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A CULTURE OF MISMANAGEMENT AND WASTEFUL CONFERENCE SPENDING AT THE DEPARTMENT OF VETERANS AFFAIRS

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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A CULTURE OF MISMANAGEMENT AND WASTEFUL CONFERENCE SPENDING AT THE DEPARTMENT OF VETERANS AFFAIRS

Wednesday, October 30, 2013

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
WASHINGTON, D.C.

The committee met, pursuant to call, at 9:30 a.m., in Room 2154, Rayburn House Office Building, Hon. Darrell E. Issa [chairman of the committee] presiding.

Present: Representatives Issa, Mica, Duncan, Farenthold, Walberg, Jordan, Meadows, Bentivolio, Cummings, Maloney, Norton, Tierney, Lynch, Connolly, Duckworth, Davis, Horsford, Lujan Grisham.

Staff Present: Alexa Armstrong, Majority Legislative Assistant; Molly Boyl, Majority Deputy General Counsel and Parliamentarian; Lawrence J. Brady, Majority Staff Director; Ashley H. Callen, Majority Deputy Chief Counsel for Investigations; Sharon Casey, Majority Senior Assistant Clerk; John Cuaderes, Majority Deputy Staff Director; Jessica L. Donlon, Majority Senior Counsel; Linda Good, Majority Chief Clerk; Caroline Ingram, Majority Professional Staff Member; Mark D. Marin, Majority Deputy Staff Director of Oversight; Emily Martin, Majority Counsel; Ashok M. Pinto, Majority Chief Counsel, Majority Chief Counsel, Investigations; Laura L. Rush, Majority Deputy Chief Clerk; Jonathan J. Skladany, Majority Deputy General Counsel; Rebecca Watkins, Majority Communications Director; Beverly Britton Fraser, Minority Counsel; Aryele Bradford, Minority Press Secretary; Kevin Corbin, Minority Professional Staff Member; Juan McCullum, Minority Clerk; Dave Rapallo, Minority Staff Director; Daniel Roberts, Minority Staff Assistant/Legislative Correspondent; Valerie Shen, Minority Counsel; Mark Stephenson, Minority Director of Legislation.

Chairman ISSA. The committee will come to order.

The Oversight Committee exists to secure two fundamental principles. First, Americans have a right to know that the money Washington takes from them is well spent. And second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights.

Our solemn responsibility is to hold government and government officials responsible to taxpayers. Because taxpayers have a right to know what they get from their government. It is our obligation to work tirelessly in partnership with citizen watchdogs to deliver

the facts to the American people and bring genuine reform to the Federal bureaucracy.

Today we meet to discuss the Department of Veterans Affairs, an organization whose essential duty is second only to the men and women who they serve and their obligation and their duty and their service to protect our Country. If in fact we abandon our veterans, then we abandon our men and women in harm's way. We cannot and should not ever forget that service begins by raising one's right hand, but continues for a lifetime, and the effects of that service often has a lingering effect on the men and women who, in a voluntary army, go in harm's way because they respect and love their Country.

Congress in fact exempted the Department of Veterans Affairs from sequestration. So important is the obligation to get it right that money has not been a problem. Furthermore, even as we began opening the government again after the latest effects, additional dollars were dedicated to a backlog that is by definition inexcusable for those who have served our Country.

The Department, which is second only to the Department of Defense, spent an estimated $6.1 million on what was marked or considered to be training conferences. Today, we are here at a time in which many people would say, didn't you already cover the GSA scandal? Didn't you already cover the IRS scandal of wasting people's money on conferences? It is true we did. But these conferences are in fact historical, not current.

There are several reasons we are here today, not just that these were lavish parties that the Department spent, but that the IG's own report finds it impossible, due to the hopeless accounting at Veterans Administration, to find out exactly how much was spent. A forensic audit only estimates how much was spent.

This is a lot of walking-around money that has been left loose at the Veterans Administration that could have and should have been made available to our veterans and their needs.

Additionally, we can find no purpose for these conferences that justifies it. I do not often reflect on confidential conversations I have, but there is one that I have made public in the past, and I will continue to. General Shinseki, in a conversation with me at the beginning of the discovery of this scandal, told me his greatest obligation and his problem was to change the culture at the VA, a culture he inherited, a culture that in fact talks about the veterans and then in fact fails to perform in a number of areas.

The taxpayers in this case got a lousy deal. It isn't just that there were lavish conferences and once again, videos and mocking of people's real obligations and seriousness, but in this case, they had an opportunity and an obligation to train HR people, to be part of that culture of change that the Secretary so much said he wanted to get accomplished on his watch. And they failed to do so. The Office of the Inspector General, attempting to conduct an audit by recreating the budget using the few records that were available, the IG found at least $762,000 of unnecessary and unauthorized wasteful expense.

How could this happen? That there could be three-quarters of a million dollars of waste? How could it happen? It could happen because, in fact, this agency has deep pockets and money that is de-

signed to have flexibility because we want that flexibility to be used for our veterans.

The Department's senior leadership effectively gave the conference planners a blank check, and those planners took advantage of it. I, in fact, am not pleased with outside conference planners. But let's understand: $450,000 to market and hype the conference was a decision that really didn't need to be made, because the fact is, these are employees. You are paying for them to come, you can order them to come, you can encourage them to come or you can, in fact, make it clear that if they don't come, it could reflect on their continued training requirement. So why do you need to advertise? These aren't buyers, these are, in fact, recipients of a training that they need and perhaps a bit of a perk to get away from the day-to-day job.

Fifty thousand dollars was spent on a movie or what we might call a YouTube phenomenon on Patton. Ninety-eight thousand dollars was spent on promotional products such as notebooks, water bottles, hand sanitizers, fitness walking kits and the like. Again, I am not sure what part of the HR training that reflected.

When planners asked their managers about the budget, the managers replied, "Don't worry about it." Because the Veterans Administration, Veterans Affairs is a large agency with deep pockets. Yes, it is a large agency with deep pockets. But those pockets were not intended to be picked by either contractors that were likely unnecessary or, in fact, people who we held accountable and paid to be accountable to the taxpayers.

It shouldn't come as a surprise then that the conference planners spent considerably more time on planning and entertainment activities for themselves than they did for planning the training activities. Conference planners visited Dallas, Nashville and Orlando to scout possible locations for conferences. In emails they raved about what a great time they were having on what amounted to be taxpayer-financed vacations.

While they were on these paid vacations, they accepted improper gifts from hotels competing to host the conference, including spa packages and room upgrades and show tickets, limo rides and helicopter rides. To make matters worse, during these conferences, when they were so busy getting the perks of representing a large, deep-pocket buyer, they, in fact, asked for and received overtime pay. That is right, Mrs. Maloney. Only in this kind of environment of not caring enough about the taxpayers' money can you have somebody have what I grew up calling chutzpah to use taxpayers' money, enjoy the perks and then say, but I need overtime.

The conference planners thought they deserved recognition for their hard work and their efforts to save "Department money," and amazingly, they did get recognized. Without doing any due diligence, the Department awarded over $43,000 in cash and one-time awards to conference planners for a job well done.

This is a pattern that we see, that bonuses are an entitlement, they are automatic. But in this case, to see that bonuses were basically there for providing perks to the very people granting it is the kind of quid pro quo that we need to get out of government. And if we can't get it out of government using techniques such as training and responsibility and real belief in what you do for the govern-

ment, then in fact undoubtedly Congress will again pass additional laws that will be complained about as restraining management. But in fact, if liberty is given to management to do the job right and they abuse it, they can expect nothing else.

Meanwhile, with the Department having over 300,000 employees, a $140 billion budget that was immune to sequestration, our veterans were abused. And I use that word carefully. But I use it deliberatively. The number of pending veterans benefits claims currently stands at 700,000. One of the great abuses discovered in preparation for this hearing is that the stated number is 400,000. Why? Because first we have to delay and not do really anything for the first 120 or 125 days, and then we put them on the list.

So whether you say it is 700,000 waiting or 400,000 that are clearly being abused by a backlog that no matter how much money is thrown at it never seems to shrink, the Department continues to fall short of its goals and as additional money occurs, they simply have excuses. In fact, the Veterans Administration missed its own target for processing claims by approximately 100,000 last year. The number of appealed claims has continued to rapidly grow to over 255,000. Other committees have held hearings on the effects of those appeals claims, the inaccuracy and the likelihood that appeal claims, if occurred often enough, would be meritorious.

The Department's waste and its problems are primarily the Committee on Veterans Affairs responsibility. However, with the good work of the IG and the effects that we see of an IG doing the right thing and not being able to get to the right answer or in this case, 26 out of 49 IG recommendations remain unfulfilled, this Committee has very little choice but to bring up this issue and make it very clear that we will not take our eyes off the Veterans Administration for any of their practices until there is a belief there has been meaningful change in the culture, as the Secretary has told us, in the culture that he inherited.

With that, I will put the rest of my opening statement into the record, and I thank the ranking member for his indulgence and I yield.

[Prepared statement of Mr. Issa follows:]

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

I want to begin by thanking Mr. Griffin, Deputy Inspector General at the Department of Veterans Affairs, for work he and others at his office conducted with respect to conferences hosted by the VA several years ago in Orlando, Florida. The report you issued, Inspector, was comprehensive in identifying problems at the VA. It made concrete recommendations to remedy those problems.

You did great work and I want to make sure that you take back our thanks to all those who work in your office and contributed to this report.

Last November, the House Committee on Veterans Affairs held a hearing on these issues, and reviewed the Inspector General's report in detail. The Committee considered the significant problems associated with the VA's conference review process. And it examined many reforms that were being implemented to ensure adequate internal controls and oversight. For example, the VA has made significant changes in its conference planning and oversight policies. One change was to clearly define specific executives ac-

countable for ensuring that conference planning and spending was in compliance with regulations and policies. In other words, to integrate the VA budget officers into conference planning and to build in fiscal controls.

The VA also prohibited conferences that cost more than $500,000 without a waiver from the Secretary and would require approval from the Deputy Secretary for conferences that cost between $100,000 and $500,000. The VA also established a training support office to provide guidance to VA offices about the applicable regulations and other requirements, and the VA mandated additional training on travel and purchase cards.

The VA also held accountable employees who were involved in the 2011 Orlando conferences. For example, the VA demoted the Deputy Assistant Secretary for the Office of Human Resources Management, removing her from the Senior Executive Service and admonished then-Chief of Staff John Gingrich for his role in authorizing the conferences. The dean of the Veterans Affairs Learning University also resigned in response to the IG's findings and other career employees have administrative actions still pending.

VA officials also asked John Sepulveda, the Assistant Secretary for Human Resources and Administration, to resign when the Inspector General's report found that he abdicated his responsibilities as the Assistant Secretary when he failed to provide proper guidance and oversight to senior executives in the operations of his organization.

The Inspector General's report also found that Mr. Sepulveda falsely claimed he had no knowledge about a George Patton parody video shown at the conference, although he later revised his statement. I would have preferred to hear directly from Mr. Sepulveda today about his actions, but I understand that he will assert his constitutional right not to testify and I will respect his right to do so.

For today's hearing, I believe it is important to hear from our witnesses about steps that still need to be completed, to fully implement the Inspector General's recommendations. For example, I would like to hear about the status of a web portal the VA plans to use to help collect information about conference spending, which I understand is running later than scheduled. I would also like an update on the status of a handbook on conference planning, execution and oversight which the Inspector General believes will satisfy many of the recommendations that remain open.

I would also like to hear about VA's progress in meeting benchmarks established by the Obama Administration for all agencies. In November 2011, President Obama issued Executive Order 13589, which required agencies to reduce their total expenditures on travel and other items by 20 percent below their 2010 spending. The next year, the Office of Management and Budget issued a memorandum directing agencies to reduce their travel budget even more, this time, by 30 percent, and to maintain that spending level until 2016.

Finally, I want to thank our witnesses from the Department for being here today. I know some of you are very new to your jobs, Ms. Farrisee, I understand you have been serving in the role of Assistant Secretary for Human Resources and Administration for only

about a month. Although you were not here when these mistakes were made, the committee will look to you to complete the implementation of the Inspector General's recommendations and to prevent the waste that occurred in 2011 from being repeated.

With that, Mr. Chairman, I yield back.

Chairman ISSA. I thank the ranking member. I might note that Mr. Murray has been, as far as we can tell, in his position since 2005. So perhaps the long-serving and the new kid on the block will be a good combination for today.

All members will have seven days to submit opening statements and extraneous information for the record.

I now ask unanimous consent that the Oversight Committee's staff report entitled U.S. Department of Veterans Affairs 2011 Human Resources Conferences, a Culture of Mismanagement and Reckless spending, be placed into the record. Without objection, so noted, and copies will be distributed to all members so they may use the material.

Mr. CUMMINGS. Mr. Chairman, just one clarification. That is the Republican report, is that right?

Chairman ISSA. It is. If you have a minority report, I would love to see it.

Mr. CUMMINGS. We had no input in this report.

Chairman ISSA. Did they have input? I just want to make it a staff report for the majority.

Mr. CUMMINGS. All right, thank you.

Chairman ISSA. I would like to welcome our panel of witnesses at this time and introduce the Honorable Gina Farrisee, the Assistant Secretary of Human Resources and Administration for the United States Department of Veterans Affairs. Mr. Ed Murray is the Deputy Assistant Secretary for Finance at the U.S. Department of Veterans Affairs, as we said, since 2005.

The Honorable John Sepulveda is the Former Assistant Secretary for Human Resources and Administration at the U.S. Department of Veterans Affairs. The Honorable Richard Griffin is the Deputy Inspector General for the U.S. Department of Veterans Affairs. And his chief deputy, Mr. Gary Abe, is the Deputy Assistant Inspector General for Audits and Evaluations at the U.S. Department of Veterans Affairs, and I understand the chief person responsible for this work.

Pursuant to the committee's rules, would you please all rise, raise your right hands to take the oath. Do you solemnly swear or affirm the testimony you are about to give will be the truth, the whole truth and nothing but the truth.

[Witnesses respond in the affirmative.]

Chairman ISSA. Please be seated.

Let the record indicate that all witnesses answered in the affirmative.

When we begin, I understand that we will have Ms. Farrisee and Mr. Griffin who will be doing the opening statements. I understand, as the ranking member said, Mr. Sepulveda, that you may not be willing to testify. Is that correct?

Mr. SEPULVEDA. That is correct [remarks off microphone].

Chairman ISSA. Then we will go through the obligatory questions with you before opening statements, we have no intention on having anyone remain longer than appropriate.

Mr. Sepulveda, you have not provided us with any written testimony today. Do you wish to make any opening statement?

Mr. SEPULVEDA. With all due respect sir, Mr. Chairman, on the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional right.

Chairman ISSA. Which is the privilege not to incriminate yourself by answering, is that correct?

Mr. SEPULVEDA. It is the privilege to remain silent, sir.

Chairman ISSA. Okay. It is our understanding from your counsel that you may assert that constitutional privilege, and you have. Mr. Sepulveda, today's hearing will address the planning and execution of two Department of Veterans Affairs conferences held in Orlando, Florida in 2011. As the Assistant Secretary of Human Resources and Administration during the period in question, you played a lead role in the conference planning process. You were uniquely qualified to assist the committee in the investigation into the waste that may have occurred at this event.

Your name appears more than 80 times in the Inspector General's report on the conferences. So I must ask you to consider answering the committee's questions, and I am going to ask you a few right now, to see if you will answer any questions.

Mr. Sepulveda, you are no longer an employee of the VA. Is that correct?

Mr. SEPULVEDA. On the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional right.

Chairman ISSA. Mr. Sepulveda, when did you resign from the VA?

Mr. SEPULVEDA. Again, on the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional right.

Chairman ISSA. Mr. Sepulveda, are you currently receiving full retirement benefits?

Mr. SEPULVEDA. On the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional right.

Chairman ISSA. Mr. Sepulveda, there was an article in the Federal Times on October 1st, 2012, that discussed the conferences that we are here to talk about today. The article contained a statement attributed to you. The statement addressed your resignation from the Veterans Administration. The statement was "I resigned because I did not want to be a distraction to the Administration, Secretary Shinseki and the VA, especially as they continue to work each day to address the urgent needs of our Nation's veterans."

Mr. Sepulveda, why did you resign from the Veterans Administration?

Mr. SEPULVEDA. On the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Sepulveda, is that statement attributed to you in fact your statement?

Mr. SEPULVEDA. Again, on the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Sepulveda, I am disappointed that you are not willing to give a statement, but you were willing to give a statement, apparently, to the Federal Times about your resignation but you won't do so here today. Additionally, Mr. Sepulveda, when the OIG investigators asked you whether you had viewed the Patton video parody before it was shown publicly, you answered no. Is that correct?

Mr. SEPULVEDA. On the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Sepulveda, I have many more questions on this list. But it appears as though you will answer no additional questions. Is there any question I can ask you today that is germane to our discovery that you are willing to answer?

Mr. SEPULVEDA. On the advice of my counsel, I respectfully decline to answer based on my Fifth Amendment constitutional privilege.

Chairman ISSA. Okay. In that case, I won't say you are excused, you are dismissed.

Mr. SEPULVEDA. Thank you, Mr. Chairman.

Chairman ISSA. You are most welcome.

We will take a very short recess just so they can reset and remove his name plate.

[Recess.]

Chairman ISSA. This really does look like a divide now between the IGs and the Administration, but we will leave it this way to be expeditious.

We now continue with our hearing, Ms. Farrisee, such time as you may consume, but if you can, stay at approximately five minutes.

STATEMENT OF THE HONORABLE GINA FARRISEE

Ms. FARRISEE. Good morning, Chairman Issa.

Ranking Member Cummings and distinguished members of the Committee on Oversight and Government Reform, thank you for the opportunity to be with you today to discuss the Department of Veterans Affairs 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 the accountability of taxpayer funds.

I am joined today by Edward Murray, Deputy Assistant Secretary for Finance in the Office of Management. Sitting behind me are Jack Hammer, Senior Advisor and Ford Heard, Associate Deputy Assistant Secretary for Procurement Policy, Systems and Oversight, Office of Acquisitions and Logistics.

I know that many of you are interested in talking about the 2011 human resources training conferences held in Orlando, the issues identified by the VA Inspector General and about what our Department has done over the last year to ensure that such issues do not occur again. Having taken this position last month, I was not with VA last year when the VA began implementing corrective actions

to further strengthen oversight of training conferences. But I and my accompanying witnesses look forward to discussing the results of the reforms and reviews VA has conducted.

While the findings of the report were troubling, we also recognize the critical importance of VA training. The IG report states that VA's human resources conferences in Orlando were held to fulfill valid training needs and that they offered legitimate, substantive training courses. Making clear they were focused on legitimately required training is not in question. Learning of the event's failures only makes more key the fact that VA's mission, to serve our veterans, must be at the core of our work all of the time, including when we are planning attending and managing training conferences.

VA began taking actions immediately after learning of the IG's report. In September of 2012, VA issued a revised training conference planning oversight policy. This policy established new standards to ensure senior executives exercise due diligence in the planning, execution and management of their sponsored training conferences. In summary, this policy demands three things. First, every training conference will have a point of accountability at the senior executive level. Second, each training conference 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.

This policy ensures greater oversight over each training conference. If the training conference is estimated to cost over $20,000, the policy requires the appointment of a second senior official to ensure that the training conference is executed in accordance with policy, and that the costs are approved by the administration or staff office.

These duties carry through the training conference as the official must certify that the training conference was executed appropriately after its completion. VA's administration and staff offices have engaged in a re-examination of the methods that we use to train. VA is leveraging current capabilities, such as video-teleconferencing, our online training portal, known as our talent management system, and the VA national telecommunications system, to cut costs. In fiscal year 2012, one organization with VA alone realized $33 million in cost avoidance as a result of increased usage of those systems, an increase of 29 percent usage from 2011.

The September 2012 policy strengthened the development of business cases that must be prepared in advance of a training conference. The sponsor must show the training conference is a part of a strategy to develop employee skill sets and then measure outcomes to help develop more relevant and focused training in the future.

As a result of surveys conducted after the Orlando training conference, we learned that 75 percent of supervisors stated that their employees' job performance had improved after the training conferences. Continuous workforce training and development are absolutely critical to delivering the timely quality VA care and services our veterans have earned and deserved.

Our Department's mission and sacred obligation are to honor and best serve our veterans, their family members and survivors. Incumbent in that mission is the non-negotiable requirement to manage our resources carefully and ensure that there is always appropriate oversight and accountability for our taxpayers' dollars.

Mr. Chairman, the VA panel and I will be glad to answer questions from you and other members of the committee this morning. Thank you.

[Prepared statement of Ms. Farrisee follows:]

STATEMENT OF

GINA FARRISEE, ASSISTANT SECRETARY FOR HUMAN RESOURCES AND ADMINISTRATION,

UNITED STATES DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

OCTOBER 30, 2013

INTRODUCTION

Chairman Issa, Ranking Member Cummings, and Distinguished Members of the Committee on Oversight and Government Reform: thank you for the opportunity to be with you today to discuss the Department of Veterans Affairs' (VA) 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 know that many of you are especially interested in talking about VA training conferences – about the issues identified by the VA Office of Inspector General (OIG), and about what our Department has done to ensure that such issues do not occur again.

The IG report on the 2011 Human Resources and Administration (HRA) conferences in Orlando, Florida identified several examples of wasteful expenditures. 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. Over the past several years, VA has taken specific actions to increase oversight and controls over training conference, the specifics of which are detailed further in my statement. After learning of the IG investigation, the Secretary directed an internal working group to examine and strengthen VA's policies and procedures for conference oversight.

As a result of VA's internal review, directed by Secretary Shinseki, the department issued policy on September 26, 2012 that reflects the commitment to strengthen oversight, improve accountability and safeguard taxpayer dollars. 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.

VALUE OF TRAINING FOR VA'S MISSION

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 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.

One of VA's four strategic goals requires us to invest in our employees, over 30 percent of whom are Veterans themselves, 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 4 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. Training conducted through VA's Learning University (VALU) undergoes a comprehensive evaluation process using the four-level Kirkpatric model. 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 VALU in 2003. Further, VA created centralized training centers for specific fields, such as the VA Acquisition Academy and the Veterans Benefits Academy.

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 when travel to conduct face-to-face meetings for training is most effective and efficient.

Our Administrations and Staff Offices have adapted their training programs to better improve employees' ability to provide high quality service for Veterans. For example, VA's VALU office delivers over 80 percent of training via Internet based methods. VALU is aggressively pursues e-training through use of Webinars, blended learning, and other adult learning modalities not requiring the use of travel dollars.

As just a few examples of the importance of our training programs:

Personnel training plays a significant role 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 health care market for clinical and administrative talent. Providing opportunities for the sustainment and advancement of clinical skills 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 associated with exposure to various chemicals during conflict; traumatic brain injury and posttraumatic 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.

One of the most significant areas in which VA's commitment to training has shown results is the Challenge Training program utilized by VBA to train its Veterans Service Representatives (VSR) and Rating Veterans Service Representatives (RVSR). Under its comprehensive Transformation Campaign Plan, VBA redesigned and enhanced the Challenge Training program in July 2011. Redesign of the centralized Challenge Training 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.

It is vital that IT staff at all VA facilities are aware of policy changes and how to implement and communicate changes to the customer base of over 300,000 VA employees. Accordingly, OIT has used the Project Management Training Summit to convene IT project managers to ensure they are all aligned on the profound changes in the way OIT delivers its services to VA's workforce. Summit facilitators were able to evaluate the training summit and capture significant metrics regarding the validity and usefulness of the training: 76 percent of participants felt better informed about system processes; 72 percent reported a better understanding of budget execution; and 81 percent had a better understanding of operations and maintenance planning.

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. The requirement to measure outcomes for training events has enabled us to capture and evaluate performance data that will lead to more relevant and focused training.

After issues at the 2011 HR National Training Conferences came to light, it was clear that more needed to be done to ensure the highest standards of accountability. In early August 2012, after being briefed by the VA IG's office on its investigation of the Orlando, Florida 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 revised memoranda on September 26, 2012 and August 12, 2013. VA's conference process now has four phases: concept, development, execution, and reporting. Each phase has objectives, metrics, and standards of execution.

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 M-12-12 and may only proceed if the Secretary approves a waiver. To help implement these reforms, VA established a corporate Training Support Office, which provides clear and consistent guidance regarding needed steps for adherence with all appropriate regulations and requirements for training conferences..

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, also a Senior Executive or SES-equivalent, ensures 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.

"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 M-12-12 and VA's financial policies and procedures. To further assist in executing future conferences in a more efficient manner, the RCE must also submit an After-Action Review Report. The designation of a CCO and a RCE 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 conference tracking and reporting prototype that will be used as the basis to develop an automated conference tracking and reporting application for the Department. The application will assist the Department in meeting the approval and reporting requirements of OMB M-12-12 and Public Law 112-154, the "Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012." OMB M-12-12 requires that VA track and report sponsored or co-sponsored conferences to Congress exceeding $100,000 annually. Public Law 112-154 requires VA to track and report to Congress quarterly conferences that are sponsored or co-sponsored by VA and attended by 50 or more indivudals, including one or more VA employees, or estimated to cost VA at least $20,000 – and to provide estimates for the next quarter. In addition to OMB M-12-12 and Public Law 112-154, Public Law 113-6, "Continuing Appropriations Act" enacted March 2013, requires VA to report to the

Inspector General within 15 days that a conference exceeding $20,000 was being held and also requires an annual report on conferences exceeding $100,000.

In accordance with improving policies and guidance, the Department has instituted additional policy and training in response to specific recommendations in the HRA OIG report. In May 2013, revised policy, Volume XIV, Chapter 1, "Travel Administration" was issued. The Travel Administration policy chapter contains the requirement that all travelers and officials who approve travel are required to complete travel training. Appendix H of Volume XIV, Chapter 3, "Transportation Expenses", was issued in February 2013. This appendix provides the detailed worksheet for doing the required cost analysis when choosing to use a privately-owned vehicle instead of a Government contracted mode of transportation.

The Department also strengthened oversight of the purchase card program in response to the OIG recommendations. VA policy requires training for both purchase card holders and approvers. As part of purchase card program oversight, VA's Financial Services Center (FSC) uses recurring reports to monitor purchase cardholders and approvers' training status. Additionally, on a monthly basis, FSC staff extract purchase card holder account data from bank records to match against VA's account information. They then submit updates on individuals requiring purchase card training. The VA training system uses the FSC-provided data to update their training records to ensure the purchase card training course is correctly assigned to individual accounts. This process enables FSC staff to use training status reports to monitor purchase card

holder training compliance. FSC staff contact the appropriate Agency/Organization Program Coordinator for individuals delinquent in completing their purchase card training to obtain a completed purchase card training certificate or they reduce the card holder's purchase limit to $1 until they receive proof of training completion.

As of December 2012, the FSC enacted a program change which limits the ability to change the single purchase limit (SPL) for purchase cards to the FSC. Warrants are required to be registered in the Office of Acquisition and Logistics' (OAL) Electronic Contract Management System (eCMS), which FSC uses to verify warrant validity and authorized limits prior to raising the SPL of any purchase cards. FSC also performs weekly reviews of new purchase card accounts to verify that none have been established in excess of warrant limits. On October 4, 2012, there were 2,022 unwarranted purchase cards with SPL over $3,000. On December 7, 2012, unwarranted purchase cards with SPL over $3,000 fell to 1,810 as a direct result of FSC efforts to ensure SPL were set at the micro-purchase threshold for unwarranted purchase card holders. An additional 665 warranted accounts were lowered on February 6, 2013. As of October 2, 2013, only warranted purchase card holders have SPL above the micro-purchase threshold.

In an effort to strengthen VA's conference and event support services contracts, provide greater visibility, and ensure consistency of execution and adherence to the Department's conference policies, the Office of Acquistion, Logistics, and Construction (OALC) awarded five blanket purchase agreements (BPA) for event planning and

support services. The Chief of Staff issued a memorandum advising upper management that the use of the BPAs are mandatory use contracting vehicles for all event planning and support services.

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, before these reforms, insufficient oversight resulted in the misuse of some taxpayer dollars prior to the institution of these reforms. This was 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.

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 effectively address the issues identified by the IG and our internal and external 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.

Chairman ISSA. Thank you.
Mr. Griffin?

STATEMENT OF THE HONORABLE RICHARD J. GRIFFIN

Mr. GRIFFIN. Mr. Chairman, Ranking Member Cummings and distinguished members of the committee, thank you for the opportunity to provide testimony today and for your continued support of the work of the men and women of the VA Office of Inspector General.

Today marks the 61st time over the past six years that IG managers have provided Congressional testimony. During these hearings, we have covered a wide variety of challenging topics, including mental health program management, military sexual trauma, IT security and protecting veterans' private information, physician staffing standards, VBA claims processing issues and internal controls for VA fee-basis payments.

In addition to these hearings, featuring the work of our Audit and Health Care staff, our investigative team in fiscal year 2013 made 498 arrests, including a former VAMC director, for wire fraud, bribery and conflict of interest, a fiduciary who stole $2.35 million from 54 veterans, and a service disabled veteran-owned small business fraud of $6 million, to include a kickback of $1.2 million to a VAMC engineer.

In addition, our Office of Investigations achieved $718 million in fines, penalties, restitution and civil judgments. During fiscal year 2013, our Office of Contract Review reported monetary benefits of $678 million in potential cost savings and recoveries. Overall, monetary benefits for fiscal year 2013 were $3.6 billion, representing a return on investment of $36 for every $1 in the IG budget.

Our hot line handled 27,000 contacts generating more than 1,225 open cases. It was actually a contact with our hot line in April of 2012 that triggered our review of the Orlando training conferences.

As you know, our report identified eight issue areas as follows. Number one, VA leadership failed to provide proper oversight. Number two, VA employees improperly accepted gifts. Number three, HR&A exceeded chief of staff authorization for the conferences. Number four, VA inappropriately conducted pre-planning site visits. Number five, lack of accountability and control over conference costs. Number six, inadequate management of inter-agency agreement terms and costs. Number seven, contract violations and lack of oversight led to excessive costs and illegal and wasteful expenditures. And finally, number eight is the inappropriate use of government purchase cards.

To address these shortcomings, we made 49 recommendations to the VA secretary, who agreed to take corrective actions. Mr. Chairman, this concludes my statement. Mr. Abe and I will be pleased to answer any questions the members may have.

[Prepared statement of Mr. Griffin follows:]

STATEMENT OF
RICHARD J. GRIFFIN
DEPUTY INSPECTOR GENERAL
OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
HEARING ON VA CONFERENCES IN ORLANDO, FLORIDA
OCTOBER 30, 2013

Mr. Chairman and Members of the Committee, thank you for this opportunity to testify on the results of the Office of Inspector General's (OIG) work related to conference spending within the Department of Veterans Affairs (VA). My statement will focus on a report issued September 30, 2012, *Administrative Investigation of the Fiscal Year 2011 Human Resources Conference in Orlando, Florida*, and a report issued September 30, 2013, *Review of VA's Separately Priced Item Purchases for Training Conferences.* I am accompanied today by Mr. Gary Abe, Deputy Assistant Inspector General for Audits and Evaluations.

BACKGROUND

In VA, the majority of conference-related spending, including travel costs, utilized funds from ADVANCE, an agency-wide human capital planning effort to build and sustain VA's succession and workforce planning. ADVANCE funding for fiscal year (FY) 2011 was about $288.6 million, which was provided primarily by the Veterans Health Administration (VHA), VA's largest administration and ADVANCE's largest contributor. VHA provided $141.7 million from its Medical Services appropriation, $114.8 million from its Medical Support and Compliance appropriation, and $14.8 million from its Medical Facilities appropriation. Selected program offices, such as VA Learning University (VALU) and the Office of Human Resources Management (OHRM), receive ADVANCE funding through VA's Human Resources and Administration (HR&A) based on strategic priorities and funding levels. Program offices are responsible to ensure these funds are spent to meet the ADVANCE strategic goals. With their portion of ADVANCE funding, VALU and OHRM individually used multiple purchasing methods to fund the majority of the costs of conferences that we reported on.

Following the General Services Administration (GSA) OIG report in April 2012 regarding GSA conference expenditures, the VA OIG Hotline received allegations concerning two VA conferences held in Orlando, Florida, in July and August of 2011. Based on those allegations, we began a review in which we examined, and to the extent possible, reconstructed conference expenditures to provide an accounting of the costs associated with holding these two conferences. We interviewed senior VA leadership and relevant employees from VA, hotels, vendors, and another agency. We reviewed contract records, e-mail, travel, and purchase card records, as well as relevant Federal laws and regulations and VA policy.

Administrative Investigation of the Fiscal Year 2011 Human Resources Conferences in Orlando, Florida

In our opinion, VA held these conferences to fulfill valid human resources training needs. VA reported it provided about 57 individual training classes per conference for about 1,800 VA employees. It was beyond the scope of our review to assess the merits and effectiveness of the training curriculum and determine whether VA's decision to deliver the training in the format of these two large conferences was appropriate. However, our work did disclose a pattern of poor conference planning and management that resulted in over $750,000 in questioned costs.

Inadequate Senior Leadership Oversight

Senior leadership failed to provide proper oversight in the planning and execution of the two 2011 HR&A sponsored training conferences. The then VA Chief of Staff acknowledged he authorized the conferences and took "full responsibility" for them. Nonetheless, VA senior leaders, the Assistant Secretary for HR&A, the Dean of VALU, and the Deputy Assistant Secretary (DAS) for OHRM, did not exercise fiscal stewardship to ensure that public funds for the conferences were spent appropriately and prudently. FY 2011 performance metrics for both the Assistant Secretary and the VALU Dean encouraged spending human capital funds without any specific accountability checks to avoid unnecessary expenditures. In most instances, senior leadership delegated important responsibilities for conference planning and execution to their direct reports but did not provide the appropriate level of oversight needed. This hands-off approach resulted in imprudent expenditures and ethical misconduct by senior employees, conference planners, and other HR&A staff. It also contributed to a lack of communication between HR&A senior executives, resulting in confusion of roles and a dysfunctional execution of responsibilities that ultimately led to no one person really knowing who did what or why.

Notably, the Assistant Secretary abdicated his responsibilities when he failed to provide proper guidance and oversight to his senior executives in the operations of his organization. He relied on his career senior executives to run their respective organizations and handle all the details. We found no evidence that the Assistant Secretary paid attention to the details of this conference, including the costs. In fact, there is no evidence that the three ever met together to discuss the conferences. While the Assistant Secretary's memorandum to the Chief of Staff requesting conference approval stated "Our planning committee is pursuing all efforts to constrain and control conference costs," he was not involved in these details.

The Assistant Secretary's efforts to distance himself from responsibility extended to making false statements under oath as to his knowledge of, and involvement in, preparation of the General George S. Patton parody video. Specifically, the Assistant Secretary denied having viewed the video in advance of the July 2011 conference. Several individuals have, in fact, testified that he viewed the videos before the conferences took place.

Chairman ISSA. Thank you, and I think we will have a great many questions.

My opening question, Ms. Farrisee, as I said in my opening statement, the Secretary told me many years ago that he inherited a culture that he had to change, a culture that he had not encountered in the U.S. military and was shocked that it existed in the premier agency to take care of U.S. military after they leave active duty.

In your short time, have you observed problems inherent in the attitudes at Veterans Affairs that are part of activities such as waste, such as the seemingly impossible task of ever catching up to the backlog and the backlog's backlog?

Ms. FARRISEE. Mr. Chairman, in my short time, I have not noticed this. What I have noticed is that people seem to understand very clearly that there have been more processes put in place, that there is a requirement for accountability in this Department. And they also understand why that has happened, recognize it.

Chairman ISSA. Let me follow up, then, because you have only been on board since your confirmation in September. Mr. Murray has been on board a long time. If I told you you had to produce a handbook and you agreed to do so, and you spent millions of dollars every month without that handbook and you came before Congress and you told us about all these things that sound like they are right out of a handbook, would you be surprised that my question to you is, why did your organization miss an agreed-on deadline to produce a handbook? And how hard can it be to produce at least a draft handbook so guidance can be available while millions of dollars are being spent every month?

Ms. FARRISEE. Mr. Chairman, the guidance that came out in September 2012, the policy that the Secretary rushed to ensure was put out as soon as he was advised of the IG's recommendations in August of 2012, is the current policy that has been——

Chairman ISSA. But where is the handbook?

Ms. FARRISEE. The handbook is still in development, and it will——

Chairman ISSA. Where is the handbook? Can you make a copy of the draft of the handbook to us so we can see how much work product has gone on? We are talking about millions of dollars being spent every month. We are talking about a kind of a, maybe almost inappropriate way to reduce travel by saying we are going to cut it 20 percent, when in fact, the right number might be 80 percent, and is unlikely to be 20 percent.

The question is, will you make available to this committee all draft materials related to this handbook that are in place as of today, so we can understand why it is so hard? You understand most companies produce a handbook almost immediately so as to limit litigation. In the HR business, handbooks of conduct are routine. And yet this seems to be so vexing that Mr. Griffin ha to say he doesn't, I suspect he will say, he doesn't understand why it is so hard to get it out.

Do you have a note there?

Ms. FARRISEE. I do, Mr. Chairman. It says the handbook was made a part of our response.

Chairman ISSA. Handbook draft?

Ms. FARRISEE. Draft.

Chairman ISSA. And that is current as of today?

Ms. FARRISEE. As of today. And it will not be complete until, our goal is December.

Chairman ISSA. December. That is a lofty goal.

Mr. Griffin, you made, the IG overall, you made 49 or so requests. Some of the most important ones, 20 some, 26 or so, are unkept to date. Can you find a valid reason that this could not have, there could not be greater implementation or at least partial implementation as of today?

Mr. GRIFFIN. I can't speak to the level of effort that has been brought to bear against the 49 items. I can say that in the area of the personnel actions that we thought were in order, all but two of the people that we felt should have some personnel action taken have in fact been completed.

Chairman ISSA. But personnel action in this case represents no loss of pay, people either retired or are still being paid, they simply don't have the jobs they had, is that correct?

Mr. GRIFFIN. That is a decision that is made at the Department, Mr. Chairman.

Chairman ISSA. And I appreciate it, and you are very important to it. But I just wanted to make sure I explained it simply. In this case, like in every other case, practically, nobody gets fired in the sense that the private sector understands it. Everyone still gets a pay unless they choose to retire, then they get their retirement pay. So no one lost a day's pay as a result of their failures to protect millions of dollars of the taxpayers' money as far as you know, is that correct?

Mr. GRIFFIN. That is correct.

Chairman ISSA. Okay. My time is expiring, but I would like to have the second video, not the Patton, but the other video quickly shown, to get it into the record. And then we will immediately go to the ranking member. I want to note that this has been edited to make it shorter, but it is all original material. And I want to thank the IG for their efforts to get us as much material as they have.

[Video shown.]

Chairman ISSA. I repeat again General Shinseki's statement that there is a problem with the culture. I yield to the ranking member.

Mr. CUMMINGS. The Inspector General's report stated that more than a year after the Orlando conferences, VA was unable, Inspector General, to account for all conference costs. The VA's original estimate was that the two conferences cost $5.8 million. But when the Inspector General's office reconstructed the expenses, they found about $300,000 in additional costs. Is that right?

Mr. GRIFFIN. That is a partially accurate description. There were actually eight or nine different attempts to come up with a number by the Department. We came up with the $6.1 million figure as the best we could determine based on the available records that VA had.

Mr. CUMMINGS. So did the VA know how much the conferences cost?

Mr. GRIFFIN. No.

Mr. CUMMINGS. And why do you think that was? It seems as if you are doing conferences, you logically keep some type of accounting. You look at your bills, you look at your invoices and whatever. Can you try to explain as best you can, first of all, the difference between what you found and what they were saying, and then why it is and what recommendation did you make to go to that problem?

Mr. GRIFFIN. There were a number of different issues that led to the eventual lack of oversight and the lack of having an ability to come up with a precise figure. The original budget numbers that were presented to the chief of staff that he approved changed radically. The number of people to be trained was moved down by 1,200. It was supposed to be 3,000 for $8 million; it became 1,800 were going to be trained. And based on a service level agreement that was executed a month before the hearing, the total cost was projected to move up to $9.3 million.

The problem is, no one was in charge. It was an HR conference. Accountability started with the Assistant Secretary. There are two SES employees, and between the three of them, they never had a single meeting to discuss the conference planning, conference costs, et cetera.

So the budget that the chief of staff signed off on, after that day, it vanished. There was no spend plan, there was no cost tracking. There were credit card purchases made above the authorized contract level of the purchaser. One individual made 10 purchases that had a value of over $100,000 when his contract didn't allow him to make purchases above $3,000.

Mr. CUMMINGS. Well, did they have a budget?

Mr. GRIFFIN. They had a dollar figure that they put in front of the chief of staff. But after that, no one paid too much attention to it.

Mr. CUMMINGS. Well, Mr. Murray, according to the VA's September 2012 memorandum, VA offices involved in planning a conference were mandated to fully integrate their budget officers into conference planning decisions in order to ensure fiscal discipline. Can you tell us whether this has been implemented and discuss what difference it makes to the conference budgeting process? And do they have budgets now?

Mr. MURRAY. Thank you, Representative, for that question.

Indeed, they do. A conference certifying executive now has to review the business case, the rationale, the outcomes for any proposed conference. If it is above $20,000, a second executive has to serve as the responsible conference executive and certify and affirm those costs in writing in an after-action report.

So I feel that the discipline is very strong in the process now. I might add that my expectation, and I do this every day with the auditors, because we get an external audit, and we have 14 clean audit opinions, which may surprise some. But fiscal officers, accounting professionals, budget officers are required to keep documentation to support transactions, whether they are a travel obligation, a travel transaction, a contract transaction, you name it, purchasing, payroll. But it is in place now, Representative.

Mr. CUMMINGS. And finally, let me ask you this. The 2012 memo also directed the creation of a web-based portal in order to "accom-

plish the data collection and reporting activities associated with conference activity by October 1st, 2012." Has that been taken care of?

Mr. MURRAY. That automated portal is not complete. We are collecting the data. But the portal that actually collects the data is not complete.

Mr. CUMMINGS. It is already a year after the deadline. What is the problem?

Mr. MURRAY. We are working with the Office of Information Technology on the portal.

Mr. CUMMINGS. When do you expect it to be done?

Mr. MURRAY. We will have to get back to you.

Mr. CUMMINGS. Can you give us something in writing with a date that you expect it to be done? We are already over a year late. And it just is a bit much. I think we can do better.

Thank you very much, Mr. Chairman.

Mr. MICA. [Presiding] I thank the gentleman and recognize myself for five minutes.

Ms. Farrisee, you weren't there while this took place, right?

Ms. FARRISEE. No, I was not.

Mr. MICA. Mr. Murray, you were there when this took place?

Mr. MURRAY. I was, sir.

Mr. MICA. And what is your title? It looks like it is Deputy Assistant Secretary for Finance?

Mr. MURRAY. Yes, sir.

Mr. MICA. So you were overseeing Finance for VA during this period when this took place?

Mr. MURRAY. Yes, sir, I was Deputy Assistant Secretary for Finance.

Mr. MICA. This is a list, Ms. Farrisee, of 25 pages, 399 conferences, $86.5 million that was spent. Mr. Murray, are you aware of this, in 2011, for conferences? Were you aware that this was taking place?

Mr. MURRAY. We were aware there were a lot of conferences.

Mr. MICA. Ms. Farrisee, did they need 399 conferences and spend almost $87 million, VA?

Ms. FARRISEE. Congressman, I can't answer if they needed them. I wasn't there.

Mr. MICA. Well, again, right now, for the first nine months of 2012, I have the information you spent $7.5 million for nine months. Would that be a little bit more in line with what you would recommend?

Ms. FARRISEE. Congressman, I think you have to look at the type of training that was being done at the time.

Mr. MICA. Again, you, so far nine months this year, you spent $7.5 million and they spent $87 million for this entire year. Again, outrageous.

I think the American people are sort of fed up with this. These are the $20,000 drumsticks from GSA that they spent. We had the guy in the hot tub with the conference in Las Vegas thumbing his nose. Then we conducted the IRS, we had the squirting fish that cost thousands of dollars and gifts to employees. Now we have VA.

I have no problem with a conference in Orlando. I don't represent the tourist area, but north of there. No problem with the con-

ference in Las Vegas, where GSA got in trouble. It is the spending and the amount of spending that goes on.

Now, you testified, Inspector General, that people accepted gifts, right? And three resigned. I am told also that there were $43,000 in bonuses to conference planners. Is that correct? I can't hear you. For the record?

Mr. GRIFFIN. That is correct.

Mr. MICA. And there are still people here, Mr. Murray was there, and he was somewhat in charge of finances, paying the bills for this while it went on. Many continue, who were involved, many continue to receive salary and benefits. Would you say that is correct, Mr. Griffin?

Mr. GRIFFIN. That is correct.

Mr. MICA. Now, they spent almost $100,000 in gifts. This is $20,000 outrageous—bring the teddy bear in. Am I correct, was it over $97,000 in gifts for employees and trinkets and stuff?

Mr. GRIFFIN. That is correct.

Mr. MICA. And were some rewarded with, now I am told that this is the teddy bear, told that some were rewarded with big stuffed teddy bears, maybe not this one, but is that correct?

Mr. GRIFFIN. I can't speak to that, sir.

Mr. MICA. The information that we have is this is one of the prizes that was given. So taxpayers not only paying for drumsticks, squirting fish and now with VA teddy bears. It is absolutely outrageous that again, people are sending their money to Washington asking us to be good stewards. And particularly offensive for the Veterans Administration, where we should be spending every penny for our veterans. So I am offended by this.

And then the Cleanup Act is almost just as offensive. When you were made aware of this, what did they do, Mr. Murray? They hired some contractors to look at the spending, is that correct?

Mr. MURRAY. There were contractors hired.

Mr. MICA. Two contractors. One got about $188,000 and the other over $200,000, right?

Mr. MURRAY. Correct.

Mr. MICA. Four hundred thousand dollars to look at the spending. Outrageous spending to look at the outrageous spending. Do you think this is in line? We had the Inspector General look at this. You offered what, 49 recommendations for improvement, right?

Mr. GRIFFIN. That is correct.

Mr. MICA. And how many have been implemented? I understand about half. Is that right, Ms. Farrisee?

Ms. FARRISEE. Congressman, yes, the personnel actions were complete.

Mr. MICA. About half.

Ms. FARRISEE. And the directive and the handbook will complete it.

Mr. MICA. What did you do with the $400,000 worth of reports that were paid for, contractor reports, to look at the spending of the spending?

Ms. FARRISEE. Those reports were actionable to how we complete our policy. It was an objective review that was completed by an outside organization to look at all of VA, and not just look at HR&A.

Mr. MICA. Now, some people are going to have, isn't there at least one criminal referral, Mr. Griffin?

Mr. GRIFFIN. There was a criminal referral and it was declined for prosecution by the Department of Justice.

Mr. MICA. So that person is not going to be prosecuted.

Mr. GRIFFIN. That is correct.

Mr. MICA. And we had one witness here who refused to testify, of three who were implicated in wrongdoing. I believe that was accepting gifts also, is that right?

Mr. GRIFFIN. That is correct, on the one that we had the declination. He accepted a number of gifts.

Mr. MICA. All right. Again, it is sad, I know my members feel the same way, when you see the waste at GSA, IRS, and now VA. It is pretty offensive to us, to taxpayers and particularly today our veterans.

Let me recognize now Ms. Norton. Mr. Lynch, I am sorry. We will go to Mr. Lynch if you are ready.

Mr. LYNCH. Sure, thank you, Mr. Chairman. And I want to thank the witnesses for coming forward and helping the committee with its work.

I do realize that this is a 2011 conference and that there was an extensive investigation previously done by the Committee on Veterans Affairs. So this is not exactly a timely hearing. But it does point out some examples of waste, fraud and abuse that this committee is certainly charged with responsibility to eradicate.

I have to say, though, that I have three VA facilities in my district. I have the Brockton VA Hospital, I have the West Roxbury VA Hospital, and I have the Jamaica Plains VA Hospital. And I am a frequent flyer to my VA hospitals. I visit them on a regular basis as well as Walter Reed and Bethesda. The people that I see there that care for our veterans on a daily basis are not at all reflected in the investigation that is ongoing here.

It is sad, I agree with the chairman's statement, it is sad to see the allegations on the VA in a broad stroke. I would hate to think that the American people think that my doctors, my nurses, my staff, my therapists who are working at the VA hospitals, their services are indicative of what we are hearing today. It is not.

The doctors, the nurses, the staff, the therapists at the VA, in the city of Boston, they are staying and working at the VA, number one, a lot of them are veterans. As I go through the corridors of those hospitals, a lot of the folks that are serving our veterans, and especially those coming back from Iraq and Afghanistan, as well as a lot of World War II veterans who have never in their life had to rely on the VA, but do now, Korean War veterans, Vietnam veterans, those docs, those nurses, those staff, therapists, they are working for less than what they could earn if they walked across the street and worked at a private hospital in the Boston area. There are some hospitals there that are very generous in their benefits and their pay.

But our VA employees, they do the right thing because they believe in their service. They are intentionally staying at the VA so that they can, we all want to spend our lives in a meaningful cause. I think that a lot of our VA employees do so because they

believe deeply in serving our veterans, and they do so for all the right reasons.

It pains me greatly to see the administration of the VA caught up in this crap and diminishing the excellent service of those employees at the VA. That is what pains me more than anything.

Now, I know that the VA adopted a lot of the recommendations of the Office of Inspector General, and I am happy to see that. And there is a problem here. I am not trying to sugarcoat this at all, there is a problem here. And we have to make sure that the way the VA is administered at the top is reflective of the way those docs and nurses and therapists serve every single day in the VA hospitals and the VA facilities around this Country and indeed reflect the honor and the dignity that is due to our veterans. That is the bottom line here. That is the bottom line. The job that is being done at the VA should be reflective of the dignity and the sacrifice and the noble intent of those who have served.

And this is such a departure. It is disgraceful. It is disgraceful. So we have to get at this thing. I know some heads have rolled, and that is good. They deserve to go. There is a real disconnect between the wonderful, gracious, noble service of our veterans and what is going on that we are uncovering in this hearing. I think it is a disgrace.

So I think the administration of VA should take a look at their VA hospitals, look at the people who are working there, look at the dignity and the sacrifice and the dedication that they exert in caring for our veterans. And look at the veterans who are lying in those hospital beds.

The VA administration ought to go visit, they ought to make it mandatory, if you walk through maybe once a week, a couple of times a month, walk through that VA hospital so you know who you are working for. I think that would change your attitude 100 percent, if you know who you work for. Because those are America's best, those are America's best who did what they did for all the right reasons. And the service of the VA should be, as I say, reflective of that wonderful service.

Mr. Chairman, I yield back.

Mr. MICA. I thank the gentleman. I am going to ask unanimous consent of myself and the committee here to put these figures in, which I did. I just want the members to know what you are doing today and what you have done to date, the results, the GSA spending went from $37 million in 2010 to $4.9 million on conferences. GSA from $10.9 million to $1.3 million last year. And then we heard today from nearly $87 million to $7.5 million so far. So these hearings are having an impact. Without objection, this will be made part of the record.

Mr. MICA. Let me recognize Mr. Walberg.

Mr. WALBERG. I thank the chairman. And it is important work that we are doing, and I think it is good that you mention those figures and the changes that are taking place. It is kind of ugly work, as well that we do, but it is necessary. Especially in context, and I certainly would identify my thoughts and emotions with the previous member, Mr. Lynch, about the concern of what is taking place here.

Ms. Farrisee, I certainly wish you all the best in attempting to lead to get to the bottom of this and deal with the recommendations, all 49 of them, plus any more that would be helpful, that will go on.

The number two concern that is brought to my district office and my office here in Washington from my citizens back in my district are VA issues, and the frustration that we continue to have with the backlog that makes it difficult to get the information necessary or the records necessary for our veterans that are expanding with the present war situations that we are in. And I too have the privilege to visit veterans, wounded warriors at Walter Reed then back in my district at the Ann Arbor VA Hospital, and see the care that they are receiving that is second to none, and the quality upgrades of facilities that are taking place.

So to think that we are wasting resources, not on necessary planning and upgrading of skills, but on things like we have had come across our desks in recent history with departments that are spending for videos of Dr. Spock, and now we see a parody of Patton, and an attempt to get the Washington Redskins cheerleaders for the event. It is just—it shouldn't happen.

I would like to queue up an email that specifically refers to one of the lead planners of this conference and her concerns. And especially stated, if that email could be queued up, if you will notice that she expresses concern, where she says, obviously the money is not an issue. That is a stark statement when we talk about $6.1 million spent on this conference, while the VA is exempted from sequestration because of our concern that veterans' issue be addressed. When we add a $1.6 billion increase to deal with the backlog, that right now is at over 700,000 benefit claims, backlogs, some in my district, Ms. Farrisee, why were conference planners unconcerned with budgetary constraints, from what you have found out in your short period of time already?

Ms. FARRISEE. Congressman, I believe there was a lack of leadership and oversight in any kind of good direction and purpose given to the planners.

Mr. WALBERG. Is this from what you have seen so far, an overarching attitude toward spending throughout the Department?

Ms. FARRISEE. Congressman, no, it is not. I have seen the policies put into place and the accountability that now exists at the Department.

Mr. WALBERG. A second slide I would like to point out was a concerned employee who stated, "Please know that I am willing to help where I can, but the scope of the kickoff has grown immensely and the work necessary to ensure that kickoff is a success is beyond what I can balance with my regular work."

Why were planners allowed to forego their normal work tasks for the Department in favor of planning conferences?

Ms. FARRISEE. Congressman, I can't answer that question, because I was not there. But I will go back to, I do not think there was good leadership, oversight on what was happening. I do not think that the leadership even knew at these levels everything that was happening.

Mr. WALBERG. Were they ever told? Were employees ever told that they were to forego work? Have you found that to be the case?

Ms. FARRISEE. I have not found that to be the case. But I do not know what happened during this time, Congressman.

Mr. WALBERG. Again, 717,000 backlogged, benefit claims backlogged. There is work to be done, and that does not send a positive message.

Mr. Griffin, I would ask you a question relative to the 49 directives. I would assume the majority of those are considered high directives. There are 26 as far as the first of this month that we know of that have not been addressed.

Could you describe the potential cost savings that could come about by addressing these 26 unmet directives that have been given for priority improvement?

Mr. GRIFFIN. I think what our work was able to demonstrate for these two conferences was that there was at least $762,000 that could have been used for better purposes than trinkets and some of the other excesses that occurred. The application to other VA conferences, clearly, there is money to be saved. I think some of the numbers that were mentioned by the chairman reflect that there has been a huge reduction in conference spending this year.

Mr. WALBERG. Significant, significant reductions.

Mr. GRIFFIN. Frankly, the September 2012 memo from the chief of staff was very thorough. I thought it was aggressive. We just need to get to the finish line, get the book published so everybody has it. There is a certain protocol and process that it has to go through to put a handbook on the street in VA. We need to finish that to make sure that all the good plans get enacted.

I did think that the memo of the end of September, which was issued a couple of days before the release of our report, was an aggressive attempt to reign in costs. I think it addressed one of the principal shortcomings in the HR conferences, in that nobody was in charge.

Mr. MICA. I thank the gentleman. The gentleman's time is expired.

Mr. Davis?

Mr. DAVIS. Thank you very much, Mr. Chairman. Let me first of all associate myself with the remarks made by Mr. Lynch and Mr. Walberg relative to the services of VA medical facilities. I have two in my district, Hines VA in Hines, Illinois, closely affiliated with Loyola University Medical Center, where they provide, both combined, some of the best medical care in the world for any person, certainly the veterans that they serve. I also have the pleasure of having the Jesse Brown VA Medical Center, which is named for the former Secretary, who had a very distinguished career in both the military and as Secretary of Veterans Affairs in his service to the Country.

So we certainly want to extol the virtues of those facilities and what they do. I think it is most unfortunate that this kind of hearing is necessary.

Mr. Griffin, let me ask you, the IG report highlights inappropriate and unauthorized use of government purchase cards to spend more than $200,000 on the two 2011 conferences. Basically, when conference planners wanted to spend money on the conferences, they just charged it to their government credit cards, even

when they went over their authorized limits and didn't have approvals. Is that correct?

Mr. GRIFFIN. Yes, sir.

Mr. DAVIS. And at least seven employees did this?

Mr. GRIFFIN. I am sorry, how many?

Mr. DAVIS. Seven?

Mr. GRIFFIN. Yes.

Mr. DAVIS. The report also indicated that the primary event planner was able to circumvent his $3,000 purchasing limit by making ten separate purchases totaling more than $100,000. Is that correct?

Mr. GRIFFIN. That is correct.

Mr. DAVIS. Can you explain how this employee was able to circumvent Federal and VA acquisition regulations?

Mr. GRIFFIN. There is supposed to be a review process in place where someone looks at purchase card activity and makes sure that, first of all, the purchase is for the purpose of serving our Nation's veterans and not for something else. That review process is supposed to happen to every cardholder. But if you have a card and you have a contract that says you are not authorized to make a purchase over $3,000, and you do anyway, the vendor doesn't know that VA put a $3,000 limit on you, they will just take your card and hit it for $10,000.

The problem is that in actuality, the person you are talking about, his contract was not even valid because he had moved from Veterans Health Care over to this new assignment, and his authority didn't transfer with him. It is one of the areas that the Department is addressing to tighten down. Frankly, we are doing some additional work in the area of purchase cards, to make sure that things are in order.

Mr. DAVIS. Ms. Farrisee, let me ask you, what has the Department done, what is the Department doing to correct this?

Ms. FARRISEE. Congressman, I am going to turn that over to Mr. Murray from the Finance Office.

Mr. MURRAY. Thank you for that question, Representative. What we did, upon immediately learning that this had occurred, and let me be clear that there was an approving official that should have reviewed each of those purchases and signed off of them, as well as a more senior agency program coordinator that should have looked at those purchases. So it was quite dismaying, disappointing. I think we were as shocked as anybody that it occurred, that that many folks could do the wrong thing.

But what we did immediately was not just look at the HR purchase card transactions, we looked at the entire Department of Veterans Affairs purchase cards transactions. We immediately got with the Office of Acquisitions, and we said, we need to know definitively who has the elevated purchasing authorities and who does not. And for those who do not have those elevated purchasing authorities, we check every Monday, and if they don't have it, we reduce those cards to the $3,000 micro-purchase limit.

So the oversight controls went strong, went quick, went in fast.

Mr. DAVIS. Thank you very much.

Let me just ask Mr. Griffin, did you find these steps to be adequate?

Mr. GRIFFIN. I haven't reviewed the entire response in that area. I am not sure if our follow-up team has felt like it meets the requirement of the recommendation or not. But I would be pleased to give you an answer for the record.

Mr. DAVIS. Thank you very much. And thank you very much, Mr. Chairman.

Mr. MICA. I thank the gentleman, and we will be keeping the record open. We will have an announcement on that later.

Mr. Farenthold?

Mr. FARENTHOLD. Thank you very much, Mr. Chairman.

I have been actively involved in conference over-spending and have actually sponsored bills with respect to this. But the VA spending on conferences to me seems more egregious than any of the others, especially when you look at the backlog of claims some of our veterans are facing. We are looking at 717,000 backlogged claims, in excess of 125 days in some cases.

So I am going to digress for a second on those backlogged claims to set the stage for some conference questions. Secretary Shinseki sought to blame the claims backlog on the government shutdown when he testified before Congress on October 9th. And I would like to ask you, Ms. Farrisee, is it true that the Department only furloughed 4 percent of its employees during the government shutdown?

Ms. FARRISEE. At the time of the shutdown, yes, there would have been more employees furloughed had the government not come back.

Mr. FARENTHOLD. Let me ask Mr. Murray, since you are the finance guy. The VA has been pretty much exempted from cuts and sequestration, is that correct?

Mr. MURRAY. It depends on the program. For instance, we did furlough OIT, information technology employees.

Mr. FARENTHOLD. Isn't it true that Congress has pretty much met every request from the Department to increase its funding to process the backlogged claims? I believe the Department actually received around $300 million in the continuing resolution that would have ended the shutdown. So it seems the VA has the money to reduce the backlog of claims. Why haven't we seen a significant decrease? Where do we see this problem getting solved? Ms. Farrisee, I will let you take a stab at that.

Ms. FARRISEE. Congressman, the Secretary's goal is 2015 for the backlog on those records. They have made significant progress. They have used the use of overtime, they have trained the employees, training is critical to the mission. Training is critical to us being able to continue to move forward.

Mr. FARENTHOLD. Let us talk for a second about overtime. During this process, and during these investigations into the conference spending, the committee found that Department employees received overtime pay for days in which they participated in activities entirely unrelated to the conferences. I have a problem with overtime to plan the conferences to begin with, but we are looking at helicopter rides and spa treatments. Wouldn't that overtime have been better spent on employees who are actually processing veterans' claims?

Ms. FARRISEE. Congressman, you are absolutely right, that is extremely disturbing. I would expect my leaders in the future to have and execute good fiduciary responsibilities.

Mr. FARENTHOLD. Earlier this year the House passed H.R. 313, the Government Spending and Accountability Act of 2013, which caps non-military spending on conferences and requires a detailed itemized report on Federal conference spending. That bill is designed to ensure that conferences are for training and work purposes, rather than taxpayer-funded vacations. It also adds transparencies and measures to remove loopholes from the President's Executive Order 13589 entitled Promoting Effective Spending.

Earlier this year, I sponsored that bill, and it was passed. Unfortunately, it appears at least in this case, and this s before the VA people lost sight of what the purposes of these conferences were, for training. And we have no itemized expense report. Mr. Griffin, you have testified you don't think there is a way to actually find out how much was spent, is that correct?

Mr. GRIFFIN. We did the best we could to review available receipts, and that is where we came up with the number. But we are not confident that that is 100 percent of the expenses.

Mr. FARENTHOLD. Ms. Farrisee and Mr. Murray, don't you think it is important that we keep detailed information on what we are spending the taxpayers' money on?

Ms. FARRISEE. It is extremely important, and the new policies that were put into place in 2012 will allow us to keep this information. When the handbook and directive are out, that will complete that. But we have been doing that kind of accountability.

Mr. FARENTHOLD. And I understand you all are working on a web portal for some of this information. Do we have any idea what that is costing? We are not going into the healthcare.gov $600 million range, are we?

Mr. MURRAY. I do not, but we can take a look at that.

Mr. FARENTHOLD. It seems the government has a bad habit of spending a little bit too much money on websites. That being said, is there a process in place to try to move some of this training that is done at these high dollar conferences to online? You look at what the general trend is in the training community now, you look at sites like Lynda.com, totaltraining.com, you have gotomeeting and Google hangouts, all sorts of opportunities to do this online. Can you give me a quick overview of what you all are trying to do to move more of this stuff online?

Ms. FARRISEE. Congressman, yes, you are absolutely right. We have a talent management system which has numerous courses online. We do webcasts, we do other virtual blended training. And we are looking into the future to continue to do more of that training, because we absolutely agree, training can be accomplished in other forms.

Mr. FARENTHOLD. I see that my time is expired.

Mr. MICA. I thank the gentleman and recognize the gentleman from Virginia, Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman. By the way, you looked really good with that teddy bear up there. Very nice.

Mr. MICA. Anything is an improvement. Thank you.

[Laughter.]

Mr. CONNOLLY. Ms. Farrisee, Tammy Duckworth, Congresswoman Duckworth, wanted me to point out that you are here after a 30-year career in the United States Army, retiring as a major general, is that correct?

Ms. FARRISEE. Yes it is, Congressman.

Mr. CONNOLLY. On behalf of certainly Congresswoman Duckworth and myself and I know my colleagues, thank you for your 30 years of service in the U.S. Army to your Country.

Ms. FARRISEE. Thank you. It has been my privilege.

Mr. CONNOLLY. Let me ask a question of, well, first of all, Mr. Murray, you answered something to Mr. Farenthold on furloughs. He asked whether only 4 percent of the veterans workforce was furloughed and which parts were furloughed. And you answered, OIT people.

Mr. MURRAY. Right. Actual furlough notices did go out to our information technology people, not all of them, not the ones that were actually at the medical centers, but some that did not meet the necessary implication, the high bar, were furloughed.

Mr. CONNOLLY. To this committee, particularly, that has a resonant tone to it, because we are very struck with the fact that IT, properly deployed and invested in, can really make a difference in terms of adding capability and capacity, especially in a resource-thin era.

One of the things that IT capacity for the Veterans Administration was being deployed for was to eat into the notorious backlog of applications and claims, is that not correct?

Mr. MURRAY. That is one of the programs they support.

Mr. CONNOLLY. So those people were furloughed for 16 days?

Mr. MURRAY. I do not specifically know the status of those individuals.

Mr. CONNOLLY. Ms. Farrisee, do you know the status of those individuals?

Ms. FARRISEE. I know that all of the OI&T were not furloughed. Some were in what we considered an accepted status to be able to continue to support.

Mr. CONNOLLY. Did it disrupt our eating into the backlog? Because you have actually made progress in the last year, about 30 percent, eating into that backlog, is that correct?

Ms. FARRISEE. We have, and it did make a difference, because the employees were furloughed also from the VBA.

Mr. CONNOLLY. So we in Congress can't have it both ways, we can't beat up on you on the fact that you have a backlog and then we shut down the government, forcing you to make some tough decisions about who gets furloughed and who doesn't, hampering an effort that otherwise had actually been showing significant progress.

Mr. Griffin, do conferences have any management value at all, from your point of view?

Mr. GRIFFIN. Absolutely. In our report, we indicated that we determined that the training was valid training, and that the previous training that had been conducted, which was in 2009, hit a small percentage of the HR staff. So we felt that the actual training was justified.

Mr. CONNOLLY. And there was a lot of training going on, even at the conferences where the "we are family" video was just shown.

Mr. GRIFFIN. Yes. We included the training agenda as an appendix to our report, so people could see what the courses were, how long they lasted and so on.

Mr. CONNOLLY. And I didn't understand your answer to Mr. Davis. This happened two years ago, the particular incident we are talking about. Have you reviewed new procedures, given we have a lot of new people, including Ms. Farrisee in place, to clean up what happened? Are you satisfied that there are new protocols, policies and procedures in place to prevent excess spending, frivolous spending from occurring from legitimate training conferences and other parts of conferencing that can really help in terms of networking and the like?

Mr. GRIFFIN. I think that it is a work in progress. I know that previously, the memorandum that came out four days before the issuance of our report laid down a lot of very important markers that people would have to meet at future conferences. But we need to finish up about half of the recommendations, which are still in various stages of completion.

Mr. CONNOLLY. Briefly, Ms. Farrisee, could you address that? How confident are you that we have developed protocols, procedures and policies that would satisfy the IG's office and more importantly, satisfy the American people that the investments we do make in legitimate training and conferences is wisely invested?

Ms. FARRISEE. I am confident that the policy that was put out in 2012 was the first large step in doing that. Included in this policy is a form called the Conference Certification Form, which prohibits many things that had happened at that conference, prohibits things like purchasing of entertainment and many of the waste, fraud and abuse that you all have discussed here today. So we have already put those into place. It will be in a directive, it will be in a handbook by December. But it has evolved over this last year, and we look forward to our handbook.

Mr. CONNOLLY. And if the chairman would just allow one final technical question? In answer to Chairman Issa's question about, would you be willing to provide a draft of that handbook, you said you have already provided it.

Ms. FARRISEE. It was one of the responses we have provided.

Mr. CONNOLLY. When was that provided?

Ms. FARRISEE. In the OIG report, October 23rd. It was one of the responses.

Mr. CONNOLLY. So just about a week ago. Thank you so much, thank you, Mr. Chairman.

Mr. MICA. I thank the gentleman. And we have had trouble, we haven't gotten a lot of information, late in July, unfortunately and then just before the hearing.

Mr. Bentivolio, you are recognized.

Mr. BENTIVOLIO. Thank you very much, Mr. Chairman.

Ms. Farrisee, thank you for your service. I too spent some time at Fort Knox. I was medivacked out of Iraq in 2007. And I was at the Warrior Transition Unit in October of 2007. Were you there at that time?

Ms. FARRISEE. I was not, but you would not recognize the new Warrior Transition Center. They have opened a wonderful new facility at Fort Knox.

Mr. BENTIVOLIO. Since when, 2007 or before that?

Ms. FARRISEE. They didn't open the facility until 2013.

Mr. BENTIVOLIO. Okay. That is good to hear, because when I got there, everybody was in a hullaballoo, because a soldier had died in the barracks. So the Warrior Transition Unit for wounded and injured soldiers from Afghanistan and Iraq, they said, you don't understand. I said, what don't I understand? They didn't find his body for four days. The Army said 12 hours, the newspaper said two days, the boots on the ground said he opened his pizza on a Friday and they found him Monday night.

My own experience there, I waited six hours for the pharmacist to tell me they didn't carry the prescription, come back on Thursday. And when I went back on Thursday, they had forgotten to requisition that medication, for my neck injury. When I got out, I went back, you get discharged from active duty, you go back to your National Guard unit and I was ordered to go and apply for VA benefits. Ordered. Because being a Vietnam veteran 30 years ago, with my experience with VA, I didn't want anything to do with it. Do you understand? You're familiar with those feelings, Vietnam veterans?

Ms. FARRISEE. Yes, I am.

Mr. BENTIVOLIO. And Congressman Connolly mentioned, I am sorry he is not here, but he said there has been a 30 percent improvement—thank you, Mr. Connolly—a 30 percent improvement in that since 1973. That is a 1 percent improvement for the last 30 years, as far as I am concerned, because I am a veteran and I have direct experience with the VA. The orders I was given, I filled out my paperwork and waited 11 months for the VA to tell me they had lost my medical records. Luckily, being an old soldier, I had made hard copies. So I took them down to the Detroit VA and stood behind the gentleman as he photocopied a stack about 8 inches tall of my medical records. Within 60 days, I had my disability, 50 percent.

As a Congressman, I toured the facilities and got the dog and pony show. They were very gracious, very professional. I saw a lot of new improvements to the VA. But when I talked to some of my constituents that come in, handling their casework, I see the same story that I saw in 1973.

And the question. You have been a general in the military, you are familiar with FM101–5?

Ms. FARRISEE. Not off the top of my head.

Mr. BENTIVOLIO. Well, it is the officer's bible, it is called Staff Organizations and Operations.

Ms. FARRISEE. Okay, yes, I am familiar with it.

Mr. BENTIVOLIO. Could somebody hand her this, please, chapter four, page 1 of FM101–5 states, could you read that for me, please, where I have circled it?

Ms. FARRISEE. Yes, I will, Congressman. "The commander is responsible for all that his staff does or fails to do. He cannot delegate this responsibility. The final decision as well as the final responsibility remains with the commander."

Mr. BENTIVOLIO. And you carried that Army training with you to the VA, correct?

Ms. FARRISEE. Correct.

Mr. BENTIVOLIO. Can you tell me why commanders are responsible for the actions and attitudes of those under them?

Ms. FARRISEE. Because we are placed in that position of responsibility and we must incur that responsibility for every action.

Mr. BENTIVOLIO. So in the military, the actions of service members under the commander's authority are often directly attributed to the leadership and culture of the group, correct?

Ms. FARRISEE. Correct.

Mr. BENTIVOLIO. The VA is no exception. The disgraceful attitudes and lack of concern over wasting taxpayers' funds could only be explained by the fact that the leadership of the VA is flawed. Until the stagnant attitudes at the very top of the VA are eliminated, we cannot truly hope to eliminate the many problems plaguing the VA that in the end are hurting our veterans the most, correct?

Ms. FARRISEE. Correct.

Mr. BENTIVOLIO. So let me ask you this. I am new to Congress. I was a taxpayer, worked in the service. Served my Country in two wars. And I see the IRS, EPA, the Energy Department, and now the VA wasting taxpayers' money. What do you think I should do? What can I do to stop that from happening? Because what I think is I would like to fire you all and start over. That is my feeling. But what is reality? Reality is I have to work with you. How am I going to get improvements, 100 percent improvements, more than 100 percent improvements? Because all I saw is 30 percent improvement over the last 30 years. That is 1 percent a year. Do I have to wait until 2083 to get 100 percent from the VA?

Ms. FARRISEE. Congressman, I believe that the Department is working, and we plan to work faster than that.

Mr. BENTIVOLIO. I have heard that for 30 years. Actions speak louder than words. What are you going to do tomorrow to eliminate that backlog, to get it done? Because that backlog is the same backlog we had in 1973, 1974, 1975. If you want something screwed up, let the government do it. That is the way I look at it. That is not what my taxpayers are expecting. I want quality service to our veterans, not tomorrow, well, tomorrow, next week, not in 2083.

Mr. MICA. I thank the gentleman, and he yields back the balance of his time. Ms. Norton?

Ms. NORTON. Thank you very much, Mr. Chairman.

Just let me say, as I begin this series of questions, the backlog is not the same backlog. That is one of my concerns here. Because this agency has been given responsibilities it did not have in previous administrations. So when I heard initially that it was a VA hearing, I said, oh, it must be on the backlog of claims.

Of course, the reason we look so closely now at VA is that the President, hearing all the complaints from veterans about posttraumatic syndrome, changed the standard, making it more possible for veterans to show PTSD. So that is not the same backlog, there probably always has been a backlog. But that is the reason this agency, I think, is under very, very real scrutiny.

Now, we have had hearings here. In fact, in two of my committees on conferences. The first, and I note that this conference was held in 2011. So perhaps the VA was not on "fair notice." But in April of 2012, there were hearings about the GSA conferences. And those hearings resulted in literally the beheading of the top of the agency, the very top of the agency, the GSA administrator and the person who headed the main division of the GSA, the Public Buildings Service.

These occurred in 2011, and there was some evidence that this kind of conference goings-on has been systematic in Federal agencies for many years now. What made us take very special note was, of course, the outlandish GSA conference, but also the fact that we were in very hard times and we still are.

Now, Mr. Griffin, you have testified that there was, in most of these instances, failure of the senior officials to give the proper oversight. Now, one begins to wonder about conferences in hard times and about conferences with agencies that have an additional backlog. Not the Vietnam backlog, but an additional backlog. Now, as far as I asked staff, as far as I could figure our, Mr. Griffin, they said training did occur, and we think about 12 percent might be chalked off to entertainment, even waste, with most of it going to training, is that correct, of these conferences?

Mr. GRIFFIN. I can't put a percentage on it for you, Ms. Norton. They did have plenary sessions in the beginning, in the morning.

Ms. NORTON. Were these conferences largely devoted to training which we understand the VA staff may have needed, we just spoke about PTSD, or was a disproportionate amount of time spent on these other activities?

Mr. GRIFFIN. I wouldn't say it was disproportionate. There were four hours of classroom training, if you will, each day.

Ms. NORTON. Four hour each day.

Mr. GRIFFIN. Right. And there was a plenary session in the morning and there was a plenary session at the end of the day.

Ms. NORTON. Was the plenary, do you count that in the four hours, or is that additional?

Mr. GRIFFIN. No.

Ms. NORTON. So it is important to note, this is an agency that needed training, they are working on a wholly new form of disability that the VA had not fully recognized before. Now, I ran a Federal agency, and I am with those who say that of course, you don't want to wipe out all opportunities to have some fun, particularly people who are under the kinds of pressure the VA is under. It is important to note that these people may have had some steam to let off, and that is the kind of stuff out of context that never tells me anything. Because if that happened, for example, in one of this 12 percent of the time, I am not so sure that would have been so bad.

So it doesn't tell me anything. What tells me much more is what we did not learn from the GSA conference, and that is that most of the time there was being spent, as apparently it was here, on training. And I must say, given PTSD, that needed training.

Now, of course, if you head a government agency and you are overburdening your senior official, you designate somebody else or you hire somebody else. They have designated a conference certi-

fying official and he has all kinds of duties. Mr. Griffin, this, we now must have a conference certifying official, and he is responsible for seeing the after-action review, for seeing this special training, that is not a new hire, is it? Ms. Farrisee, that is not a new hire, is it?

Ms. FARRISEE. No, Congresswoman, it is not a new hire.

Ms. NORTON. So those are duties in addition to duties that—let me just suggest that as important as the training is, and I am almost through, Mr. Chairman, I appreciate your indulgence, it is difficult to understand how somebody who has your, the agency's mandate now, with this extra backlog, in addition to whatever backlog you may have had, it is going to be very difficult to do what is the central function of the agency and pay a lot of attention, as you now require, given what has been discovered, to conferences. And I think the agency is going to have to look very carefully at what I would normally regard as a very important activity, and see if the training can be done as training, perhaps in the locations. Because I just don't see how this conference certifying official, as important and responsible as that designation is, is going to be able to do that and do it what Congress is really looking at you to do, and that is to get rid of this backlog and deal with our veterans.

Thank you very much.

Mr. MICA. I thank the gentlelady. Mr. Duncan?

Mr. DUNCAN. Thank you very much, Mr. Chairman. I first want to commend Mr. Bentivolio for his courage in speaking out in the way in which he did. Apparently there are some or many, employees of the VA that think that they are immune from criticism, because they know that all members of Congress want to support the veterans. I can tell you that my father was the State Legion commander in 1954, my Uncle Joe was State Legion commander in 1963, and those were times, in the 1950s and 1960s, when the American Legions around the Country were huge. And I am the product of Bowie State and now one of the, I think it's only about 19 percent of the Congress who are veterans.

I am proud of my service and appreciated the education and opportunities that I got from the military. On the other hand, I know that most veterans don't want to see the taxpayers abused or money wasted, even in the VA. And we have this, I want to commend Mr. Griffin and Mr. Abe for the work that they have done.

We have this report that says there was an email in which one Department employees said, we are a large agency with deep pockets. And it says this email response was indicative of a larger problem throughout the conference planning process. Planners disregarded any budgetary concerns and engaged in out of control spending. They exercised extremely poor stewardship of taxpayer dollars. That is a very disturbing report.

General Farrisee, in the time of a massive $17 trillion debt that is headed up much higher and much faster than ever before, how does a statement like this, we are a large agency with deep pockets, how do you think that reflects on the Department?

Ms. FARRISEE. It is a very troubling statement, Congressman. I do not believe it reflect well. I do not believe that is the thought process today. I do believe that fiduciary responsibilities are taken

very seriously and the policies that have been put in place will eliminate those types of thoughts.

Mr. DUNCAN. Well, another email obtained by the committee, a Department employee stated, in this place you have to get it all when you can. We have heard and read that this $6.1 million on these conferences, that planners, it says planners spent, I think Mr. Griffin said $762,000 or some figure like that. Was that the figure, Mr. Griffin, on trinkets?

Mr. GRIFFIN. The total overspend was $762,000 as far as we could determine.

Mr. DUNCAN. But it could have been more. And then we hand in this report that the planners were using these trips, these various resort locations, as just paid vacations by the taxpayers. It seems to me that this type of activity needs to be stopped and it needs to be restricted. If the employees of the VA are patriotic, dedicated employees, this will stop.

General Farrisee, why do you think conference planners were able to maximize spending on these promotional products? Did any supervisor step in to say that these amounts were too high? Or did they just not control this much at all?

Ms. FARRISEE. Congressman, I believe there was a lack of oversight through this whole conference planning. There was not enough leadership attention to all the details.

Mr. DUNCAN. Well, I certainly hope that this stops. All this money, instead of it being paid vacations for VA employees, as others have said, could have been spent in many, many better ways.

Thank you very much, Mr. Chairman.

Mr. MICA. Thank you. I recognize the gentleman from Nevada, Mr. Horsford.

Mr. HORSFORD. Thank you, Mr. Chairman.

On October 1st, 2012, the Inspector General's office publicly released a report issuing 49 recommendations on conference oversight, internal controls and spending. Mr. Griffin, how many recommendations did Secretary Shinseki concur with?

Mr. GRIFFIN. The Secretary concurred with all of the recommendations.

Mr. HORSFORD. And in fact, the VA had already issued a conference oversight memorandum that began implementing many of those recommendations when the report was released, is that correct?

Mr. GRIFFIN. We shared our draft report with the Department in August. They had an opportunity to see what the issues were. And as I previously testified, they did generate an aggressive memorandum laying out new guidance to try and address a lot of the issues.

Mr. HORSFORD. How many of the 49 recommendations has the Department finished implementing?

Mr. GRIFFIN. We got a flurry of activity in the past few days, which is a byproduct of the hearing, so we are grateful for the hearing. Roughly half is my belief. But we will get you an answer with the precise number for the record. We track these recommendations on a quarterly basis. We send a reminder to the Department that this is still an open recommendation and how are you progressing and getting to closure on it. So it is a process that

we have had in place. I am told now by my colleague that 26 of the 49 are open.

Mr. HORSFORD. So 26?

Mr. GRIFFIN. Twenty-six out of 49 remain open. There has been some exchange of information back and forth between our follow-up staff and the Department where indications are that progress is being made but we have not gotten enough information to say that they have met the requirements of the recommendation.

Mr. HORSFORD. So there are 23 that are still in process?

Mr. GRIFFIN. No, there are 26. Twenty-three are closed, 26 are open.

Mr. HORSFORD. And of the 26 that are open, where is the Department in the process and the progress and what is the follow-up on the implementation until they are completed?

Mr. GRIFFIN. I can't speak to all 26 of them. I have seen some of the responses and as I have indicated, there is progress being made. But we are not going to close those recommendations until we are satisfied that they have nailed it. And so far, that is not the case in all of them. Three of them involved personnel actions which I understand the Department intends to conclude tomorrow.

Mr. HORSFORD. Is there a date certain when they all have to be completed by?

Mr. GRIFFIN. We will follow up until they are done.

Mr. HORSFORD. But there is not a deadline?

Mr. GRIFFIN. There is not a deadline. But as things tend to get older, we do send a past due list to the Congress every quarter to bring it to their attention that some of these things have been out there for a long time. We seek to get any assistance we can in making sure that the Department understands the importance and takes care of the problem.

Mr. HORSFORD. Okay. Ms. Farrisee, as Mr. Griffin just indicated, the Department now has additional reporting requirements to Congress regarding these conferences. How often is the VA required to report on conference spending?

Ms. FARRISEE. I will have to pass that question to Mr. Murray on conference spending.

Mr. MURRAY. We have to report conference spending quarterly and annually to the Congress as well as OMB.

Mr. HORSFORD. And what kind of information is now included in these reports? And who do they go to?

Mr. MURRAY. Committees on veterans affairs. Our reports go to the OIG, reports go to OMB. It is detailed breakdowns on conference spending costs by categories elaborated in the statute.

Mr. HORSFORD. So the oversight is there for the conference spending on a quarterly and annual basis?

Mr. MURRAY. I believe it is. And I actually believe there is a lot of oversight before a conference is ever approved, which is where I think the key oversight belongs is, are there alternative methods to do this? Is there another way to accomplish this training, short of traveling and enlisting a facility and incurring all those incumbent costs. We make a very strong, we require the activity to make a strong case there first. And then we make them, if they make the case and there are good learning outcomes and they can dem-

onstrate there are good learning, important outcomes that can be measured, then we look at their analysis of different venues.

I think that is where the control exists.

Mr. HORSFORD. Thank you. Thank you, Mr. Chairman.

Mr. MICA. I thank the gentleman. Mr. Meadows, the gentleman from North Carolina, is recognized.

Mr. MEADOWS. Thank you, Mr. Chairman. I thank each of you for coming

I want to start off by saying that there are a tremendous amount of dedicated workers. I know in Veterans Affairs, there's a number of very dedicated employees. Our committee staff here is unbelievably dedicated, they do a great job, truly, for the American people. So I don't want anything to be misconstrued or out there that there is not an appreciation for those who serve our Country and work in government. Because these hearings can come out that way.

At the same time, we must address a few of these issues. Because I have other governmental agencies saying, why in the world do they get to travel and I have people in the Blue Ridge Parkway who can't go from one end of the Blue Ridge Parkway to others in their service area without having to come back because of the unbelievable spending that goes on in other areas.

With that being said, we have some $762,000 that was spent according to the IG's report. And Ms. Farrisee, you have said, and Mr. Murray, you have said as well, that top officials didn't know about it, there wasn't the proper oversight. Could you put up an email slide here, queue up the slide for me, this is an email, a senior official email to conference planners that says, "Bottom line, you don't have to worry about a thing."

Now, when a top official asserts to conference planners that they don't have to worry about the funding, does that not send the wrong message? Mr. Murray?

Mr. MURRAY. Absolutely. It is totally the wrong message.

Mr. MEADOWS. When do I get to tell the veterans in North Carolina, of which you do not have a good track record of processing claims in North Carolina, many of the veterans that I talk to have to wait, some as many as 600 days to get their claims handled. When do I get to tell them, bottom line, you don't have to worry about a thing? When are we going to get to that point?

Does this type of spending Ms. Farrisee, when we sent out a word like this, what does it tell the American people, when we say, bottom line, does it show that we have an unlimited budget in the VA?

Ms. FARRISEE. Congressman, we absolutely don't have an unlimited budget. And I think it shows a past history of bad decisions, bad leadership that controls have been put on.

Mr. MEADOWS. I agree. So how many people got fired because of the bad leadership and bad decisions? How many? I think I know the answer. How many got fired for bad leadership and bad decisions?

Ms. FARRISEE. None fired that I am aware of.

Mr. MEADOWS. Mr. Murray, how many in your organization got fired?

Mr. MURRAY. None in my organization.

Mr. MEADOWS. Okay. How many of them got disciplined greatly in your organization, Mr. Murray?

Mr. MURRAY. There was no discipline in mine.

Mr. MEADOWS. So no discipline no firings, but yet we have bad leadership and bad decisions. Let's go on a little bit further, because I am even more troubled by the next slide. Here is an email that the Department approved a $450,000 marketing budget for a conference. Now, why do we need such a large marketing budget to make employees go to a conference that they're required to go to? Why would we do that? Who makes that decision? Who would have made the decision to approve that?

Ms. FARRISEE. The leadership of HR&A at the time would have made that decision.

Mr. MEADOWS. Okay, and they are still employed, right? This was a good decision on their part, to market it?

Ms. FARRISEE. They are no longer with the VA.

Mr. MEADOWS. Okay. And you were very kind, Ms. Farrisee, in the way you responded. I want to thank you for your service and thank you for the way that you responded.

Mr. Murray, I am a little bit troubled, because as we see these emails coming out, don't ever play poker. Because they are rolling your eyes and huffing and having disdain for the IG as these emails come out. Do you think that your organization does a great job, Mr. Murray?

Mr. MURRAY. My organization, whenever we become aware of these issues, we find weaknesses in internal controls, whether the IG finds it, General Accountability Office finds it, our internal or external auditors find them, we immediately take actions to correct, mitigate, fix these kinds of deficiencies. We have a good, collaborative relationship with the IG and we work in a transparent and accountable fashion.

Mr. MEADOWS. But your demeanor today at this hearing doesn't show that. I have been watching you. I watch people all the time. So your demeanor would indicate that you are a little frustrated by these emails as they roll out, as they are telling a story. Do you agree with the story that this is indicative of those who are making decisions, that they didn't have an accountability for cost?

Mr. MURRAY. The employees that work for me, the employees I work with, the leaders I work with have a strong accountability for the costs, for their actions, exercise good judgment. So I find this very dismaying, very disappointing, sir. And that is the expression I would like to convey.

Mr. MEADOWS. So when does this translate into my veterans in North Carolina being able to count, the moms and dads, the children counting on those, being taken care of? When are we going to get our act together? Not just on conferences.

I yield back.

Mr. MICA. I thank the gentleman. Waiting patiently and last but not least, and I think a day older after celebrating her birthday, the gentlelady from New Mexico, Ms. Lujan Grisham, you are recognized.

Ms. LUJAN GRISHAM. Thank you, Mr. Chairman, and thank you for recognizing that yes, indeed, I am another year older, which,

given the alternative, I am willing to take. I had a nice time last night.

I know that being one of, maybe the last person to talk, that you are clear that I think both sides, my colleagues on this committee, are clear that in the best of circumstances, our job and yours, no matter how much resources you have or don't have, is to use that funding in the most effective and streamlined way that you can. And that further, I would agree that where you have the flexibility to move as much of your administrative funds, including training and conferences, into the direct services and benefits where you are actually making a difference for veterans and families directly. Given that I have 20 plus years in local and State government and worked as a cabinet secretary, I was clear that my dollars that were appropriated for me needed to go to seniors and their families. That was an effective use of my time.

However, I also recognize that when we react strictly and narrowly, we can also do damage. Because if I want you to provide those direct services and benefits in a meaningful way, your staff must be trained and have access to innovative new resources and tools. And if we do get a new software program implemented that really helps with the backlog and is more effective, you are going to need training just at that level. And that is not really what we are talking about here, but I am a big fan of having appropriately trained and a productive public and private workforce that are doing the best possible job.

So I am certainly not going to be your advocate, I don't think anybody here is, for spending nearly a million dollars on a conference that had marketing. We know that that is never going to happen again, or your jobs now is make that happen. We also recognize in a public system there are limitations about how you deal with accountability. I think that is an area that we ought to do a better job too, in terms of holding folks accountable.

So thank you for being here. Thank you for owning this problem and thank you for implementing as many of those recommendations. But I am going to take a different twist, which is, I think that the OMB's reaction might cause harm and not get to the real issue, which is, we expect you to be effective and smart and professional about how you spend all of your money, regardless of what it is and what it is intended for.

So I am going to remind folks that last year, OMB ordered Federal agencies to reduce travel and conference expenses by 30 percent by 2016, and then my district is home to Sandia National Laboratories, which is one of the critical players in the Nation's complex energy, national defense, cybersecurity and employs some of the Country's best and brightest minds. I am going to read you an excerpt from a letter that Dr. Paul Hommert, the Director of Sandia Laboratories, wrote to me about these restrictions.

He shares my concern that these will harm the ability of the national labs in their research, their scientists and engineers to share knowledge and collaborate with their peers in academia and industry. These interactions are critical to keeping our researchers at the cutting edge in their field.

He shares my desire to ensure that we are spending our taxpayer dollars wisely while effectively helping the government accomplish

its missions. Dr. Hommert offers suggestions for developing standards for evaluating and managing the risk and cost of conference travel spending. And then I ask, Mr. Chairman, unanimous consent to place the whole letter in the record.

Chairman ISSA. [Presiding] Without objection, so ordered.

Ms. LUJAN GRISHAM. Thank you, sir. And I have another letter that is from the Center for Association Leadership, a watchdog organization, who is also looking at these balances. Clearly we don't want these mistakes made. But we want to be careful that we don't minimize opportunities that make us a more efficient and effective government. And I would ask unanimous consent to put this letter into the record, Mr. Chairman.

Chairman ISSA. Without objection, so ordered.

Ms. LUJAN GRISHAM. And that is really my statement. I only have 30 seconds, and I am not sure if there is anything to respond to except, I hope that what we leave this hearing with is the kind of issues that we have identified should never come before this Committee or anyone else again. We are expecting wise, smart, efficient, effective leadership in all of our public entities. We want to be sure that the recommendations that you put in place do effectively prohibit this kind of waste but don't limit the opportunities to have a well-trained, well-recognized, productive workforce. My fear is we will go too far and we won't do health research, scientific research and we won't find the best way to serve our veterans and their families.

Thank you very much, and with that, Mr. Chairman, I yield back.

Chairman ISSA. I thank the gentlelady. Does the ranking member want to close?

Seeing none, Ms. Farrisee, I am informed by staff that having reviewed what was sent to us as "the manual," entitled memorandum, without objection be placed in the record.

Chairman ISSA. With all due respect, I have had to have manuals under ISO–9000 that complied. This ain't it. This isn't even close to it. Is there some other document that we are unaware of that would reflect a manual? You can confer with your staff.

Ms. FARRISEE. Mr. Chairman, the handbook was included in the OIG response on October 23rd.

Chairman ISSA. We did not receive that response. October 23rd was pretty recent.

Mr. Griffin, do you know something about this?

Mr. GRIFFIN. As I mentioned in your absence, Mr. Chairman, there has been a flurry of documents being sent to us as a result of the hearing, for which we are grateful.

Chairman ISSA. So in other words, if we keep hauling them in, we will get what we ask for?

Mr. GRIFFIN. I can't say that I have personal knowledge of receipt of the manual. I don't question the integrity of the answer given, but I haven't seen it myself.

Chairman ISSA. Well, then, I hope you will pledge to forward us a copy if you find it in that last minute dump in anticipation of this hearing.

Mr. GRIFFIN. We will do that, Mr. Chairman.

Chairman ISSA. Thank you.

Before I go the ranking member, I do want to thank you for being here. Ms. Farrisee, I expect that we will see you in the future. Because it is the intention, I just talked to the chairman of Veterans Affairs Committee, it is the intention of both our committees to both continue looking at what is driving backlog down, if it starts really going down, and a continued look about the question of the VA's drive to change the culture.

And Mr. Griffin, I would suggest that you might keep us informed on whether the culture of timely delivery of your requests are being met. Because the idea that something arrives just before but not in time for you to review it for a full committee hearing again begs the question of whether you and Mr. Abe are being treated with the respect within your own department that we expect all IGs to be treated with.

And with that, I recognize the ranking member.

Mr. CUMMINGS. Thank you very much.

I think it would be Ms. Farrisee, you can check with your staff, will you let us know how long is the handbook? How many pages is it? Just give me an approximation.

Ms. FARRISEE. It is about 40 pages.

Mr. CUMMINGS. Forty pages, I see. First of all, Mr. Griffin, I want to thank you, Inspector Griffin, I want to thank you and your staff. I have to tell you, Ms. Farrisee and Mr. Murray, we can do better. And I think you would agree with that, don't you, Inspector General? Do you agree?

Mr. GRIFFIN. I do agree.

Mr. CUMMINGS. We can do better. I think that it would be legislative malpractice if we stood on this side of the dais and said, okay, everything is okay. It is not okay. We are hoping that you will take that word back to your agency. We realize you probably have a lot of balls up in the air. But I have to tell you, well, first of all, as far as conferences are concerned, I can see you are not spending as much money. You seem like you have gotten pretty good control, it seems that way. But we will see when you submit the documents that you will be submitting.

But we also are concerned about the backlog. And the chairman talks about this whole culture, what kind of culture we have there at Veterans. We want to make sure that culture is one that believes in efficiency and effectiveness, that believes in making sure that the taxpayers' dollars are spent in a prudent way, and makes sure that money is spent to enhance the lives of our veterans. They have already given their blood, sweat and tears. We have so many families who have lost a loved one.

So again, we see this as the urgency of now, I have to tell you, when we were talking about the handbook, I didn't feel a sense of urgency, although I know we have gotten a draft. Then I asked a question about a document that was due October 1st, 2012, and it seemed as if, you know, we will get to it when we can. Well, that is not good enough.

So again, I am hoping that you will go back, that you will address these issues with some sense of urgency. With that, Mr. Chairman, I yield back.

Chairman ISSA. I thank the gentleman and I thank all participants today, particularly out witnesses. With that, we stand adjourned.

[Whereupon, at 11:40 a.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL
WASHINGTON DC 20420

The Honorable Darrell Issa
Chairman
Committee on Oversight and
Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Enclosed is additional information that I promised to provide the Committee during the October 30, 2013, hearing on "A Culture of Mismanagement and Wasteful Conference Spending at the Department of Veterans Affairs". If we can be of additional assistance, please do not hesitate to contact us.

Thank you for your interest in the Department of Veterans Affairs.

Sincerely,

for GEORGE J. OPFER

Enclosure

OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF VETERANS AFFAIRS
SUBMISSION FOR THE RECORD
FOR A HEARING BEFORE
THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
OCTOBER 30, 2013

Chairman Darrell Issa – Directive for Conference Planning

Chairman Issa asked for the OIG's opinion on the draft handbook that VA said it sent to the OIG on October 23, 2013.

OIG Response: The OIG did receive what could be described as a working draft of the handbook as part of VA's response to an OIG's request for an update on actions related to the report. The document contained significant mark-ups and was not reviewed prior to the Committee's hearing on October 30, 2013. While VA informally invited comments to the draft handbook, it is not clear whether the additions and deletions are "final". We will review and provide comments to VA's final draft of their handbook during their formal concurrence process, which we do for any VA directive or handbook.

Additionally, VA still needs to publish a directive on conference planning, execution, and oversight, which was also a part of their action plan. Directives provide policy and are normally followed by the publishing of handbooks, which provide procedures on how to carry out policy.

Congressman Danny Davis – Purchase Card Issues –

Congressman Davis asked if the Office of Inspector General (OIG) found VA's actions regarding purchase card recommendations adequate.

OIG Response: While VA submitted suitable action plans to address the purchase card issues identified during our review, VA has not completed their planned actions and more of the recommendations regarding purchase cards remain open. We will continue to assess VA's actions in response to our recommendations and will close them once we believe adequate action has been taken to address the identified purchase card deficiencies.

Congressman Steven Horsford – Status of Recommendations

Congressman Horsford asked how the OIG felt about the VA's proposed plans to address the recommendations contained in the report.

OIG Response: In response to our report, VA outlined significant plans to address the identified recommendations. Their planned action appeared to be responsive to our recommendations. The report contained 49 recommendations; 18 dealt with possible personnel actions stemming from the administrative investigation and 31 recommendations deal with conference management. As stated at the hearing, 15 of the 18 recommendations dealing with personnel actions were complete. VA advised that by October 31, 2013, the remaining 3 actions would be addressed. Once we receive final documentation of action, we will close those recommendations. Of the 31 conference management recommendations, as of November 8, 2013, 23 remain open. VA needs to fully implement its directive and handbook for conference planning, execution, and oversight. These actions are expected to address a significant number of the open recommendations.

Once all conference recommendations are closed and VA has used the new controls for a sufficient time period, we plan on conducting a review of VA's implementation to ensure improvement in financial accountability and transparency.

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
DARRELL ISSA, CHAIRMAN

U.S. DEPARTMENT OF VETERANS AFFAIRS 2011 HUMAN RESOURCES CONFERENCES: A CULTURE OF MISMANAGEMENT AND RECKLESS SPENDING

STAFF REPORT
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES
113TH CONGRESS
OCTOBER 30, 2013

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II. Executive Summary

The U.S. Department of Veterans Affairs—the second largest federal agency—is tasked with managing the military benefit system for our nation's 22.3 million veterans.[1] The Department employs over 300,000 people,[2] and has a budget which has increased 41 percent since 2009, reaching $140 billion for fiscal year 2013.[3] Despite the size of the Department's budget and staff, it is plagued with a backlog of veterans' disability benefits claims, which totaled over 840,000 in May 2013. The House Committee on Veterans' Affairs has committed significant time and resources to bring greater accountability and oversight to the Department and how it processes the veterans' claims.

Amidst widespread reports of veterans experiencing long delays in receiving disability benefits,[4] the Committee on Oversight and Government Reform and the VA Office of Inspector General learned that the Department misspent millions on training conferences. The fact that the VA wasted millions of taxpayer dollars on conferences in Orlando, Florida, at the expense of the Department's primary mission of assisting veterans, called into question the effectiveness of the Department's leadership.

In August of 2012, the Committee learned about a series of human resources conferences organized by the VA's Office of Human Resources. The conferences, entitled "Human Resources Conference 2011: Innovative Solutions for Strategic Workforce," took place in July and August at the Marriott World Center Resort in Orlando. The pair of conferences, which trained about 1,800 employees, cost taxpayers at least $6.1 million. The true cost may never be known. The Committee's investigation has revealed that this massive price tag was the direct result of spending mismanagement, unethical behavior by federal employees, and irresponsible leadership.

The wasteful spending associated with the conferences was strikingly similar to what occurred at the General Services Administration's 2010 Western Regions Conference in Las Vegas. The now-infamous GSA conference prompted President Obama to issue Executive Order 13589, "Promoting Efficient Spending." Through the Executive Order, the President emphasized his Administration's commitment to "cutting waste in Federal Government spending and identifying opportunities to promote efficient and effective spending."[5] The President directed all federal agencies to "make all appropriate efforts to conduct business and host or

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[1] U.S. Dep't of Veterans Affairs, Statistics at a Glance, http://www.va.gov/vetdata/docs/Quickfacts/Homepage_slideshow_FINAL.pdf (Feb. 2013).
[2] VA for Vets, VESO Leadership, http://vaforvets.va.gov/veso/Pages/VESO-Leadership.aspx (last visited Oct. 22, 2013) [hereinafter VESO Leadership].
[3] Gregg Zoroya, *Veterans Affairs Seeks Budget Increase in 2014 Budget*, USA TODAY, Apr. 5, 2013, *available at* http://www.usatoday.com/story/news/nation/2013/04/05/veterans-affairs-budget-increase/2056947/.
[4] *See, e.g.*, Steve Vogel, *VA Announces Overtime 'Surge' to Battle Disability Claims Backlog*, WASH. POST, May 15, 2013, *available at* http://www.washingtonpost.com/blogs/federal-eye/wp/2013/05/15/va-announces-overtime-surge-to-battle-disability-claims-backlog/.
[5] E.O. 13589, "Promoting Efficient Spending," Nov. 9, 2011, http://www.whitehouse.gov/the-press-office/2011/11/09/executive-order-promoting-efficient-spending.

sponsor conferences in space controlled by the Federal Government, wherever practicable and cost effective."[6]

The House of Representatives also passed H.R. 313, the Government Spending Accountability Act of 2013, which caps federal non-military spending on conferences and requires a detailed itemized report of federal conference spending. The bill is designed to ensure that conferences are for training and work purposes, rather than taxpayer-funded vacations. H.R. 313 adds transparency measures and removes loopholes from Executive Order 13589.

The VA conference planners failed to do any of the things that the Executive Order and the Government Spending Accountability Act of 2013 recommended. E-mails obtained by the Committee show that the Department's conference planners unapologetically and recklessly wasted taxpayer dollars. The Department paid $50,000 to produce a parody video of the movie *Patton*, $863 for an employee to operate karaoke equipment, and $98,000 for promotional items, including notebooks, water bottles, fitness walking kits, and hand sanitizers. Planners proposed using the $450,000 marketing budget for the conferences—which was set aside to hype the Department and the conferences—to purchase hand clappers, aprons, and umbrellas. None of the marketing expenses had any connection to the stated purpose of the conferences: training the VA's human resources staff. In fact, conference planners joked about adding flat screen televisions, iPads, iPhones, and Blu-ray players to the collection of promotional items that were provided to attendees. The conference planners also organized gift card giveaways to incentivize government employees to fill out surveys related to their experience at the conferences.

Because there were no budgetary restrictions, the total cost of the conferences grew rapidly. The conference planners were advised not to worry about the escalating costs. When conference planners inquired about the source of the money for the conferences, one senior Department official stated, "[w]e will take care of you . . . . you don't have anything to worry about."[7] Another Department official stated that "[w]e are a large agency with deep pockets."[8] So conference planners stopped worrying about costs and focused on spending what appeared to them an unlimited budget. The posture of senior VA leadership towards oversight of the conference planning process allowed the planners to ignore basic accounting principles. They guessed at budget figures, inflated expenditures, and purchased unnecessary items. Afterwards, the planners sought bonuses because they believed they saved the Department money during the course of negotiations with the hotel that hosted the conferences.

Conference planners traveled to Nashville, Dallas, and Orlando to scout possible locations for the conferences. During these site visits, VA employees improperly accepted gifts from hotels under consideration to host the conferences, including meals, spa treatments, gift baskets, show tickets, and limousine and helicopter rides. The Office of Inspector General referred one of these employees to the Department of Justice for criminal prosecution. E-mails between and among conference planners show that they viewed and treated the site visits as paid vacations.

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[6] *Id.*
[7] E-mail from Mary Santiago to Thomas Barritt and Alice Muellerweiss (Aug. 4, 2010).
[8] E-mail from Annie Spiczak to Thomas Barritt (Oct. 1, 2010).

Conference planners spent a considerable amount of time and energy organizing a pre-conference kick-off. The kick-off was supposed to be a pep rally for the conferences that would raise "hype" among human resources employees.[9] Because John Sepúlveda, the Assistant Secretary for Human Resources and Administration, considered the kick-off to be a "signature" event,[10] planners saw the kick-off as their opportunity to prove to senior-level Department officials that they could properly manage the upcoming conferences. Ideas for the kick-off were extravagant. At one point, a planner contacted the Washington Redskins to inquire about arranging for the team's cheerleaders to make an appearance. E-mails show that planning for the kick-off event became so time-consuming that some employees raised concerns that they were unable to complete their regular work.

On July 21, 2011, the *Washington Post* published a story that criticized federal agency conference spending.[11] Immediately thereafter, John Sepúlveda instructed VA employees to write a set of talking points to justify the two conferences in the event that questions arose about conference expenses. Talking points were quickly drafted and prepared. These points focused on the training purpose of the conferences and cost-saving measures taken by the Department, including the decision to hold the conference in Orlando as opposed to a more exotic location. The talking points even claimed that the conferences would train 75 percent of VA human resources personnel. In fact, the conferences trained about 1,800 employees—only 45 percent of the VA's nearly 4,000 HR professionals. Conference planners did not primarily focus their planning resources on the purpose of the conferences, which was to train employees. E-mails revealed that planners prioritized the organization of social events instead. Further, the talking points failed to mention that the lack of a budget had resulted in severe financial mismanagement.

After the *Washington Post* published a follow-up article on conference spending that included details about the VA's conferences, e-mails between and among conference planners show that they were irritated by the scrutiny. They believed the negative press was misguided.

Although the primary purpose of the conferences was to train employees, conference planners spent a considerable amount of time planning nightly entertainment activities at the lavish Orlando Marriott World Center Resort. Each evening during the conference, Department employees had their choice of attending a wide array of extracurricular activities. Attendees could choose to take a trip to Downtown Disney or Universal Studios, or attend a karaoke night, "Oldies" themed dance party, or game nights held at the Orlando Marriott.

Because there was not a firm budget and expense records were not maintained, the Department was unable to do a final accounting of the total cost of the conferences. The Office of Inspector General was able to identify at least $6.1 million in costs, but the IG suspected the actual figure was much higher. The OIG's report offered the Department a blueprint going forward on future conference planning by providing 49 recommendations to strengthen the planning and execution processes. Despite the IG's thorough review and robust set of

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[9] E-mail from Rita Treadwell to Jeremy Wheeler (Apr. 28, 2011).
[10] E-mail from Jolisa Dudley to Andre Joaquin Castillo (May 17, 2011).
[11] Al Kamen, *Ethics on the Links in Orlando*, WASH. POST, July 21, 2011.

recommendations, the Department contracted for two additional external reviews of the conferences. These additional reviews cost taxpayers almost $400,000.

It is well known that the Department is struggling to address an endless massive backlog of disability claims. The VA's primary mission is to serve the nation's veterans in the most efficient manner possible. Any money wasted on events unrelated to that mission does a disservice to the veterans that the VA is meant to serve. The Committee's investigation of the Orlando conferences revealed a culture of willful waste at the Department and widespread disregard for how taxpayer dollars are spent. Although it is necessary for federal agencies to train employees in some cases, extravagant spending for that purpose in an era of huge budget deficits and an ever-increasing national debt is unacceptable. Like the General Services Administration's now-infamous conference in Las Vegas conference, the VA's Orlando conferences represent federal largesse run amok. Taxpayers deserve better. And even more so, veterans deserve to know that the VA is doing everything it can to provide crucial services. The Committee's investigation showed that it is not.

III. Table of Names

Eric Shinseki
Secretary, Department of Veterans Affairs

Eric Shinseki was nominated by the President and confirmed by the U.S. Senate on January 20, 2009 to serve as the seventh Secretary of Veterans Affairs. Secretary Shinseki's Chief of Staff, John Gingrich, approved the initial proposal to host several human resources training conferences during 2011. Secretary Shinseki personally committed to Chairman Issa to cooperate fully with the Committee's investigation into the conferences. Despite that commitment, the Chairman was forced to issue a subpoena to obtain relevant documents.

John Gingrich
Chief of Staff, Department of Veterans Affairs

John Gingrich served as Chief of Staff for the Department of Veterans Affairs from January 2009 until his retirement in March 2013. He approved the idea to hold human resources training conferences in fiscal year 2011 as well as the initial cost figure for the conferences.

John Sepúlveda
Assistant Secretary for Human Resources and Administration, Department of Veterans Affairs

John Sepúlveda was confirmed by the U.S. Senate as the Assistant Secretary for Human Resources and Administration in May 2009. He oversaw the Department's human resources managers and staff. He failed to properly oversee many aspects of the conference planning process most notably expenditures. Sepúlveda resigned from his position on September 30, 2012, and is currently not working in government.

VA Office of Human Resources Management

Tonya Deanes
Deputy Assistant Secretary

Tonya Deanes oversaw the Department's human resources programs, practices, and regulations. During the conference planning process, she delegated her oversight duties to two lower-level Department employees and failed to properly monitor conference expenses. In the aftermath of the conferences, she was initially reassigned to other duties within the Department, and eventually resigned. Deanes currently works at the Department of Energy.

Thomas Barritt
Special Assistant to the Deputy Assistant Secretary

Thomas Barritt has served as the Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management since July 2008. Tonya Deanes authorized Barritt to serve as a co-leader for conference planning. Along with fellow conference planners, he played

a role in the Department's purchase of wasteful promotional products and did not ensure that a detailed conference budget was created. He has since retired from the Department.

Jolisa Dudley
Executive Assistant to the Deputy Assistant Secretary

Jolisa Dudley has served as the Executive Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management since September 2008. Tonya Deanes authorized Dudley to serve as a co-leader with Thomas Barritt for conference planning. She helped to plan the pre-conference kick-off event and participated in site visits.

Raquel Thomas
Marketing and Recruitment Outreach Consultant

Raquel Thomas was the Marketing and Recruitment Outreach Consultant with the Office of Human Resources Management. She played a role in brainstorming ideas for conference promotional products. She also helped to plan the pre-conference kick-off event.

Tarik Pierce
Curriculum and Competency Manager

Tarik Pierce was a Curriculum and Competency Manager with the Office of Human Resources Management. He assisted in planning nightly extracurricular activities for conference attendees, including game and karaoke nights.

Veterans Affairs Learning University

Alice Muellerweiss
Dean

Alice Muellerweiss was the Dean of the VA Learning University. Her job was to ensure Department employees were properly trained. Knowing that conference planning was underway, she failed to oversee conference expenditures. She resigned from her position in January 2013. She is currently not working in government.

Arthur McMahan
Deputy Dean

Arthur McMahan has served as the Deputy Dean of the VA Learning University since April 2011. He did not properly oversee the conference planning process with respect to budget decisions and tracking expenditures.

Anita Wood
Director, Policy and Resources Management
Anita Wood was responsible for tracking the Veterans Affairs Learning University's budget during the conference planning process.

Rhonda Carter
Education Program Manager

Rhonda Carter was primarily responsible for helping to secure speakers for the conferences.

Tongela McIntosh-Moore
Learning Consultant

Tongela McIntosh-Moore assisted with planning employee training presentations for the conferences.

Timothy Pleso
Event Manager

Prior to working for the Department, Timothy Pleso served in the U.S. Army, where he worked for a period of time with the Inspector General's office. During the conference planning process, he was responsible for increasing the firm-fixed-price contract with the Orlando Marriott. He also mismanaged Department funds using a government purchase card, and approved wasteful expenditures for the conferences such as audiovisual costs. The Office of Inspector General referred him to the Department of Justice for criminal prosecution, but the Justice Department declined to take action. Pleso has since resigned from the Department.

Sara Wakeley
Program Support Assistant

Sara Wakeley played a key role in organizing and planning pre-conference site visits.

IV. Findings

- Department conference planners failed to create or maintain a budget for the HR conferences. They failed to create any mechanisms to restrain rapidly increasing expenditures.

- When the conference planners began to express concern about the source of funding for the conferences, one of Alice Muellerweiss's deputies reassured the conference planners that they "don't have a thing to worry about."

- When pricing products and services for the conferences, the Department did not provide the vendors with price ranges, even when the vendors requested them.

- The Department never conducted a final accounting of costs for its conferences. In fact, the VA was even unable to provide a cost estimate 19 months after the conferences had ended.

- The Department actually provided a cap for the marketing budget, but it was a staggering $450,000. E-mails show that conference planners quickly lost sight of the objective of purchasing promotional items relating to employee training because of the large budget.

- The conference planners spent a lot of time and energy planning the kick-off event—often referred to as the "pep rally"—for the conferences. In fact, as the scope of the kick-off event increased, some VA employees became worried that they no longer had sufficient time to handle their regular workloads in addition to conference planning duties.

- E-mails demonstrate that the VA conference planners treated the site visits to Dallas, Nashville, and Orlando more as vacations than work trips. They enjoyed helicopter rides and other perks from the hotels.

- The Department conference planners focused their energy on entertainment activities—such as DJ and karaoke nights and game nights—rather than employee training. Some of these planners then rewarded their own efforts during the conferences with massages, manicures and pedicures at the hotel spa, while getting paid.

- Some Department employees believed they should receive rewards for saving the Department money even though the budget for the VA conferences had spiraled out of control.

- After critical articles in the *Washington Post* about federal agency conferences, the Department went on the defensive and developed talking points to protect its image.

- Although conference planners believed the *Washington Post*'s criticism was unfounded, the Department attempted to hide photos that took place of extracurricular activities at the VA conferences.

- Just a couple of months before the conferences were held, senior Department officials were surprised to learn that the conferences had become so expensive. Nevertheless, they made virtually no effort to curb costs.

- Despite Secretary Shinseki's personal commitment to Chairman Issa, the Department has failed to cooperate with the Committee's investigation. The Department missed a series of deadlines and only began producing many of the requested documents after the Chairman issued a subpoena.

V. Background

In July and August 2011, the Department of Veterans Affairs Office of Human Resources held two week-long conferences at the Marriott World Center Resort in Orlando, FL. The conferences, entitled "Human Resources Conference 2011: Innovative Solutions for Strategic Workforce," were organized to train human resources employees.[12] Documents and information obtained by the Committee show that the VA spent recklessly and planned poorly for the 2011 HR Conferences. The Department's approach to planning and executing the conferences showed total disregard for getting the best deal for the taxpayers.

A. VA Office of Inspector General Report

The VA Office of Inspector General opened an investigation in late April 2012 after the office received complaints from a whistleblower of wasteful spending associated with the conferences.[13] Inspector General George Opfer released a report on September 30, 2012. According to the Inspector General's report on the conferences, "VA's processes and the oversight were too weak, ineffective, and in some instances, nonexistent to ensure that conference costs identified were accurate, appropriate, necessary, and reasonably priced."[14]

The IG estimated that the Department spent at least $6.1 million on the two conferences to train approximately 1,800 employees. According to the IG, many conference costs were "excessive, inappropriate and unnecessary,"[15] finding at least $762,000 in unauthorized, unnecessary and/or wasteful expenses.[16] For example, the Department spent $280,000 in excess of its firm-fixed-price contract with the Orlando World Center Marriott, including lavish expenditures on audiovisual services, food, beverages, and catering.[17] The contract received neither legal nor technical review prior to its award. In addition, conference planners spent almost twice as much as the original cost of the firm-fixed-price contract.[18] An additional $10,666 went to pay for pre-planning site visits to Dallas, Texas, Nashville, Tennessee, and Orlando, Florida.[19] During these trips, employees received benefits, including specially prepared meals, alcohol, concert tickets, lodging, spa treatments, gift baskets, and limousine and helicopter rides.[20]

Conference planners spent nearly $50,000 to produce an 18-minute video satirizing the opening scene from the movie *Patton*.[21] Although the Department has videographers and editors

[12] U.S. DEP'T OF VETERAN AFFAIRS OFFICE OF INSPECTOR GEN., ADMINISTRATIVE INVESTIGATION OF THE FY 2011 HUMAN RESOURCES CONFERENCES IN ORLANDO, FLORIDA (Sept. 30, 2012) [hereinafter IG REPORT], at i.
[13] *Id.*
[14] *Id.*
[15] *Id.* at 37.
[16] *Id.* at i.
[17] *Id.*
[18] IG REPORT, at i.
[19] *Id.* at 39.
[20] *Id.* at 25-26.
[21] *Id.* at 15-16.

on staff, the conference organizers hired a contractor to produce the video.[22] The Deputy Assistant Secretary for the Office of Human Resources Management, Tonya Deanes, told IG investigators that she was never aware that there were any costs associated with the parody video, because she thought VA produced the videos.[23] When the OIG questioned John Sepúlveda, the Assistant Secretary for Human Resources and Administration, about the video, he initially denied any knowledge of or involvement with the *Patton* video.[24] He claimed he first became aware of the video when it was shown at the conferences.[25] Sepúlveda, however, misrepresented his involvement with producing the *Patton* video.[26] Documents show that Sepúlveda not only saw the video prior to the conferences, but he also agreed to the concept of showing a parody video.[27]

The Department paid close to $100,000 for promotional items, including padfolios, USB drives, water bottles, hand sanitizers, fitness walking kits, exercise bands, and pedometers.[28] The Department also awarded $43,018 to 17 VA employees for their roles in putting together the conferences.[29] These awards included cash and time off. The Department specifically rewarded five employees for keeping senior leadership aware of issues related to the conferences, while it rewarded others for identifying excessive expenses.[30] The Department made these awards despite the fact that senior leaders took a "hands-off approach" to conference planning and excessive spending was rampant.[31]

B. Committee's Investigation

The Committee began its investigation into the VA's 2011 HR Conferences in August 2012. The Committee's investigation has uncovered a culture of willful waste at the Department and widespread disregard for how taxpayer dollars are spent. E-mails obtained by the Committee demonstrate that conference planners completely lost sight of the chief rationale for holding the conferences to train VA employees. Further, VA employees took extra measures to justify conference expenditures. For example, in response to press coverage of the conferences, the Department created talking points, which focused on the training purpose of the conferences and cost-saving measures that the Department took.

Because the VA never created a detailed budget plan, employees freely spent taxpayer money as they saw fit. VA employees in management positions did not seriously question the excessive costs. These employees did not consider establishing effective oversight measures for conference budgeting until after the IG and Committee launched their respective inquiries.

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[22] *Id.* at 16.
[23] *Id.*
[24] IG REPORT, at 17.
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *Id.* at 71.
[29] *Id.* at 43.
[30] IG REPORT, at 44.
[31] *Id.*

VI. Failure to Rein in Costs

From the beginning of the planning process, conference organizers refused to create a budget. This, in turn, led to irresponsible spending on unnecessary site visits, needless promotional products, and extracurricular conference activities entirely unrelated to training HR employees. As senior agency officials watched conference expenses climb sharply, they failed to rein in costs. Once conference costs had skyrocketed, the Department's effort to account for all expenditures became futile. In the end, even when asked to conduct an accounting of all conference-related expenditures by both the Office of Inspector General and the Committee, the Department was incapable of determining a final total.

A. A Runaway Budget

FINDING:	**Department conference planners failed to create or maintain a budget for the HR conferences. They failed to create any mechanisms to restrain rapidly increasing expenditures.**

In October 2010, Tonya Deanes, the Associate Deputy Assistant Secretary in the Office of Human Resources Management, and several of her staff approached John Sepúlveda, the Assistant Secretary for Human Resources and Administration, with an idea to organize HR employee training conferences.[32] Deanes discussed the pressing need for employee training based upon competency assessments gathered from HR professionals.[33] Sepúlveda agreed, and obtained authorization from the VA Chief of Staff, John Gingrich, to hold three—not two—HR employee training conferences at a cost of $8 million.[34]

After the Office of HR Management obtained approval to host employee training conferences, however, it failed to draw up a budget. Throughout the process, conference planners set up unreasonable expenditures for the Department. Audiovisual expenses, government purchase cards, and spending limits for promotional items were mismanaged. While conference expenditures soared, senior Department officials occasionally raised concerns about the growing costs. Aside from sending a few e-mails about their concerns, these senior officials did nothing to actually curb costs. At no time did they instruct conference planners to reduce the rapidly growing cost of the conferences.

1. "The Money Is Not an Issue"

In the absence of a budget, employees consistently added additional expenditures that proved to be wasteful. At certain points during the planning stage, senior Department officials requested an accounting of expenses. Inexplicably, planners were unable to provide an exact or even an estimated figure. Supervisory officials, who should have provided budget oversight, failed to do so.

[32] *Id.* at 9.
[33] *Id.*
[34] *Id.* at 41.

Part of Human Resources & Administration (HR&A), the VA Learning University (VALU), is "VA's corporate university that supports the agency's mission and business objectives through high quality, cost-effective continuous learning and development that enhances leadership, occupational proficiencies, and personal growth."[35]

Jolisa Dudley and Thomas Barritt were two senior-level VALU employees. Tonya Deanes appointed Dudley and Barritt to be the co-leaders for conference planning.[36] On May 4, 2011, after conference planning had been underway for more than eight months, Dudley expressed concern about the conference budget. Although Deanes had given her responsibility to oversee conference planning, Dudley was unaware of who was in charge of the budget and accounting. She warned conference planners that Deanes may "start asking a lot of detailed questions relative to all conference expenses."[37] She also expressed concerns about the fact that checks and balances were not in place for spending management.[38]

[35] VA Learning University, About VALU, Our Mission, http://www.valu.va.gov/Home/AboutVALU (last visited Oct. 22, 2013).
[36] IG REPORT, at 21.
[37] E-mail from Jolisa Dudley to Wayne Allen & Timothy Pleso (May 4, 2011).
[38] *Id.*

From: Dudley, Jolisa
Sent: Wednesday, May 04, 2011 4:18 PM
To: Allen, Wayne; Pleso, Timothy W.
Cc: Wood, Anita; Barritt, Thomas; McMahan, Arthur P, PhD, VALU; Carter, Rhonda; Moore, Tongela; Maggio, Nicole
Subject: Budget for HR Conference
Importance: High

Hi Wayne/Tim

While Tom/I understand VALU is paying...we don't have a warm fuzzy for all the mechanics....

Who has the lead for the HR Conference Budget and tracking of all expenses? Was the MOU ever completed, and does it address this matter in detail? If the answer to either or both of these is 'No' recommend you or your designated representatives have a face-to-face, followed by a written agreement of some sort with VALU which clearly outlines Roles/Responsibilities of how all of this will work and exactly who is responsible for processing/accounting for what.

I am sure all aware of the intense scrutiny, formal that HCIP money is currently undergoing. Since neither Tom nor I are finance experts, we are relying on those of you who are to ensure we the appropriate processes, and checks and balances in place, and keeping accurate accounts of all funding.

I also highly recommend the Finance POC(s) and Event Planner(s) with signature authority begin to attend (or send a knowledgeable alternate) to the weekly meeting with the DAS on Tuesday at 1:00 in the OHRM Conference room.

I can assure you the DAS (and perhaps the A/S) is going to begin start asking a lot of detailed questions relative to all conference expenses as soon as the registration opens and we begin to get a better picture of actual participation. Since time is a precious commodity for all of us, think it best to have the SMEs present to answer the mail.

Sorry for the long email, but ....Thanks bunches for your support!

Jolisa

"Who has the lead for the HR Conference Budget and tracking of all expenses?"

"I can assure you the DAS (and perhaps the A/S) is going to begin [to] start asking a lot of detailed questions . . . ."

Although Jolisa Dudley raised concerns about the lack of management of financial issues associated with conference planning, she stated that money was no issue for the conferences. As one of the co-leaders for conference planning, she was supposed to know how conference funds were spent. Aside from her e-mail, there is no indication that she took any action to ensure that the budget was properly managed, or that someone else was tracking expenditures.

From: Dudley, Jolisa
Sent: Wednesday, May 04, 2011 3:21 PM
To: Deanes, Tonya (SES)
Cc: Ozben, Esra (SES)
Subject: FW: Budget for HR Conference

Importance: High

"Obviously the money is not an issue, but I am concerned about the process, especially with such large numbers involved, and two events."

Hi Tonya

Didn't want to put you on the blast, but sharing for your situational awareness. Obviously the money is not an issue, but I am concerned about the process, especially with such large numbers involved, and two events. I am happy to discuss with you if you have additional questions.

R/

Jolisa

Jolisa W. Dudley
VA Learning University (VALU)
Department of Veterans Affairs

1. The AV Budget

The VALU Event Manager, Timothy Pleso, played an active role in exceeding the firm-fixed-price contract with the Orlando Marriott. Because the agreement was a firm-fixed-price contract, the price was not subject to any increases. Pleso, however, received verbal approval to increase spending for the conference's audiovisual component. He created a $145,000 budget shortfall for audiovisual expenses. Eventually, the contract, which was originally for $335,800, was increased by a total of $173,577.[39]

When Pleso initially submitted invoices for the modified AV costs, a coworker informed him that there were insufficient funds to cover the invoices. The coworker wrote:

From: Hoge, Carmen
Sent: Friday, September 16, 2011 2:39 PM
To: Pleso, Timothy W.
Cc: Wood, Anita
Subject: RE: Pls call me [redacted]

"[A] modification should have been requested for any changes."

Tim: There is not enough money on the Po to cover both invoices; a modification should have been requested for any changes.

[39] IG REPORT, at 50.

Still, Anita Wood, the former Director of Policy and Resource Management for the VALU and the employee in charge of tracking VALU's budget for the conferences, told Pleso that it would be no problem for the VA to cover the budget shortfall. Wood wrote:

From: Wood, Anita
Sent: Wednesday, September 21, 2011 6:22 AM
To: Hoge, Carmen; Pleso, Timothy W.
Cc: Collins, Carolyn (VACO)
Subject: RE: Pls call me [redacted]

If I understand this – we have a $145,165K short fall and will need to increase the PO to pay for both bills. Why is the invoices higher than the amount placed on the PO for award?

Carmen – If we need to increase the PO, please take from Legacy funds.

Anita

"[I]f we need to increase the PO, please take from Legacy funds."

Instead of reprimanding him for creating the additional $145,000 in audiovisual expenses and violating the firm-fixed-price contract, Wood told Pleso that funds could simply be taken from another source.

Pleso explained that the shortage in funding for audiovisual expenses was mainly the result of a miscommunication. When he requested authorization for the additional audiovisual funds, he received verbal approval from the Department's acquisition personnel. Later, when acquisition officials raised concerns about the increased expenses, he explained that the request had received prior approval. Rather than question the drastic increase in audiovisual expenses, acquisitions personnel told him it would be no problem to cover the increased expenditures:

From:	Pleso, Timothy W.
Sent:	Wednesday, September 21, 2011 6:28 AM
To:	Wood, Anita; Hoge, Carmen
Cc:	Collins, Carolyn (VACO)
Subject:	RE: Pls call me 540-972-1334

"They gave verbal approval based on the above funding document and the new AV quote."

Good morning Anita, below is a sequence of what transpired that led to the shortfall.

- Feb 25, 2011 - Carmen issued a funding document in the amount of $862,260 based on estimates for the conferences.
- Mar 9, 2011 – Acquisitions awarded the contract for two conferences, with minimum AV, in the amount of $335,800.
- Jun 16, 2011 – I notified acquisitions the difference in the AV costs. They gave verbal approval based on the above funding document and the new AV quote.
- Sep 16, 2011 – Carmen notified me the PO amount didn't cover the invoices. She and I determined the PO was never increased for the additional AV. I contacted Acquisitions and they remembered the approval and said they would increase the PO either Friday or Monday.

I hope this clarifies what happened. Please let me know if you need any additional information from me.

Tim

The Department's acquisition staff quickly agreed to cover an additional $145,000 in expenses without any apparent questions about the additional costs above and beyond the price of the firm-fixed-price contract. Although Pleso himself initially approved the increase in audiovisual expenses, he showed no concern for the significant modification to the contract price.

Department employees also mismanaged the use of government purchase cards. In all, the IG found that at least seven VA employees used government purchase cards to spend more than $215,000.[40] In some instances, Department employees made purchases without supervisory approval; on other occasions when employees received approval, supervisors did not require them to submit a justification for the purchase.[41] The IG identified over $120,000 in wasteful purchases using government cards, including promotional items, photography services, and costs associated with the *Patton* parody video.[42] The IG recommended that the Department implement a cost system for card purchases, which would assign costs to individual major Department events, as well as improve the internal oversight controls for purchase card transactions.[43]

On March 17, 2011, Pleso expressed concern about losing his authority to pay for expenditures associated with the conferences. He added that he was worried that he was close to reaching his maximum purchase card limit of $250,000, and admitted that he did not properly manage his purchase card limit. He stated:

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[40] *Id.*
[41] *Id.*
[42] *Id.*
[43] *Id.*

"To add to that concern, I am getting very close to my max amount allowed on my monthly limit of $250K."

From: Pleso, Timothy W.
Sent: Thursday, March 17, 2011 9:39 AM
To: Emmet, Bronwyn B.; Treadwell, Rita
Cc: Wood, Anita; Hoge, Carmen; Collins, Carolyn (VACO)
Subject: Media Production Approvals

Good morning Bronwyn, I was just talking to Rita about the fact that it is really looking like I am going to lose my warrant to approve and pay for these programs. I am not sure how acquisitions is going to handle approvals and payments after March 31. I am also concerned about the number of outstanding projects we have going on. To add to that concern, I am getting very close to my max amount allowed on my monthly limit of $250K. I will contact Dewie at Maslow Media and see if I can get all of our outstanding invoices so I can better monitor/manage my limit. My concern is, we have approx $263K outstanding and they will want to push them all through at the end of the month; which will not be good for any of us.

As I hear more on how we will proceed in the future, I will let you know.

Tim Pleso
Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

In response, Bronwyn Emmet, an Executive Producer for the Veterans Health Administration Employee Education System, stated that although she was not aware of any limit on government purchase cards, she did not understand how the expenses for the conferences were so high. Instead of suggesting a reduction in expenditures to avoid maxing out purchase cards, she asked if other employees with purchase cards could cover some of the excess expenses. She wrote:

"Can one of the other VALU card holders take some of these charges on their card?"

From: Emmet, Bronwyn B.
Sent: Thursday, March 17, 2011 9:25 AM
To: Pleso, Timothy W.; Treadwell, Rita
Cc: Wood, Anita; Hoge, Carmen; Collins, Ca
Subject: RE: Media Production Approvals

I was not aware of this limit. Can one of the other VALU card holders take some of these charges on their card? How could we be spending 250K a month if we only have expended a total of 600 thousand allocated year to date with only half that obligated? I put a large VA News order in, but we are only paying as we use the crews – one crew per week.

If we have projects, like VA News that are ongoing and the PO has not been completed will we have to close out these projects and open a new PO with anther system. And what other system will that be, TRACE?

2. "We are a Large Agency with Deep Pockets"

FINDING:	**When the conference planners began to express concern about the source of funding for the conferences, one of Alice Muellerweiss's deputies reassured the conference planners that they "don't have a thing to worry about."**

FINDING:	**When pricing products and services for the conferences, the Department did not provide the vendors with price ranges, even when the vendors requested them.**

With no budget to provide a guide for controlling costs, conference planners overspent throughout the planning process. They demonstrated no capacity for managing expenditures.

Early in the conference planning process, Thomas Barritt, the Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management, worried whether the VA would have the budget to support the conferences. Specifically, he was unsure as to whether the VA Learning University would provide the majority of conference funding, or whether conference planners would have to find another source of funding within the Department. Barritt wrote:

From: Barritt, Thomas
Sent: Wednesday, August 04, 2010 4:43 PM
To: Muellerweiss, Alice (SES); Santiago, Mary
Cc: Allen, Wayne; Deanes, Tonya (SES)
Subject: HR Conference

As I begin to pick up speed on getting this started, there are some questions I need to throw your way. In 2009, VALU paid for a good portion of the HR Conference. I think OHRM paid for decorations, marketing, program support, etc. VALU paid for conference space rental to include exhibit hall, food

and beverages, logistics (film crews, audio, video, etc, etc), took care of registration and all associated give aways and name tags, ADP rental, Faculty contracts, blah, blah, blah. This was done through the VALU/EES connection. Will there still be this connection? Will VALU still have the ability to do this type of cross organizational conference support or has the mission changed? Are we on our own??? Will you still have an MOU with EES? If so, how will that be funded? Is this part of an HCIP initiative? Critical skills? Please remember the discussion that Mr. Sepulveda had with Tonya at our last out brief - he was looking at 3 to 4 HR conferences in FY11 to allow for more participation.

I know these are a lot of questions but I have got to get the budget fixed before I begin to trudge the happy road of destiny....

Thanks

"I have got to get the budget fixed before I begin to trudge the happy road of destiny . . . ."

Mary Santiago, who served as Deputy to the Dean of VALU, responded that funding was available through the VA Human Resources and the Administration's Human Capital Investment Plan (HCIP). She explained that money was no object, that Barritt did not "have a thing to worry about."[44] Santiago wrote:

From: Santiago, Mary
Sent: Wednesday, August 04, 2010 4:53 PM
To: Barritt, Thomas; Muellerweiss, Alice (SES)
Cc: Allen, Wayne; Deanes, Tonya (SES); McMahan, Arthur
Subject: RE: HR Conference

We will take care of you. We will fund through HCIP - Come see me and we can discuss in detail. Bottom line - you don't have a thing to worry about.

Mary M. Santiago
Deputy to the Dean, VALU

Thomas Barritt responded that he was happy HCIP would provide funds for the conferences:

[44] E-mail from Mary Santiago to Thomas Barritt & Alice Muellerweiss (Aug. 4, 2010).

From: Barritt, Thomas [redacted]
To: Santiago, Mary [redacted]
Cc:
Bcc:
Subject: Re: HR Conference
Date: Wed Aug 04 2010 15:59:16 CDT
Attachments: image001.jpg

"Who loves you baby?"

Who loves you baby?

Two months later in October 2010, Barritt wrote to Wayne Allen, a Budget Officer for the Department, expressing relief that funding could come through HCIP. Barritt wrote:

From: Barritt, Thomas [redacted]
To: Allen, Wayne [redacted]
Cc:
Bcc:
Subject: FW: HR Conference
Date: Wed Oct 06 2010 12:33:39 CDT
Attachments: image001.jpg

"Our get out of jail free ticket . . . ."

Our get out of jail free ticket.....

In January 2011, however, Wayne Allen e-mailed several conference planners to explain that there might be difficulties in obtaining funds through HCIP. Allen wrote:

From: Allen, Wayne
To: Deanes, Tonya (SES); Spiczak, Annie H. (SES); Ozben, Esra (SES)
Cc: Dudley, Jolisa
Sent: Thu Jan 06 17:09:04 2011
Subject: FW: FY 2011 HCIP Funds

...and the saga continues....

The SMG group informed me that "It was their understanding/impression" the HCIP 2011 efforts were to cease; Kathleen (nor any budget employees) were informed. Jeff Williams (Mr. Viani left early today) informed me that he'd pass on further information after the meeting with HR&A (which has now been pushed back until Tuesday evening). Kathleen's e-mail below conveys the message.

Thanks

In response, Jolisa Dudley questioned how the change in funding would affect the human resources conferences.

From: Dudley, Jolisa
Sent: Thursday, January 06, 2011 5:41 PM
To: Barritt, Thomas
Subject: Fw: FY 2011 HCIP Funds

What does this mean for us?

Thomas Barritt quickly responded, assuring Dudley that he would not allow the question of available HCIP funds to impact conference planning.

From: Barritt, Thomas [redacted]
To: Dudley, Jolisa [redacted]
Cc:
Bcc:
Subject: RE: FY 2011 HCIP Funds
Date: Thu Jan 06 2011 16:47:00 CST
Attachments:

"Full speed ahead until someone torpedoes my boat!!!!!"

Full speed ahead until someone torpedoes my boat!!!!!

In October 2010, Annie Spiczak, the Associate Deputy Assistant Secretary for Policy and Planning in the Office of Human Resources Management, suggested the Department offer spaces for smaller federal agencies to send attendees to its HR conferences. She wrote:

From: Spiczak, Annie H. (SES)
To: Barritt, Thomas
Cc: Kolen, Debbie
Sent: Fri Oct 01 17:04:34 2010
Subject: 30 - 50 Reservations for HR Conference

I think we should be good Federal partners and offer spaces to our two conferences to those small agencies that never get the opportunity to attend a professional training conference. Please let me know if 30 to 50 spaces for both conferences would work. Of course, they would pay their travel and hotel expenses. Our OPM HCO (Anita Spinner) would coordinate with the small agencies for their interest and participation. An invitation to attend should also go to Anita. Your thoughts?

Annie Spiczak

Associate Deputy Assistant Secretary

Policy & Planning, Office of Human Resources Management

Department of Veterans Affairs

In his response, Thomas Barritt told Spiczak he liked the idea.

From: Barritt, Thomas
Sent: Friday, October 01, 2010 5:27 PM
To: Spiczak, Annie H. (SES)
Cc: Kolen, Debbie
Subject: Re: 30 - 50 Reservations for HR Conference

Hmmm, we had already thought of putting OPM on the list, I don't have a problem with inviting some of the smaller Agencies, certainly we can all learn from each other. Will run it by committee.

After Barritt explained that he would discuss her idea with the other conference planners, Spiczak stated that she wanted to know the outcome as soon as possible.

From: Spiczak, Annie H. (SES) [redacted]
To: Barritt, Thomas [redacted]
Cc: Kolen, Debbie [redacted]
Bcc:
Subject: RE: 30 - 50 Reservations for HR Conference
Date: Fri Oct 01 2010 16:31:10 CDT
Attachments: image001.png

"We are a large agency with deep pockets."

Run it by your committee and let me know asap. We are a large agency with deep pockets.

Subsequent e-mail traffic shows that the conference planners tried to maximize their spending for promotional items. Edith Perry, a Program Manager, inquired as to whether she should make additional purchases to make the total cost as close as possible to the $3,000 limit for the promotional products.

From: Perry, Edith
Sent: Monday, June 06, 2011 11:21 AM
To: Thomas, Raquel
Subject: RE: H1506618QUOTE.doc

I'm okay with this. Should we add something else to it to make it as close to $3000 as possible?

"Should we add something else to make it as close to $3000 as possible?

Raquel Thomas, the VA Marketing and Recruitment Outreach Consultant, was responsible for "helping to secure" promotional items. She approved Perry's plan to maximize expenditures for the promotional products.

From: Thomas, Raquel
Sent: Monday, June 06, 2011 11:42 AM
To: Perry, Edith
Subject: RE: H1506618QUOTE.doc

I like your style.

Without considering budget limits or common sense restraint, Perry stated that at the VA, it was necessary to spend as much money as possible whenever permitted.

From: Perry, Edith
Sent: Monday, June 06, 2011 11:44 AM
To: Thomas, Raquel
Subject: RE: H1506618QUOTE.doc

☺ In this place you have to get it all in when you can.

"In this place you have to get it all in when you can."

As the employee in charge of overseeing conference marketing products, Thomas had the opportunity to control costs for promotional items. Not only did Thomas approve the added cost for the promotional products, she agreed with Perry that it was necessary to maximize spending wherever possible.

From: Thomas, Raquel
Sent: Monday, June 06, 2011 10:45 AM
To: Perry, Edith
Subject: RE: H1506618QUOTE.doc

LOL!!! I know right...

In February 2011, Thomas contacted Crestline, a promotional products consultant, to inquire about purchasing umbrellas to use as promotional items. Crestline responded by asking if there was a specific price range that Thomas wished to stay within.

From: Nicole Phillips [redacted]
Sent: Friday, February 11, 2011 5:04 PM
To: Thomas, Raquel
Subject: RE: Umbrellas

I'll look, is there a pricing range that you're looking at?

Nicole Phillips

Instead of providing the requested pricing guidelines, Thomas responded that there was no price range. She essentially ceded to Crestline all authority to determine a price point that the Department would be willing to pay.

From: Thomas, Raquel
Sent: Tuesday, February 22, 2011 9:25 AM
To: 'Nicole Phillips'
Subject: RE: Umbrellas

Hi Nicole,

Just returned to the office. No, there is not a price range.

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

"No, there is not a price range."

Thomas' lack of concern for the cost of promotional products and their relationship to the employee training purpose of the conferences fueled a wasteful spending binge on promotional products that reached nearly $98,000.[45]

In addition to superfluous promotional products, conference planners arranged for a conference kick-off video to be broadcast online to create "hype" for the conferences. Jeremy Wheeler, a video producer for the Department, sent an acquisitions request to Rita Treadwell, a VA Learning Consultant, for $4,000 to cover the live broadcast.

[45] IG REPORT, at ii.

From: Wheeler, Jeremy W
Sent: Thursday, April 28, 2011 9:30 AM
To: Treadwell, Rita
Subject: 11.VALU.RMT.HRCONFKICKOFF.A -- needs funds

Good Morning Rita,

This is for our broadcast next month, looking for at least $4000.00 for our live broadcast.

Thank you,
Jeremy

Treadwell explained that there were no longer any resources available through one of the VA's funding sources, Trade. Rather than questioning the purpose of the large expense for the live broadcast, Treadwell explained that Timothy Pleso could cover the expense with his government purchase card. Treadwell wrote:

From: Treadwell, Rita
Sent: Thursday, April 28, 2011 10:32 AM
To: Wheeler, Jeremy W
Cc: Emmet, Bronwyn B.; Pleso, Timothy W.
Subject: RE: 11.VALU.RMT.HRCONFKICKOFF.A -- needs funds

Hi Jeremy,

There is no money in trace. Since this is an HR conference "hype" for all VA employees, I wonder if it should go to outreach. Bronwyn is on the copy line, perhaps she can answer. Otherwise, Tim will pay this via credit card.

Rita

Bronwyn Emmet, an Executive Producer for the Veterans Health Administration Employee Education System, explained that she, along with Timothy Pleso, would handle the funding for the live broadcast. Emmet wrote:

From: Emmet, Bronwyn B.
Sent: Friday, April 29, 2011 9:13 AM
To: Treadwell, Rita; Wheeler, Jeremy W
Cc: Pleso, Timothy W.
Subject: RE: 11.VALU.RMT.HRCONFKICKOFF.A -- needs funds

"No worries."

Rita,

This is still considered education, but all funding for your projects goes through me and Tim Pleso. No worries.

b.

Throughout the conference planning process, Department employees maintained extensive freedom over how money should be spent for the conferences. Because conference planners had so much freedom, they did not adequately communicate costs that they accumulated individually with one another. As a result, the Department was unable to account for all costs at the conclusion of both conferences.

B. No Final Accounting of Costs

FINDING:	**The Department never conducted a final accounting of costs for its conferences. In fact, the VA was even unable to provide a cost estimate 19 months after the conferences had ended.**

Because the VA failed to establish any restrictions on conference spending, the Department was ultimately unable to determine all costs associated with the conferences. When the IG's office estimated that the conferences cost $6.1 million, its report explained that there were likely still many expenses unaccounted for.

In March 2013, during the Committee's investigation, the Department briefed Committee staff about the conferences. The Committee asked the Department to provide a final cost figure. At that time, the VA was unable to provide the Committee with a cost estimate for the conferences—19 months after the conferences had ended. The Department finally chose to adopt the OIG's cost estimate. The VA apparently lacked the necessary control mechanisms to track conference expenditures. Further, the Department's inability to account for all conference-related costs reflects an agency-wide culture of disregard for taxpayer dollars. To this day, the true cost of these conferences remains unknown—an unbelievable reality given current limitations on resources.

1. OIG's Difficulty in Estimating Costs

In his report, IG Opfer determined that the total cost for the conferences was $6.1 million.[46] He noted, however, that conference costs likely exceeded that estimate.[47]

Department employees in charge of conference expenditures scrambled to come up with accurate figures to provide to the OIG. The OIG requested travel, content, and venue costs for the conferences. When reporting a final conference cost figure, e-mails indicate that VA officials had several figures. In one instance, they chose to report the lowest figure.

[46] *Id.* at i.
[47] *Id.* at 42.

From: Tuning, Carrie Dr.
Sent: Friday, June 24, 2011 8:53 AM
To: Harrison, Robert; 'Melinda Griffin'
Cc: Pleso, Timothy W.; Wood, Anita
Subject: RE: HR Conference Cost
Importance: High

Good Morning Bob/Meg,

I have two sets of figures. Meg sent me $3,706,572 and Tim sent me $3,628, 952 and he said that his figures will probably be a little lower. Which figures should I use?

Carrie E. Tuning, D.A.
Learning Consultant
Evaluation & Career Technical Training

From:	Wood, Anita
Sent:	Friday, June 24, 2011 8:00 AM
To:	Tuning, Carrie Dr.; Harrison, Robert; 'Melinda Griffin'
Cc:	Pleso, Timothy W.
Subject:	RE: HR Conference Cost

Use $3,628, 952

ALW

As the OIG interviewed VA employees in preparing its report, employees in charge of conference planning were consistently unable to provide any sort of final accounting of conference cost totals.[48] The Department's lack of an itemized budget contributed to this problem significantly.[49]

Even though John Sepúlveda, the Assistant Secretary for Human Resources and Administration, received authorization from Secretary Eric Shinseki's Chief of Staff, John Gingrich, to hold three employee training conferences at a cost of $8 million, no one ever followed up with a detailed budget plan.[50] Conference planners made unilateral decisions to add extravagant expenses to an already expensive conference.

According to the IG's report, "senior leaders took a hands-off approach to conference management and oversight."[51] Time and again, senior management level officials, including John Sepúlveda, Alice Muellerweiss, and Tonya Deanes, failed to supervise conference expenditures even though they knew that conference planning was well underway. Officials delegated oversight duties to more junior staff members instead of undertaking any of their own responsibilities.[52] Junior staff received no guidelines for making spending decisions.[53] In this manner, VA employees spent taxpayer money without any accountability to senior VA officials.

[48] *Id.* at 41.
[49] *Id.*
[50] *Id.*
[51] *Id.* at 44.
[52] *Id.* at 43.

2. The VA Failed to Perform a Final Accounting

When asked to produce a final accounting for the conferences, the VA reported inconsistent figures. In April 2012, Human Resources and Administration reported in a memorandum to John Gingrich that the Department spent $5.1 million to train about 2,000 employees.[54] Four months later on August 16, 2012, Alice Muellerweiss, Dean of VALU, reported to the IG that the Department spent approximately $5.6 million on the conferences.[55] Just over a week later, on August 24, 2012, VA reported to Congress that the conferences cost a total of $5.2 million.[56] The IG later requested supporting documents for travel costs, and the Department then revised its previous figure.[57] On August 27, 2012, the Department reported to its OIG a total cost of $5.8 million.[58]

E-mails demonstrate that during the planning process, officials lacked a clear understanding of any budgetary guidelines for the conferences. Indeed, the numbers seemed to be a moving target. In January 2011, Department employee Gary Musicante discussed the budget for design, development, and training at the conferences. Initially, a budget of $2.3 million was submitted and then resubmitted for $4 million. Later, officials determined $3 million would cover the total cost of the conferences.

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[53] *Id.*
[54] *Id.* at 41.
[55] *Id.*
[56] *Id.*
[57] *Id.*
[58] *Id.*

From: Musicante, Gary
Sent: Tuesday, January 25, 2011 5:07 PM
To: Barritt, Thomas
Cc: Gardner, Johnathan
Subject: $ needed to design, develop and deliver training at HR conference

Tom,

We originally said $2.3 M, then revised and resubmitted as $4M. However, based on informal discussion w/the vendor, a figure of just under $3M would conservatively cover the design, development, and delivery of (14) two hour classes at the HR Conferences. Assuming some content is already developed, customization of existing content rather than creating from scratch will cost significantly less. This is a long-winded way of saying if we can get $3M that would be great but could probably work with the $2.3 M as long as some of the courses have already been developed and just need to be tweaked and delivered.

Johnathan: Anything to add/correct?

Gary

"[I]f we can get $3M that would be great but [we] could probably work with the $2.3M . . ."

When conference planners tried to determine the total cost of travel expenses for the conferences in early June 2011, they were unable to come up with an exact number. In June 2011, a VA Financial Analyst, Valerie Robinson, asked Timothy Pleso whether an estimated travel expense of $1,500 per attendee was correct.

From: Robinson, Valerie (VACO)
Sent: Tuesday, June 07, 2011 3:47 PM
To: Pleso, Timothy W.
Subject: RE: HCIP Funding End of Year Sweep FY11

Tim would you say the average cost of travel for these conference will be $1,500 per staff including staff members on TDY Status?

Pleso responded that the $1,500 travel estimate was a "safe number."[59]

From: Pleso, Timothy W.
Sent: Tuesday, June 07, 2011 4:02 PM
To: Robinson, Valerie (VACO)
Subject: RE: HCIP Funding End of Year Sweep FY11

Yes, that is a safe number.

[59] E-mail from Timothy Pleso to Valerie Robinson (Jun. 7, 2011).

Internal VA e-mails confirm the IG's findings that VA senior leadership failed to provide appropriate oversight. According to the IG report, Alice Muellerweiss, "by her own admission, knew nothing about her staff's activities involving the planning of the conferences and remained uninvolved."[60] Muellerweiss, however, received a cash award of approximately $17,600 for fiscal year 2011.[61] According to an e-mail from Dudley to Barritt, just weeks before the first conference, Muellerweiss was unaware of the training that would be offered at the conferences.

From: Dudley, Jolisa
To: Barritt, Thomas
Cc: Pleso, Timothy W.
Sent: Fri Jul 01 17:10:42 2011
Subject: Re: HR Conference Training Certificate

"Alice doesn't even have a clue what type of training is being given."

I don't know. Alice doesn't even have a clue what type of training is being given. Think Tonya would have some explaining to do as well. Also, note who is briefing the training to A/S; not Alice. Additionally, we were physically detailed to VALU. When is the last time Alice or Arthur asked you on question about the conference, beyond what they were doing as speakers? However, I will let this be your call. But I do think rationale relative to signatures needs to be examined is something that needs to be discussed for future events
Jolisa W. Dudley

On March 7, 2013, VA officials briefed Committee staff on the Department's FY 2011 conferences. During the briefing, Committee staff asked what the final cost was for the two conferences. Department representatives were unable to provide an answer. After the briefing, Committee staff requested that the Department provide information on the costs of the two conferences. After repeatedly asking for a final cost figure for the two conferences, the VA reported back to the Committee on May 31, 2013—almost two years since the conferences—that it was adopting the IG's final cost estimate of approximately $6.1 million.[62] The VA wrote that "the IG report included costs, with which VA concurs, of $6,137,577, to include program and travel costs."[63]

The Department failed to monitor costs throughout the conference planning process, and in the end, was unable to determine the final costs of the conferences. The VA's inability to ascertain or produce its own accounting of the conference costs is worrisome, especially in a time of rapidly growing budget deficits.

C. Conference Planning Gone Wild

Between purchasing promotional products and planning a "signature" conference kick-off event, planners spent many months brainstorming ideas to make the conferences more attractive for attendees. Because Department management provided virtually no oversight over promotional products, planners were free to purchase practically anything they wished. Once the marketing team was allocated $450,000, planners spent months contacting numerous vendors about purchasing products completely unrelated to training for HR employees.

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[60] *Id.* at 20.
[61] *Id.* at 44.
[62] Staff Questions, H. Comm. on Oversight & Gov't Reform (Mar. 7, 2013) [hereinafter Staff Questions].
[63] *Id.*

Because conference planners did not have to answer to any oversight authority on whether promotional products were in any way related to the conferences, marketing team members contacted vendors to inquire about purchasing trinkets such as hand clappers, aprons, and umbrellas. In the end, planners squandered nearly $98,000 on promotional packets, which included water bottles, fitness walking kits, and exercise bands.[64]

Planners also spent months planning a pre-conference kick-off event that would boost HR employees' excitement about the conferences. After conference planners were instructed that Sepúlveda wanted the kick-off to be a "signature" event, they proposed over-the-top ideas, including an appearance by NFL football cheerleaders. Planning for the kick-off event became so time-consuming that some employees complained that they were left with insufficient time to complete their regularly assigned workloads. Lead conference planners met their concerns with indifference. These leaders seemingly believed the HR conferences should be each planner's primary focus.

1. Marketing

FINDING:	**The Department actually provided a cap for the marketing budget, but it was a staggering $450,000. E-mails show that conference planners quickly lost sight of the objective of purchasing promotional items relating to employee training because of the large budget.**

The Department spent liberally on promotional items and other marketing products. This spending was contrary to the advice of the Office of the General Counsel (OGC). Prior to the purchase of these items, an OGC appropriations expert advised Raquel Thomas, the Office of Human Resources Management Marketing and Outreach Consultant, that certain promotional products were impermissible under Department policy.[65] For example, the General Counsel's office advised that the cost of the notebooks should be limited to $2 each.[66] In spite of this clear limit, conference planners purchased more expensive notebooks.[67] In fact, the Department bought over 3,600 notebooks even though there were only 1,800 conference attendees.

Thomas knew about the General Counsel's opinion, and still failed to share it with other conference planners.[68] She also did not disclose the information to Tonya Deanes, who was responsible for deciding whether to approve the purchase of promotional items.[69]

In March 2011, Wayne Allen notified Raquel Thomas that she had a marketing budget of more than $450,000.

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[64] IG REPORT, at 71.
[65] *Id.* at 18.
[66] *Id.* at 71.
[67] *Id.*
[68] *Id.* at 18.
[69] *Id.*

From: Allen, Wayne
Sent: Wednesday, March 16, 2011 10:37 AM
To: Thomas, Raquel
Subject: RE: HRC Budget approval

Yes,

We have more than enough from what I first estimated – upwards of $450K.

Thanks

Wayne

Thomas was overjoyed to learn the amount of the marketing budget.

From: Thomas, Raquel
Sent: Wednesday, March 16, 2011 11:01 AM
To: Allen, Wayne
Subject: RE: HRC Budget approval

"Yes!!!!!!!!!!!!!!

Yes!!!!!!!!!!!!!!

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

The large budget encouraged conference planners to consider purchasing completely unnecessary promotional products such as hand clappers, aprons, screen cleaners, and hand sanitizers. With a budget of over $450,000, ideas for wasteful promotional ideas proliferated. Conference planners lost sight of linking the purchase of promotional items to the employee training purpose of the conferences.

In February 2011, Thomas asked a vendor, Crestline, about purchasing umbrellas as a promotional item.

From: Thomas, Raquel [redacted]
Sent: Friday, February 11, 2011 2:35 PM
To: Nicole Phillips
Subject: Umbrellas

Hi Nicole,

I do hope your day is going well.

I received 3 umbrellas that were very nice. I am looking to see if you have a middle version of them. I like the small one because it is compact. However, I like the large ones for their sturdiness.

Any suggestions?

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

"I received 3 umbrellas that were very nice."

One month later, Thomas joked about her ability to add any and all promotional items she wished to the already growing quantity.

From: Thomas, Raquel
Sent: Thursday, March 03, 2011 4:20 PM
To: Barritt, Thomas; Allen, Wayne
Cc: Nyers, Conni; Dudley, Jollsa
Subject: RE: Marketing Budget as of MAR 3, 2011

Sure thing.

FYI...I'm sure I could add a lot more...bells...whistles...balloons...cars.☺

"FYI . . . I'm sure I could add a lot more . . . bells . . . whistles . . . balloons . . . cars.☺"

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

The cost of promotional products eventually reached nearly $113,000.[70]

Thomas Barritt, Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management, and one of the senior employees to whom Tonya Deanes delegated her conference oversight authority, joked to Thomas that the conference planners should add Blu-ray players, large televisions, iPhones, and iPads to the list.

From: Barritt, Thomas
Sent: Thursday, March 03, 2011 4:28 PM
To: Thomas, Raquel
Subject: RE: Marketing Budget as of MAR 3, 2011

Yea, plus Blueray players, flatscreens (large), IPhones and Pads, etc, etc, etc.....

That same month, one conference planner even proposed that the VA should purchase screen cleaners for all conference attendees at a cost of $11,000.

[70] *Id.* at 71.

"The Workforce Planning and Analysis Group (SHCPS/OHRM) would like to purchase 'give-aways' for the HR Conferences."

From: Goggins, Margo
To: Allen, Wayne
Sent: Wed Mar 30 09:41:50 2011
Subject: Budget for HR Conference Give-Aways

Hello Wayne,
The Workforce Planning and Analysis Group (SHCPS/OHRM) would like to purchase "give-aways" for the HR Conferences. Does OHRM have the funds to purchase laptop screen cleaners that will include our workforce planning branding/logo? See the Digimates screen print below. If we purchase 5000 of these cleaners – we estimate the cost to be about $11K. Please let me know if there is a budget for this. Thanks so much for your help!

Although Barritt had joked earlier that month about adding expensive electronic equipment such as Blu-ray players as televisions to the list of promotion products, just a few weeks later he changed his tone. He voiced concern about the request to purchase screen cleaners, and became concerned that he could get himself into "hot water."[71]

From:	Barritt, Thomas
Sent:	Wednesday, March 30, 2011 2:45 PM
To:	Allen, Wayne; LaGrone, Ann
Cc:	Goggins, Margo; Thomas, Raquel; Dudley, Jolisa; Maggio, Nicole
Subject:	RE: Budget for HR Conference Give-Aways

Wayne, my buddy, my friend....I know we have a budget for promotional items for the conference. Can some of OHRM Services (such as SHCPS) use some of this money to purchase items such as what Margo has asked for??? Should this be wrapped into the items that Raquel is working on????

When you get back, we may want to get together again to talk about exactly what this money is to be used for...I don't want to get myself in hot water. Thanks

Later, in May 2011, Timothy Pleso voiced more concerns about the proposed promotional items. He explained that although he did not want to be the "bad guy," he thought the promotional products should add some degree of learning value to the conferences.

[71] E-mail from Thomas Barritt to Wayne Allen, Ann LaGrone (Mar. 30, 2011).

From: Pleso, Timothy W.
Sent: Thursday, May 05, 2011 1:43 PM
To: Dudley, Jolisa; Thomas, Raquel; Barritt, Thomas
Subject: RE: Promotional Items

Hello Raquel, after reviewing the promotional items, my recommendation is as follows:

Unit Price

Recommendation

Broadway Blue Pen

$1,700

$ 0.61

No, although low cost, the hotel provides pens and pads

Trifolio

$23,000

$ 8.21

Maybe. I would recommend either the Trifolio or Ultra Hyde Vertical Bag

Hand sanitizer

$5,100

$ 1.82

No, no learning value

Ultra Hyde Vertical Bag

$28,000

$ 10.00

Maybe. I would recommend either the Trifolio or Ultra Hyde Vertical Bag

Tangle Hub

$21,000

$ 7.50

No, no learning value

Clappers

$2,000

$ 0.71

No, no learning value

"I hate to be the bad guy, but we really need to be careful on what we are wanting to order. . . . I don't think we need to market the VA to VA employees through this event."

I hate to be the bad guy, but we really need to be careful on what we are wanting to order. We need to keep our costs down and if we do order something, it should have some type of learning value being this is a training conference. I don't think we need to market the VA to VA employees through this event. Also, any items that are purchased, I would limit it to 2200 in lieu of 2800.

Tim

Nevertheless, many items Pleso listed as having no learning value—such as the USB hubs, bags, and padfolios—were ultimately approved as conference promotional items.

Just days before the first conference and after many months of planning, Evelyn Abrams, an employee in the Department's Resource Management Service, inquired about the VA regulations for gifts and mementos. Abrams wrote:

From: Abrams, Evelyn
Sent: Thursday, July 07, 2011 1:13 PM
To: Pleso, Timothy W.
Subject: Gifts & Mementos

Good afternoon,
I'm new here working in HR and hate to be a pest, but could you by chance give me the policy or regulation name and number that you got the information about gifts and mementos. Thank you so much for your help and assistance on this and I truly do appreciate it as well.

Thanks so much and have a wonderful day.

Evelyn

In addition to Thomas' failure to disclose the OGC opinion on promotional products, e-mails reveal this to be one of the rare instances in which a conference planner inquired about the relevant regulations. Apart from this request from a new employee, a nonchalant attitude among employees towards adherence to VA policies and regulations prevailed.

Pleso's response indicated that he was aware of several important aspects of the Department's policy on the acceptance of gifts.

"I wanted to provide you the below regulatory guidance covering gifts and mementos for the HR Conference . . . ."

From: Pleso, Timothy W.
To: Barritt, Thomas
Cc: Wood, Anita; Griffin, Melinda; Wakeley, Sara
Sent: Mon Apr 04 10:03:16 2011
Subject: Gifts & Momentos

Good morning Tom, I wanted to provide you the below regulatory guidance covering gifts and mementos for the HR Conference prior to the 4:00pm meeting today. I assume you are planning on purchasing some type of gifts/mementos for the HR Conference but prior to doing so, I want to ensure you are aware of the policy concerning them. If you have any questions, please let me know. This is a highly visible/inspectable area so when in doubt, CYA (Call Your Attorney)☺.

Gifts or mementos to employees: Inexpensive gifts or mementos may be distributed to employees to commemorate an event or to convey a message important to the achievement of VA's objectives. Such items must be reasonably necessary to accomplish a mission of the Department and may not have any intrinsic value (i.e., no retail or resale value and cannot be used solely for personal purposes). Examples of gifts and mementos having no intrinsic value include items such as low cost Government pens and pencils, buttons, medals, and magnets.

Tim Pleso
Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

Despite his awareness of the gift policy, Pleso improperly accepted over $1,700 in gifts, both during site visits and at the actual conferences.[72] Pleso was not the only VA employee to accept improper gifts. In total, seven VA employees accepted improper gifts totaling almost $6,000.[73] Nevertheless, four of those seven employees received cash bonuses from the Department for planning the conferences.

In late July 2011, a Senior Associate with Booz Allen Hamilton, who handled providing marketing services, proposed that conference planners should give away gift cards at the conferences as an incentive for filling out an opinion survey about the conferences.

From: Chirichiello, Kathi [USA]
Sent: Friday, July 22, 2011 01:33 PM
To: Haradon, David [USA]; Hosea, Kirsty [USA]
Subject: Info needed: holding a small drawing a the VAa HR Conference

David, Kirsty –
Do either of you know, or can you point me in the direction of who would know, the rules surrounding doing a random drawing at the VA HR Conference. We have a survey that we would like users to fill out – in order to bolster participation, we would like to hold some kind of drawing for a small item(s) – like a $10 or $20 gift card (paid for out of contract money) or something along those lines. Do you know if there are any rules around doing such a drawing?

Thanks –
Kathi

[72] IG REPORT, at 27.
[73] *Id.* at 31.

Jolisa Dudley admitted she did not know the Department's official position, and asked that Timothy Pleso, Anita Wood, or Melinda ("Meg") Griffin determine whether the giveaways would be appropriate.

From: Dudley, Jolisa
Sent: Friday, July 22, 2011 2:29 PM
To: [redacted]
Cc: Pleso, Timothy W.
Subject: Re: Info needed: holding a small drawing a the Va HR Conference

Tim Pleso, Anita Wood or Meg Griffin. Seems harmless, but I don't know official position
Jolisa W. Dudley

Although Timothy Pleso expressed earlier concern about the need for promotional items and gifts to be connected to employee training, he authorized the gift card giveaways at the conferences. He did not advise that OGC or other management-level authority should approve the giveaways. Nor did he express concern about why a federal agency needs to incentivize its employees to fill out surveys. There is no evidence that Pleso or anyone else at VA considered the fact that they could make the surveys mandatory.

From: Pleso, Timothy W.
To: Dudley, Jolisa; [redacted]
Sent: Fri Jul 22 15:49:21 2011
Subject: RE: Info needed: holding a small drawing a the Va HR Conference

I don't see an issue, but would recommend you stay under $20. Is it only for their feedback from a survey?

Jolisa Dudley approved of Pleso's response.

From: Dudley, Jolisa
Sent: Friday, July 22, 2011 3:22 PM
To: Pleso, Timothy W.
Cc: [redacted]
Subject: Re: Info needed: holding a small drawing a the Va HR Conference

"You da man!"

You da man!
Jolisa W. Dudley

The Department could have simply required that its employees fill out the surveys. There was no need to use taxpayer dollars to incentivize through gift card giveaways what could have simply been made mandatory. These e-mails also illustrate a broader theme of the conferences; conference planners viewed themselves as the ultimate authority on the conferences, and firmly believed that they did not have to concern themselves with obeying federal laws or employee standards of conduct.

2. Conference Kick-Off

FINDING:	The conference planners spent a lot of time and energy planning the kick-off event—often referred to as the "pep rally"—for the conferences. In fact, as the scope of the kick-off event increased, some VA employees became worried that they no longer had sufficient time to handle their regular workloads in addition to conference planning duties.

Conference planners organized a pre-conference kick-off event to create buzz about the conferences. Planners arranged for the kick-off event to be broadcast live on the VA Network in May 2011. Conference planners referred to the kick-off as a "pep rally," and intended for it to be much more than an announcement about the upcoming conferences. Sepúlveda considered the kick-off to be the "signature event" for the conferences.

From: Dudley, Jolisa
Sent: Wednesday, May 04, 2011 9:55 AM
To: Castillo, Andre Joaquin
Cc: Barritt, Thomas; Woolfolk, Kasia; Shirk, Annie; Maggio, Nicole
Subject: HRC 2011 Kick-off Program Agenda 5-3-2011 Draft.doc
Importance: High

Hi Andre

Not sure if you are aware of this already but the HR Co[illegible]ce Kickoff activity is fast approaching and in addition to introducing the [illegible]pSEC, A/S wants to speak. A/S has indicated he considers this his "Signature Event" so in the interest of time, we are helping you can provide us some support.

Can you assist in the preparation of remarks for him to speak for approximately 8-10 minutes ....wrapping up with his intro of the DepSEC?

As you can imagine the intent of the Kickoff is to get folks excited about the conference, and its broader implications for the HR profession and the Department's mission.

"A/S has indicated he considers this his "Signature Event" so in the interest of time, we are [hoping] you can provide us some support."

Conference planners saw the kick-off event as their chance to prove to HR management that they were managing the conferences properly and that all planning would be complete and finalized in time.

From: Barritt, Thomas
Sent: Tuesday, May 17, 2011 8:51 AM
To: [redacted] 'Karen Francisco'; 'Robbin Wiggs'; Nyers, Conni; Dudley, Jolisa; Gardner, Johnathan; Maggio, Nicole; Vaughan, Cynthia; Pierce, Tarik; Woolfolk, Kasia; Shirk, Annie; Carter, Rhonda; Moore, Tongela; Allen, Wayne; Gardner, Johnathan; 'Hundt, Jen'
Cc: Musicante, Gary; McMahan, Arthur P, PhD, VALU
Subject: DAS Briefing

I will be in meetings most of the morning. I am asking each one of you to take the lead and be able to brief the DAS as follows:

Kickoff: Jolisa, Annie and Kasia, please go over the whole program from start to finish, if available bring a copy of the music, I will bring my laptop and try to access the film for her review. You need to go over each detail with her so her comfort level is up. Have we scheduled the run through with VALU and EES yet??? Also, there is a program before ours in room 230, will this cause a problem for EES and the production company.

All, don't plan more than 10 minutes for each discussion. Keep comments short and succinct but informative. Have handouts available for all. You all have done a lot of work and put a lot of time into your areas – let's show her the fruits of your labors. Things are falling into place but we have to keep the movement forward. One week until the kickoff and this will be our first test – we need to hit this out of the park to set the stage for the BCE (Big Conference Event) and give a sense of comfort to all our HR Management that we have a handle on the conference.

Thanks, Tom

"[W]e need to hit this out of the park and set the stage for the BCE (Big Conference Event) and give a sense of comfort to all our HR Management that we have a handle on the conference."

According to an excerpt from an agenda for a conference planning meeting, Raquel Thomas asked about the possibility of having a celebrity appearance at the event.

- Kick-Off event: Kasia Woolfolk
  1. Scheduled for May 24, 12pm-3pm. Scheduled by Nicole Maggio
  2. Coordinate with Prince Taylor and Nicole Maggio
  3. Contact VACO Broadcast – want media coverage. Contact Ken Mckenna
  4. Raquel
     1. Can we get a celebrity to come to Kick-Off?
     2. Balloons
     3. Need to provide Annie with file for posters for Kick-Off

Can we get a celebrity to come to Kick-Off?

Following up on her celebrity idea for the "Kick-Off," Thomas contacted the Washington Redskins in May 2011 to ask if the team's cheerleaders could make a guest appearance.

From: Signe Hilton [redacted]
Sent: Monday, May 09, 2011 4:35 PM
To: Thomas, Raquel
Subject: Washington Redskins Cheerleaders

"Your request to have the Washington Redskins Cheerleaders at your event was forwarded to me."

Hi Raquel,

Your request to have the Washington Redskins Cheerleaders at your event was forwarded to me. Unfortunately the date of your event is when our squad is out of the country on their calendar shoot. We do have our Ambassadors available and the charity rate for appearance includes 2 ladies for 2 hours to sign photos, help with the event, take pictures, etc. Let me know if you would like to discuss further!

Thanks very much!

Signe

Signe Hilton
Stadium Production

The cheerleaders were unavailable, but the team representative offered to have "Ambassadors" available to attend the conference kick-off. In her response, Thomas was unconcerned with what the "charity rate" would be for the appearance.

From: Thomas, Raquel
Sent: Monday, May 09, 2011 7:12 PM
To: [redacted]
Subject: Re: Washington Redskins Cheerleaders

Could you please explain a little about them? As in do they were uniforms? Have pom poms...etc

Sincerely,
Raquel R. Thomas
Marketing & Recruitment Outreach Consultant Recruitment & Placement Policy (059)
Office of Human Resources Management
Department of Veterans Affairs

Thomas was more concerned about whether the "Ambassadors" would still look like the team's cheerleaders.

As the scope of the kick-off increased, some conference planners became worried that they no longer had sufficient time to handle their normal responsibilities in addition to conference planning duties. One conference planner expressed concern that the scope of the kick-off had become too great.

From: Shirk, Annie
Sent: Monday, May 09, 2011 11:00 AM
To: Dudley, Jolisa; Woolfolk, Kasia; Thomas, Raquel
Cc: Barritt, Thomas; Kollar, Ellen; Csepko, Kent
Subject: RE: HRC 2011 Kick-off Program Agenda 5-3-2011 Draft.doc

Good Morning Jolisa,

I was out on sick leave on Friday, and Kasia was out on emergency leave. Additionally, Kasia is out on a review this week and I will be leaving early today. So, not much has been accomplished as far as the items you have addressed. Additionally, I saw that Kasia and I are responsible for coming up with talking points for the speakers. It was my understanding that you and Tom were going to up with those. Did this change during the meeting on Friday? To be frank, with Kasia out, I do not have enough time to accomplish a lot of what needs to do be done with my workload. More people need to be assigned for this kick-off. Additionally, I do realize that this a learning experience, but my lack of knowledge of everything that needs to be done for this event leaves me frustrated every time I find out something should have been done or should have been asked for, etc.

Jolisa, I do mean to be directing my frustration at you. It is simply, that every time it seems that Kasia and I get a handle on things, something else comes up, changes, or needs to be done and I am unable to keep up or do not have the time necessary to dedicate to this project. Additionally, before the kick-off was even planned, Kasia informed both Raquel and Tom that she would be gone every other week for already planned stations reviews that would be occurring during the planning of this kick-off. By no fault of her own, this has left things that still need to be done. I believe this is an oversight that should have been addressed before this project even began.

Please know that I am willing to help where I can, but the scope of the kick-off has grown immensely and the work necessary to ensure that kick-off is a success is beyond what I can balance with my regular work. I am fairly sure that Kasia feels the same way.

Please let me know w[illegible]n be done to address these issues so that the Kick-Off can be accomplished.

Sincerely,

~Annie

~Annie N. Shirk
Program Analyst
Department of Veterans Affairs
Office of Oversight & Effectiveness

"Please know that I am willing to help where I can, but the scope of the kick-off has grown immensely and the work necessary to ensure that [the] kick-off is a success is beyond what I can balance with my regular work."

Because the scope of the kick-off was so expansive, this conference planner was unable to finish many of the tasks that Jolisa Dudley had assigned, such as preparing talking points for the speakers.

Another conference planner echoed concerns about the immense scope of the kick-off event, and the inability of some conference planners to complete their assigned VA work.

"While my service is happy to support the HR Conference, our primary responsibility is the accountability program. The workload that you are assigning for the conference is too much in addition to their regular workload."

From: Kollar, Ellen
To: Dudley, Jolisa; Thomas, Raquel; Barritt, Thomas
Cc: Cseplo, Kent; Shirk, Annie; Woolfolk, Kasia
Sent: Mon May 09 13:14:10 2011
Subject: RE: HRC 2011 Kick-off Program Agenda 5-3-2011 D

The answer is no. In the future, before mak[illegible] assignments to my staff please contact me. As their supervisor, I must remind you that both Kasia Woolfolk Davis and Annie Shirk have responsibilities in Oversight and Effectiveness. While my service is happy to support the HR Conference, our primary responsibility is the accountability program. The workload that you are assigning for the conference is too much in addition to their regular workload. Please look into using event planners from the conference to provide you with support.

Dudley responded that the kick-off work was primarily to support senior-level Department officials such as John Sepúlveda and Tonya Deanes. She accepted no responsibility for assigning VA employees too many conference responsibilities.

"As a reminder, planning for [the] conference is to support DAS, and A/S, not me and Tom."

From: Dudley, Jolisa
Sent: Monday, May 09, 2011 1:24 PM
To: Kollar, Ellen; Thomas, Raquel; Barritt, Thomas
Cc: Cseplo, Kent; Shirk, Annie; Woolfolk, Kasia
Subject: Re: HRC 2011 Kick-off Program Agenda 5-3-2011 Draft.doc

Ellen

We are all busy. As a reminder, planning for conference is to support DAS, and A/S, not me and Tom.

I would have assumed your staff gained your approval prior to volunteering to lead this activity.

However, if they did not and can no longer support, please advise soonest. We should not be placed in the position of having to coordinate every requirement for something of this nature. I am very sensitive to things like this in general

Jolisa W. Dudley

D. Lack of Stewardship of Taxpayer Dollars

Throughout the conference planning process, the Department showed scant regard for taxpayer dollars. Conference planners spent over $10,000 on pre-planning site visits to various cities and hotels, without knowing whether the hotels they visited would actually bid on a contract for the Department's conferences. Further, during several site visits, VA employees received improper gifts in the form of champagne glasses, spa treatments, and limousine and helicopter rides.

After planners agreed that the conferences would take place in Orlando, planners began to brainstorm ideas for the conferences. These ideas included providing each training classroom with a $29,000 multimedia podium and renting a photo booth at a cost of $1,500 per day. Further, planners spent months organizing DJ and karaoke nights, game nights, and a *Patton* parody video, which were all unrelated to employee training. In the end, planners who advocated for these costly expenditures were given special recognition at the conferences and ultimately received cash awards.

1. Site Visits

FINDING:	E-mails demonstrate that the VA conference planners treated the site visits to Dallas, Nashville, and Orlando more as vacations than work trips. They enjoyed helicopter rides and other perks from the hotels.

Initially, the VA created an extensive list of potential conference locations across the United States. The list included New Orleans, Austin, St. Louis, Indianapolis, San Diego, Anaheim, and Las Vegas. Las Vegas was the site of the General Services Administration's now-infamous 2010 Western Regions Conference. E-mails show that senior Department officials removed Las Vegas from the list because it "would appear as a boondoggle at taxpayers' expense."[74]

"Las Vegas has been taken off the list by our senior management. I think anything that would appear as a boondoggle at taxpayers [sic] expense must be avoided."

From: Barritt, Thomas
Sent: Friday, September 17, 2010 8:33 AM
To: Pleso, Timothy W. (NTEO); Carter, Rhonda
Cc: Dudley, Jolisa; Maggio, Nicole; Kolen, Debbie; Hummer, [illegible]
Raquel; Wiley, Samia L.; Pierce, Tarik; LaGrone, Ann; Allen, [illegible]
Rayshad Ph.D.; Pryor, Sonya, VBAVACO; Walker, Dot (Dorothy); Nyers, Conni
Subject: Answers to questions

Hi Tim and Rhonda, We are going to push ahead with two conferences. I have run the numbers there are approximately 4,000 HR Professionals – (GS-201 and 203). These do not count the HR Liaisons here in Washington, DC and elsewhere. We would like to push for 1500/1700 at each conference. That would give us approximately 75% which would be an all time record for HR Conferences. We will need to work closely with several people to see what we can do for travel. M[illegible] classes will be work sessions, not just talking heads as normal.

A few of us stayed after our meeting yesterday and had a brainstorming conversation about how to do this and where. Your ideas would be greatly appreciated. Las Vegas has been taken off the list by our senior management. I think anything that would appear as a boondoggle at taxpayers expense must be avoided. That said, what about two in the middle of the country and in locations where they may need the business and give us a great deal. We talked about New Orleans, Austin, St Louis, Indianapolis, San Antonio – we did bat around Orlando and San Diego as an east/west coast alternative. Need to talk about guest speakers as well and utilizing LMS as the registration mechanism.

After the list of potential conference locations was narrowed to Dallas, Nashville, and Orlando, seven VA employees made pre-conference visits to determine the conference site.[75] According to the IG's report, these visits cost $10,666.[76] These trips took place before the VA issued the Request for Proposal (RFP)—before the hotels could even submit a bid on the

[74] E-mail from Thomas Barritt to Timothy Pleso, Rhonda Carter (Sept. 17, 2010).
[75] IG REPORT at 39.
[76] *Id.*

contract.[77] During these visits, employees accepted improper gifts from hotels including meals, spa treatments, gift baskets, show tickets, and limousine and helicopter rides.[78]

Prior to visiting these properties, representatives asked conference planners to inform the Orlando Marriott about any food allergies, so that the hotel staff could prepare special meals for VA employees during their visit. Conference planners were also to inform the Gaylord Hotel in Orlando if they were interested in taking a helicopter ride over Disney property.

From: Wakeley, Sara
Sent: Tuesday, December 07, 2010 3:01 PM
To: Dudley, Jolisa
Subject: Site Visits to Nashville and Orlando

"Please inform me of any food allergies and confirm you will or will not like to attend the helicopter ride over the Disney property."

Good Afternoon Ms. Dudley:

I know my requests have been many but at your earliest convenience, please send me your flight information for the site visits to Nashville and Orlando. Please inform me of any food allergies and confirm you will or will not like to attend the helicopter ride over the Disney property.

Sara Wakeley

Department of Veterans Affairs

Without pause, Dudley responded affirmatively.

[78] *Id.* at 25.

From: Dudley, Jolisa [redacted]
To: Wakeley, Sara [redacted]
Cc: Nyers, Conni [redacted]
Bcc:
Subject: RE: Site Visits to Nashville and Orlando
Date: Tue Dec 07 2010 14:03:13 CST
Attachments: image001.png
image002.jpg

My reservations are still being worked, so I will get them to you as soon as I have them. I don't have any food allergies. I would love to take the helicopter ride!

"I would love to take the helicopter ride!"

Jolisa
Jolisa W. Dudley
Executive Assistant
Office of Human Resources Management
Department of Veterans Affairs

When conference planners visited the Swan and Dolphin hotel in Orlando, employees also received improper gifts, including meals. During some site visits, hotel chefs prepared special meals for the conference planners.

From: Wakeley, Sara [redacted]
Sent: Monday, December 20, 2010 8:57 AM
To: [redacted]; McAlister, Kelly; O'Brien, Nancy; Miller, Ted
Cc: Pleso, Timothy W.
Subject: THANK YOU from the Department of Veterans Affairs

Good Morning:

On behalf of the entire HR Conference Team, I wanted to extend a huge thank you for your hospitality at the Swan and Dolphin last week. Please personally thank the chef for me as the food we were served was amazing!! A few members of our team did eat dinner down on the Boardwalk that night, thank you for the transportation. The hospitality suite was exactly what our team needed for a team meeting in addition to a quick relaxation period.

Ted: It was a pleasure meeting you in person, finally!

Nancy: Your team did a great job taking care of us and I look forward to meeting you in the future.

Our team wishes everyone a very happy holiday season and a wonderful New Year.

Sara Wakeley

Department of Veterans Affairs

Event Management Assistant

VA Learning University

While conference planners received many perks during numerous site visits, they also requested and received overtime pay. For example, on December 15, 2010—the same day conference planners took a helicopter ride—they received overtime pay in addition to their regular pay.

Site Visit Agenda

[illegible]	
6:15am	Depart to Orlando (Transportation provided by Gaylord Opryland)
7:45am-10:35am	Fly from Nashville to Orlando
8:50am	Transportation for Onika from Orlando International to Gaylord Palms
10:35am	Transport from the airport to the Gaylord Palms
11:30am-12:30pm	Check-in rooms→Meet in front lobby/Lunch
12:30pm-1:30pm	ICE! (Dress warmly and wear closed toed shoes)
2:30-2:45pm	Helicopter Tour
3:00pm-3:30pm	Team Huddle to discuss the property
3:30pm-5:30pm	Personal Time
3:30pm (tentative)	Transportation for Rhonda from Gaylord Opryland to airport
5:30pm	Dinner at Sunset Sams-Meet in the front lobby

Two conference planners, Timothy Pleso and Sara Wakeley, requested overtime pay for December 15, 2010.

From: Pleso, Timothy W.
Sent: Monday, December 13, 2010 9:47 AM
To: Wood, Anita
Cc: Wakeley, Sara; Marchant, Debra; Wilkerson, Danielle
Subject: Request for OT (Dec 13-17)

Anita, I am requesting the below OT for Sara and I to support the Secretary's program in January.

Pleso - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
12/13/2010	6:30 - 3:00	8.50	Work/Travel	8.50	0.00
12/14/2010	6:30 - 3:00	8.50	7:30am - 5:30pm	10.00	1.50
12/15/2010	6:30 - 3:00	8.50	7:30am - 5:30pm	10.00	1.50
12/16/2010	6:30 - 3:00	8.50	7:30am - 7:30pm	12.00	3.50
12/17/2010	6:30 - 3:00	8.50	Work/Travel	8.50	0.00
					6.50

Wakeley - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
12/13/2010	8:00 - 4:30	8.50	Work/Travel	8.50	0.00
12/14/2010	8:00 - 4:30	8.50	7:30am - 5:30pm	10.00	1.50
12/15/2010	8:00 - 4:30	8.50	7:30am - 5:30pm	10.00	1.50
12/16/2010	8:00 - 4:30	8.50	7:30am - 7:30pm	12.00	3.50
12/17/2010	8:00 - 4:30	8.50	Work/Travel	8.50	0.00
					6.50

Please let me know if you have any questions.

Thank you,

Tim Pleso
Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

Just one hour later, Anita Wood approved both employees' requests for overtime without any questions.

From: Wood, Anita
Sent: Monday, December 13, 2010 10:44 AM
To: Miller, Constance; Wilkerson, Danielle; Pleso, Timothy W.
Cc: Wakeley, Sara; Marchant, Debra
Subject: RE: Request for OT (Dec 13-17)

OT is approved for both folks

Anita

During the December 2010 site visit to the Orlando Marriott, which the Department ultimately selected to host the conferences, the hotel placed Christmas lights and snacks in VA employees' rooms. Each employee also received complimentary champagne glasses. After the visit, one conference planner requested that additional champagne glasses be sent to John Sepúlveda, the Assistant Secretary for Human Resources and Administration.

From: Wakeley, Sara [redacted]
Sent: Monday, December 20, 2010 10:24 AM
To: Temby, Bonnie
Cc: Pleso, Timothy W.
Subject: THANK YOU from the Department of Veterans Affairs
Good Morning Bonnie:

On behalf of the HR Conference Team, I wanted to extend a huge thank you for your hospitality during our site visit of the Marriott World Center. The small details of the Christmas lights and the snacks in our rooms were a great help to our whirlwind travel week. Having the I Pad full of pictures allowed our team to truly envision what the hotel was capable of in addition to what their rooms would look like. The Power Point was another great tool and I look forward to looking it over in detail.

The champagne glasses were a great touch and I am sure our Assistant Secretary would love to see them. When possible, please send them to:

Sara Wakeley

Department of Veterans Affairs

"The champagne glasses were a great touch and I am sure our Assistant Secretary would love to see them."

In addition, conference planners received aprons from the Orlando Marriott after the site visit, and also asked that the signage options presented during the site visit be sent to the VA.

From: Wakeley, Sara [redacted]
Sent: Thursday, December 23, 2010 9:42 AM
To: Temby, Bonnie
Subject: RE: THANK YOU from the Department of Veterans Affairs
We received the glasses, aprons, and your PowerPoint. Thank you! Would it be possible to also have the stars that were on the floor? We wanted to be able to present to the Assistant Secretary the signage options and give him a chance to see those up close. Once again, thank you for everything Bonnie.

Sara Wakeley

E-mails show the visits turned into entertainment-focused vacations. Prior to the Orlando visit, Thomas Barritt, the Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management, was excited because Melinda Griffin, the VALU Program Manager in Orlando, would attend the site visit.

From: Griffin, Melinda E.
Sent: Wednesday, March 09, 2011 8:26 AM
To: Paula Antonovich; Pleso, Timothy W.; Barritt, Thomas; Dudley, Jolisa; Robbin Wiggs; Cameron, Heather; Komal Jobe; Komal Jobe; Temby, Bonnie
Cc: Popular-Lawhorn, Karen; Wood, Anita; McMahan, Arthur P, PhD, VALU
Subject: RE: HR Conference Site Visit

Yes, I will attend

Melinda Griffin, VALU Program Manager

Barritt seemed more focused on enjoying himself at the site visits rather than selecting a venue appropriate for training conferences.

From: Barritt, Thomas
Sent: Wednesday, March 09, 2011 7:36 AM
To: Pleso, Timothy W.
Cc: Griffin, Melinda E.
Subject: FW: HR Conference Site Visit

"Wahoo, looks like a good time will be had by all . . ."

Hey Tim, the party animal is coming!!!! LOL

Hey Meg, can't wait to see ya again. Need to talk with you about those films you mentioned and some other ideas.

Wahoo, looks like a good time will be had by all... ☺

Griffin was a local VA employee in Orlando, who could have easily visited the hotels without accruing traveling and lodging expenses. Even so, VA headquarters spent thousands of dollars to fly employees from Washington, D.C. to visit these hotels.

After receiving numerous perks during the Nashville and Orlando site visits, including free meals, spa treatments, and concert tickets, Jolisa Dudley was not ashamed to admit that she was taken "great care of" and received the "star treatment" from the hotel contenders.[79]

From: Dudley, Jolisa
To: Barritt, Thomas; Wakeley, Sara; Pleso, Timothy W.
Sent: Fri Dec 17 17:40:35 2010
Subject: Re: Bugs at breakfast?

"Love, love, love the star treatment!"

Tim and Sara

Forgot to say bye! Thnx 4 taking such great care of me. Love, love, love the star treatment! You guys ROCK! Looking forward to seeing you again soon!

During the Nashville site visit, Timothy Pleso sent a series of e-mails to a fellow conference planner, Sara Wakeley, bragging about the perks he received. He enthusiastically e-mailed Wakeley about his visit to the Grand Ole Opry. He made no mention about whether the site would be appropriate for hosting the conference.

[79] E-mail from Jolisa Dudley to Thomas Barritt, Sara Wakeley, and Timothy Pleso (Dec. 17, 2010).

From: Pleso, Timothy W.
Sent: Wednesday, October 13, 2010 3:31 PM
To: Wakeley, Sara
Subject: Gran ole oprey

Had lunch on the stage of the gran ole oprey and Jimmy Wayne came and did a personal performance of about 6 songs. He gave us autographed pictures and cd.

Pretty cool!

Wakely, who did not attend the Nashville site visit, jealously responded to Pleso's e-mail. She did not question him about his trip to the Grand Ole Opry during a VA business trip—a trip to determine whether certain hotels could manage the size of the conferences.

From: Wakeley, Sara
To: Pleso, Timothy W.
Sent: Wed Oct 13 14:32:53 2010
Subject: RE: Gran ole oprey

I f---ing hate you!

Sara Wakeley

Later that same day, Pleso also informed Wakeley of his visit to the Country Music Hall of Fame.

"Great site visit, at the country music hall of fame."

From: Pleso, Timothy W.
Sent: Wednesday, October 13, 2010 4:25 PM
To: Wakeley, Sara
Subject: Re: Gran ole oprey

Great site visit, at the country music hall of fame.

Again, Wakeley responded with resentment.

To: Pleso, Timothy W.
Sent: Wed Oct 13 15:31:33 2010
Subject: RE: Gran ole oprey

I am not sure how many times I can tell you that I hate you.

Sara Wakeley

While on the same Nashville site visit, Pleso again e-mailed Wakeley to express his excitement about visiting another entertainment hot spot—the Wildhorse Saloon. He did not explain why a visit to the Wildhorse Saloon was relevant to whether Nashville could be a viable host for the conferences.

From: Pleso, Timothy W.
Sent: Wednesday, October 13, 2010 5:09 PM
To: Wakeley, Sara
Subject: Re: Gran ole oprey

At the Wildhorse Saloon!!!

Instead of questioning Pleso about why he was visiting the Wildhorse Saloon during a business trip on behalf of the VA, Wakeley only questioned whether he was drinking during a site visit.

From: Wakeley, Sara
To: Pleso, Timothy W.
Sent: Wed Oct 13 16:09:19 2010
Subject: RE: Gran ole oprey

What the hell are you talking about? Did you drink during this site visit?!

Sara Wakeley

Although Pleso denied that he was drinking while on the clock during the visit, he confirmed that he would be drinking after hours.

From: Pleso, Timothy W. [redacted]
To: Wakeley, Sara [redacted]
Cc:
Bcc:
Subject: Re: Gran ole oprey
Date: Wed Oct 13 2010 16:10:24 CDT
Attachments:

Not yet! Cocktail hour. I'm off the clock.

He was not ashamed to quickly respond to Wakeley that he would be drinking soon.

From: Pleso, Timothy W.
To: Wakeley, Sara
Sent: Wed Oct 13 17:15:11 2010
Subject: Re: Gran ole oprey

I can feel some good burbon hitting my lips soon!!!

These e-mails demonstrate that the planned business purpose for conducting the site visits quickly became an afterthought, especially after the hotels showered planners with gifts, entertainment perks, and lodging upgrades. Neither Pleso nor any of his colleagues seemed concerned about any repercussions for the way they conducted the site visits. Further, they displayed no prudence in spending taxpayer dollars.

2. Illegal Kickbacks

Federal law prohibits Executive Branch employees from soliciting or accepting anything of value from a person seeking official action from, doing business with, or conducting activities regulated by the individual's employing community, or whose interests may be substantially affected by the performance or nonperformance of the individual's official duties.[80] Additionally, any employee or person acting for or on behalf of any department or agency of the federal government who seeks, receives, or accepts anything of value personally for or because of any official act to be performed may be fined and/or imprisoned for up to two years.[81] The Standards of Conduct for Employees of the Executive Branch also prohibits acceptance of gifts from a prohibited source or given because of an employee's official position.[82]

A gift may include any gratuity, favor, discount, entertainment, or other item having monetary value.[83] Despite strict laws prohibiting federal employees' acceptance of certain gifts, eleven Department employees improperly accepted gifts in connection with the conferences.[84] Every Department employee who participated in pre-conference site visits to Dallas, Texas, Nashville, Tennessee, and Orlando, Florida, accepted gifts which violated federal law.[85] During these site visits, conference planners accepted illegal gifts including show tickets, helicopter and limousine rides, spa treatments, meals, and gift baskets.[86] In addition, planners also accepted improper gifts during the actual conferences.[87] Department employees accepted improper gifts totaling $5,981.[88]

In particular, Timothy Pleso solicited additional gifts from the Orlando Marriott in connection with the hotel's contract award for the conferences.[89] Because Pleso played a role in evaluating which hotel should receive the contract award for the conferences, he signed a confidentiality agreement.[90] But, before the contract was awarded, he improperly communicated with the Marriott about their status on the list of hotels being considered by the Department.

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[80] 5 U.S.C. § 7353(a) (2006).
[81] 18 U.S.C. § 201(c)(1)(B) (2003).
[82] 5 C.F.R. § 2635.201 (2007).
[83] 5 C.F.R. § 2635.203 (2007).
[84] IG REPORT, at 24.
[85] *Id.* at 25.
[86] *Id.* at 27-31.
[87] *Id.* at 31.
[88] *Id.*
[89] *Id.*
[90] *Id.*

From: Pleso, Timothy W. [redacted]
Sent: Monday, February 14, 2011 5:28 PM
To: Temby, Bonnie
Subject: RE: Receipt for Marriott

Thank you Bonnie, we are still evaluating the proposals. All I can say is from our recommendation, you are on the short list and we hopefully for more than one program. **Please keep this between you and me** and don't quote me to Joan. I don't want it to look like we are communicating about the proposals. I just want to keep you in the loop so you know we are interested.

The next step is the acquisition piece so I hope in the next 10 days or so we will have a definite answer.

Thank you!
Tim

Pleso improperly communicated to a Marriott representative that the hotel was on the "short list" of the venues the Department was considering for the contract award.[91] His communication with the Marriott provided confidential information to a contract bidder, and was therefore improper.

When the Marriott was eventually awarded the contract in March 2011, Pleso solicited a gift for himself in exchange for the information he provided to the hotel representative.

From: Pleso, Timothy W. [redacted]
Sent: Tuesday, March 08, 2011 10:31 AM
To: Temby, Bonnie
Subject: RE: Depart of Veteran affairs

Thank you Bonnie, I did want to talk with you about a personal item...my family is going to come with me during one of these conferences. How would it work to get an extra/joining rooms. I wasn't sure what type of rooms would be available. It would be myself, my wife and three teenagers.

This is an oddity because my family never comes with me during my programs.

Thank you!
Tim

The Marriott met his request, and reserved a King Suite and one standard double room for him.[92] Pleso paid $90 per night for one room for seven nights, which was the per diem rate.[93] The value of the adjoining room at the per diem rate for a seven night period would have been $709.[94]

[91] E-mail from Timothy Pleso to Bonnie Temby (Feb. 14, 2011).
[92] IG REPORT, at 33.
[93] *Id.*
[94] *Id.*

Pleso accepted the gift which he solicited from the Marriott in violation of federal law.[95] Because of his unethical conduct and potentially criminal activity, the IG referred his conduct to the Department of Justice for consideration of possible criminal prosecution.[96] DOJ declined to bring a criminal case against Pleso.[97]

3. Reckless Spending and Jokes about Adding Unnecessary Costs

From site visits to planners' inquiries about adding multimedia podiums and a photo booth rental to the conference tab, planners were reckless when it came to how they planned to spend taxpayer dollars. As expenditures increased, conference planners seemingly became focused on how much money could be spent rather than on whether they were spending wisely.

Just a few weeks prior to the first conference in July 2011, employees joked about purchasing multimedia podiums, which cost $15,000 to $29,000, for each classroom at the conference.[98]

[95] 5 U.S.C. § 7353(a) (2006).
[96] IG REPORT, at 33.
[97] Dep't of Veterans Affairs, Office of Inspector Gen., Briefing (Oct. 24, 2013).
[98] E-mail from Thomas Barritt to Timothy Pleso (Jul. 7, 2011).

From: Barritt, Thomas
Sent: Thursday, July 07, 2011 4:49 PM
To: Pleso, Timothy W.
Cc: [redacted]
Subject: FW: LT Multimedia Podium for Conference or Training Room Presentations

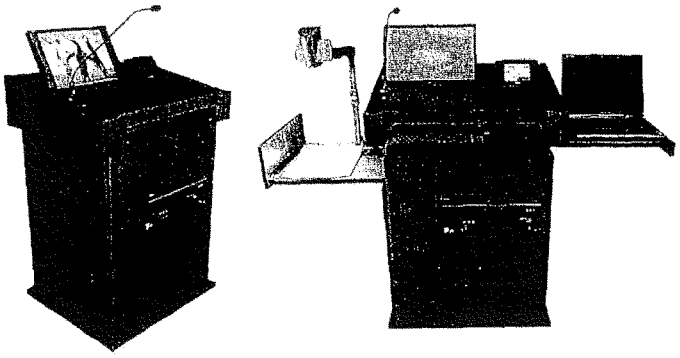
Tim, this is what we want for each classroom. Can ya make it happen good buddy????

LOLIIII

From: Lisa Rieken [redacted]
Sent: Thursday, July 07, 2011 5:39 PM
To: Barritt, Thomas
Subject: LT Multimedia Podium for Conference or Training Room Presentations

NEW LT Multimedia Podium
For Conference or Training Room Presentations

(with wide screen video format)



Closed dimensions:
26.25" deep
32-5/8" wide
47-1/2" high

Open dimensions:
34-3/4" deep (with keyboard tray out)
70-5/8" wide
53.25" high (from top of monitor down)

Nomad Technologies offers flexible configurations within the LT Multimedia Podium, which range from **$15,166 to $29,192+** depending on the presentation equipment needs of your organization.

Before both conferences took place, planners were already looking to organize the next training conference. A Senior Associate with Booz Allen Hamilton suggested that conference planners should have a "feedback and traffic generator" area at the conferences, where participants could suggest improvements for future conferences. The Booz Allen Hamilton

Senior Associate suggested that there should be a photo booth at the conferences to "get people talking," at a price of $1,500 per day.[99]

From: Hosea, Kirsty [USA] [redacted]
Sent: Thursday, June 16, 2011 5:12 PM
To: Dudley, Jolisa
Subject: HR conference - feedback and traffic generator

Jolisa,

To follow up on our conversation, here's an interesting way to get ideas from others at the conference.

Feedback and Traffic Generator:

1. Set aside a room or designated space at the conference to collect feedback.
2. Set out two tables, cover them with Butcher paper, markers and post-it notes
3. Each table should have 1-2 probing questions to get targeted responses – e.g. a) 'What **Speakers** would you like to see in the future?', "What do you want more of?", "What do you think we can do better", "who was your favorite speaker?", "What you like to see next year?"
4. Have people write on the post-it notes their ideas and stick them onto the butcher paper. As people see what others have written, they tend to agree with particular comments or add to them with their own post-it.
5. Encourage people during the plenaries to add their feedback, maybe read out a couple of examples of the ideas people posted. At the end of the conference, you have candid feedback that will help you plan for next year. You can also send an email to the participants after the conference to thank them for their feedback and tell the top five ideas you got from the exercise. This demonstrate you heard what they said and that you intend to take action.

This room or space would be a great place to have our VALU Wall. People always love to see their pictures. We can post them on the 'wall' with the statement of what they "VALU" – then the room really becomes a feedback place!

If you REALLY want the area to get a buzz – rent a photo booth – that will get people talking. We would retain the photos for the wall, but it's a novelty that will get people talking. The cost is about $1,500 per day, but of course we can create impact just ha[illegible]ur people take photos and engage them in conversation.

For your consideration.

Cheers,
Kirsty

"If you REALLY want the area to get a buzz – rent a photo booth – that will get people talking."

"The cost is about $1,500 per day . . . ."

Dudley agreed that the Booz Allen Hamilton Associate proposed great ideas. Her only concern was whether planners could find the proper amount of space at the conference venue. She asked Alice Muellerweiss, the Dean of VALU, whether she liked the idea.

[99] E-mail from Kirsty Hosea to Jolisa Dudley (Jun. 16, 2011).

From:	Dudley, Jolisa
Sent:	Thursday, June 16, 2011 4:19 PM
To:	Muellerweiss, Alice (SES)
Cc:	Barritt, Thomas
Subject:	FW: HR conference - feedback and traffic generator

Wouldn't this be neat for the Conference if we can find the space?

Jolisa

Jolisa W. Dudley
VA Learning University (VALU)
Department of Veterans Affairs

Muellerweiss agreed. [100]

From:	Muellerweiss, Alice (SES)
Sent:	Thursday, June 16, 2011 6:13 PM
To:	Dudley, Jolisa
Cc:	Barritt, Thomas
Subject:	RE: HR conference - feedback and traffic generator

yes

As Dean of VALU, Muellerweiss could have rejected these proposed conference expenditures. She chose instead to let these plans move forward. Contractors at Booz Allen Hamilton also helped to produce a two-minute video for the conferences about VALU.[101]

The VA conference planners—who planned and managed a pair of conferences that trained 1,800 employees for $6.1 million—received rewards for their work. In fact, 17 employees received Special Contribution Awards for their efforts related to the 2011 HR Conferences.[102] Despite the fact that both Thomas Barritt and Jolisa Dudley contributed to the expensive conference price tag, they each received cash awards of $5,500.[103]

[100] E-mail from Alice Muellerweiss to Jolisa Dudley (Jun. 16, 2011).
[101] E-mail from Kirsty Hosea to Alice Muellerweiss (Jun. 19, 2011).
[102] IG REPORT, at 76.
[103] *Id.*

From:	Wiley, Samia L.
Sent:	Friday, July 15, 2011 5:22 AM
To:	Pleso, Timothy W.; [redacted] Maggio, Nicole; Carter, Rhonda; Moore, Tongela; Thomas, Raquel; Gardner, Johnathan; Nyers, Conni; Pierce, Tarik; Vaughan, Cynthia
Cc:	Wiley, Samia L.
Subject:	Gift of Appreciation

Good Morning 2011 BCE Team!!!

Last day of ACT 1!!!! Whoooo Hooool You all deserve a round of applause as we have all worked tirelessly to ensure total success of this week! Congrats!

Please make sure to see me this morning. I have a card for both Jolisa and Tom which I would like us all to sign. Also, with the funds collected amongst the team I was able to purchase a $50 Nordstrom gift card for Jolisa as well as a bouquet of colorful carnations and $50 in sporting goods gift cards for Tom. This will be presented to them today on stage by the ENTIRE team as a token of our appreciation of their hard work and dedication to this conference.

Make sure to see me early this morning and of course this is a surprise so SHHHHH..... :-)

See you guys in a sec!

Best Regards,

Samia

These employees were also recognized at the conferences for their planning efforts, and were presented with gift cards and flowers.[104] Rewarding employees who spent hundreds of thousands of taxpayer dollars without remorse only contributes to a culture of waste, mismanagement, and inefficiency.

4. Disconnect Between the Purpose of the Conferences and the Money Spent

FINDING:	**The Department conference planners focused their energy on entertainment activities—such as DJ and karaoke nights and game nights—rather than employee training. Some of these planners then rewarded their own efforts during the conferences with massages, manicures and pedicures at the hotel spa, while getting paid.**

The stated purpose of the conferences was to provide employee training. Yet, conference planners spent an inordinate amount of time organizing activities entirely unrelated to employee training. For instance, conference planners organized DJ and karaoke nights, game nights, and a *Patton* parody video. While attending the August 2011 conference, planners rewarded themselves with massages at the Orlando Marriott's luxurious spa on a day that some of them received both their regular pay as well as overtime pay.

[104] E-mail from Samia Wiley to Timothy Pleso, Nicole Maggio, Rhonda Carter, Tongela Moore, Raquel Thomas, Johnathan Gardner, Conni Nyers, Tarik Pierce, & Cynthia Vaughan (Jul. 15, 2011).

After conference planners secured the Orlando Marriott as the host hotel for the conferences, some planners were quick to express room preferences.

From: Allen, Wayne
To: Barritt, Thomas
Sent: Sat Mar 05 08:33:57 2011
Subject: Re: 2011 HR Conference

I'd like to have a room with a view. Preferably with a "bumped-out" bay window.

Thanks

Wayne

In response to Wayne Allen's preference for a room with a view, Thomas Barritt noted that the hotel had executive suites available as well.

From: Barritt, Thomas [redacted]
To: Allen, Wayne [redacted]
Cc:
Bcc:
Subject: Re: 2011 HR Conference
Date: Sat Mar 05 2011 08:59:54 CST
Attachments:

"There is an executive suite available without bumped out window but it overlooks the pool and comes with binoculars!!"

There is an executive suite available without bumped out window but it overlooks the pool and comes with binoculars!!

E-mail discussions that took place during the planning phase for the conference agenda for training classes confirmed that planners were not at all concerned about ensuring that attendees received the maximum amount of training possible. For example, just weeks before the first conference, the conference project manager informed Thomas Barritt that conference programming would end early on one particular day during the July conference.

From: Karen Francisco [redacted]
Sent: Thursday, June 30, 2011 4:14 PM
To: Hundt, Jon; Watkins, Richard Lee; Agramonte, Tinisha; [redacted] Minor, Jennifer L.; Cenatiempo, Anna; Pager-Williams, Eileen; Pitts, Deonne; Davis, Lynne; DeAngelo, Cynthia; Henson, Lewis (ORM); Malone, Darlene; Bowlin, Gerald (AITC); Torres, Mario; Rodensky, Robin; Cash, Maureen, VHACIN; [redacted]; Doyle, Erin; Brown, Dadrian
Cc: Barritt, Thomas; Robbin Wiggs; Komal Jobe; Raymond, Patty; Jennifer Davis; Min Batstone; [redacted]
Subject: HR Thursday Afternoon Class Offerings

Hello All,

This applies to those that are facilitating/instructing on Thursday – July 14th.

Please be advised that all Thursday afternoon classes will now start at 2:30pm and end at 4:30pm. (This includes all 4hr courses – Part 2 of the class).

Best,

Karen Francisco
Conference Project Manager

Barritt was elated with the news.[105] He did not question why classes would end early, and whether early dismissal was wise given the amount of money spent.

From: Barritt, Thomas
Sent: Thursday, June 30, 2011 4:25 PM
To: 'Karen Francisco'
Cc: Dudley, Jolisa; 'Robbin Wiggs'; Pleso, Timothy W.
Subject: RE: HR Thursday Afternoon Class Offerings

WOOHOO – early day – PARTY!!!!!

"WOOHOO – early day – PARTY!!!!!"

Just like Barritt, Timothy Pleso was also focused on the "party" aspect of the conferences.[106]

From: Pleso, Timothy W.
Sent: Thursday, June 30, 2011 4:27 PM
To: Barritt, Thomas
Subject: RE: HR Thursday Afternoon Class Offerings

The whole week will be a party Tom, what are you talking about?

"The whole week will be a party Tom, what are you talking about?"

Discussions about arranging nightly extracurricular activities show that the planners' saw the conferences as recreation primarily. In late June 2011, one conference planner proposed that the VA should organize a "70s/80s/90s Dance Party."

[105] E-mail from Thomas Barritt to Karen Francisco (Jun. 30, 2011).
[106] E-mail from Timothy Pleso to Thomas Barritt (Jun. 30, 2011).

From: Pierce, Tarik
Sent: Tuesday, June 28, 2011 11:29 AM
To: 'Robbin Wiggs'; Pleso, Timothy W.
Subject: FW: DAS Meeting 6-28-11

Hey guys!

Just checking in about this email from Tom. Do we have room numbers yet? I am thinking we can finalize the schedule, we just need rooms. In replacement of the movie night, I am planning to propose an 70s/80s/90s Dance Party. Thoughts, Robbin?

Also, Tim, I will make the bus schedule and take care of Tom's question on the call. I will have the schedule done within the next half hour.

Talk soon!

Tarik S. Pierce

Timothy Pleso fully supported the idea to organize a dance party.

From: Pleso, Timothy W.
Sent: Tuesday, June 28, 2011 2:39 PM
To: Pierce, Tarik
Subject: FW: HR Conf. Dance Party

Tarik, you are more than welcome to contact Ryan Owens at the MWC. He is in charge of our AV and will work with you on the Dance Party. Here is the deal, you can use whatever equipment we have already contracted. The only thing you can't do is incur any additional costs.

Ryan may have some ideas for the Disco Party!

Tim

After weeks of planning, dance parties – called "Dance of the Ages" – took place at both the July and August conferences. Conference attendees could "party to the 'oldies' music from the past" at these events.

HR Conference 2011
Activities & Entertainment

Day	Activity	Time / Location	Information
Thursday, July 14	Morning Stretch Activity & Walk	06:00 am – 07:00 am *(meet in hotel Lobby)*	Facilitated by Tarik Pierce
	Universal Studios, Island Adventure Complimentary Shuttle Service	05:00 pm – 10:30 pm *(meet at Hotel entrance)*	Visit Universal Studios, Island Adventure. Shuttles depart from Orlando World Hotel every 30 minutes from 5:00 pm. Departure from Downtown Disney starting 5:30 pm, until 9:30 pm. Taxi service required after 9:30 pm.
	Spades Tournament	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the fun, compete with colleagues or just watch the excitement during final Rounds 3 & 4.
	Dance of the Ages: 70's, 80's 90's Dance Party	09:00 pm – 11:00 pm Crystal Ballroom	Party to the "oldies" music from the past.

Pleso also worked to organize a DJ and karaoke night. Conference planners scheduled the DJ and karaoke nights for the July and August conferences. A planner, Tarik Pierce, wrote to Pleso asking him about the status of the DJ and karaoke nights.

From: Pierce, Tarik
Sent: Thursday, June 30, 2011 9:20 AM
To: Pleso, Timothy W.; 'Robbin Wiggs'
Subject: RE: DAS Meeting 6-28-11

Tim:

Where are we on the DJ and location for the karaoke?

BTW, I am working with Ryan on the Dance Party.

Thank you, Tim, for all you do!

Tarik S. Pierce

Senior VA leadership did not ask whether it would be proper to organize nightly entertainment activities that were unrelated to employee training. According to the Activities and Entertainment agenda, conference attendees could "laugh, joke and sing with colleagues, friends and family" during each karaoke night.[107] In the end, the audiovisual contractor charged the VA $862.50 for one employee to operate the karaoke equipment.[108]

[107] HR Conference 2011 Activities and Entertainment Agenda.
[108] Performa Invoice, Orlando World Center Marriott, Am. Audio Visual Center (Aug. 12, 2011).

HR Conference 2011
Activities & Entertainment

Day	Activity	Time / Location	Information
Wednesday, July 13	Morning Stretch Activity & Walk	06:00 am – 07:00 am *(meet in hotel Lobby)*	Facilitated by Tarik Pierce
	Exhibit Hall Open	12:00 pm – 01:30 pm Grand Ballroom 7 A/B	Spend lunch networking with various exhibitors – table seating available.
	Stretch Activity	03:40 am – 03:50 pm Crystal Ballroom	WIN sponsored activity during afternoon break.
	Exhibit Hall Open	05:20 pm – 07:00 pm Grand Ballroom 7 A/B	Featuring over fifteen Department of Veterans Affairs exhibits.
	Celebrity Charades	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the laughs as teams join together for entertaining fun with Charades.
	Karaoke	09:00 pm – 11:00 pm High Velocity Lounge	Laugh, joke and sing with colleagues, friends and family during karaoke.

Conference planners also organized Spades tournaments and Celebrity Charades game nights during each of the conferences.

HR Conference 2011
Activities & Entertainment

Day	Activity	Time / Location	Information
Tuesday, July 12	Morning Stretch Activity & Walk	06:00 am – 07:00 am *(meet in hotel Lobby)*	Facilitated by Tarik Pierce
	Exhibit Hall Open	12:00 pm – 01:30 pm Grand Ballroom 7 A/B	Spend lunch networking with various exhibitors – table seating available.
	Stretch Activity	03:40 am – 03:50 pm Crystal Ballroom	WIN sponsored activity during afternoon break.
	Exhibit Hall Open	05:10 pm – 07:00 pm Grand Ballroom 7 A/B	Featuring over fifteen Department of Veterans Affairs exhibits.
	Downtown Disney Complimentary Shuttle Service	05:00 pm – 10:00 pm *(meet at Hotel entrance)*	Explore the experience of Downtown Disney – dining, shop and entertainment. Shuttles depart from Orlando World Hotel every 30 minutes from 5:10 pm – 9:30 pm. Departure from Downtown Disney starting 5:30 pm, until 10:00 pm. Taxi service required after 10:00 pm.
	Spades Tournament	08:30 pm – 10:00 pm Grand Ballroom 7 A/B	Join the fun, compete with colleagues or just watch the excitement during Rounds 1 & 2.
Wednesday, July 13	Morning Stretch Activity & Walk	06:00 am – 07:00 am *(meet in hotel Lobby)*	Facilitated by Tarik Pierce
	Exhibit Hall Open	12:00 pm – 01:30 pm Grand Ballroom 7 A/B	Spend lunch networking with various exhibitors – table seating available.
	Stretch Activity	03:40 am – 03:50 pm Crystal Ballroom	WIN sponsored activity during afternoon break.
	Exhibit Hall Open	05:20 pm – 07:00 pm Grand Ballroom 7 A/B	Featuring over fifteen Department of Veterans Affairs exhibits.
	Celebrity Charades	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the laughs as teams join together for entertaining fun with Charades.
	Karaoke	09:00 pm – 11:00 pm High Velocity Lounge	Laugh, joke and sing with colleagues, friends and family during karaoke.
Thursday, July 14	Morning Stretch Activity & Walk	06:00 am – 07:00 am *(meet in hotel Lobby)*	Facilitated by Tarik Pierce
	Universal Studios, Island Adventure Complimentary Shuttle Service	05:00 pm – 10:30 pm *(meet at Hotel entrance)*	Visit Universal Studios, Island Adventure. Shuttles depart from Orlando World Hotel every 30 minutes from 5:00 pm. Departure from Downtown Disney starting 5:30 pm, until 9:30 pm. Taxi service required after 9:30 pm.
	Spades Tournament	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the fun, compete with colleagues or just watch the excitement during final Rounds 3 & 4.
	Dance of the Ages: 70's, 80's 90's Dance Party	09:00 pm – 11:00 pm Crystal Ballroom	Party to the "oldies" music from the past.

In addition to organizing nighttime social events, conference planners spent $49,516 to produce a *Patton* parody video. The 18-minute video is a parody of the opening scene of the movie *Patton*. It featured an actor who portrayed actor George C. Scott's General Patton, and was meant to be motivational and humorous to conference attendees.[109] It is unclear what value – if any – the $50,000 video added to the conferences.

Conference planner Timothy Pleso spearheaded the production of the *Patton* video. Despite the price tag, Pleso wrote to the production company, Reel Impact, stating that he thought the videos were great.[110]

[109] IG REPORT, at 15.
[110] E-mail from Timothy Pleso to Adam Crosley (Jul. 18, 2011).

"The videos were great along with the real Gen Patton. I actually enjoyed it."

From: "Pleso, Timothy W." [redacted]
To: Adam Crosley [redacted]
Sent: Mon, Jul 18, 2011 15:41:46 CDT
Subject: RE: last week's HR conf

Hello Adam, yes, it was great to finally meet you in person. The videos were great along with the real Gen Patton. I actually enjoyed it.

As far as our BPA, we aren't going to do one for AV. We have the EES one to use if need be. If anything changes, I will be sure to let you know.

Thanks again!
Tim

Conference planners also wanted to expand on the parody video. In June 2011, Thomas Barritt asked if the actor who played General Patton in the video could appear at the conferences for a fee of $700 per day, in addition to travel and expenses. He did not mention how the actor's appearance would relate to employee training or VA's mission in general.

"Carl just called and the cost for the actor who plays General Patton is $700 a day plus travel and expenses."

From: Barritt, Thomas
Sent: Thursday, June 09, 2011 12:46 PM
To: Gardner, Johnathan; Maggio, Nicole;
Cc: Muskante, Gary; Dudley, Jolisa
Subject: Cost for General Patton

Carl just called and the cost for the actor who plays General Patton is $700 a day plus travel and expenses. I think Johnathan has him scheduled for Thursday – he would arrive on Wednesday, stay the night, do his thing Thursday morning and leave on Thursday.

Carl, please confirm and what is his contact information – name, telephone number, address, etc???

Who is going to honcho this from start to finish?? This needs to be done quickly????

Thanks, Tom

After receiving Barritt's request, Jolisa Dudley asked Tonya Deanes if it would be permissible for the General Patton actor to speak at the conferences.

From:	Dudley, Jolisa
Sent:	Thursday, June 09, 2011 12:11 PM
To:	Deanes, Tonya (SES)
Subject:	FW: Cost for General Patton
Importance:	High

Ma'am

Think he qualifies as a Plenary Speaker...are you comfortable with this, before we go too far down the road?

Jolisa

Jolisa W. Dudley
VA Learning University (VALU)
Department of Veterans Affairs

All conference speakers were to speak on topics bearing some relationship to human resources issues. In her e-mail, Dudley wondered whether the actor would even qualify as a speaker, and whether Deanes would be comfortable approving his appearance. Despite Dudley's cautious e-mail, however, Deanes did not share any of these concerns.

From:	Deanes, Tonya (SES)
Sent:	Thursday, June 09, 2011 12:35 PM
To:	Dudley, Jolisa
Subject:	RE: Cost for General Patton

Yes, ok

The same VA employees who scheduled the DJ and karaoke and game nights, dance party, and *Patton* parody video received gifts for their supposed dedication to the conferences. Conference planners improperly accepted spa treatments during both the conferences and the pre-conference site visits, totaling $890.00.[111]

[111] IG REPORT, at 31.

From: Pleso, Timothy W. [redacted]
Sent: Thursday, August 11, 2011 02:27 PM
To: Temby, Bonnie
Cc: Adams, Bill
Subject: Spa Treatments

Hi Bonnie, I have our spa treatments.

Jolisa Dudley – Swedish Massage 6:00pm today
Tim Pleso – Our Signature Massage 2:30 tomorrow
Sara Wakeley – Double Happiness Manicure & Pedicure 2:30 tomorrow
Tom Barritt – Our Signature Massage Saturday morning early

THANK YOU!!!!!!!

Tim Pleso
Senior Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

From: Wakeley, Sara [redacted]
To: Barritt, Thomas [redacted] Pleso, Timothy W.
Cc: [redacted]
Bcc:
Subject: Re: I am starving
Date: Fri Aug 12 2011 16:20:28 CDT
Attachments:

"We just got back from the spa!"

We just got back from the spa! I could shower and meet you. I am starving too! Let me know where you want to go!

The same day that conference planners received spa treatments, some planners received their regular pay as well as overtime pay. For example, Timothy Pleso requested overtime pay on August 12, 2011—the same day he had a massage scheduled in the middle of the afternoon.

From: Pleso, Timothy W.
Sent: Friday, August 05, 2011 8:31 PM
To: Wood, Anita
Cc: Marchant, Debra; Wakeley, Sara
Subject: Request for OT - HR Conference

Hi Anita, request OT for the HR Conference next week for Sara and I.

The following duties will be performed outside of normal hours:

- Pre-event meetings
- Conference set-up
- Venue and logistics coordination
- Registration
- Contracting duties
- COTR management of the logistical contracts
- Daily AAR's
- Conference close-out

Pleso - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
8/6/2011	Day Off	0	5:00pm - 7:30pm	2.5	2.5
8/7/2011	Day Off	0	9:00am - 7:00pm	10	10
8/8/2011	6:30 - 3:00	8.5	6:30am - 9:00pm	14.5	6
8/9/2011	6:30 - 3:00	8.5	6:30am - 6:30pm	12	3.5
8/10/2011	6:30 - 3:00	8.5	6:30am - 6:30pm	12	3.5
8/11/2011	6:30 - 3:00	8.5	6:30am - 6:30pm	12	3.5
8/12/2011	6:30 - 3:00	8.5	6:30am - 3:30pm	10	0.5
					29.5

Anita Wood appeared to approve Pleso's overtime request, without asking for any additional clarification or explanation on the list of duties for the overtime period that Pleso provided.

From: Wood, Anita
Sent: Saturday, August 06, 2011 1:02 AM
To: Pleso, Timothy W.
Cc: Marchant, Debra; Wakeley, Sara
Subject: RE: Request for OT - HR Conference

Approved

Pleso also wrote to Anita Wood to request approval of Sara Wakeley's overtime pay.

From: Pleso, Timothy W.
Sent: Friday, August 05, 2011 8:31 PM
To: Wood, Anita
Cc: Marchant, Debra; Wakeley, Sara
Subject: Request for OT - HR Conference

Hi Anita, request OT for the HR Conference next week for Sara and I.

The following duties will be performed outside of normal hours:

- Pre-event meetings
- Conference set-up
- Venue and logistics coordination
- Registration
- Contracting duties
- COTR management of the logistical contracts
- Daily AAR's
- Conference close-out

Wakeley - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
8/8/2011	8:00 - 4:30	8.5	6:30am - 9:00pm	14.5	6
8/9/2011	8:00 - 4:30	8.5	6:30am - 6:30pm	12	3.5
8/10/2011	8:00 - 4:30	8.5	6:30am - 6:30pm	12	3.5
8/11/2011	8:00 - 4:30	8.5	6:30am - 6:30pm	12	3.5
8/12/2011	8:00 - 4:30	8.5	6:30am - 3:30pm	10	0.5
					17

Wakeley's request included overtime pay on August 12, 2011,[112] which was the same day that she received a manicure and pedicure at the hotel spa. Wood also approved Wakely's overtime pay.

E. Disconnect Between Budget Numbers and Employees' Views of Cost Savings

FINDING:	**Some Department employees believed they should receive rewards for saving the Department money even though the budget for the VA conferences had spiraled out of control.**

Conference planners wasted hundreds of thousands of taxpayer dollars. Incredibly, these same VA employees believed they were saving the government money during negotiations with the Orlando Marriott, contractors, and vendors. The Department originally signed an agreement

[112] E-mail from Timothy Pleso to Anita Wood (Aug. 5, 2011).

with the Orlando Marriott for a firm-fixed-price contract for $335,800.[113] The contract was ineligible for any modifications. Timothy Pleso, however, negotiated to increase the audiovisual costs under contract with the Orlando Marriott by nearly $145,000.

From: Pleso, Timothy W.
Sent: Thursday, July 07, 2011 11:41 AM
To: Dixon, Joan
Subject: FW: DVA HR Conference - July - Orlando World Center Marriott Audio Visual Proposal

Hi Joan, here is the most updated proposal for the AV. It is a little less than we talked about yesterday, but it includes everything.

Bottom Line
Equipment: $117,557.00
Discounts: - $36,167.50
Service Charge: $4,106.40
Labor: $54,450.00
Taxes: (will be removed before invoice) $4,614.35
Event Grand Total: $144,560.25

Tim

When Pleso informed the other conference planners of the audiovisual price increase, he explained that he thought the planners and he should be rewarded for their negotiation skills.[114]

From: Pleso, Timothy W.
Sent: Thursday, July 07, 2011 11:49 AM
To: Wood, Anita
Cc: Wakeley, Sara
Subject: FW: DVA HR Conference - July - Orlando World Center Marriott Audio Visual Proposal

Anita, you know, as an incentive in contracting, we should get rewards based on our negotiation powers☺ Sara just had one for yesterday for about $4,900.

Seriously, I would like to keep a running total of how much of discounts we actually get to show we really are trying to save money.

Tim

"Seriously, I would like to keep a running total to how much of discounts we actually get to show we really are trying to save money."

Anita Wood, a fellow conference planner, agreed that he should keep a record of discounts he received.

[113] IG REPORT, at 50.
[114] E-mail from Timothy Pleso to Anita Wood (Jul. 7, 2011).

From:	Wood, Anita
Sent:	Thursday, July 07, 2011 9:16 PM
To:	Pleso, Timothy W.
Cc:	Wakeley, Sara
Subject:	RE: DVA HR Conference - July - Orlando World Center Marriott Audio Visual Proposal

Sounds like a good thing to do.

Anita

Prior to the August 2011 conference, conference planners discussed transportation options to the conference hotel. A Human Resources Program Analyst, Nicole Maggio, contacted several conference planners with a list of flights, and asked whether several planners should carpool to the airport.

From: Maggio, Nicole
To: Pleso, Timothy W.; Wakeley, Sara; Barritt, Thomas; Dudley, Jolisa; Moore, Tongela; Carter, Rhonda
Sent: Thu Aug 11 22:45:08 2011
Subject: VIP/HRC Staff Transportation snap shot for Friday

FRIDAY 8/12 DEPARTURES (VIP)

Dana Bowman	American Airlines #1593 12:10pm – leave by 10:10am (mentioned wanting to stay later..may change)
Esra Ozben	US Airways #1880 1:10pm – requested to leave by 10:30am
Tonya Deanes	US Airways #1880 1:10pm – leave by 11:10am
Brian McVeigh	Airtran #492 4:00pm – leave by 2:00pm (waiting on new flight information, wants to leave earlier)
John Sepulveda	?? back to resort with family??
Dr. Vance	??Have not heard back from him??
Scott Gould	**please see Rhonda for more details

FRIDAY 8/12 DEPARTURES (HRC Staff)

Tongie Moore	US Airways #1278 1:10pm – leave by 11:10am
Jolisa Dudley	JetBlue #694 6:25pm – leave by 4:25pm
Kimberly Jackson	Southwest #409 11:55pm – leave by 9:55pm
Nicole Maggio	Delta #5812 2:08pm – leave by 12:08pm
Raquel Thomas	Delta #5812 2:08pm – leave by 12:08pm

**Raquel, Tongie, and I could all leave in one car @11:15am???

Nicole L Maggio, MA

Strategic Human Capital Planning Service (053)

Office of Human Resources Management

Although the Department spent $2.5 million on travel for the conferences,[115] Dudley thought it was prudent to travel together to the hotel.

From: Dudley, Jolisa [redacted]
To: Maggio, Nicole [redacted] Pleso, Timothy W. [redacted] Wakeley, Sara [redacted] Barritt, Thomas [redacted] Moore, Tongela [redacted] Carter, Rhonda [redacted]
Cc:
Bcc:
Subject: Re: VIP/HRC Staff Transportation snap shot for Friday
Date: Fri Aug 12 2011 04:27:20 CDT
Attachments: image001.png
image002.jpg

My HERo! One car idea. Is prudent too! Didn't think we provided trans to Dr Vance
Jolisa W. Dudley

Conference planners somehow believed that miniscule savings meant they had saved significant taxpayer dollars during the conference planning and execution. Negotiating audiovisual costs and carpooling to the hotel saved a tiny fraction of the overall cost of the conferences. If conference planners had created an efficient budget from the outset and stuck to it, the Department could have saved taxpayers millions of dollars.

[115] IG REPORT, at 61.

VII. Damage Control

Two *Washington Post* stories that criticized federal agency conference spending prompted VA officials to prepare talking points and conference planners to question costs and conference events. In this manner, the Department engaged in damage control before the VA Office of Inspector General or this Committee became aware of the conferences. Even during the early planning stages, conference planners' e-mails indicated that they had concerns that the conferences might reflect poorly upon the VA, especially given the persistently poor economic climate. Still, planners and their supervisors did not take any steps to control expenses.

A. VA Developed a Response to a Washington Post *Story that Criticized Excessive Conference Spending*

FINDING:	**After critical articles in the *Washington Post* about federal agency conferences, the Department went on the defensive and developed talking points to protect its image.**

Just a few days after the first conference, an article appeared in the *Washington Post*, which was critical of pricey conferences held by federal departments and agencies. The article discussed the Office of Government Ethics' upcoming conference at the luxurious Orlando Marriott resort—the same hotel used for the VA conferences. In response, the Department developed a set of talking points to justify its own conferences. Through the talking points, planners attempted to justify the conferences by arguing that attendees could travel to Orlando at a relatively low cost, and the conferences would offer courses to train 75 percent of all VA human resources professionals.

1. "Ethics on the Links in Orlando"

On July 21, 2011, *Washington Post* journalist Al Kamen wrote a story entitled "Ethics on the Links in Orlando." The story criticized the Office of Government Ethics' upcoming September 2011 conference at the Orlando Marriott.[116] He mentioned that the resort hotel offered amenities including a 7000-yards championship golf course, a full-service spa, and six tropical pools complete with poolside bars.[117] He explained that the resort's location—just minutes away from Walt Disney World and Universal Studios—made it attractive to conference guests who wished to bring their families along.[118]

Kamen's article was highly critical of the fact that the Office of Government Ethics was holding an ethics conference in Orlando when ordinary Americans were struggling given the poor economy.[119] The Office of Government Ethics responded to this criticism by emphasizing

[116] Al Kamen, *Ethics on the Links in Orlando*, WASH. POST, Jul. 21, 2011.
[117] *Id.*
[118] *Id.*
[119] *Id.*

the Marriott's inexpensive hotel rates, low registration fees, and employee training purpose as justification for the conferences.[120]

2. VA's "Talking Points"

On July 22, 2011, John Sepúlveda e-mailed senior VA officials including Secretary Shinseki's Chief of Staff, John Gingrich, to give them a "heads up" about Kamen's article.

From: Sepulveda, John U. (EX)
Sent: Friday, July 22, 2011 3:04 PM
To: Gingrich, John (SES); Evans, Joan M. (EX) (Mooney); Naylor, Nathan (SES); Galloucis, Michael (SES)
Cc: Torres, Rafael A. (SES) ORM
Subject: Today's Al Kamen story
Importance: High

Head's Up:

In today's Washington Post, Federal Page columnist Al Kamen had a somewhat critical piece on the Office of Government Ethics' national conference at the Marriott World Hotel and Conference center in Orlando. His main point was that even during this period of terrible budget deficits, federal employees are still holding costly conferences in tourist centers like Orlando.

As it turns out, our August "One HR " training conference will be at the same hotel mentioned in the column. (As you know we completed the first HR training conference at this hotel last week where we had about 1,000 HR folks from around VA. We expect another 1,100 HR professionals to attend the August training conference.)

In the spirit of potential risk management, I have staff preparing a fact sheet and talking points to go later today to the COSVA, OPIA and OCLA that will explain and justify our two HR training conferences at this particular hotel, just in case someone decides to contact Al Kamen or another news outlet or even a member of Congress.

If you have any questions, please feel free to contact me or Ralph or Tonya Deanes.

Thanks

"I have staff preparing a fact sheet and talking points . . . that will explain and justify our two HR training conferences at this particular hotel, just in case someone decides to contact Al Kamen or another news outlet or even a member of Congress."

Noting that the VA would hold its August conference at the same Orlando Marriott, Sepúlveda directed staff to create talking points to be sent to the Chief of Staff, the Office of Public and Intergovernmental Affairs, and the Office of Congressional and Legislative Affairs to justify and defend the conferences.

Kamen eventually did request information from the Department about its HR conferences in Orlando. The Department provided Kamen with a copy of the conference agenda as well as the talking points. The talking points explained that the goal of the conferences was to have approximately 75 percent of all VA HR professionals attend the training courses.[121] The

[120] *Id.*
[121] VA HR Conference Talking Points (July 22, 2011).

Department pointed out that it had selected the Orlando location because of inexpensive hotel rates and flights.[122] Further, the Department chose the Orlando Marriott as the conference hotel because it provided support staff and facilities that could accommodate the conference size.[123]

Although the purpose of the talking points was to minimize concerns about the VA's conference spending, the Department's arguments were largely inaccurate. The conferences trained about 1,800 employees—only 45 percent of the VA's nearly 4,000 HR professionals.[124] Conference planners did not primarily focus their planning resources on the purpose of the conferences, which was to train employees. E-mails revealed that planners prioritized the organization of social events instead. Further, the talking points failed to mention that the lack of a budget had resulted in severe financial mismanagement.

B. Follow-up Story in the Washington Post *Singles Out the VA Conferences*

Al Kamen's second article on government conferences appeared in the *Washington Post* on July 26, 2011. In his follow-up article, Kamen discussed specific details of the upcoming August 2011 VA conference, such as the game and karaoke nights.[125] After the article was published, e-mails show that conference planners were irritated that Kamen scrutinized the conferences, believing that the negative press was misplaced.

1. "What Would Jesus Cut?"

Kamen's second article again sharply criticized federal agency conference spending.[126] He explained that with just five hours of training sessions on some days, conference attendees had ample time to participate in extracurricular activities.[127] The article questioned the relationship between the purpose of the conferences and the VA's nightly activities including game and karaoke nights, as well as optional water aerobics, meditation, and Pilates classes available to all conference attendees.[128]

2. E-mail Reactions to July 26, 2011 Article

Immediately after the second article was published, Sepúlveda notified conference planners. One conference planner, Jolisa Dudley, alleged that Kamen was an "irresponsible journalist," who was not interested in "facts or accuracy."[129] Dudley believed any criticism of the conferences was unjustified.

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[122] *Id.*
[123] *Id.*
[124] VESO Leadership, *supra* note 2.
[125] Al Kamen, *What Would Jesus Cut?*, WASH. POST, July 26, 2011.
[126] *Id.*
[127] *Id.*
[128] *Id.*
[129] E-mail from Jolisa Dudley to Tonya Deanes and Thomas Barritt (Jul. 27, 2011).

From: Dudley, Jolisa
Sent: Wednesday, July 27, 2011 9:51 AM
To: Deanes, Tonya (SES); Barritt, Thomas
Subject: Re: Today's Kamen Column

This guy is an a**, and clearly not interested in facts or accuracy which makes him an irresponsible journalist. He obviously can't add either; 5 hour days...

I think we can all feel good about our spirit/intent; I hope our leadership does too.

R
Jolisa W. Dudley

Like Dudley, Thomas Barritt agreed that Kamen's criticism of the conferences was unwarranted, and that his article amounted to "twisted facts."[130]

From: Barritt, Thomas
Sent: Wednesday, July 27, 2011 9:11 AM
To: Dudley, Jolisa; Deanes, Tonya (SES)
Subject: RE: Today's Kamen Column

Agree with Jolisa, I think he knew he had nothing to report on (besides twisting facts that were sent to him). The whole story sounded poorly written - as if he were trying to make something out of nothing - reporting on 'after hour' activities???? Give me a break. Tattle when we have a sign-in roster - and the problem with that is???? 5 hours of training instead of 8 - Math problems as a kid???? Would love to do some research and see if he ever took family with him to a conference or business trip - maybe his idea of skipping out on the conference came from him doing it??? The fact that it is the last item in his column (buried on page A-15) with the attempt at the sarcasm that was used in his first conference article (and failed), tells me he had a slow news day - very irresponsible reporting - would love to send a letter to the editor about him but don't want to give it anymore leg than he has attempted to give it. Oh by the way, his comment to VA was "ours sounded like a typical conference" - hmmmm, didn't see that anywhere in his article.

Too bad there will be some people on the Hill that will try to politicize this under the current climate.

Drive On!!!! BCE lives on!!!!!

He believed the article was an example of "irresponsible reporting," and alleged that the article was published only because of a "slow news day."[131]

When conference planners criticized Kamen's article, they failed to recognize how much money they had blown on the conferences. The Department's goal to provide HR employee training was worthwhile. The conference planners, however, behaved as if they had a blank check to spend taxpayer dollars as they wished—regardless of whether the expenses were related to employee training or not.

[130] E-mail from Thomas Barritt to Jolisa Dudley and Tonya Deanes (Jul. 27, 2011).
[131] *Id.*

C. Concerns From a Former Inspector General About Scrutiny

During the conference planning phase, Timothy Pleso became concerned about the scope of the kick-off event. He explained that he had heard rumors that conference planners intended to arrange for a celebrity appearance. He also became concerned that the media would find out about the conferences. He explained that he was a former Inspector General for the Army, and in an effort to "keep our boss(s) out of jail," conference planners needed to remain focused solely on planning employee training courses to benefit HR professionals.[132]

From: Pleso, Timothy W.
Sent: Wednesday, April 06, 2011 10:34 AM
To: Barritt, Thomas; Dudley, Jolisa
Cc: Wood, Anita
Subject: HR Conference Concerns

Good morning Tom & Jolisa, I have some areas of concern for the HR Conference and I want to raise them to you so they can be addressed before we go much farther in our conference planning.

1. I heard we are planning a "kick-off" for the conference to all VA employees. This concerns me because the conference is internal to the HR community only and if it is communicated to the entire VA, there may be interpretations that everyone is invited.
2. I heard rumors that the "kick-off" may have celebrity presence (i.e. Will Smith). This raises major concerns for a few reasons. Any time a celebrity is involved, media is not far behind. In today's economy, as a government agency, we need to be extremely conscious of the public eye and tax dollar spending. I would highly recommend the "kick-off" be kept professional and only communicate to those who are involved.
3. I'm concerned some of the committee members are making too much hoopla for the event. We need to be conscious of the mission behind the conference and it seems like we are losing focus on that. The focus should be on the training for our HR Professionals and how that will benefit the Veteran. That should be the only reason for the conference.

In my previous life (in the Army) I was an IG; which is why I am a worry wart and I look for areas that will keep our boss(s) out of jail. These may all be rumors, but I wouldn't feel right if I didn't raise the concern.

Please let me know if you have any questions.

Tim Pleso
Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

"In my previous life (in the Army) I was an IG; which is why I am a worry wart and I look for areas that will keep our boss(s) [*sic*] out of jail."

Pleso's concern that conference planners lost sight of the employee training purpose was odd because he himself had led the effort to spend $50,000 on a *Patton* parody video, approved wasteful promotional products, attended numerous site visits, accepted improper gifts, and increased the firm-fixed-price contract with the Orlando Marriott by nearly $145,000. Unfortunately, sending one e-mail was insufficient to reverse the Department's history of irresponsible spending.

[132] E-mail from Timothy Pleso to Thomas Barritt & Jolisa Dudley (Apr. 6, 2011).

D. Conference Photos

FINDING:	**Although conference planners believed the *Washington Post*'s criticism was unfounded, the Department attempted to hide photos of extracurricular activities that took place at the VA conferences.**

Although conference planners took the lead in planning extracurricular events for attendees, they later attempted to hide evidence of these activities. During the conference planning, VA employees planned nightly activities such as game nights, karaoke, and trips to Downtown Disney. After the conferences were over, however, these employees thought it best not to release any photos that showed attendees consuming alcohol. For example, some employees asked how attendees could access photos from the conferences. Thomas Barritt advised that any photos that showed drinking should not be released.

From: Barritt, Thomas
To: Dudley, Jolisa
Sent: Tue Sep 06 12:46:52 2011
Subject: Re: Pictures from Conference

I would stay away from any pictures that show any drinking - and there are some. We may want to go through them.

Jolisa Dudley chose to broaden the scope of photos that the VA would not release.[133]

From:	Dudley, Jolisa
Sent:	Tuesday, September 06, 2011 11:58 AM
To:	Barritt, Thomas
Cc:	Thomas, Raquel
Subject:	Re: Pictures from Conference

Yes, we would stay from most of extra activities
Jolisa W. Dudley

Apparently some conference planners were finally beginning to understand that the public might not be sympathetic to certain conference activities done at taxpayer expense. They certainly did not want these conference events to lead to public scrutiny of their actions.

E. Cost Questioning

FINDING:	**Just a couple of months before the conferences were held, senior Department officials were surprised to learn that the conferences had become so expensive. Nevertheless, they made virtually no effort to curb costs.**

During the planning process, senior VA officials, including Secretary Shinseki's Chief of Staff, John Gingrich, and the Assistant Secretary for Human Resources and Administration, John

[133] E-mail from Jolisa Dudley to Thomas Barritt (Sept. 6, 2011).

Sepúlveda, questioned the extravagant conference costs. Despite their concerns, they failed to take action to reduce expenditures. After the conferences, the Department conducted a "SWOT" (Strengths, Weaknesses, Opportunities, and Threats) analysis to discuss the conferences. The conference planners stated in the analysis that it was their job to be **"good stewards of the taxpayers' dollars," and they remained confident that "each dollar was spent prudently."**[134]

1. VA Chief of Staff Questions Conference Costs

Secretary Shinseki's Chief of Staff, John Gingrich, had authorized $8 million for three HR conferences to train approximately 3,000 employees on December 20, 2010.[135] When Gingrich learned that the overall cost of the conferences would be $8.3 million, he became concerned. More than four months later, on April 29, 2011, he instructed one of his employees to find out if there was any way to reduce costs.[136] He asked those senior leaders in charge of conference planning to provide a list of the "essential requirements" for the conferences.[137]

From: Denny, Frank
Sent: Friday, April 29, 2011 4:35 PM
To: Sepulveda, John U. (EX); Torres, Rafael A. (SES) ORM
Cc: Biggs-Silvers, Catherine (SES)
Subject: RE: Proposed FY 2011 Training Initiatives & Conferences signed with a note from COSVA - HOT

The Chief of Staff is asking "If these is a way to cut these costs and what are the essential requirements." He though the overall cost of $8.3 was "questionable."

It was unclear whether Gingrich became aware that the scope of the conferences had drastically changed from his initial authorization. Instead of three conferences, there would be two conferences that would train considerably less than 3,000 HR employees.

Apart from preparing a response memo, the planners took no further action to reduce costs. Although Gingrich voiced his concerns late in the planning process, his inquiry was not too late for conference planners to reduce expenditures. He expressed his unease about conference expenditures before many unnecessary expenses were finalized. There was still time for the Department to eliminate the promotional items, the *Patton* parody video, audiovisual charges and catering in excess of the Marriott contract, which could have saved at least $430,000.[138]

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[134] VA Human Resources Conferences SWOT Analysis (Aug. 31, 2011) (emphasis added) [hereinafter SWOT Analysis].
[135] IG REPORT, at 37.
[136] E-mail from Frank Denny to John Sepúlveda & Rafael Torres (Apr. 29, 2011).
[137] *Id.*
[138] IG REPORT, at i-ii.

2. Sepúlveda Failed to Address the Conference Price Tag

Assistant Secretary for Human Resources and Administration John Sepúlveda was responsible for staying on top of the plans the senior executives under his supervision had made for the HR conferences. He led the division responsible for organizing training conferences for VA employees. Not until John Gingrich raised concerns, however, did Sepúlveda even realize the colossal cost of the conferences.

From:	Sepulveda, John U. (EX)
Sent:	Monday, May 02, 2011 12:48 PM
To:	Denny, Frank
Cc:	Patermaster, Mara T.; Biggs-Silvers, Catherine (SES)
Subject:	RE: Proposed FY 2011 Training Initiatives & Conferences signed with a note from COSVA - HOT

Frank

Call me. I did not realize it was going to be so much.

After realizing for the first time that the conference costs were huge, Sepúlveda still had time to act. The IG found that time and again, throughout the conference planning process, Sepúlveda "abdicated his responsibilities" by failing to provide effective oversight to his staff.[139] At several points during the conference planning process, spending could have been curbed and cut. Instead, the conferences became the spotlight of two *Washington Post* articles, an IG investigation, and a Committee investigation. If Sepúlveda had provided effective oversight from the start of conference planning, it is possible that conference costs could have been drastically reduced and millions of taxpayer dollars saved.

3. "SWOT" Analysis

After the August 2011 conference, conference planners conducted a "SWOT" analysis to assess the conferences' "Strengths, Weaknesses, Opportunities, and Threats." According to the analysis, the conferences' strengths were the Orlando Marriott's size, staff, and quality, low cost flights and hotel rates in Orlando, audiovisual services, computer rentals, and on-site IT support.[140] Some of these "strengths," proved costly. For example, computer rentals alone totaled $26,088.[141] Travel for conference attendees totaled nearly $2.5 million, while the Orlando Marriott expenses totaled $509,377.[142]

When VA employees analyzed the conferences' weaknesses, planners noted that many conference attendees did not attend training sessions because they were spending time at nearby

[139] IG REPORT, at i.
[140] SWOT Analysis, *supra* note 135.
[141] IG REPORT, at 61.
[142] *Id.*

attractions, including Disney theme parks. Instead of suggesting that the conference should have been held in a different city with fewer distractions, conference planners proposed that in the future, the VA should provide personal scanning and monitoring devices—for an additional $50,000—to monitor attendance.[143]

For the conference opportunities analysis, planners suggested that future government conferences should also be held at the Orlando Marriott because the hotel was "eager for more government business."[144] They made this suggestion even after two *Washington Post* articles had criticized the hotel's luxurious amenities.

When the conference planners assessed the "threats" to the conferences, they emphasized their belief that the Orlando Marriott was the "best choice" considering the "cost and value."[145] They stated, however, that political leaders and the media would consider the conference a "boondoggle" due to the poor economy.[146] According to VA employees, however, the conferences were the "absolute opposite" of a waste of time and money, and future conferences were necessary to provide proper training to employees.[147]

The conference planners acknowledged that it was their "responsibility to be good stewards of the taxpayers' dollars," and asserted that they did their "duty ensuring every dollar was spent prudently."[148] Both the actual costs of the conferences and e-mails among conference planners and senior leadership prove the exact opposite occurred. Unfortunately, the Department failed miserably to exercise responsible stewardship of taxpayer dollars and protect against waste and mismanagement.

F. VA Response to a Request for Information from the House Committee on Veterans' Affairs

On February 2, 2011, the Department received a request from the House Committee on Veterans' Affairs to report any information regarding conferences scheduled to take place outside of the Washington, D.C. area during FY 2011. The VA Office of Congressional and Legislative Affairs (OCLA) notified Department officials, and advised that because Congress was likely looking for areas to reduce government spending, employees should provide explanations as to the relationship between the FY 2011 planned conferences and the Department's mission of providing support to veterans and their families.[149]

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[143] SWOT Analysis, *supra* note 135.
[144] *Id.*
[145] *Id.*
[146] *Id.*
[147] *Id.*
[148] *Id.*
[149] E-mail from Justin Brown to Glenn Haggstrom, et al. (Feb. 2, 2011).

From: Brown, Justin (VACO)
Sent: Wednesday, February 02, 2011 10:28 AM
To: Haggstrom, Glenn D. (SES); Love, Shana; Helmrich, Fran; Naylor, Nathan (SES); Manga, Cathy; Snyder, Robert (SES); Newsome, Earl S., III; McClenney, Lucretia (SES); Hearn, Joycelyn; Lazier, Raynell; Schettler, David K. (SES); Muro, Steve (SES) VACO
Cc: Greenberg, Ken (SES); Evans, Joan M. (EX); Jacobs, Joshua; Hall, Terrye Lynn
Subject: High priority– FY11 Conferences/training Inquiry

Good morning Team,

We received a request from HVAC-R for a list of VA conferences being held outside the DC area through the end of the Fiscal Year. We need information regarding all conferences/training sessions that have taken place or will take place in FY11 for the following offices OALC, OPIA, OPP, OSP, Minority Vets, NCA, and Women Veterans.

I have attached a spreadsheet that includes the specific items requested by the committee. The additional items which were not requested are the purpose/justification section and a section to include any statutory requirements, if any, for such a conference or training. Please provide thorough information in these sections. Congress is likely looking for items to cut or highlight as examples of government wasting taxpayer's dollars. So please provide sound explanations as to what each conference is and why it is important for our nation's Veterans. These may also provide ample questions for Members of Congress at this year's budget hearing so please assist us in making sure that the Secretary has the information he needs regarding these individual conferences and training sessions.

Team VHA also proposed to include information regarding our solicitations for locations, and hotel contracts, and stated that we had a previous letter that we could pull from. Any other justifications we have regarding conferences and hotel selections are welcomed. Any detailed information that we can provide on the front-end to emphasize cost effectiveness in site/hotel selection assists us in defraying the argument that we are picking destination locations.

OCLA emphasized that Department employees needed to provide detailed information on the cost-effectiveness for conference locations to assist in the effort to refute the argument that the Department chose "destination locations" for its conferences.[150]

In response, Timothy Pleso identified several areas of conference planning that typically lead to increased costs, including audiovisual, meals, speakers, evaluations, and location expenses.

[150] *Id.*

From: Pleso, Timothy W.
Sent: Friday, February 11, 2011 3:27 PM
To: Wood, Anita; Griffin, Melinda E.
Cc: Wakeley, Sara
Subject: RE: Reminder Immediate Action Required: FY11 Conferences

Anita, Meg and I were talking and "if/when" we are told we need to reduce our costs in training conferences, it is our recommendation that we establish a VALU policy on what we can and will pay for; and what we can't and won't pay for.

For example, some items/services drastically increase the cost of programs which include, but are not limited to:

- Complexity of audio visual. For instance, if a program want to record a venue, you automatically increase the cost by $3-15K per day. It can get extremely expensive and, in my opinion, has very little return on investment. Another area is utilizing the audience response systems. The range of cost for these items can fluctuate between $8-20K. Again, very little return on investment.

- Meals – although meals are deductable on an individual traveler's expense report, they can still be extremely costly because very few venues have meal options at the gov't per diem rate; therefore, we tend to spend a lot more than is deducted from expense reports. The issue here will be…SES's wanting to over-ride the policy and say a meal is mission essential. But, if we eliminate these in the MOU's, then they can figure a way to pay for their own meals if necessary. The only exception, in my mind, will be the SES programs directed by the 10th floor. Their justification would be to maximize their time and security reasons.

- Speakers – in my opinion, all speakers should be under $2500 to be price reasonable. Some agencies, like OPIA, like to get high profile/powerful speakers in the several thousands of dollars range. Again, what is the ROI?

- Evaluations – although evaluating our training sessions is measured by ROI; which is derived from level 1, 2, 3 & 4 evaluations. We typically only do levels 1 & 2 evaluations because 3 & 4 evaluations are too costly; but is it really necessary to conduct level 1 & 2 evaluations on every instance of training? This is a huge cost driver and should be looked at closely.

- Locations – maybe setting a maximum for our locations might not be a bad idea per the message today from the congressional. It would help eliminate certain venues right off the bat so we don't waste our time evaluating venues that won't be chosen due to price unreasonableness.

Well, these are just some thoughts in case we need to come up with ideas on reducing our overall conference costs. The only way this policy would work is if we received total support from our leaders in VALU, HR&A, & above. If not, then we (our office) will look like naysayers.

Tim

Pleso explained that even minimal audiovisual services tend to increase total audiovisual costs at conferences significantly.[151] He wrote that, for example, if each conference program is recorded, audiovisual costs increase by $3,000 to $15,000 per day, with very little return on investment.[152] Further, he explained that audience response systems also cause a dramatic increase in audiovisual expenses, costing anywhere from $8,000 to $20,000.[153]

When Pleso discussed the issue of conference locations, he suggested that the VA should set a maximum price point for potential venues.[154] He explained that this would be helpful during the early stages of conference planning, so that venues that exceed the set price would be automatically eliminated.[155] Indeed, had Pleso's suggestions been implemented before planning began, the costs of the HR conferences would have significantly been reduced or even eliminated certain costs.

Although Pleso suggested two significant areas for saving taxpayer dollars—audiovisual expenses and pre-planning site visits—he did not act on his own suggestions. For instance, as an employee who attended numerous pre-planning site visits, he could have suggested that the HR conferences be held closer to D.C. and/or in a city with fewer distractions for attendees. The Department chose a "destination location" for the two conferences, leading many attendees to take advantage of nearby Disney theme parks instead of attending training classes.

Although Pleso had several ideas for cost savings measures, he led efforts throughout the conference planning process that dramatically increased the total conference price tag. For example, as previously discussed, he organized the *Patton* parody video and increased the firm-fixed-price contract audiovisual expenses by nearly $145,000.

Although he stated in his e-mail to OCLA that efforts to reduce overall conference costs are only effective if there is "total support" from VA's senior executives,[156] Pleso fails to acknowledge the role he played in runaway conference spending.

VIII. Have They Learned from Their Mistakes?

More than two years have passed since these conferences took place. The money is long gone. Moving forward, the Department must take measures to protect against future waste and mismanagement. The Department must implement effective changes to its oversight and budgetary processes to ensure that future expenditures for employee training simply cannot mushroom. It can start by making sure that employees use common sense in planning conferences. Start with a budget. Stick to it. Spend money that is not your own wisely.

Inspector General Opfer's report contained many recommendations for how the VA could prevent future conference spending turmoil. The IG's recommendations centered on

[151] E-mail from Timothy Pleso to Anita Wood & Melinda Griffin (Feb. 11, 2011).
[152] *Id.*
[153] *Id.*
[154] *Id.*
[155] *Id.*
[156] *Id.*

changes that need to be made to the Department's acquisitions process,[157] interagency oversight,[158] and legal and technical reviews of commitments, expenditures and liabilities exceeding $25,000.[159]

Shortly after the release of the IG's report, the Department hired two contractors to conduct reviews of the VA's training and conference policies and procedures. The Department also created new conference guidance for employee training, permissible cost figures, and internal oversight mechanisms.[160] Although the VA formed new guidelines, it remains to be seen whether the Department will implement these measures to prevent future wasteful conferences.

A. VA Responded by Hiring Expensive Contractors to Evaluate Conference Spending

On March 7, 2013, the Department finally provided a briefing to Committee staff about the Orlando conferences. In a Department memorandum issued on September 26, 2012, which was provided to Committee staff in preparation for a March 7, 2013, briefing, Secretary Shinseki's Chief of Staff explained that the Department hired two contractors to conduct two external, independent reviews of the VA's training and conference policies, principles, and procedures.[161]

During the March 7 briefing, Committee staff asked several questions about the contractors, including the cost of the contracts. The Department was unable to provide answers. The Department finally provided a response on May 30, 2013, stating that the two reviews cost nearly $400,000.[162]

The first assessment—which cost $211,544—reviewed the Department's training requirements, including its trainee selection and effectiveness measures.[163] The second assessment—which cost $188,045—reviewed the Department's policies for training conference planning.[164] The review focused on the VA's internal controls over the conference planning process, and practices the Department could implement to reduce conference expenditures.[165] Both contractors provided reports to the VA detailing their findings and recommendations.[166]

The Chief of Staff's September 26, 2012, memorandum stated the Department would publish a "Conference Planning, Execution, and Oversight" directive and handbook during the

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[157] IG REPORT, at 36.
[158] *Id.* at 48.
[159] *Id.* at 95.
[160] Memorandum from Chief of Staff, Dept. of Veterans' Affairs to Under Secretaries, Asst. Secretaries, & Other Key Officials, *Dept. of Veterans' Affairs Conference Oversight* (Sept. 26, 2012) [hereinafter VA Memorandum].
[161] *Id.*
[162] Staff Questions, *supra* note 62.
[163] *Id.*
[164] *Id.*
[165] *Id.*
[166] *Id.*

third quarter of FY 2013.[167] The Department, however, has not yet published this directive and handbook.

B. Conference Guidance

The Chief of Staff's September 26, 2012, memorandum explained that the Department would implement new conference guidance. The guidance includes several changes to the Department's permissible conference expenditures, supervisory controls, and ethics training for conference planners.[168]

The guidance prohibits conferences where the projected costs are greater than $500,000.[169] If costs exceed $500,000, the Secretary must personally approve a waiver.[170] With respect to the Department's supervisory controls over conference planning, each office must brief the Chief of Staff on a quarterly basis regarding any anticipated conferences.[171] Each office that is involved with planning a conference must establish internal supervisory controls, such as the designation of a Responsible Conference Executive (RCE).[172] The RCE must certify that due diligence was exercised throughout the conference planning process, which includes standards such that planners are not to spend money on promotional items, entertainment, or motivational speakers.[173] Further, the Department has implemented mandatory ethics training for all employees involved with planning conferences.[174] Supervisors are required to certify that all planners have participated in training courses.[175]

C. Disciplinary Action

In the aftermath of the conferences and Inspector General Opfer's report, some Department officials stepped down, and another assumed different duties within the Department. The Assistant Secretary for Human Resources and Administration, John Sepúlveda, resigned September 30, 2012—the same day the IG released his report.[176] The IG Report determined that Sepúlveda lied to OIG investigators when he denied any involvement with the *Patton* parody video.[177] Before the video was shown at the conferences, however, he previewed it and agreed with the concept.[178]

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[167] VA Memorandum, *supra* note 161.
[168] *Id.*
[169] *Id.* at 2.
[170] *Id.* at 2-3.
[171] *Id.* at 3.
[172] *Id.* at 5.
[173] *Id.*
[174] *Id.* at 6.
[175] *Id.*
[176] Jolie Lee, *VA CHCO Resigns One Day Before IG Release Conference Spending Report*, FED. TIMES, Oct. 2, 2012.
[177] IG REPORT, at 16.
[178] *Id.*

The Dean of the VA Learning University, Alice Muellerweiss, resigned on January 8, 2013.[179] Muellerweiss was responsible for handling employee training, which included managing the HR conferences.[180] During the IG's investigation, Muellerweiss admitted that she knew nothing about her staff's activities in planning the conferences.[181] The IG found that she demonstrated "apparent ignorance" as to decisions surrounding the conference planning.[182]

In addition, John Gingrich, the Chief of Staff to Secretary Eric Shinseki, retired in March 2013.[183] He signed the initial approval for the concept of the human resources training conferences.[184] Later during the planning process, however, he failed to monitor conference expenditures.[185]

In January 2013, the Department reassigned Tonya Deanes, the Deputy Assistant Secretary of Human Resources Management, to other duties. A few months later, Deanes resigned from the Department. During the conferences, Deanes delegated her own oversight duties to two of her senior employees, Thomas Barritt and Jolisa Dudley.[186] Deanes failed to provide adequate supervision of these employees throughout the planning process.[187]

One of the chief conference planners, Timothy Pleso, also resigned from the Department. The OIG referred him to the Justice Department for criminal prosecution for accepting and soliciting improper gifts. The Department of Justice declined prosecution.[188]

D. Status of the OIG Recommendations

In its report on the conferences, the Office of Inspector General made 49 recommendations to the Department. The Department agreed with those recommendations and pledged to address all of them. A year after the release of the OIG report, 26 of these recommendations remain open. Of the 18 personnel-related recommendations, 3 remain open. Twenty-three of the 31 recommendations related to conference management remain open. Most of these recommendations will remain open until the Department publishes its directive and handbook regarding conference spending.[189] Although the anticipated publication timeframe for the directive and handbook was the third quarter of FY 2013, they are not yet available.[190]

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[179] Stephen Losey, *VA Official Resigns, Another Reassigned in Response to Conference Scandal*, FED. TIMES, Jan. 8, 2013.
[180] IG REPORT, at 20.
[181] *Id.*
[182] *Id.*
[183] Jack Moore, *VA Chief of Staff John Gingrich to Retire*, FED. NEWS RADIO, Mar. 25, 2013.
[184] *Id*; IG REPORT, at 41.
[185] Moore, *supra* note 184.
[186] IG REPORT, at 21.
[187] *Id.*
[188] Briefing by Dep't of Veterans Affairs Off. of Inspector Gen. Staff to Committee Staff (Oct. 24, 2013) [hereinafter VA OIG Oct. 24 Briefing].
[189] *Id.*; *see also* U.S. Dep't of Veterans Affairs, Office of Acquisition & Logistics (OAL), VA Directives & Handbooks, http://www.va.gov/oal/library/dms.asp ("VA Directives provide mandatory Department-wide policies. VA Handbooks prescribe mandatory Department-wide procedures or operational requirements implementing policies contained in directives.") (last visited Oct. 24, 2013).
[190] VA OIG Oct. 24 Briefing, *supra* note 189.

IX. Lack of Cooperation with Congress

FINDING:	**Despite Secretary Shinseki's personal commitment to Chairman Issa, the Department has failed to cooperate with the Committee's investigation. The Department missed a series of deadlines and only began producing many of the requested documents after the Chairman issued a subpoena.**

Throughout the Committee's investigation into the VA conferences, the Department has been reluctant to cooperate, and at times, has flatly refused. Shortly after learning about the conferences last August, Chairman Issa spoke with Secretary Eric Shinseki. During that phone conversation, Secretary Shinseki pledged to cooperate fully with the Committee's inquiry. The Committee then sent a letter on August 13, 2012, requesting information and documents about the conferences, as well as a briefing.[191] Despite Secretary Shinseki's pledge, the Department engaged in delay tactics for the next several months to avoid producing documents and answers to the Committee. The Department's aversion to congressional oversight suggests deep management failures that it must address.

From the outset of the Committee's investigation, the Department frequently refused to answer Committee staff's phone calls or provide any information on the status of its document production. When the Department finally engaged Congress after the Office of Inspector General released its October 1, 2012, report on the VA conferences, the Department asked the Committee to narrow its document request. At that point, the VA had not even begun the process of identifying communications responsive to the Committee's August 13 request for documents.

Although the Department started identifying relevant communications in early October 2012, it still took many months to produce any of them to the Committee. On October 11, 2012, the Department stated that the Committee would start receiving documents the next day. On the next day, however, the Department revised its position, stating that it would be at least a couple of weeks before it would be able to start producing. A few weeks later, on October 25, 2012, the Department claimed that the documents were not yet ready, but they would be soon. By November 2012, the Department began citing IT issues for its inability to produce responsive documents to the Committee.

For the next several months, Committee staff continued to contact the Department in attempts to determine the status of the document productions. By January 3, 2013, the Department insisted that it had made "substantial progress" with the document production. Yet, by January 23, 2013, the Department claimed it was weeks—not days—away from a document production.

On March 7, 2013, the Department finally provided a briefing on the conferences—which the Committee had requested on August 13, 2012—for Committee staff. During the briefing,

[191] Letter from Darrell Issa, Chairman, H. Comm. on Oversight and Gov't Reform, to Eric Shinseki, Sec'y, Dept. of Veterans Affairs (Aug. 13, 2012).

Committee staff asked several questions that the Department officials were unable to answer. For example, the Department officials were unable to confirm whether the $6.1 million price tag for the conferences was accurate. Department officials also shared that Secretary Eric Shinseki ordered two *external* reviews in August 2012 on conference policies and training. Yet, they did not know the price of those contracts and the names of the contractors. The results of those reviews were also unknown. When asked about the status of the document production—which the Committee had been awaiting for months—Department officials again responded with the familiar answer that the documents were "weeks away."

After still not receiving these promised documents even weeks later, Chairman Issa sent a letter on May 30, 2013, demanding full document production. The letter also informed the Department that the Chairman was considering the use of compulsory process.[192] Shortly after receiving the letter, an OCLA official contacted Committee staff stating that the documents were ready for delivery. The documents delivered, however, were only a partial production. The production contained e-mails for five of the 18 requested individuals. In other words, it took the Department nine months to produce e-mails for five employees. The Department claimed it would take several more months to produce the documents for the other e-mail custodians.

With no alternative for obtaining the documents, the Committee issued a subpoena on July 9, 2013, for the remaining 13 individuals. By the subpoena due date on July 23, 2013, the Department had produced *one* e-mail. Not until August 2013—a year after the Committee's initial request—did the Department finally begin to produce documents on a regular basis. The Committee still has not received all the subpoenaed documents. The Department has failed miserably to live up to Secretary Shinseki's personal commitment to Chairman Issa to cooperate with the Committee's investigation even in the most basic way. Considering the the massive backlog of veterans benefits claims that the Department has yet to process, its response to the Committee's document request is an abysmal failure – but not surprising. The Department is either totally incompetent, or it is willfully withholding documents. Either way, it must radically change the way it operates. Meanwhile, it is the American people—in particular, those in the armed forces who have selflessly placed themselves in harm's way to protect our Nation—who continue to suffer.

X. Conclusion

One of the Department's core values is a commitment to veterans that should drive the VA's actions.[193] As the planners organized the conferences, however, the Department completely lost sight of this mission. When viewed against the backdrop of the Department's enormous backlog of veterans disability claims, the Department's mismanagement and wasteful conference spending is even more deplorable. Tens of thousands of veterans—many with debilitating injuries—are waiting months to receive benefits. The Department offers several

[192] Letter from Darrell Issa, Chairman, H. Comm. on Oversight and Gov't Reform, to Eric Shinseki, Sec'y, Dept. of Veteran Affairs (May 30, 2013).
[193] Dep't of Veterans Affairs, *About VA*, *available at* http://www.va.gov/about_va/mission.asp (last visited Oct. 25, 2013).

important initiatives that are vital to helping veterans return to the workforce, including the services offered through the Veterans Employment Services Office (VESO).[194] The VESO assists veterans in finding jobs and transitioning into the workforce.[195] The $6.1 million spent on the conferences could have been more effectively spent on this program to provide much-needed assistance to our nation's veterans. Meanwhile, Department employees are enjoying the luxury of working at "a large agency with deep pockets." In fact, it is worth noting that Department was spared from sequestration entirely. Rather than focus its money and energy on reducing the backlog of claims or providing career assistance to veterans, the Department dumped millions of dollars into a pair of conferences held in Orlando, Florida.

After the Office of Inspector General released its report on the conferences, the Department pledged to make changes. The Committee will work to ensure that these changes are not just superficial. Simply establishing new policies and procedures for future conferences is not enough. The Department must exercise proper management and vigilant oversight. The Department must root out the culture of wasteful and entitled spending. The Department must respect both its mission to the veterans of our country, and to the taxpayers who support this mission. Its task is not easy, and results will take time. Still, it must rebuild broken trust with the public, show that it intends to make amends, and deliver on promises to improve.

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[194] Dep't of Veterans Affairs, *VESO*, *available at* http://vaforvets.va.gov/veso/Pages/default.aspx (last visited Oct. 25, 2013).
[195] *Id.*

GSA, IRS and now VA Estimated IRS Conference Spending

IRS Conference Spending

- FY 2010 - $37.6 Million
- FY 2011 - $6.2 Million
- FY 2012 - $4.9 Million

No problem with Orlando Las Vegas

GSA Conference Spending

- FY 2010 - $10.9 M
- FY 2011 - $6.5M
- FY 2012 - $1.3M

VA Conference Spending

- FY 2011 – $86.5M
- FY 2012 - $7.5M through the first nine months of FY 2012

The VA HR Conferences in Orlando took place in July and August of 2011.

There was no budget for either conference

The VA OIG estimated that both conferences cost $6.1M combined

The VA OIG issued its report on October 1, 2012

The Committee's initial request for information was submitted on August 13, 2012

The Committee was finally forced to issue subpoenas to the VA on July 9, 2013

The Committee is still receiving documents from its requests to VA

The VA had no internal controls

$97,906 was spent on promotional items

- Including a Big Stuffed Teddy Bear
- One of the conference planners announced at the conferences that they are prizes to employees who walked the most. He says they are so big, winners would need an extra seat on the plane to take it home.

The IG made one criminal referral for a conference planner that accepted gifts

Assistant Secretary for Human Resources John Sepulveda was one of three VA employees that resigned as a result of the OIG report

- A/S Sepulveda was responsible for recommending these conferences to Secretary Shinseki

None have been fired

Cash and time off bonuses totaling $43,000 were given out to the conference event planners

The Inspector General made 49 recommendations in its October 2012 report.

Today, less than half of the IG's recommendations have been closed with 26 still open

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 Secretaries, 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, or similar events where travel is involved that are VA hosted or co-hosted, or other Federal or 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 appropriate guidelines, 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 prior to 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 require 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. By exception, 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 business case 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 Information Letter (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 the conference. 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 any covered 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 Attachments 11, 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, dated May 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 reporting purposes. 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 subordinate 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 travel card 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 diligent to use our training resources prudently to carry out VA's sacred mission to serve Veterans.

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

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 the proper 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 other Federal 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 requesting approval 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 Certifying Officials. 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 the conference's planning was conducted in accordance with all applicable statutes, regulations, and policies.
10. Responsible Conference Executive Appointment Memo. This form is used by Administrations 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 a nonexclusive 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 suggested template 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.

ATTACHMENT 1

Department of Veterans Affairs Hosted or Co-Hosted Conference Request Guidance

Background: Office of Management and Budget (OMB) Memorandum M-12-12 provided guidance that requires VA and other agencies to reduce travel expenditures and the number of face-to-face meetings and conferences. It is imperative that all conferences, meetings and training events are planned and executed consistent with the highest ethical standards and in compliance with laws and regulations and VA policy. We must exercise due diligence to ensure prudent use of our resources. All VA organizations shall look to identify alternative means, including usage of remote collaboration tools (e.g. teleconferencing, videoconferencing, webinars, online sharing applications and other real-time communication methods) to mitigate the need for travel expenses.

Administration / Office Conference Certifying Official – Each Administration and staff office shall designate at least one Conference Certifying Official (CCO). The CCO shall be a Senior Executive or an SES equivalent. The designee shall be familiar with the regulations and policies related to the conduct of conferences, training events and meetings. All proposals to conduct conferences, where the costs to VA exceed $20,000, must be reviewed and certified as being in compliance with all applicable statutes, regulations and policies by the CCO of the organization proposing to conduct the conference

Conference Planning Guidance: VA offices must begin their reviews by presuming that face-to-face conferences are not required in the majority of cases. **All conference requests must provide strong justification to support the need for a face-to-face event and should be certified by a CCO from the office proposing the conference.** While determinations should be made on a case-by-case basis, requests should be screened using the following criteria:

Establish that the conference is needed.

- Tangible changes will be implemented as a result of this meeting or training that could not be achieved by implementing a less resource intensive training modality.
- There is a valid rationale for selecting face-to-face activity versus considering an alternative or more cost effective strategy (i.e. virtual meeting)

Outcomes for the conference are clearly defined.

- Special processes, decisions, and/or skills will be developed or gained to overcome current or future challenges VA faces; or
- Processes, tools, or technologies achieved in the meeting or training provide a direct impact to improve day-to-day operations and/or cost effectiveness of delivering service to Veterans; or
- The meeting or training outcomes will improve the policy making and operational implementation of new or ongoing programs in the field.

A face-to-face event is necessary, the time away from the work site or patient care is worth the investment and:

- Face-to-face interaction is required for skill building and is integral to the educational design of the program; or

- Face-to-face contact is needed for observation of competencies for demonstration and evaluation; or
- The event involves complex technology training and physical collocation is required.

Conference Execution Guidance: All approved conferences MUST remain within the limitations specified in the approved proposal. Deviations of more than 5 percent above or below the approved conference budget require notification back to the approving authority and will require additional approval if budgetary thresholds are crossed

Each administration and staff office must develop internal supervisory controls to ensure proper oversight of the execution of the conference, including appropriate checks and balances. Further, a Senior Executive or SES equivalent shall be designated as the Responsible Conference Executive (RCE). The RCE is to be responsible for ensuring adherence to all applicable statutes, regulations, and policies when executing the approved conference. The RCE must certify that due diligence was exercised during the execution stage of the conference within 15 days of the conclusion of the conference. (See attached Post-Conference Certification Form). An example of due diligence is requiring prior approval of any conference-related expenditure, including any use of purchase cards. The Final After Action Report is due to the respective Under or Assistant Secretary within 30 days after the end of the conference. (See attached After Action Report).

Matters Requiring Particular Attention During the Planning and Execution Process:

- Selection of Meeting and Conference Locations
  - Conference planners will conduct market research and document site comparisons and cost analyses to consider lower-cost alternatives.
  - In accordance with the FTR Part 301-74 – Conference Planning, maximize the use of Government-owned or Government provided conference facilities as much as possible. This research shall be documented and provided to the CO.
  - Conference planners should document both the comparisons and the rationale for selecting the specific place to hold a conference.
  - Cost-benefit analysis must be conducted and documented to compare overall meeting and conference costs based on potential locations.
  - VA must not hold meetings at resort areas to which the general public is attracted because of recreational facilities, unless there is documentation that justifies the selected location is the best value for the purpose of the meeting in terms of program needs and cost factors/best value. (See June 2010 GAO Report: Selected Federal Agencies' Policies for Choosing Conference Locations).

- Procurement
  - Only Warranted Contracting Officers are authorized to secure hotel contracts in excess of the micro-purchase threshold.
  - Program Officials will develop a statement of work that identifies and clearly states all event requirements.

- Conference planners will develop and document evaluation criteria to assist in selection of hotel which provides best value to the government. Evaluation criteria should include, but not limited to:
  - size and quality of services and accommodations to meet the needs of the required number of participants;
  - available funding impacts, including per diem and travel costs for participants; and
  - logistical considerations, including proximity to a major airport, and prior experience with hosting complex and large conferences.
- Independent Government Cost Estimates must be prepared and documented to include **ALL** conference cost projections.
- Per the Office of Acquisition and Logistics IL-049-12-12, 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

- Expenses
  - Refreshments
    - In the absence of a specific exception, the use of Government funds to purchase refreshments for Government personnel and non-Government individuals is not authorized.
    - 5 U.S.C. 4109 Government Employees Training Act (GETA) does authorize the purchase of refreshments when it is determined that providing refreshments to the attendees is necessary to avoid disruptions that would distract from the training. It will also help in maintaining the timeliness set forth in the agenda to ensure completion of training. The cost of light refreshments must remain under 30% of Meals & Incidental Expenses (M&IE) rate per day per attendee.
    - In accordance with VA Financial Policy Volume XVI, Chapter 1, Government Purchase Card, dated February 2011, ALL Food and Beverage Purchases must have SES or Title 38 equivalent concurrence prior to the purchase being made. There are no exceptions.
  - It is not permissible to purchase promotional items, such as mementos, gifts, keepsakes, prize items, and other VA "logo" or "message" items, for distribution to VA and other federal employees.

References/Resources:

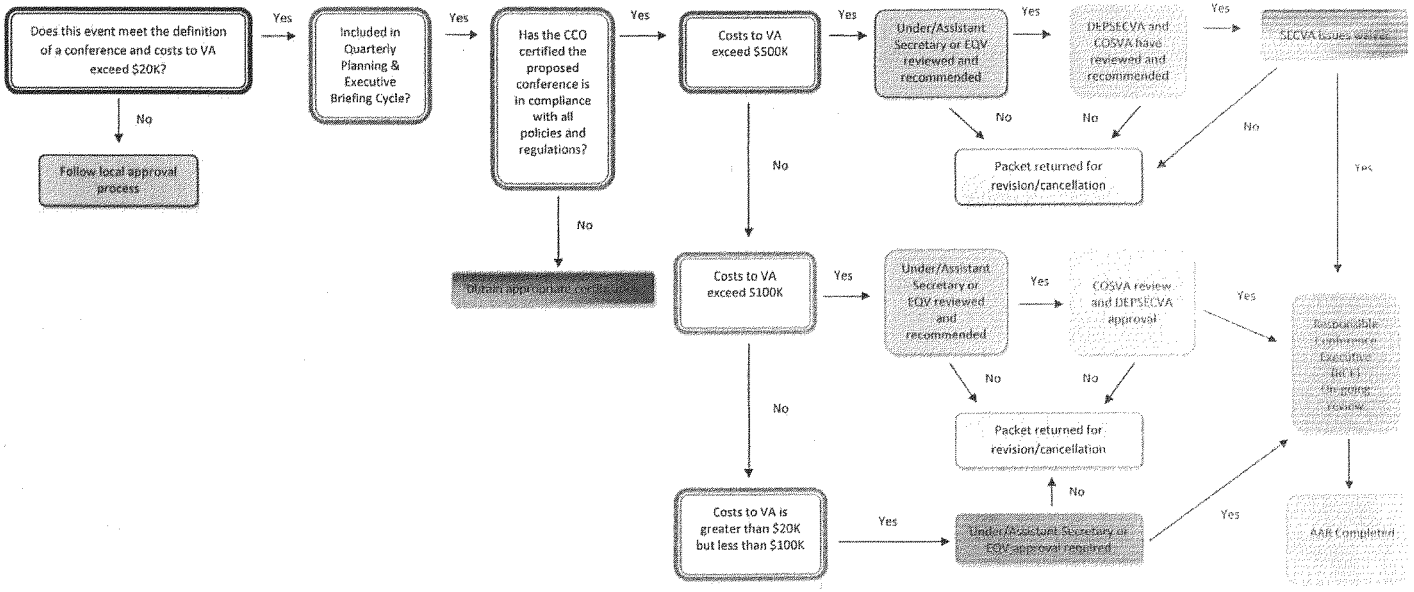
- Applicable Law, Regulations, and Policies:
  - 41 C.F.R. Chapters 300-304, Federal Travel Regulations (FTR)
  - Federal Acquisition Regulation (FAR) and US Department of Veterans Affairs Acquisition Regulation (VAAR)
  - 5 U.S.C. 4109 Government Employees Training Act (GETA)
  - VA Financial Policies and Procedures, Awards, Ceremonies, Food or Refreshments, Gifts or Mementos, Volume II – Chapter 4

ATTACHMENT 1

- VA Financial Policies and Procedures, Honoraria, Volume II – Chapter 7B
- VA Financial Policies and Procedures, Local Travel, Volume XIV – Chapter 7
- VA Financial Policies and Procedures, Conference Planning, Vol XIV - Chapter 10
- VA Financial Policies and Procedures , Government Purchase Card, Volume XVI – Chapter 1
- VA Financial Policies and Procedures, Government Travel Charge Card Program, Volume XVI – Chapter 2
- OMB Memorandum M-11-35, "Eliminating Excess Conference Spending and Promoting Efficiency in Government"
- OMB Memorandum M-12-12, "Promoting Efficient Spending to Support Agency Operations"
- Public Law 112-154, section 707. Quarterly Reports to Congress on Conferences Sponsored by the Department.
- "Controller Alert – Federal Conferences and Real Property Data Quality" issued by Danny Werfel, August 31, 2012.

ATTACHMENT 2

Conference Approval Process Flow Chart (Post-Budget Authorization)



9/26/2012

ATTACHMENT 3 -

Reporting and Approval Matrices for
Conferences Hosted or Co-Hosted by VA (or other Federal or Non-Federal Entities)

Reporting Matrix

Costs to VA	Statutory Reporting[1] (yes/no)	Frequency of Statutory Reporting	Time Frame for Statutory Reporting	OMB Required Public Posting[2] (yes/no)	Frequency of OMB Posting Requirement	Time Frame for OMB Posting Requirement
Less than $20K but 50 or more attend, including 1+ from VA	Yes	Quarterly	NLT 30 days after the end of the quarter	No	Posting not required	Posting not required
Greater than $20K but less than $100K	Yes	Quarterly	NLT 30 days after the end of the quarter	No	Posting not required	Posting not required
Greater than $100K but less than $500K	Yes	Quarterly	NLT 30 days after the end of the quarter	Yes	Annually	January 31
Greater than $500K	Yes	Quarterly	NLT 30 days after the end of the quarter	Yes	Annually	January 31

Approval Matrix[3]

Costs to VA	Certification	Review	1st level Recommendation	2nd level Review and Recommendation	Approval
Less than $20K and less than 50 attendees	Senior Executive	Senior Executive	Not required	Not required	Senior Executive
Less than $20K but 50 or more attend, including 1+ from VA	Senior Executive	Senior Executive	Not required	Not required	Senior Executive
Greater than $20K but less than $100K	Conference Certifying Official (CCO)	Under/Asst. Secretary or EQV	Not required	Not required	Under/Asst. Secretary or EQV
Greater than $100K but less than $500K	CCO	Under/Asst. Secretary or EQV	Under/Asst. Secretary or EQV	COSVA	DEPSECVA
Greater than $500K	CCO	Under/Asst. Secretary or EQV	Under/Asst. Secretary or EQV	COSVA and DEPSECVA	SECVA (waiver)

[1] Section 707 of Public Law 112-154
[2] Office of Management and Budget (OMB) Memorandum (M-12-12) dated May 11, 2012
[3] Development of Policy/Guidance detailing responsibilities of the Responsible Conference Executive (RCO) is on-going.

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Attachment 4

Conference Briefing and Reporting Milestones

Action Needed	Responsible Party	Date	Attachment/References
Appoint Organization's CCO	Administration or Staff Office Principal (Under Secretary, Assistant Secretary, or equivalent)	Prior to the Concept Phase - Quarterly Planning and Executive Briefing Cycle	• VA Conference Approval Flow Chart • Conference Certification Form • CCO Appointment Memo
Conference Planning and Execution Briefing Cycle – Concept Phase	CCO presents on behalf of administration or staff office	Quarterly (approximately 1 year before event)	COSVA 9-25-12 Memo, paragraph 5(d).
Chief of Staff Brief on Business Case Development for proposed conferences	CCO presents on behalf of administration or staff office	90 days prior to start of quarter	COSVA 9-25-12 Memo, paragraph 5a.
Appoint RCE for conference over $20,000	Administration or Staff Office Principal	No later than execution of CCO Conference Certification Form	• Conference Certification Form • RCE Appointment Memo
Secretarial Waiver for Conferences exceeding $500,000 in proposed costs	RCE prepares proposal package to be reviewed by the COSVA and DEPSEC, who will make a recommendation to the Secretary regarding whether to grant waiver.	No later than 60 days prior to event	• Conference Certification Template • Conference Request Memorandum Template
Deputy Secretary approval for conferences with proposed costs of $100,000-$500,000.	RCE prepares proposal package to be reviewed by COSVA and DEPSEC. Final approval will be by Deputy Secretary.	No later than 60 days prior to event	• Conference Certification Template • Conference Request Memorandum Template
Under Secretary, Assistant Secretary, or equivalent approval for conferences with proposed costs of $20,000-$100,000.	RCE prepares proposal package to be reviewed and approved by Under Secretary, Assistant Secretary, or equivalent.	No later than 60 days prior to event	• Conference Certification Template • Conference Request Memorandum Template
Under $20,000 - Conference approved in accordance with the sponsoring Administration or staff office's procedures.	Administration or staff office interally prepares proposal package to be reviewed and approved by Under Secretary, Assistant Secretary, or equivalent.	No later than 30 days prior to event	Conference Certification Template
RCE certifies due diligence was exercised during the execution phase of conference.	RCE	No later than 15 days after the event	Post Conference Certification Form
After Action Review Conducted	Appropriate personnel conduct a formal review of the conference's planning and execution.	No later than 30 days after the event	Conference After Action Review Report Template

See also: VA Conference Approval Flow Chart and Reporting and Approval Matrices

9/26/2012

ATTACHMENT 5

Department of Veterans Affairs

Memorandum

Date: Month/Day/Year

From: Under, Deputy, or Assistant Secretary (SES Level)

Subj: Request Approval to Implement _____ Conference (VAIQ #)

Thru: Chief of Staff

To: Deputy Secretary

1. In accordance with existing Department of Veterans Affairs Conference policies and guidelines, and all applicable statutes and regulations, the Office of _____ requests your approval to implement _____ conference in fiscal year (FY) 20___.

2. Purpose: A brief statement explaining why the event is necessary.

3. Goals and Objectives: State the expected goals and objectives of the event and how the session is an enabler to the Administration's mission.

4. Justification: The proposal details the reasons that a face to face meeting is required to accomplish the goals and objectives. It overcomes the presumption that a face to face meeting is not necessary. All alternative means have been considered and are determined to be insufficient for achieving the stated purpose, goals and objectives. (Appendix F of VA Financial Policies and Procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011)

5. Business Case Analysis: Describe the detailed business case analysis that was conducted to shape the proposal and explain the proposed costs, travel, locations, attendees, duration, agenda, and training that were reviewed to ensure that all appropriate measures were taken to reduce the total cost of the event. Summarize the conclusions of the business case analysis and the basis for those conclusions. Describe alternatives that were considered and why they were not accepted. (Appendix D and E of VA Financial Policies and Procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011) – Please attach Appendix D, E, F, and the Conference Certification Form when forwarding this form for approval.

6. The proposed dates and location is:

TIME	POTENTIAL LOCATIONS
Jan 1 – Jan 4, 2013	**City and State**

ATTACHMENT 5

Subj: Request Approval to Implement _____ Conference (VAIQ #)

7. The overall proposed per event cost estimate is provided below:

	Number of employees	Support Staff	Non-Travel Cost	Travel Cost	Contractor Support	Total Cost	Cost per Participant
Training Event Title	XXXX	XX	$X,XXX	$X,XXX	$XX,XXX	$XX,XXX	$X,XXX

8. Both the **VA Hosted or Co-Hosted Conference Proposed Checklist for Conference Certifying Officials** and **Department of Veterans Affairs Hosted or Co-Hosted Conference Request Guidance** were used in the planning of this event. The Administration Conference Certifying Official (COO) has reviewed and signed off on the attached Conference Certification Form prior to my signature below.

9. I am available at (202) XXX-XXXX should you wish to further discuss this proposed _____ training event.

_____ _____
Under/Assistant Secretary or Equivalent Signature Date

Recommend: Approve / Disapprove

_____ _____
John R. Gingrich Date
Chief of Staff

Approve / Disapprove

_____ _____
W. Scott Gould Date
Deputy Secretary

ATTACHMENT 5

Attachments
1. Conference Certification Form
2. Appendix D, Sample Venue Cost Estimate, VA Financial Policies and procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011
3. Appendix E, Site Cost Comparison Chart, VA Financial Policies and procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011
4. Appendix F of VA Financial Policies and Procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011

ATTACHMENT 6

Department of Veterans Affairs

Memorandum

Date: Month/Day/Year

From: Under, Deputy, or Assistant Secretary (SES Level)

Subj: Request Waiver For _____ Conference (VAIQ #)

Thru: Chief of Staff

Thru: Deputy Secretary

To: Secretary

1. In accordance with existing Department of Veterans Affairs Conference policies and guidelines, and all applicable statutes and regulations, the Office of _____ requests your waiver to implement _____ conference in fiscal year (FY) 20___.

2. Purpose: A brief statement explaining why the event is necessary.

3. Goals and Objectives: State the expected goals and objectives of the event and how the session is an enabler to the Administration's mission.

4. Justification: The proposal details the reasons that a face to face meeting is required to accomplish the goals and objectives. It overcomes the presumption that a face to face meeting is not necessary. All alternative means have been considered and are determined to be insufficient for achieving the stated purpose, goals and objectives. (Appendix F of VA Financial Policies and Procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011)

5. Business Case Analysis: Describe the detailed business case analysis that was conducted to shape the proposal and explain the proposed costs, travel, locations, attendees, duration, agenda, and training that were reviewed to ensure that all appropriate measures were taken to reduce the total cost of the event. Summarize the conclusions of the business case analysis and the basis for those conclusions. Describe alternatives that were considered and why they were not accepted. (Appendix D and E of VA Financial Policies and Procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011) – Please attach Appendix D, E, F, and the Conference Certification Form when forwarding this form for approval.

6. The proposed dates and location is:

TIME	POTENTIAL LOCATIONS
Jan 1 – Jan 4, 2013	**City and State**

ATTACHMENT 6

Subj: Request Waiver For _____ Conference (VAIQ #)

7. The overall proposed per event cost estimate is provided below:

	Number of employees	Support Staff	Non-Travel Cost	Travel Cost	Contractor Support	Total Cost	Cost per Participant
Training Event Title	XXXX	XX	$X,XXX	$X,XXX	$XX,XXX	$XX,XXX	$X,XXX

8. Both the **VA Hosted or Co-Hosted Conference Proposed Checklist for Conference Certifying Officials** and **Department of Veterans Affairs Hosted or Co-Hosted Conference Request Guidance** were used in the planning of this event. The Administration Conference Certifying Official (COO) has reviewed and signed off on the attached Conference Certification Form prior to my signature below.

9. I am available at (202) XXX-XXXX should you wish to further discuss this proposed _____ training event.

_____ _____
Under/Assistant Secretary or Equivalent Signature Date

Recommend: Approve / Disapprove

_____ _____
John R. Gingrich Date
Chief of Staff

Recommend: Approve / Disapprove

_____ _____
W. Scott Gould Date
Deputy Secretary

Approve / Disapprove

_____ _____
Eric K. Shinseki Date
Secretary

ATTACHMENT 6

Attachments
1. Conference Certification Form
2. Appendix D, Sample Venue Cost Estimate, VA Financial Policies and procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011
3. Appendix E, Site Cost Comparison Chart, VA Financial Policies and procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011
4. Appendix F of VA Financial Policies and Procedures Conference Planning, Vol XIV, Chapter 10, Nov 2011

ATTACHMENT 7

DEPARTMENT OF VETERANS AFFAIRS
CONFERENCE CERTIFYING OFFICIAL APPOINTMENT MEMO

Subject: Designation of [Name], [Position Title], as Conference Certifying Official for [VA Organization]

[Name], [Position Title], is designated as the Conference Certifying Official (CCO) for [VA Organization]. The designee shall be familiar with the regulations and policy related to the conduct of conferences, training, and meetings. As the CCO for the organization, [name] shall review and certify all conferences, where the costs to VA exceed $20,000, proposed by [VA organization] as being in compliance with regulations and policy, using the Conference Certification Form, prior to final review by the appropriate Under Secretary, Assistant Secretary, or other Senior Leader, as required by VA and OMB policy.

This designation is effective [Date]. In exercising this authority, the CCO is to observe and comply with all applicable regulations, policies, and procedures, and should refer to the "VA Hosted or Co-Hosted Conference Proposal Checklist for Conference Certifying Officials" in performing the required responsibilities.

[Name of Executive] [Under Secretary/Assistant Secretary/other Key Official] [VA Organization]		[Name of CCO] [Position Title] Conference Certifying Official

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 proposals to conduct conferences, where the costs to VA exceed $20,000, must be reviewed and certified as being in compliance with regulations and policy by the CCO of the organization proposing to conduct the conference. The CCO ensures that the office proposing the conference has provided a strong justification to support the need for a face-to-face event. The CCO is responsible for promoting an atmosphere in the organization that is focused on efficient and effective usage of conference and training funds. Conducting and promoting thorough analyses of the necessity of conferences will help ensure the approval, planning, and execution processes move smoothly for the CCO's organization. Further, the CCO monitors whether the items identified in this nonexclusive checklist have been satisfied for each conference.

- Does the proposal clearly state the purpose, goals, and objectives of the conference? Consider the following factors:
    - Does the proposal identify specific purposes and/or measurable outcomes?
    - Does it state how the conference will enable VA to better accomplish its mission and carry out daily operations?
    - What tangible changes will be implemented as a result of this meeting or training?
    - What special processes, decisions, and/or skills will be gained to overcome current or future challenges VA faces?
    - How will processes, tools, or technologies achieved in the meeting or training provide a direct impact to improve day-to-day operations and/or cost effectiveness of delivering service to Veterans?
    - How will the meeting or training outcomes improve the policy making and operational implementation of new or ongoing programs in the field?

- Does the proposal overcome the presumption that a face-to-face training/conference event is not necessary? Consider the following factors:
  - Are there alternatives to a face-to face conference for achieving those goals and objectives?
  - Does your proposal provide compelling justification for not using other means to achieve those purpose, goals and objectives of the conference/training – virtual conferencing; telephone; webinar; written syllabus?
  - Is face-to-face interaction required for skill building and integral to the educational design of the program?
  - Is face-to-face contact needed for observation of competencies for demonstration and evaluation?
  - Is hands-on training needed?

- Does the proposal provide a detailed business case analysis for the conference investment? See VA Financial Policies and Procedures, Conference Planning, Vol XIV - Chapter 10, including appendices.
  - What is the total cost?
  - Is the total cost justified? Why?

    A two- pronged test should be applied (1) determine whether the expenditure is legally permissible and (2) determine whether the expenditure reflects exercise of good judgment
  - Are all the costs /expenses justified? Why?
  - Is the duration of the conference fully justified?
    - Is the time away from the work site or patient care worth the investment?
  - Does the proposal justify the number and types of attendees?

        - Can the number of attendees be reduced (for example by use of train-the–trainer programs and through virtual attendance)? Why not?
    - Is the proposal to conduct the conference at the most economical location? Why not?
        - Does the conference proposal provide for the use of regional training sites to reduce travel costs by increasing the percentage of attendees that are local?
        - Does the proposal include use of a government site, such as Employee Education System's (EES) National Conference Center or Innovative Learning Spaces? Why not?
        - Does the proposal objectively demonstrate that the conference location is the best value to the Government?

- Does the proposal include funding for any non-VA speakers or presentations?

  Note: The proposal may not provide funding for motivational speakers.
    - Does the proposal clearly justify why it is necessary to fund outside presentations?
    - Does the proposal comply with honoraria rules at VA Financial Policies and Procedures, Honoraria, Volume II – Chapter 7B?

- Does the proposal include plans for any videos, demonstrations, or presentations that will be paid for from VA funds?
    - Does it include an explanation of why that expense is necessary?

- If the video, demonstration or presentation is produced or presented by a non-VA source why is an in-house production or presentation not possible and not more cost effective?

- Does the proposal specifically preclude the use of paid music and/or entertainment?

- Does the proposal provide limitations on the purchase of food and refreshments? If not, is an explanation provided?
  - Does it clearly provide that use of purchase cards to pay for refreshments, will be in strict compliance with VA Financial Policies and Procedures, Government Purchase Card, Volume XVI – Chapter 1?
  - Is the proposal in compliance with Financial Policies and Procedures, Awards, Ceremonies, Food or Refreshments, Gifts or Mementos, Volume II – Chapter 4?

- Does the proposal preclude purchasing SWAG (Stuff We All Get), promotional items, prizes or excessive conference supplies?
  - Does the proposal expressly state that no funding will be spent to emboss or otherwise imprint the name of the organization or event on any supplies, mementos or other handouts?

- Does the proposal state that all attendees will be informed that they may not claim per diem for any meals that are provided to them at Government expense at the event? See VA Financial Policies and Procedures, Travel Per Diem, Volume XIV – Chapter 2.

- Does the proposal provide for travel expenses for local employees?

- If so, is it in compliance with VA Financial Policies and Procedures, Local Travel, Volume XIV – Chapter 7?

- Does the proposal include procedures to ensure actual total conference costs are captured and recorded immediately after the conference?

- Does the proposal provide for an After-Action Report which includes an assessment of the extent to which the conference accomplished its purpose?

- Does the proposal state whether the SECVA, DEPSECVA, COSVA, or other senior VA or Administration officials will attend or otherwise participate in the conference?

- Does the proposal provide whether there will be any non-VA participation or attendees?

- Does the proposal identify the correct approving authority based personnel/dollar thresholds?

Conference Certification Form

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 proposals to conduct conferences, where the costs to VA exceed $20,000 must be reviewed and certified as being in compliance with regulations and policy by the CCO of the organization proposing to conduct the conference. As the Conference Certifying Official for _____, I hereby certify that I have reviewed the documentation for this proposed conference. It meets the criteria established by all applicable statutes and regulations, as well as OMB and VA policy. ***(Note:** CCOs must refer to the "VA Hosted or Co-Hosted Conference Proposal Checklist" for more detailed questions related to supporting each assertion below.)*

Conference Title		**Lead Administration or Staff Office**	
Dates of Conference		**Number of Days**	
Location of Conference		**Number of Attendees**	
POC Name and Email		**Estimated Total Cost**	
Conference Certifying Officer [Must be SES or SES-Equivalent]	Name: Email: Phone: Location:	**Responsible Conference Executive (RCE) [Must be SES or SES-Equivalent]**	Name: Email: Phone: Location:

Will SECVA, DEPSEC, COSVA, or other Senior VA or Administration officials attend or participate in the conference?	**No**		**Yes**	If yes, Name(s) and Title(s):

I certify the following:	CCO Initials
The proposal clearly states the purpose, goals and objectives of the conference and how it enables VA to better accomplish its mission.	
The proposal overcomes the presumption that a face-to-face meeting is not necessary to achieve the purpose, goals, and objectives of the conference. (All alternative means have been considered and a determination that such alternatives are insufficient for achieving the stated purpose, goals, and objectives)	
The proposal provides a detailed business case analysis for the related conference and travel investment, which includes all anticipated costs.	
The duration, location, and attendees of this conference are appropriate.	
All presentations, demonstrations and programs paid for from VA funds are necessary and appropriate and cost effective.	
The proposal precludes the use of entertainment (videos, music, etc.) paid for with VA funds.	
The provision of food and light refreshments at the conference is in strict compliance with policy and regulations.	
The proposal precludes the purchase of SWAG ("Stuff We All Get") or promotional items intended for VA employees.	
The proposal provides that attendees will be informed that they may not claim per diem for any meals provided to them at government expense.	
The proposal has procedures to ensure that all actual conference costs are captured and recorded and reported immediately after the conference.	
The proposal provides for an After Action Report (AAR) including an assessment of the extent to which the conference accomplished its purpose.	
The RCE will certify within 15 days of the conclusion of the conference that due diligence was exercised during the execution of the conference.	

Signature of CCO		**Date**	

Attachment 10

DEPARTMENT OF VETERANS AFFAIRS
RESPONSIBLE CONFERENCE EXECUTIVE APPOINTMENT MEMO

Subject: Designation of [Name], [Position Title], as Responsible Conference Executive for [Conference Title]

[Name], [Position Title], is designated as the Responsible Conference Executive (RCE) for [Conference Title], a conference proposed by [VA Organization]. The designee is responsible for ensuring adherence to all applicable statutes, regulations, and policies when executing the approved conference. The RCE must certify that due diligence was exercised during the execution state of the conference within 15 days of the conclusion of the conference. Furthermore, the RCE will ensure that an After Action Report is conduction within 30 days of the completion of the conference.

This designation is effective [Date]. In exercising this authority, the RCE is to observe and comply with all applicable regulations, policies, and procedures, and should refer to the "Guidelines for Responsible Conference Executive (RCE)" in performing the required responsibilities.

[Name of Executive] [Under Secretary/Assistant Secretary/other Key Official] [VA Organization]		[Name of RCE] [Position Title] Responsible Conference Executive [Conference Title]

ATTACHMENT 11 – Guidelines for Responsible Conference Executive (RCE)

A Senior Executive official shall be designated in writing as the Responsible Conference Executive (RCE) for any covered conference estimated to cost at least $20,000. The RCE must be an SES or SES-Equivalent in the Administration or Staff Office leading the conference planning. The RCE is to be responsible for ensuring adherence to all applicable statutes, regulations, and policies when executing the approved conference. 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 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 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 Report is conducted.

1. The RCE will ensure the approved conference is executed with adherence to all applicable statutes, regulations, and policies.

2. The RCE will review the conference proposal documents with the Conference Certification Official to ensure that the proposal identifies and clearly states all event requirements such that the need for contract modifications is minimized.

3. After conference concept approval, the RCE will request that the responsible Head of Contracting Activity (HCA) assign a Contracting Officer (CO) to the conference.

4. The RCE will nominate an appropriately qualified person to serve as the Contracting Officer's Representative (COR), and provide that person with adequate time, training, and oversight to ensure that the COR is able to successfully perform the tasks required. The COR will be designated and authorized in writing by the Contracting Officer prior to the execution of any conference funds.

5. The RCE will nominate an appropriate qualified person to serve as Program Manager (PM), and provide that person with adequate time, training, and oversight to ensure that the PM is able to successfully perform the tasks required. (See Program Manager Appointment Memo). The PM will be designated and authorized in writing by the RCE prior to the execution of any conference funds.

6. The RCE will ensure that the conference is executed within the constraints of the conference proposal, and will seek re-approval for changes to the scope or cost of the conference.

7. The RCE will ensure due diligence is exercised during the execution stage of a conference (e.g., requiring prior approval of any conference-related expenditure, including any use of purchase cards).

8. The RCE will ensure that the VA contracting officer obtains a technical and legal review of all proposed contracts with hotels or similar facilities for conferences or similar functions where VA's actual or potential commitment, expenditure, or liability exceed $25,000.

9. The RCE will ensure that no purchase will be made until the Contracting Officer determines the best vehicle for the purchase (contract modification, new contract, purchase card, etc.).

10. The RCE will ensure that only authorized contracting personnel make commitments or changes that affect price, quality, quantity, delivery or other terms and conditions of a contract.

11. The RCE is will ensure that conference expenditures do not exceed the amount identified on the approved proposal and that all expenditures are appropriate.

12. The RCE will issue Instructions to Travelers (ITT) to all conference attendees to provide guidance on compliance with the FTR, including the requirement to not incur hotel taxes in states which offer tax exemption to the Government, and that travelers may not receive per diem for meals that were provided by the Government, among other requirements. The ITT will also include the requirement for travelers and approvers to include a cost comparison when choosing to use a privately-owned vehicle instead of a government contracted mode of transportation, and among other travel requirements.

13. The RCE will identify, by name, individuals needed onsite for conference support before or after the conference. This designation should be provided to the traveler for inclusion in their travel receipts. The RCE will ensure that the number of individuals traveling for additional days and the length of stay is appropriate and economical.

14. The RCE will certify that due diligence was exercised during the execution of the conference within 15 days of the conclusion of the conference.

15. The RCE is responsible for entering and certifying the accuracy of data reported in accordance with section 707 of Public Law 112-154 and OMB M-12-12 within 30 days of the conclusion of the conference.

Attachment 12

Responsible Conference Executive (RCE)
Post-Conference Certification Form

As the Responsible Conference Executive (RCE) for the conference referenced below, I certify that due diligence was exercised during the execution of this conference, and that the conference was completed in accordance with all applicable statutes, regulations, and policies. I acknowledge that I have completed this form within 15 days of the final day of the conference.

Conference Title		Lead Administration or Staff Office	
Dates of Conference		Number of Days	
Location of Conference		Number of Attendees	
POC Name and Email		Estimated Total Cost	
Conference Certifying Officer (CCO)	Name: Email: Phone: Location:	Responsible Conference Executive (RCE) [Must be SES or SES-Equivalent]	Name: Email: Phone: Location:
Contracting Officer (CO)	Name: Email: Phone: Location:	Contracting Officer's Representative (COR)	Name: Email: Phone: Location:
Signature of Responsible Conference Executive (RCE)		Date	

Attachment 13 – Department of Veterans Affairs Conference After-Action Review (AAR) Report Template

The following is a template for use by the Responsible Conference Executive (RCE) to report the results of conference after-action reviews. As soon as is practical, this template will be on the web portal for electron submission and entry of data.

The RCE is responsible for conducting the AAR and submitting the report within 30 days of completion of the conference. The AAR report shall then be approved by the Under Secretary, Assistant Secretary or equivalent official of the organization that sponsored the conference, and by the chief budget officer of that organization.

This template has three parts:

- Part I is a form for entering basic information about the conference being reviewed, and about any in-person AAR discussion that has taken place subsequent to the conference.
- Part II consists of the "Core Four" questions that are most essential to an effective AAR. The robust discussion of these questions will form the heart of all post-conference AAR's.
- Part III consists of more detailed follow-on questions that can help administrators and organizers identify both problems and "best practices" that might have emerged from a specific conference. In many cases, these follow-on questions will help participants develop more substantial answers to one or more of the "Core Four" questions in Part II.

  A few of the Part III questions should be treated as mandatory; these are marked as such, and are grouped at the top of Part III. All other questions in Part III should be regarded as suggested queries that may help AAR leaders and participants identify lessons they might otherwise have missed. The questions from Part III should be customized and augmented based on the specific circumstances of each conference.

Part I: Basic Conference and AAR Information

- Name of conference:
- Date(s) of conference:
- Location of conference:
- VA offices and administrations involved in planning and execution of conference:
- Name of Conference Certifying Official (CCO):
- Responsible Conference Executive (RCE):

- Date of AAR discussion:
- Location of AAR discussion:
- Participants in AAR discussion, by name, office, and title (append additional sheets if needed to record all participants; please specify which participant[s] acted as facilitators):

Part II: The "Core Four" Questions for Any AAR

The following "Core Four" questions are fundamental to any successful AAR. The facilitator and participants are urged to address them in a spirit of openness, candor, and a commitment to finding lessons that could improve future conferences and advance the VA mission.

The First Core Question: What were our purposes and expectations for this conference?

The Second Core Question: What actually happened at this conference? (Encourage respondents to honestly relate their experiences and observations from the conference, with a focus on how the actual execution of the conference compared with the purposes and expectations for the event.)

The Third Core Question: What went well and why?

Successes	How to Ensure Successes in the Future

The Fourth Core Question: What can be improved and how?

What can be improved	Recommendations

Part III: Follow-On Questions for the AAR

Budgeting, Planning, and Site Visits (All questions under this heading are mandatory.)

- MANDATORY: Was our spending on this conference within an established budget, and clearly accounted for?
    - If "yes," are there fiscal-management practices from this conference that could be usefully applied to future conferences?
    - If "no," how did actual spending practices depart from the budgetary guidance for this conference? Are there any fiscal-management lessons from this conference that could help prevent such problems in future conferences?
- MANDATORY: In the planning and execution of this conference, were adequate measures taken to keep costs to a reasonable minimum (such as in ensuring that unnecessary state-tax payments are avoided; in selecting vendors; and in eliminating SWAG)?

- If "yes," were there specific cost-avoidance practices that we could apply to future conferences?
- If "no," were there lessons that we can draw upon for future conferences?

- MANDATORY: Were contracts with outside contractors and other entities successfully managed, with the results documented in the Electronic Contract Management System?
  - Were there any contract-management practices that could serve as positive models for future conferences?
  - Were there any contract-management practices that should be avoided or modified for future conferences?
- MANDATORY: If there were site visits in advance of the conference, were those useful – and kept within budget?
  - If "yes," are there lessons for future conference site visits?
  - If "no," are there practices to avoid for future site visits?

Additional Conference Elements (The questions under this and subsequent headings are not mandatory, but facilitators are advised to review and consider them for inclusion in their AAR, since they may be helpful in identifying additional lessons for future conferences.)

- Did planning proceed in a timely, effective way that maximized the chances of meeting the conference's objectives?
  - Were there specific planning practices from this conference that could serve as positive models for future conferences?
  - Were there any problems in the planning process that should be avoided for future conferences?
- Who was the main audience for this conference?
  - Did this conference serve the needs of that audience?
    - If "yes," what were the main factors in that success, and how can those be replicated for future conferences?
    - If "no," what were the factors causing this outcome, and how can they be avoided for future conferences?

- What were the most important surprises or challenges that arose in the planning or execution of this conference?
    - Did any lessons arise from the handling of these surprises or challenges?

- Were the roles and responsibilities of conference participants well-defined and broadly understood?
    - If "yes," are there positive lessons that could apply to future conferences?
    - If "no," are there lessons to be learned for future conferences?
- Were the marketing, public-outreach, and media-relations elements of this conference (including the use of the web and social media) successful in attracting the desired level of interest and conveying the department's messages?
    - If "yes," what lessons may apply for future conferences?
    - If "no," what could be improved for future conferences?
- Was the conference agenda organized effectively?
    - If "yes," were there any particular practices that could help future conferences run more smoothly?
    - If "no," are there lessons that could apply to future conferences?
- Was the "customer experience" for conference attendees a positive one? Did they have a clear sense of what was happening and when? Did they seem, on the whole, to be comfortable, happy, engaged, and satisfied? Was it your sense that they were glad they chose to attend?
    - If "yes," what practices contributed to that positive outcome? What can we learn to make future conferences as successful as possible?
    - If "no," what specific factors led to that negative outcome, and how can they be avoided for future conferences?
- If there were breakout sessions, did those contribute positively to meeting the conference's core objectives?
    - If "yes," are there lessons to be applied to future conferences?
    - If "no," are there lessons to be applied to future conferences?

- If there were speeches or panels, did those contribute positively to meeting the conference's core objectives?
    - If "yes," are there lessons to be applied to future conferences?
    - If "no," are there lessons to be applied to future conferences?
- Are there any other aspects of this conference – positive, negative, or mixed – that you would like to discuss, and that may hold lessons for future events?

ATTACHMENT 14

DEPARTMENT OF VETERANS AFFAIRS
PROGRAM MANAGER APPOINTMENT MEMO

Subject: Designation of [Name], [Position Title], as Program Manager for [Conference Title] for [Responsible Conference Executive Name]

[Name], [Position Title], is designated as the Program Manager for [Conference Title], to serve as an authorized representative of [Name of RCE], Responsible Conference Executive for the above-referenced conference during the absence of the assigned Responsible Conference Executive.

This authority expires on the date of the After Action Report for the Conference, which shall be held within 30 days of the conclusion of the conference.

This designation is effective [Date]. In exercising this authority, the PM is to observe and comply with all applicable regulations, policies, and procedures, and should refer to the "Guidelines for Responsible Conference Executives" in performing the required responsibilities. The above authority is to be exercised only with respect to activities required to execute the conference cited.

[Name of RCE] [Position Title] Responsible Conference Executive [VA Organization]		[Name of PM] [Position Title]