos, music, etc.), motivational speakers, the purchase of SWAG (″Stuff We All Get″) or promotional items, or the use of funds to emboss or otherwise imprint the name of the organization or event on any supplies, mementos, or other handouts. Further, within 30 days of the completion of the conference, the RCE will ensure that an After Action Review is conducted.

d. The Under Secretary, Assistant Secretary, or equivalent official's recommendation or approval of a conference validates that appropriate due diligence was conducted and that the business case for the event justifies the venue and the use of resources (financial, time, and people). Additionally, the Under, Assistant Secretary or equivalent is confirming that the Conference Certifying Official (CCO) (See Attachments 8, 9), and RCE (See Attachments11, 12), and all other planning personnel have adhered to all published guidance.This is an essential element of VA's oversight and conference execution practice to ensure VA maintains the public trust in the expenditure of public funds and that all possible measures have been taken to ensure compliance with applicable policies and regulations.

8. *Reporting Requirements:* VA will continue to track and report conferences in accordance with Public Law 112-154, Section 707 and OMB M-12-12, datedMay 11, 2012.

a. The data to be reported includes, but is not limited to: transportation and parking; per diem payments; lodging; rental of halls, auditoriums, or other spaces; rental of equipment; refreshments; entertainment; contractors; and brochures or other printed media. All current reporting requirements will continue to be based on established employee participation and dollar thresholds established above. Along with reporting prior fiscal quarter conference data, PL 112-154 also requires information on conference costs for VA sponsored or co-sponsored conferences above $20,000 that are planned during the fiscal quarter in which the report is submitted.

b. To accomplish the data collection and reporting activities associated with conference activity, the VA Chief Information Officer (CIO) will create a Web-based portal with initial operational capabilities (IOC) by October 1, 2012. Final system (after IOC) will include capabilities to allow for the capture, certification, and generation of standard and special purpose reports. The CIO will outline a plan with requirements and milestones to achieve full capability in 2013.

c. This portal will allow for the capture of data elements required for reportingpurposes. Organizational CCOs and RCEs will be responsible for entering and certifying the accuracy of the data within 15 days following the conclusion of each conference.

9. *Mandatory Individual Training:* Leaders will ensure all employees and supervisors complete required training.

a. All employees involved with the planning and implementation of conferences, including training events, are to undergo mandatory VA- approved ethics training. This requirement is also extended to all contract specialists. This training is available in VA's Talent Management System (TMS). The employee must view one of two videos, view the VA Ethics Contact list, and self-certify completion of both steps. The two videos are entitled ″Inside Ethics″ (TMS ID# 7505) and ″Ethics Most Wanted″ (TMS ID# 31726). Supervisors at all levels will ensure designated personnel within these categories complete training.

b. VA's financial policy provides that all purchase card holders are required to take purchase card training every 2 years and pass a test upon completion of the training. This training (available in TMS) covers the proper use of the purchase card, following appropriation law, and specifically outlines prohibited uses, such as buying employee food or refreshments and splitting purchases. VA policy provides that if the cardholder's training is not current, the cardholder's Agency Organization Program Coordinator is required to immediately lower the card limit to $1 and request suspension of the cardholder's purchase card. Supervisors will ensure that purchase card approving officials have completed their required training. Senior leaders have the latitude to direct any subordi-

nate having responsibility for the review and approval of funds for conferences or training sessions to complete this training. Supervisors at all levels will ensure designated personnel within these categories complete this training.

c. VA financial policy also requires that all VA travel cardholders take travelcard training every 3 years and pass a test upon completion of the training. This training in TMS covers the appropriate use of the travel card and consequences that may result from inappropriate/misuse of the travel card. The policy provides that if the cardholder's training is not current, the credit limit is established at $1 until training has been completed. The travel card may be suspended or revoked for inappropriate use or misuse.

10. *Staffing:* VA must ensure appropriate staffing for departmental oversight and reporting. The Office of Management, Office of General Counsel, Office of Acquisitions, Logistics, and Construction, and Office of the Secretary staffs will develop a concept of operation for combined efforts with recommendations for a joint organizational solution for these offices to ensure that public funds are being expended in the most efficient and appropriate manner possible as we execute our required training to better provide quality services and benefits to Veterans, their families, and survivors. This recommendation will be presented to the Chief of Staff no later than October 15, 2012. Administrations and Staff Offices will develop a concept of operation for implementation, and management and oversight of conferences to include staffing and resource requirements to be briefed to Chief of Staff no later than October 31, 2012.

11. All conferences scheduled but not yet executed, regardless of any previous approvals, from this date forward will be reviewed to ensure compliance with these established standards for execution. Until organizational CCOs and RCEs are appointed, Senior Executive or SES-equivalent leaders will perform the duties required and certify each conference. Approval timelines will be adjusted to ensure conferences within 90 days of the memorandum are appropriately approved at the correct levels.

12. Lest we forget, we are guided by our VA I-CARE core values (Integrity, Commitment, Advocacy, Respect, and Excellence) as we conduct our daily duties serving Veterans. We are not immune to the mistakes made by those in the past. All conferences, meeting and training events are to be planned and executed to the highest ethical standards and in compliance with our values. We must be diligentto use our training resources prudently to carry out VA's sacred mission to serveVeterans.

13. The points of contact for this policy and oversight memorandum are Dave Thomas at (202) 461-4873 and Jack Kammerer at (202) 461-4845.

John R. Gingrich

Attachments:

1. *VA Hosted or Co-Hosted Conference Request Guidance.* This document provides guidance on the planning and execution phases, applicable references and resources. It is to be used by conference planners, CCOs, and RCEs.

2. *Conference Approval Process Flow Chart.* This is a visual approval flow chart on theproper reviews and approvals needed to execute a conference based on established thresholds. This form should be used by all approving officials.

3. *Reporting and Approval Matrices for Conferences Hosted or Co-Hosted by VA (or otherFederal or Non-Federal Entities).* This form assists offices in understanding the various approval and reporting thresholds

4. *Conference Briefing and Reporting Milestones.* This form assists offices with the various milestones associated with conference planning and reporting.

5. *Conference Request Memorandum Template.* This form that will be used for Chief of Staff review and Secretary or Deputy Secretary approval. This form is to be used by staff members who are planning the conference.

6. *SECVA Conference Approval Waiver Template.* This form is used for requestingapproval of any conference that will cost VA at least $500,000.

7. *Conference Certifying Official Appointment Memo.* This form is used by Administrations and Staff Offices to appoint their CCO.

8. *VA Hosted or Co-Hosted Conference Proposal Checklist for Conference CertifyingOfficials.* This form is used by the CCO as a nonexclusive list of items to ensure that the conference planning has been conducted in accordance with all applicable statutes, regulations, and policies. This is used in conjunction with the Conference Certification Form.

9. *Conference Certification Form Template.* This form is used by the CCO to certify theconference's planning was conducted in accordance with all applicable statutes, regulations, and policies.

10. *Responsible Conference Executive Appointment Memo.* This form is used byAdministrations and Staff Offices to appoint their RCE for appropriate covered conferences.

11. *Guidelines for Responsible Conference Executives.* This form is used by the RCE as anonexclusive list of items to ensure that the approved conference is executed in accordance with all applicable statutes, regulations, and policies.

12. *Post-Conference Certification Form.* This form is used by the RCE to certify that due diligence was exercised during the execution of the conference.

13. *Conference After Action Review (AAR) Report Template.* This form is a suggestedtemplate to be used by the appropriate personnel for a formal review of the conference's planning and execution.

14. *Program Manager Appointment Memo.* This form is used by the RCE to appoint a PM.

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