



Office of Inspector General

AUDIT OF ALLEGATIONS CONCERNING THE VA OFFICE OF CONGRESSIONAL AFFAIRS (OCA)

*Action is needed to improve the operation
and management of OCA and ensure a
more effective work environment.*

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Office of Inspector General
Washington DC 20420



DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington DC 20420

Memorandum to the Assistant Secretary for Planning and Analysis (008)

Audit of Allegations Concerning the VA Office of Congressional Affairs (OCA)

1. The Office of the Inspector General (OIG) reviewed allegations received through the OIG Hotline of salary and expense account over-expenditures, overtime abuses, and fiscal mismanagement in the Office of Congressional Affairs (OCA). During the audit, additional complaints were raised concerning: employee favoritism, creation of a polarized work environment, mismanagement of consultant contracts, improper reimbursable interagency work details and temporary staff appointments, inaccuracies and lack of controls over time and attendance records, purchase card mismanagement, inappropriate use of government travel cards, assignment of unnecessary pagers to staff, poor position management, and other inefficient workload processing issues. As we completed this audit, the Principal Deputy Assistant Secretary (PDAS) for OCA was reassigned initially to another position on the Secretary's staff and then to a position in the Office of the Acting Under Secretary for Health. The Assistant Secretary for Planning and Analysis was assigned responsibility for supervising and managing all operations and personnel of OCA.

2. Our audit substantiated the allegations received through the OIG Hotline and during the audit. OCA salary and expense accounts were over-expended. Budget, fiscal, and management controls were not effectively established or communicated to the staff. Overall, we found a polarization existed between a group of new hires and consultants with VA career staff; staff morale was extremely low. Overall, there has been an ineffective use of staff resources in OCA. The organizational change directed by the Secretary of Veterans Affairs was not implemented. Department policies and procedures for implementing a major reorganization were not followed. Nor were actions taken to ensure a budget increase was properly approved and executed for OCA in recognition of increased organizational responsibilities. As a result of OCA not following the prescribed policies and procedures, the adverse impact of budget reductions to other VA staff offices was not appropriately addressed. In addition, without a reduction in operational costs, OCA's current spending level has the potential to exceed its authorized budget again in FY 2000.

3. An allegation concerning the failure to record leave taken by the former PDAS was substantiated. Generally, controls over time and attendance were too weak to be effective and ensure absences by OCA staff were properly reported. We also identified situations

where overtime was paid that was not approved in writing by authorized officials and identified overtime paid to one individual that exceeded the Department's limitation related to earning overtime. Our review of purchase card transactions found two transactions that exceeded the single purchase limit of the assigned credit card holder and we identified four other purchases that exceeded spending limitations established by the Office of Financial Management (OFM). In addition, required timely reconciliations of purchases made were not accomplished. Government issued travel cards were used to make unauthorized purchases by the former PDAS and by one of the consultants.

4. OCA's policies and procedures were not clearly communicated to the staff. OCA staff confirmed the policies and procedures were confusing, changed frequently, and in some cases did not exist. We also found that certain OCA staff lacked position descriptions and/or were performing work unrelated to their current position description; other staff had not received current performance appraisals. Other workload processing issues such as delays in responding to Congressional correspondence were identified and were impacting the effectiveness of OCA operations.

5. There is an immediate need to improve the operation and management of OCA and take actions to ensure a more effective work environment. The report contains recommendations that will facilitate addressing the needed improvements. The Assistant Secretary for Planning and Analysis concurred with the report recommendations and provided appropriate implementation actions. The Assistant Secretary's comments indicate that necessary corrective actions have already been completed in a number of areas. We consider the report issues resolved and will follow up on planned actions until they are completed.

For the Assistant Inspector General for Auditing

(original signed by:)

Stephen L. Gaskell

Director, Central Office Operations Division

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**AUDIT OF ALLEGATIONS CONCERNING THE
VA OFFICE OF CONGRESSIONAL AFFAIRS (OCA)**

OVERALL SUMMARY OF RESULTS

Overall, we substantiated the allegations received through the OIG Hotline and during the course of the audit. We found that OCA over-expended its FY 1999 annual authorized budget of \$2.3 million by almost \$390,000, thus exceeding the organization's approved budget by about 17 percent. We concluded that OCA's former PDAS did not take responsible management actions to manage, control, and ensure OCA's operational costs or performance was within the constraints of its approved budget for FY 1999. The former PDAS did not initiate appropriate actions to ensure a needed budget increase was properly approved and executed to cover expenses in excess of the FY 1999 OCA budget allotment.

We found that the primary reason the OCA budget was over-expended was that salary costs were increased in an uncontrolled manner, by permitting OCA staff to earn excessive overtime costs without advanced written approval, as required, and by actions to hire a combination of consultants and temporary employees. Also, the former PDAS exceeded her authority and improperly executed a reimbursable interagency work detail with the Department of Defense (DoD) for which funds were not available in OCA's approved budget. In addition, the former PDAS did not follow prescribed policies and procedures for implementing a major reorganization to implement a new OCA organization structure directed by the VA Secretary in December 1998. As a result of OCA not following the prescribed policies and procedures, the adverse impact of budget reductions to other VA staff offices was never appropriately addressed. We also found that FY 2000 unfunded budget requirements in OCA were not resolved at the time we concluded this audit.

We found that a polarization exists between the former PDAS, a group of new hires and consultants, and the rest of OCA staff. Audit results supported that there is a lack of fiscal and management controls over the budget, obligations, expenditures including credit cards purchases, leave reporting, and overtime. We also identified instances where certain OCA staff did not appear to have sufficient workload. We found OCA staff morale to be extremely low and there was a sense of mistrust and fear of retaliation on the part of OCA career staff. Based on the interviews conducted with VA career staff, consultants, and temporary employees in OCA, we concluded that there has been an ineffective use of staff resources because this organization is embroiled with complaints and has a high number of disgruntled employees. OCA staff cited examples of the former PDAS berating staff at office meetings. While conducting staff interviews, we were advised that several OCA career staff sought professional assistance from the VA Employee Assistance Program to address organizational conflict issues with OCA's

former PDAS. Statements made by the former PDAS in reaction to our audit results regarding certain staff not having sufficient workload, confirmed the merits of the staff's fear of retaliation.

We also determined that certain staff lacked position descriptions, other staff was performing work inconsistent with grade level, and two detailed staff lacked written statements of work. We concluded that the management style and expectations of the former PDAS have resulted in a polarized and unproductive work environment impacting both the immediate OCA operation and other VA staff offices. As a result of all the issues identified, we concluded that the former PDAS's efforts for accelerating organizational change to implement a new operational realignment within OCA has not been accomplished through a balanced approach. In fact, the efforts to reorganize OCA have essentially excluded VA career employees by relying heavily upon consultants and temporary employees.

We also identified several other weaknesses in fiscal and management controls that require immediate management attention. These areas include the management and performance of consultant contracts, position management, use of interagency work details, purchase card management, employee travel card usage, assignment of pagers, controls over time and attendance, leave reporting, position management, and other workload issues including controls over Congressional correspondence. We found that some consultants were performing inherently governmental functions and received excessive pay increases, while a promotion for a VA career staff employee was delayed due to budget constraints. Overall, we concluded budget, fiscal, and management controls, including tracking of time and attendance in OCA, were too lax. OCA policies and procedures were not effectively established or communicated to all staff to ensure accountability and prevent employee abuses. New leadership strategies are needed to immediately address the polarized work environment and to implement the Secretary's directive to reorganize OCA operations.

RECOMMENDATIONS

We recommend that the Assistant Secretary for Planning and Analysis direct the following actions to improve OCA management and operations:

- a. Assure completion of a formal OCA reorganization plan to effect the transfer of legislative functions, including actions to establish and maintain an organizational structure with clearly defined roles and responsibilities for all staff. *(Review details are on pages 7-12.)*
- b. Establish an appropriate OCA budget allotment consistent with an approved reorganization plan. *(Review details are on pages 7-12.)*

- c. Require cancellation of the current OCA consultant contracts and assure that the need for any future consultants is justified based on cost considerations, necessity for the position(s), and related expertise. *(Review details are on pages 7-12.)*
- d. Coordinate with General Counsel and Human Resources to determine what actions may be required to address the performance of the former PDAS. *(Review details are on pages 7-22.)*
- e. Recover overtime paid to an OCA employee in excess of amounts permitted by the Department's earnings limitation. *(Review details are on pages 13-15.)*
- f. Recover the night differential that was inappropriately paid to an OCA employee. *(Review details are on pages 17-22.)*
- g. Correct the underpayment of overtime that was not paid to an OCA employee. *(Review details are on pages 17-22.)*
- h. Coordinate with appropriate senior VA officials to ensure that the former PDAS reports all personal leave used during the period July 1998 through July 1999. *(Review details are on pages 17-22.)*
- i. Ensure that all OCA staff is provided accurate position descriptions, timely performance appraisals, and appropriate career ladder promotions. *(Review details are on pages 17-22.)*
- j. Ensure that appropriate timekeeping and leave controls are established and implemented in OCA. *(Review details are on pages 17-22.)*
- k. Ensure that OCA purchase card transactions are effectively controlled, reviewed, and approved consistent with Federal Acquisition Regulations. *(Review details are on pages 17-22.)*
- l. Develop leadership strategies in conjunction with team building strategies within OCA that are designed to enhance core organizational values and help facilitate the transition of new legislative functions. *(Review details are on pages 23-25.)*
- m. Ensure that effective policies, procedures, and controls are established and communicated to all OCA staff that emphasizes fairness and equality in all work assignments. *(Review details are on pages 23-25.)*
- n. Remind OCA staff that government issued travel cards are to be used for only official government travel. *(Review details are on pages 17-22.)*

- o. Coordinate with General Counsel and Human Resources to determine what actions may be required to address the inappropriate use of government travel cards by the former PDAS and an OCA consultant. *(Review details are on pages 17-22.)*
- p. Discontinue or reduce the assignment of pagers to OCA staff. *(Review details are on pages 17-22.)*

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

The Assistant Secretary for Planning and Analysis concurred with the report recommendations.

IMPLEMENTATION PLAN

The Assistant Secretary provided the following implementation actions that address recommendation sections a-p.

- a. The new leadership within the Office of Congressional Affairs (OCA) is committed to assessing whether the existing organizational structure, as well as the products and services provided by OCA, are consistent with its mission and goals and with the organizational requirements set out in the Secretary's memorandum of December 16, 1998. The future OCA organizational structure will be formulated by integrating the findings of the assessment described above and placing those findings in the context of available resources. The target date for completion of the organizational assessment is March 1, 2000.
- b. OCA has received a budget allotment from the Office of Financial Management (OFM) for FY 2000 and has submitted to OFM a fully developed Budget Operating Plan for FY 2000, built around the approved allotment.
- c. The consultants' contracts were cancelled effective November 20, 1999. OCA recognizes that should the office wish to retain consultants in the future, they will be required to have demonstrable expertise in the subject area; will only be engaged for a very specific purpose; and must have their deadlines and deliverables clearly outlined by OCA management.
- d. Both the Assistant Secretary for Human Resources and the General Counsel were consulted regarding the IG recommendation on actions that may be required to address the performance of the former PDAS. They have each agreed, in their official capacities, to review the IG Audit Work Papers, and to make formal recommendations to the Secretary regarding all necessary and appropriate actions needed to address the specific concerns raised in the IG draft report regarding the performance of the former PDAS.

e. On November 19, 1999, a memorandum was provided to the Assistant Secretary for Financial Management asking that he effect the actions necessary to recover these excess overtime costs.

f. On November 19, 1999, a memorandum was provided to the Assistant Secretary for Financial Management asking that he effect the actions necessary to recover overpayments for night differential pay.

g. On November 19, 1999, a memorandum was provided to the Assistant Secretary for Financial Management asking that he effect the actions necessary to correct the underpayment of the staff member.

h. On November 22, 1999, the Deputy Secretary for Veterans Affairs issued a detailed memorandum to the former PDAS indicating the need to reconcile a number of instances where the Inspector General identified absences, but no leave request was entered into the Employee Time and Attendance System (ETA). In addition, he requested that the former PDAS identify all the other instances between July 1998 through July 1999 where the PDAS was not on duty, but no leave request was entered.

i. A complete inventory is being undertaken in OCA to ensure that accurate and comprehensive position descriptions and standards are in place for each staff member in the office. OCA's target date for completion of the position descriptions and standards is January 14, 2000. OCA will also identify staff and management for whom performance appraisals are not current and will ensure that future appraisals are completed in a timely fashion.

j. OCA is in the process of developing internal control procedures and guidelines to address the shortcomings noted by the IG in the areas of timekeeping and leave controls. By way of memoranda dated December 1, 1999 to the Assistant Secretaries for Financial Management and for Human Resources, OCA has requested formal training for managers and timekeepers on timekeeping and leave policies and procedures. The OCA internal control procedures developed will be articulated in formal memoranda that will, by reference, include relevant Departmental policy and procedural guidance and will be distributed to all OCA staff. The target date for completion and distribution of these internal control procedures is January 14, 2000.

k. OCA is in the process of developing internal control procedures and guidelines to address the shortcomings noted by the IG in the area of procurement procedures, particularly with respect to the use of government purchase cards. Formal training was provided to approving officials and cardholders on procurement policies and procedures. That training took place on December 14, 1999. The OCA internal control procedures developed will be articulated in formal memoranda that will, by reference, include relevant Departmental policy and procedural guidance and will be distributed to all OCA

staff. We anticipate that these internal control procedures will be completed and distributed by January 14, 2000.

l. The process of rebuilding and reunifying the Office of Congressional Affairs, as well as reestablishing its mission and goals, is already underway. Plans include filling the existing vacancies, which will allow functions and responsibilities to be aligned in an appropriate and logical way among staff and management.

m. The new leadership is committed to ensuring fairness and equity in the distribution of work assignments. An OCA procedures guide will be developed early in 2000, to formalize all of the instructions and procedures that are being implemented. Management will reestablish appropriate position responsibilities once vacancies are filled, which is also targeted for early in 2000.

n. Actions planned for the near term include: redistributing to appropriate staff copies of the Citibank card holder agreement terms, and holding a meeting with all travel card holders and staff involved in processing vouchers to review the obligations of the cardholders and to emphasize the specific VA guidance regarding travel contained in MP1, Part II, Chapter 2, Appendix M.

o. As part of their assessment related to Recommendation d., and in conjunction with their overall review of performance and conduct, the General Counsel and the Assistant Secretary for Human Resources and Administration have agreed to review the documentation regarding inappropriate use of the government travel card by the former PDAS. With regard to the consultant referenced, that individual is no longer employed by VA.

p. The Office of Congressional Affairs previously had 13 pagers activated at a monthly cost of \$362.44. At this time, 2 pagers are activated at a monthly cost of \$55.76, for a total monthly cost savings to OCA of \$306.68.

(See Appendix III on pages 31-40 for the full text of the Assistant Secretary's comments.)

OFFICE OF INSPECTOR GENERAL COMMENTS

The Assistant Secretary's implementation actions are acceptable and responsive to the recommendation areas. These actions should help ensure improved operation and management of OCA and provide for a more effective work environment. During the course of the audit, we also considered information provided by the former PDAS as a part of our preparation of the draft and final report. We consider the report issues resolved and will follow up on planned actions until they are completed.

RESULTS OF AUDIT OF ALLEGATIONS

ALLEGATION 1: ALLEGED SUBSTANTIAL COST OVERRUNS IN SALARY AND EXPENSE ACCOUNTS

We found that OCA over-expended its FY 1999 annual authorized budget of \$2.3 million by almost \$390,000. The former PDAS did not take responsible management actions to ensure, manage, and control OCA's costs or performance within the constraints of its approved budget for FY 1999. We also found that budget, fiscal and management controls in OCA were too lax and were not effectively established or communicated to all staff to ensure accountability and prevent employee abuses.

OCA's FY 1999 expenditures were in excess of budget allotments and were not properly authorized or controlled.

We determined that the increased operating costs in OCA were primarily a result of several actions and management decisions made by the former PDAS that resulted in FY 1999 budget deficits in salary and travel expense accounts. However, we noted that OCA was projected to have a small budget shortfall in FY 1999 that was unrelated to any decision or management action by the former PDAS. The actions and decisions identified included acquiring additional resources by hiring a combination of consultants, temporary and permanent staff, and establishing an interagency detail. The VA Secretary's December 16, 1998 memorandum issued to the Assistant Secretary for Planning and Analysis indicated that additional resources would be provided. However, the memorandum did not quantify the amount of resources to be transferred. The former PDAS said that she expected the OCA budget to be increased approximately \$500,000 for FY 1999 to provide for a major reorganization of OCA operations. She advised that OCA's hiring actions and increased travel requirements were responsive to acquiring new legislative responsibilities as directed by the VA Secretary. However, we found that the former PDAS's actions preceded having an approved reorganization plan as required by Department policy. Also, important budget controls were ignored by not following the Department's policies and procedures for implementing a major reorganization. As a result, we concluded that OCA's use of funds in excess of its approved budget allotment was not properly authorized.

We found that the transfer of some functions to OCA from the Office of the Assistant Secretary for Policy and Planning needed further clarification before any action could be taken because that office did not develop legislative policy as part of its mission and other work considered to be part of this transfer was being performed as an ad hoc function. Our discussion with the Assistant Secretary for Planning and Analysis found that one of the functions called for to be transferred, the liaison function with GAO, could have been transferred since this was the simplest function to transfer because the function was clearly defined and delineated. However, no action was taken to transfer that

function, because the former PDAS did not take action to process the required personnel actions. We concluded that her decision not to process the appropriate personnel actions to acquire the GAO Liaison function was inconsistent with her other actions to acquire other new staffing resources in OCA.

We found that OCA had received guidance on policies and procedures from the Office of Human Resources Management (OHRM) in February 1999, to assist OCA managers in the implementation of the proposed reorganization needed to establish and change organizational structures. That guidance stated that a major reorganization plan must include a detailed discussion of resource requirements and an assessment of the reallocation of funds from affected organizations. OHRM also noted that any reallocation of funds from other organizations to OCA must be coordinated and executed by the Office of Financial Management (OFM) to ensure the timely and accurate placement of resources. OFM officials also advised OCA as early as February 1999 that a reorganization plan was needed, and that to effect additional hiring without a plan results in management lacking appropriate information to determine the reductions in other staff offices required to cover OCA's increases.

Throughout the audit, OCA management and staff advised that there were several versions of a reorganization plan that had been developed. However, we were not provided and did not find that a reorganization package was ever adequately prepared or distributed to the appropriate offices consistent with OHRM guidance. Thus, we concluded that the hiring actions in OCA were inappropriate because OCA lacked sufficient funding in its approved budget and the actions preceded the approval of a formal reorganization plan. Discussions with the former PDAS found that only an unofficial draft plan was prepared. In fact, we found that a reorganization plan containing the documents prescribed in the OHRM February 1999 memorandum was never prepared as directed. A Concurrence Sheet and Memorandum for Request, as required, were never officially submitted to the VA Secretary. The result of acquiring resources without an approved reorganization plan was that operating costs increased and OCA exceeded its FY 1999 budget allotment. In addition, other staff offices were not provided an opportunity to address the detrimental impact of funding and other resource reductions on their organizations.

A reorganization plan for OCA was ultimately prepared and submitted to VA's Resources Board (VARB) for review and approval. In June 1999, the VARB was used as recommended by the Assistant Secretary for Financial Management to address OCA's unbudgeted requests. However, the Assistant Secretary for Financial Management noted that the VARB would not normally be involved in resource allocation issues. The major concern offered by the Assistant Secretary was that the detrimental impact of the reductions on the source offices and the benefits derived from the receiving offices needed to be considered against the Department's overall strategic plan. However, we found that while the VARB was used as the means to help address the immediate

concerns regarding unfunded operating costs in OCA, funding solutions for OCA's projected budget shortfall in FY 2000 were not resolved and the former PDAS expressed the need to appeal the decisions of the VARB. We found that the former PDAS increased OCA resources to perform the expanded scope of responsibilities, but did not follow VA policies and procedures that prescribe how to proceed with implementing a major reorganization. As a result, other staff offices within VA lacked information to ensure the timely and accurate reassignment and placement of resources.

Thus, we concluded that without adherence to the Department's policies and procedures regarding establishing and changing organizational structures the budgetary and resource impact on affected organizations was not known. In addition, lack of fiscal control over spending for salary and expense accounts was a direct result of the former PDAS not exercising proper fiduciary responsibility over OCA's budget and expenditures and proceeding with developing a major office reorganization without an approved plan.

Use of consultant contracts was a costly and inappropriate use of resources that contributed to OCA's FY 1999 budget over-expenditure.

OCA salary and expense costs increased as a result of the former PDAS's actions to hire consultants at a cost of just over \$143,000 in FY 1999. The cost and use of consultants to perform operational work in OCA was reviewed and considered excessive and inappropriate because we found that consultants were performing inherently governmental functions. We also found that requirements for specific deliverables were not identified in the consultant contracts and the work did not appear to be temporary in nature.

One consultant has been performing inherently governmental functions in OCA by performing operational work consistent to a Chief of Staff or Executive Officer position. Title 5 CFR Part 304 states that an inappropriate use for consultants is to function in the chain of command (e.g. to approve financial transactions, personnel actions, etc.). Office of Management and Budget guidance provides further restrictions for congressional support work that contractors are not to be used for drafting of congressional testimony or responses to congressional correspondence. We found that the consultant had approved leave, signed a telecommuting contract for another temporary employee, and was regularly reviewing congressional correspondence. Also, we found that the consultant reviews most of the congressional correspondence processed through OCA and recommends changes to the former PDAS prior to release of correspondence. Another consultant was identified as having an inadequate workload.

Our observations and interviews support that OCA consultants were performing work generally performed by the Department's career employees and that there were no measurable deliverables or timetables associated with two of the consultant's contracts. The Department needs to take appropriate action to cancel the current OCA consultant

contracts and assure that the need for any future consultants is justified based on cost considerations, necessity for the position(s) in relation to the work performed, and related expertise.

Pay increases for two consultants appear excessive and are not supported with adequate documentation.

One consultant received a pay increase of about \$21,000 per annum, within approximately 4 months of starting work in OCA. The former PDAS supported this increase by saying that the consultant's duties had evolved into more senior level responsibilities. We determined that the increase was inappropriate and unnecessary because the consultant duties had become inherently governmental functions and sufficient salary funds were not available in the OCA budget. Further, we found that complaints of favoritism towards the consultants were substantiated because the former PDAS delayed a VA career staff's promotion due to budgetary constraints during this same fiscal period that she increased the consultant's salary, hired two other consultants, and extended a temporary employee's appointment.

We also identified that action was taken to convert an OCA staff assistant position to a consultant position in September 1999. Our review of the proposed personnel action found that it included a \$10,105 pay increase for the individual to be converted to a consultant. As a result of this action, the individual would receive a pay increase established at a rate in excess of a GS-14, Step 1 position. However, in June 1999, OHRM did not support that the staff assistant position (position description) filled by this same individual qualified as a GS-14 level position. We concluded that the action to convert the individual currently filling the OCA staff assistant position to a consultant was a means to circumvent the recent position management decision of OHRM. We considered this proposed action to increase the pay for this individual inappropriate and excessive. Essentially, the same work was performed at a lower cost although the former PDAS has documented that the consultant's duties will be advisory not operational. Further, our review did not identify an appropriate reason for changing the employment status of the temporary appointment, only that a new appointment was needed to continue employing the individual. Thus, the change in the position from temporary to a consultant was merely a means to circumvent the Department's position management review decision and to pay the individual at a higher rate. We also found that after the staff assistant was converted to a consultant, the individual continued to approve leave actions in OCA which are prohibited as inherently governmental functions.

The former PDAS exceeded her authority and did not ensure an interagency reimbursable work detail was properly obligated.

OCA salary and expense accounts were also over-expended as a result of the former PDAS executing a reimbursable interagency detail with DoD at an estimated cost of

approximately \$25,000. We found that the former PDAS exceeded her authority and improperly executed this interagency detail, because the interagency detail did not have the required written VA Secretary's approval, including concurrence from OHRM and OFM to ensure compliance with technical requirements. We also found that the former PDAS did not ensure the associated cost of this work was obligated prior to the actual performance of the contract. Department policy requires that the cost of salary and other expenses be established prior to the start of the interagency detail.

In addition, VA received little value for the detail of this individual. We substantiated complaints that the individual was reading the newspaper during core business hours in one of OCA's satellite offices. Upon discussion with the individual, we determined that the employee was not provided a written statement of tasks to be performed and could not produce adequate evidence of work performed.

The former PDAS had permitted the individual to continue to work at VA into July 1999 although the detail was to be completed in June 1999. The detail was extended in spite of the budget and fiscal controls that had been established by the Assistant Secretary for Financial Management in May 1999. The controls were put in place to ensure no extensions of temporary assignments would be granted after May 1999 because OCA did not have sufficient budget resources available in FY 1999 for additional commitments. We concluded that the former PDAS's actions to establish this reimbursable detail and to effectively extend the performance period of the detail were inappropriate because OCA did not have approved budget resources and the former PDAS lacked the authority to enter into the agreement.

Further, VA policy states that interagency details should only be established when there is an emergency need or unusual situation. The documentation or explanations provided by OCA officials did not support an emergency need or unusual situation existed. The former PDAS's actions had the potential to result in an Anti-Deficiency violation because action was not taken to obligate funds prior to performance of the detail and funds were not available in OCA's budget to pay for the detail. The former PDAS also did not adhere to the budget controls put in place by the Assistant Secretary for Financial Management. In response to our September 1999 interim survey advisory, the former PDAS initiated corrective action and established an obligation to cover the cost of the detail before the close of FY 1999.

OCA exceeded its FY 1999 travel budget, but did not document the need for incurring travel costs consistent with its mission and strategic goals.

We found that OCA's travel budget was exceeded by almost \$10,000 in FY 1999. However, we were unable to substantiate whether the increased travel costs in OCA were related to the expansion of new responsibilities due to limitations in the documentation retained in support of travel costs, i.e. no trip reports.

Conclusion

We concluded that the former PDAS did not act in a fiscally responsible manner and should not have initiated actions that increased operating costs in OCA. These actions included acquiring resources using consultant contracts, temporary staff, and reimbursable details in addition to increasing one consultant's pay rate and proposing another pay increase for a staff assistant being converted to a consultant, and changing the position/grade composition within the organization without adequate consideration of budgetary limitations. We also concluded that the former PDAS failed to ensure sufficient management controls and oversight were in place to manage OCA effectively and efficiently. It was the responsibility of the former PDAS to ensure OCA's operating costs were controlled and did not result in unapproved budget deficits. The inappropriate actions and decisions made by the former PDAS did not support that OCA management oversight was adequate.

The need for consistent budget procedures used by all levels of the organization is imperative in a Department the size of VA and management action is needed to ensure budget controls and Department policies and procedures are followed for implementation of the OCA reorganization. OFM has reprogrammed \$390,000 into OCA accounts to cover the FY 1999 budget shortfall. However, the FY 2000 budget did not address the unfunded budget requirements expected in OCA as a result of the reorganization.

ALLEGATION 2: ALLEGED INAPPROPRIATE OVERTIME EXPENDITURES

We found that OCA salary and expense costs were increased by incurring excessive overtime because overtime was paid in an uncontrolled manner and overtime was not generally approved in writing as required. Also, we identified that overtime paid to OCA staff included processing one overtime payment for work performed on May 7, 1999 as a payroll adjustment in violation of 5 USC Sec. 5547, Limitation on Premium Pay. The violation occurred because the individual's aggregate pay for the specific pay period exceeded the maximum earnings permitted by law. A review of overtime reported in the Department's Electronic Time and Attendance System (ETA) found that \$33,334 in overtime was approved in the system for OCA staff in FY 1999. However, actual overtime payments totaled just over \$21,821 although sufficient funds were not available in OCA's approved FY 1999 operating budget. We found that OCA only had \$6,093 approved for overtime in its FY 1999 budget. Thus, we found that actual overtime expenditures exceeded budgeted overtime by over 447 percent.

Our review concluded that overtime policies and procedures were not in place or effectively communicated to all staff and controls for reporting overtime were too lax to ensure accountability and prevent abuses. In fact, controls were so deficient we identified an unallowable payment for overtime pay that exceeded the statutory limitation on premium pay. We also found that there were financial differences in the various official OCA overtime reports that were caused by different manual inputs within OCA. Throughout the course of the audit, we received complaints of favoritism from OCA career staff that the former PDAS had permitted a select group of new hires, including a temporary employee, to earn more overtime than VA career staff. Based on our analysis, we concluded that the complaints of preferential treatment and favoritism for some OCA staff had some merit.

Complaints of certain OCA staff receiving preferential treatment to earn overtime has some merit.

Complaints received during the audit identified certain OCA staff that were being afforded preferential treatment for earning overtime. We analyzed the overtime payments and found that payments to this group of employees were disproportionately higher than payments to other OCA staff. Our analysis showed that 5 individuals identified as receiving preferential treatment received 62 percent of the overtime paid for pay periods 14-19 in FY 1998 and over 53 percent of the overtime paid for pay periods 20-26 and 1-11 in FY 1999. We did not identify any instance that VA career staff in OCA were prohibited from working overtime. However, our analysis of overtime payment information is one indicator that supports complaints of preferential treatment being afforded certain staff in OCA. The former PDAS denied that any staff received preferential treatment for earning overtime and advised that the staff that earned overtime was the staff most willing to work extra hours. Based on the interviews we conducted,

we did not identify a reluctance to work overtime by OCA staff. However, we found most OCA staff was unaware that overtime could be earned until they observed overtime being worked by the select group of OCA employees who were perceived as favorites. VA career staff generally believed that overtime had not been paid in the past. Thus, we concluded that the former PDAS showed a degree of favoritism to a select few employees in OCA by her actions not to communicate or establish a fair overtime policy and procedure. We also concluded that OCA overtime costs were not being effectively managed because the former PDAS acknowledged she did not know the amount of overtime she had approved for OCA staff, overtime was not consistently approved in writing, and procedures for tracking and reporting overtime were too lax.

Overtime was not consistently approved in advance and OCA processed an unallowable payroll adjustment to pay an employee in excess of the Department's salary limitation for overtime worked.

We also found that the approvals of overtime were not consistently authorized in writing and that one OCA employee was permitted to work as much overtime as the individual needed to accomplish work. In consideration of OCA's budget limitations, the VA Deputy Chief of Staff advised that the individual was cautioned not to work overtime that was not approved in advance. According to the Deputy Chief of Staff, the employee indicated that he had an agreement with OCA's former PDAS to work as much overtime as needed to accomplish work. We interviewed the employee and found that it was also difficult to assess the deliverables accomplished as a result of working overtime because work was not clearly defined or justified in writing. As a result, we concluded the employee was working excessive overtime in an uncontrolled manner. In fact, our analysis of the individual's payroll records substantiated that the employee was paid approximately \$80 more overtime pay than permitted by law. This occurred because an inappropriate payroll adjustment was processed against the subsequent payroll that paid for the overtime hours worked in excess of the Department's limitation. The Department needs to take action to collect the inappropriate overtime payment¹.

OCA needs to establish official overtime policy and procedures.

OCA did not have an official overtime policy in place at the time of the audit, yet OCA started incurring overtime expenses upon the arrival of the former PDAS in July 1998. The former PDAS advised that she lacked adequate support staff to finalize the policies and procedures under review, such as the overtime policy. Our audit results clearly show that OCA needs to establish overtime policy and procedures. We substantiated the allegation of inappropriate overtime and identified significant weaknesses in oversight and controls. As a result, some overtime worked was not approved in writing, one OCA employee was permitted to work overtime in excess of the Department's overtime limitation, and overtime costs exceeded OCA's approved operating budget.

¹ Details associated with the payment were referred to the Assistant Secretary for Financial Management to effect the appropriate collection action.

Conclusion

OCA salary costs were increased unnecessarily and in an uncontrolled manner by incurring excessive overtime costs totaling just over \$21,800. We also concluded there was a payroll adjustment that resulted in a violation of 5 USC Sec. 5547, Limitation on Premium Pay because the aggregate pay of one OCA employee exceeded the maximum earnings permitted by law. Complaints of favoritism were also substantiated to the degree possible based on interviews, review of policies, and an analysis of overtime costs and reports. Audit results support that the preponderance of overtime was paid to a select group of new hires and personnel identified as favorites of the former PDAS. OCA needs to take action to establish an official overtime policy and procedure to help address the significant weaknesses in oversight and controls that we identified. Also, action is needed to collect the inappropriate overtime payment and the former PDAS should be instructed as the accountable official to ensure no overtime is paid in the future that exceeds the statutory limitation.

ALLEGATION 3: ALLEGED GENERALLY POOR FISCAL OVERSIGHT

We identified the need for management attention to address problems with controls over timekeeping and leave reporting, purchase card management, government issued travel cards, use of pagers, position management, and other workload processing issues.

Controls over timekeeping and leave reporting were inadequate.

During the audit, we received complaints from OCA staff concerning a lack of accountability over tracking and reporting of time and attendance for OCA employees. We found that controls over timekeeping and leave reporting were absent and as a result OCA was unable to ensure accurate reporting and accountability for leave used.

We identified the following major control weaknesses associated with the management of time and attendance records:

- Leave was input and approved by the same individual.
- Leave was input and approved by personnel that did not have a positive knowledge of leave used.
- Leave was not adequately tracked for the DoD employee who provided services to VA under an interagency work agreement.
- Time and attendance did not appear to be accurately tracked for staff working under the auspices of a telecommuting contract.
- There were occasions where an employee certified and approved her own leave.
- Supervisors did not approve leave requests in a timely manner.
- Consultants were approving leave requests.
- Written policies and procedures were not in place to address overtime and compensatory time.
- Prior pay period adjustments lacked appropriate approvals.

The former PDAS took leave that was not properly reported.

Based on complaints that the former PDAS had a high rate of absenteeism, we reviewed her time and attendance records for the period July 1998 through June 1999. We found that the former PDAS had not recorded any leave used in VA's official time and attendance system between the dates July 1998 through April 1999. However, the former PDAS acknowledged sick leave was used in February 1999. We found no reliable records that could accurately identify the actual amount of leave used during that period by the former PDAS. Because her leave records appeared incomplete, we identified an independent source of leave information tracked by staff in the Office of the VA Secretary to use for comparison purposes. There were unofficial reports of leave requests submitted by the former PDAS that were reported to staff in the Office of the VA

Secretary. From this information, we identified a small number of instances where leave requested was not reported as used. The former PDAS advised that although leave was requested, there were numerous instances when it was not used because of last minute schedule conflicts. As a result, we were unable to assess whether all leave used by the former PDAS had been reported. The former PDAS agreed to report the leave used in February 1999.

During the course of the audit, we were advised that the VA Deputy Chief of Staff had cautioned OCA timekeepers and other appropriate staff to ensure accountability over the former PDAS's leave usage. Staff we interviewed advised that there was confusion regarding the type of appointment under which the former PDAS was serving. As a result, we concluded that administrative controls were too lax to ensure the proper accountability and reporting of the former PDAS's time and attendance.

Weaknesses in time and attendance controls led to instances of inaccurate overtime and night pay differences.

Our review of overtime payments found that one individual was underpaid for 10 hours. Our review of the supporting documentation showed that the error occurred when OCA processed a payroll adjustment. The action to approve overtime and accomplish the payroll adjustment was completed without an adequate separation of duties between the supervisor and approver, because the same person processed both actions. Action is needed to correct the underpayment of overtime that occurred.

We also identified another individual who was paid for a relatively small amount of night differential pay valued at \$16.94 based on 14.25 hours worked in pay period 10. Our review found that the individual was not entitled to the pay differential because the hours worked between 6:00 p.m. and 6:00 a.m. were not regularly scheduled and overtime was paid. According to 5 USC 5545 this type of pay is for night work that is regularly scheduled work between the hours noted above. Action is needed to recover the inappropriate payment².

Controls over purchase card transactions were not adequate and Office of Financial Management's (OFM) restricted operating controls were circumvented.

We reviewed a small judgment sample of FY 1999 purchase card transactions in OCA. Annual charges associated with the use of OCA purchase cards were approximately \$24,700. We determined that operating controls placed in effect by the Assistant Secretary for Financial Management in May 1999 were not adhered to consistently. These controls were put in place to address the Assistant Secretary's concerns regarding

² Details associated with the payment were referred to the Assistant Secretary for Financial Management to effect the appropriate collection action.

the financial execution of OCA's budget in relation to actual expenditures. We found that there were seven occasions where the OCA authorized cardholder had made purchases that were in excess of \$500. Four transactions were identified that were completed without the required approval of OFM. They included the following:

- Two purchase transactions were made that exceeded the single purchase limit of the assigned credit card holder. Purchases made from the same vendor on August 8, 1999 were split so they would not exceed the single purchase limit for micro purchases. Also, OFM approval was not obtained as required by the OCA budget and fiscal controls that had been established by the Assistant Secretary for Financial Management in May 1999.
- Two additional purchase card purchases also were made that exceeded \$500 in value, yet OCA did not obtain the required approvals from OFM.

We also found that timely reconciliations with OFM were not accomplished as required. There was also a weakness in the reconciliation process because no one in OCA was approving the credit card bills/statements and as a result the bills were allowed to accumulate. The former PDAS had not taken action to replace the reassigned approving official. An approving official is required to review each of the cardholder's statements and verify that all transactions were for official use, and in accordance with all Federal Acquisition Regulation simplified acquisition provisions. All certified statements are to be forwarded to Finance by the approving official no later than 15 working days after receipt of statements from the contractor. We found that this process was not followed. As a result, we concluded that controls over OCA credit card usage were inadequate. No one was functioning as an approving official, timely reconciliations were not being accomplished, and there was evidence that the OCA cardholder exceeded the single procurement limit inappropriately.

Government issued travel cards were used for purchases made outside of official travel.

Employee cardholder transactions are the responsibility of the individual. All cardholders are directed to use the cards only for the purpose of official travel. We reviewed government issued travel card purchases involving three OCA staff, including the former PDAS and two OCA consultants. We found that there were four inappropriate purchases made by the former PDAS and 17 inappropriate purchases by one of the OCA consultants on their travel cards. These purchases were not made in conjunction with official travel requirements. Details associated with the questionable purchases made using government issued travel cards have been provided to the Assistant Secretary for Planning and Analysis. There is a need to emphasize to OCA staff that government issued travel cards are to be used only for official government travel.

Pagers assigned to OCA staff are not needed.

We reviewed the use of pagers in OCA and found that there were 14 pagers assigned to OCA staff. We examined the usage records maintained by the independent pager contractor for the past 6-month period and found there was very limited use of the pagers over that period. As a result of the low usage of pagers, it appears that OCA staff does not need pagers. Action should be taken to discontinue or reduce the assignment of pagers to OCA staff, and reduce an unnecessary OCA operating expense.

OCA position management needed improvement.

We found that some OCA staff lacked position descriptions and others were performing work unrelated to their current position description and expertise. In one case, we found that an individual was performing work inconsistent with their grade level. OCA operations were also being impacted because staff was assigned to perform work details not within the purview of OCA, although the salary costs of these staff was charged to the OCA expenditure account. Review of consultant contracts found the statements of tasks lacked specific deliverables and timetables. We also found that one VA employee temporarily assigned to work in one of OCA's satellite offices and another employee acquired from DoD under a reimbursable work detail lacked a written statement of work.

FY 1999 new hires in OCA had also changed the grade composition and further increased operating expenses because higher salaried employees were hired. In addition, we found that staff had not been receiving timely performance appraisals. The weaknesses identified contributed to functional redundancies of administrative expertise. Lack of management oversight and communication of duties and responsibilities have also contributed to diminished efficiencies within OCA operations.

Workload processing improvements are needed to address lack of timeliness and responsiveness to congressional correspondence.

Several workload processing problems and control weaknesses were brought to our attention during the audit that need additional management attention in order to ensure OCA operations are performed and managed in an economical and efficient manner. The major workload performance problem was that OCA consistently failed to process paperwork in a timely fashion. Our audit results found that there were pre-existing workload processing delays prior to the former PDAS assuming management responsibilities in OCA. However, we found that delays in processing workload have continued because the former PDAS had not sufficiently addressed this problem and taken action to improve OCA's ability to manage its workload effectively.

There is also a need to ensure that OCA establishes and improves its current operations prior to implementing the expanded responsibilities associated with the December 1998

VA Secretary's memorandum transferring legislative functions to OCA. Based on the interviews we conducted, review of OCA workload information, and review of an OCA consultant's report on OCA operations, we identified the following key workload processing factors that have had a detrimental impact on OCA operations and have caused delays in processing congressional correspondence.

- There is no plan for prioritization of work.
- OCA lacks a system or a clear sequence of events to process workload.
- There is no real system for workload measurement.
- Workload performance is not effectively linked to the budget.
- Staff vacancies for core administrative support positions such as the Electronic Data Management System (EDMS) clerk were not filled.
- There are excessive layers of review for congressional correspondence.
- There has been little or no delegation of responsibilities to senior supervisors to approve even routine and administrative workload.
- The final review and approval of generally all OCA workload products is directed to only one senior management official which is too much work for one individual to ensure timely workload processing.
- A consultant has been reviewing congressional correspondence and functioning as part of the supervisory review chain.
- VA staff experienced difficulty and delays gaining access to OCA management in order to obtain approval to process certain workload.
- Productive time was lost as a result of numerous office meetings that OCA management scheduled but either were delayed, postponed, or cancelled.
- There has been too heavy a reliance on consultants and new hires that lacked VA corporate knowledge needed to process workload timely.
- Lack of effective communications with staff to explain how proposed reorganization changes will alter current operations has resulted in staff dissatisfaction, complaints, and in disrupting and diminishing operational performance.
- There appears to be an inequitable distribution of work.

The impact of the workload delays has resulted in what both OCA managers and staff claimed was an atmosphere of total chaos or crisis management. In addition, VA operating components have been proceeding to process congressional correspondence without OCA input. OCA's ability to foster cooperative relationships with Members of Congress, congressional committees and other VA staff is also impacted negatively. VA staff complained that OCA management had backdated documents to hide OCA processing delays and provided four examples. We were unable to quantify the total number of instances where backdating had occurred due to the limitation of the documentation. We concluded that any instances of backdating of documents tracked in the EDMS system could alter the integrity of the information available.

Conclusion

Overall, our audit found that there were little or no management controls over OCA operations. The former PDAS did not ensure adequate accountability for time and attendance or personal leave, and corrective action is needed to ensure employee leave used is properly reported. We did not find an adequate separation of duties over timekeeping and approvals to ensure adequate management oversight of leave usage. Also, controls over the use of the OCA purchase card were inadequate to ensure accountability and resulted in unapproved expenditures and actions that inappropriately exceeded the cardholder's single procurement limit. Accurate employee position descriptions need to be prepared and communicated to all OCA staff. Statements of work need to be prepared when OCA uses consultant staff. There is also a need to reassess the organizational placement of the attorney in OCA to identify and preclude duplication of staff office functions.

Management action is needed to develop a plan that can effectively prioritize OCA workload and link performance to mission, strategic goals, and budget. The requirement to fill staff vacancies needs to be reassessed and justified in relationship to an approved reorganization plan and existing budget constraints. Consultants need to be removed as reviewing officials for processing OCA workload, which is prohibited as an inherently governmental function and OCA workload processing should be streamlined to eliminate unnecessary levels of review.

ALLEGATION 4: EXISTENCE OF A POLARIZED WORK ENVIRONMENT

We substantiated the existence of a polarized work environment and determined that there was some merit to the complaints of favoritism. There is a need to improve the management and operations of OCA and to ensure that organizational goals are clear, communications are improved, and a healthy and productive work environment is established. Also, there is a need to ensure fair and equitable treatment is afforded all OCA staff. We found that the organization was embroiled with excessive complaints from VA career staff and the work environment was not conducive to being productive or efficient.

Overall, we found a polarization existed between the former PDAS, a group of new hires and consultants, and VA career staff working in OCA. OCA staff morale was extremely low and there was a strong sense of mistrust for the former PDAS and a fear of retaliation on the part of VA career staff. Based on the interviews we conducted and our audit observations, we also found instances where there has been an ineffective use of staff resources in OCA.

Management attention is needed to establish a more effective work environment.

Overall, we found that the allegations in OCA stem from two major issues: (i) favoritism of a select group of employees, primarily new hires, consultants and a temporary employee; and (ii) a polarized work environment. Our interviews and audit observations support that the working environment created in OCA has resulted in a high degree of mistrust between the former PDAS and the select group of staff that the former PDAS works closely with and other OCA career staff. For example, we found that:

- The degree of mistrust and staff frustration had become intolerable to at least two senior VA career staff who expressed concerns about their ability to properly administer their responsibilities, as accountable officials. We found that these individuals did not want to be placed in the position of establishing and or approving financial obligations on behalf of OCA because FY 1999 budget allotments were being exceeded without proper approval. As a result, they had requested that other accountable officials be designated certain administrative responsibilities.
- We also identified a timekeeper who documented concerns regarding personal accountability for reporting employee time and attendance where there was a lack of positive knowledge as to whether the employee was present or absent.

We found that these OCA employees were frustrated and concerned over processing routine administrative requirements such as time and attendance certification, travel approvals, and purchase card authorizations. This occurred because they were aware that OCA was expending funds in excess of its approved budget allotments in FY 1999 and they did not always have direct knowledge of employee activities.

Generally, most VA career staff interviewed had similar concerns or addressed specific issues with the audit team. One interviewee told us that several OCA employees sought professional assistance from the VA Employee Assistance Program to address concerns regarding the former PDAS's management actions.

In addition, we found that the following actions and decisions by the former PDAS contributed extensively to the polarized work environment and a strong perception of favoritism being afforded a select group of newly hired employees, including a temporary employee and consultants:

- The former PDAS made a decision to delay approval of one VA career employee's promotion citing budget constraints and canceled a series of scheduled meetings with that employee set up to address the employee's concerns. This action was taken while concurrent actions were being implemented within OCA operations to acquire additional staff resources using consultants, temporary employees, and establishing and filling a new position in support of the Office of the former PDAS that resulted in OCA exceeding its approved budget. These actions were viewed by OCA career staff to be inconsistent treatment of staff.
- Another example of favoritism was the award of a pay raise to one consultant after just 4 months employment in VA, which is discussed in allegation one of this report. The OCA career staff perceived this action as favoritism for a select employee. We found VA career staff perceived that the pay increase was based more on personal friendship than performance, merits, and contributions, because many OCA career staff complained that the consultant did not appear to have work. The use and reliance on consultants and temporary appointments, in conjunction with the reassignment of VA career staff to temporary details has also resulted in VA career staff being insecure in their roles and positions.
- VA career staff observed that newly hired staff and other staff perceived as the former PDAS's favorites were working and earning significant overtime. However, they were unaware that they could also earn overtime and their input was not requested to help effect the OCA reorganization.
- Actions authorizing a newly appointed temporary employee to telecommute during the period of December 1998 through February 1999 after delivering a baby were perceived as providing favorable treatment to staff hired under the former PDAS's tenure. We found that while the former PDAS had approved the telecommuting, she had actually non-concurred with the Department's policy on telecommuting and did not concur until March 1999. We were advised that the approval of the telecommuting contract was based on employee health reasons, which is permissible under the regulations. Approval for telecommuting to provide child-care is not permissible.
- Employee complaints also focused on their observations of a career employee supporting a short-term requirement in one of OCA's satellite offices that extended into a detail spanning 7 months. This detail was also perceived as a displacement of a

VA career employee to provide office space to recently hired consultants and temporary employees.

Conclusion

The existence of a polarized work environment was substantiated. This represents a major breakdown in controls needed to ensure effective management and oversight of OCA administrative operations and impaired the inherent trust and credibility of OCA management. New leadership strategies are needed to address the polarized work environment in OCA and to eliminate perceptions and any actions not supportive of fair and equitable treatment to all employees. Overall, we concluded the perception of favoritism was so high that the communication process between OCA management and OCA career staff was broken.

SCOPE AND METHODOLOGY

Audit work was accomplished primarily in the Department of Veterans Affairs (VA) Office of Congressional Affairs (OCA), including OCA satellite offices located in the Hart Senate Office Building and the Rayburn House Office Building. Interviews and contacts were conducted with OCA staff, consultants, temporary employees, and with officials in the Offices of the VA Secretary, Financial Management, Human Resources Management, and Planning and Analysis.

We reviewed operating budget plans, actual expenditure reports, resources utilization reports, workload reports, consultant contracts, an interagency work detail, and other staffing details in OCA. In addition, we examined time and attendance records and selected payroll information for OCA. Department policies and procedures and statutory requirements were also identified and actions were reviewed to assess compliance with regulatory compliance. We also met with the Electronic Data Management System (EDMS) technical experts in the Office of Information Resources Management to review OCA workload information. OCA's effort to implement a reorganization directed by the VA Secretary on December 16, 1998 was also assessed. Audit work included an assessment of management, budget and fiscal controls, and a review of OCA's policies and procedures. Work was conducted in accordance with generally accepted government auditing standards.

BACKGROUND

OCA serves as the principal advisor to the VA Secretary and Department officials concerning all legislative and congressional matters and is the focal point for Department interaction with Congress and the management and coordination of Congressional Affairs. The office provides support and assistance to the Secretary, Deputy Secretary, and other Department officials with respect to specific legislative activity and is responsible for monitoring the status of pending legislation affecting VA. The office also serves as the Department's principal point of contact for Members of Congress and their staffs who contact VA regarding legislation, policy, or casework; and, the office provides assistance to Department officials in the preparation of testimony at legislative, oversight, and confirmation hearings. The office responds to or reviews responses to congressional mail and inquiries, and provides VA-related information and data to congressional staff and Members.

OCA's annual budget for FY 1999 was approved for \$2,299,000 to include average employment for 27 full time positions. OCA's FY 2000 budget was approved for \$2,436,000 to include average employment for 27 full time positions.

OCA's Reorganization Effort.

On December 16, 1998 the VA Secretary issued a memorandum to the Assistant Secretary for Policy and Planning directing a reorganization of certain legislative functions. The memorandum discussed the transfer of functions, staff, history files, and funding involving the following areas:

- Liaison with the General Accounting Office (GAO).
- Developing an annual Legislative Program.
- Developing legislative policy for the Department.
- Preparing, coordinating, and transmitting the annual reports to Congress.

On February 23, 1999 the Deputy Assistant Secretary for Human Resources issued guidance to OCA to assist the former PDAS for OCA with obtaining approval for the new organizational structure. This guidance identified the process contained in Department policy that allows for the identification and resolution of any issues that a reorganization or realignment might raise with other supporting staff offices. It also prescribed the necessary documentation that the OCA plan needed to include addressing the reallocation of funds from affected organizations.

The reorganization package needed to contain a Concurrence Sheet and a Memorandum of Request addressed to the Secretary that specifically included the following:

- A brief discussion of the proposed organizational change.
- A discussion of the circumstances that make the organizational change necessary and identification of benefit to be gained from the change.
- A summary of specific changes in function and assignment of function.
- A justification of the proposed changes in terms of efficiency, effectiveness, and economy of operations.
- An assessment of impact on space, equipment, budget, and expenses such as travel, office relocation, and personnel transfers.
- An assessment of personnel impact indicating which personnel matters have been dealt with and what issues remain, effect on grade level and employment ceilings, salary costs or savings, estimate of any adverse impact on current employees, and provisions for assisting affected employees.
- An analysis of the effect on the agency's manpower management program.

The preparation and coordination of the proposal for the OCA organizational changes were the responsibility of the former PDAS. Initiating the request for necessary personnel actions associated with the reorganization was also the responsibility of the former PDAS.

Operating controls placed on OCA operations by Assistant Secretary for Financial Management.

On May 26, 1999 the Assistant Secretary for Financial Management implemented restrictive operating controls over OCA operations and added an additional \$380,000 to cover personal services costs for FY 1999. These funds were redirected from other staff offices to cover anticipated payroll needs for OCA employees. Later in the fiscal year, the Assistant Secretary added an additional \$10,000 to cover OCA travel costs that were over budget. As that time, the Assistant Secretary implemented the following controls:

- OCA was advised not to hire any additional employees, reimbursable details, or consultants without an approved reorganization plan signed by the Secretary.
- Extensions of temporary assignments were not to be granted as of the date of the memorandum.
- Avoid the use of further overtime.
- Concurrence was required by Office of Budget on all personnel, travel and non-payroll (greater than \$500) expenditures prior to the obligation of funds.
- OCA staff was to provide copies of all credit card invoices and IFCAP printouts to the Office of Budget, as they became available.

The measures outlined above were designed to avoid causing further hardship to staff hired to support OCA operations while having insufficient resources approved in the OCA operating budget. In addition, the Assistant Secretary directed his staff to begin expanded financial oversight of OCA.

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

**Department of
Veterans Affairs**

Memorandum

Date: December 16, 1999
From: Assistant Secretary for Planning and Analysis (008)
Subj: Draft Report of Audit of Allegations Concerning the VA Office
of Congressional Affairs (OCA)
To: Assistant Inspector General for Auditing (52)

1. I have reviewed the draft report, *Audit of Allegations Concerning the VA Office of Congressional Affairs (OCA)*. I concur with its findings and recommendations.
2. I acknowledge the gravity of those findings, and I have attached a point-by-point response to the report's recommendations. For each recommendation, I have provided information on what has been accomplished or, if applicable, a target completion date.
3. Beyond the point-by-point response, I wish to address some of the overriding themes that were highlighted in the report. As the individual charged by the Secretary of Veterans Affairs with responsibility "...for supervising and managing all operations and personnel of the Office of Congressional Affairs," I recognize my responsibility to:
 - Rebuild OCA to ensure that it becomes an effective organization providing valuable products and services to its customers;
 - Implement new leadership and teambuilding strategies and assure OCA employees that they will each be treated fairly and equitably;
 - Clearly identify OCA's organizational goals and, as necessary, refine its mission to ensure that its services meet the needs of its customers;
 - Allow OCA staff members to maximize their productivity by establishing equitable workload responsibilities and setting appropriate performance standards;
 - Ensure that internal controls are reestablished by implementing and communicating policies and procedures regarding: 1) leave, and time and attendance, 2) use of detailees and consultants, and 3) responsible management of the OCA budget; and

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

Page 2.

Assistant Inspector General for Auditing (52)

- Continue to work with Financial Management, Human Resources, and others to ensure that OCA has sufficient staff and financial resources to accomplish its mission and achieve its goals.
4. Based upon my review of the IG report, as well as my own knowledge of OCA's operations, I am confident that OCA's career staff continued to observe established VA policies and procedures throughout the period covered by the IG review. Likewise, I am convinced that the problems identified by the IG are not indicative of any longstanding or historical shortcomings in that office. I am also confident that OCA will quickly return to its former status as an office which operates efficiently, observes prudent fiscal and personnel management policies, treats its employees with respect, and ably represents VA on Capitol Hill.
 5. I will be happy to respond to any questions you may have regarding this response to your draft report.

/s/

Dennis M. Duffy

Attachment

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

Recommendation a. Assure completion of a formal OCA reorganization plan to effect the transfer of legislative functions, including actions to establish and maintain an organizational structure with clearly defined roles and responsibilities for all staff.

Response: Concur

The new leadership within the Office of Congressional Affairs (OCA) is committed to assessing whether the existing organizational structure, as well as the products and services provided by OCA, are consistent with its mission and goals and with the organizational requirements set out in the Secretary's memorandum of December 16, 1998. In addition, stakeholders' needs and expectations will be taken into account along with OCA's business requirements and the organizational proposal for enhancement of OCA approved in June 1999.

The future OCA organizational structure will be formulated by integrating the findings of the assessment described above and placing those findings in the context of available resources. The target date for completion of the organizational assessment is March 1, 2000. The subsequent reorganization proposal will be crafted and submitted in compliance with all necessary requirements.

Regardless of the organizational structure ultimately adopted for OCA, the leadership is dedicated to ensuring that the office has a clear mission, stated goals and appropriate lines of authority. Further, processes and procedures will be developed, where they do not already exist, that will delineate the rules and regulations which will be adhered to by staff as well as management.

Recommendation b. Establish an appropriate OCA budget allotment consistent with an approved reorganization plan.

Response: Concur

OCA has received a budget allotment from the Office of Financial Management (OFM) for FY 2000 and has submitted to OFM a fully developed Budget Operating Plan for FY 2000, built around the approved allotment. With regard to future years, budgetary implications of any reorganization plan or other functional or organizational changes proposed for OCA will be fully developed and carefully considered, and no actions will be taken to effect any reorganization without appropriate coordination of budget requirements with OFM.

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

Recommendation c. Require cancellation of the current OCA consultant contracts and assure that the need for any future consultants is justified based on cost considerations, necessity for the position(s), and related expertise.

Response: Concur.

The consultants' contracts were cancelled effective November 20, 1999. OCA recognizes that should the office wish to retain consultants in the future, they will be required to have demonstrable expertise in the subject area; will only be engaged for a very specific purpose; and must have their deadlines and deliverables clearly outlined by OCA management. Further, OCA commits to taking into account cost considerations and to evaluate fully the necessity for the service or product. OCA recognizes that consultants should not be engaged in doing inherently governmental work.

Recommendation d. Coordinate with General Counsel and Human Resources to determine what actions may be required to address the performance of the former PDAS.

Response: Concur

Both the Assistant Secretary for Human Resources and the General Counsel were consulted regarding the IG recommendation on actions that may be required to address the performance of the former PDAS. They have each agreed, in their official capacities, to review the IG Audit Work Papers, and to make formal recommendations to the Secretary regarding all necessary and appropriate actions needed to address the specific concerns raised in the IG draft report regarding the performance of the former PDAS.

Recommendation e. Recover overtime paid to an OCA employee in excess of amounts permitted by the Department's earnings limitation.

Response: Concur

On November 19, 1999, a memorandum was provided to the Assistant Secretary for Financial Management asking that he effect the actions necessary to recover these excess overtime costs (Attachment 1). On November 29, 1999, the OCA staff member was advised of a pending pay adjustment to correct the overpayment and a memorandum was provided to him explaining the reason (Attachment 2). On December 2, 1999, the Office of Financial Management

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

replied via memorandum that they have completed the necessary action (Attachment 3).

On December 1, 1999, memoranda were sent to both the Assistant Secretary for Financial Management (Attachment 4) and the Assistant Secretary for Human Resources (Attachment 5) requesting that their offices provide additional training for timekeepers and managers within the Office of Congressional Affairs on timekeeping and leave procedures and policy.

Recommendation f. Recover the night differential that was inappropriately paid to an OCA employee.**Response: Concur**

On November 19, 1999, a memorandum was provided to the Assistant Secretary for Financial Management asking that he effect the actions necessary to recover overpayments for night differential pay (Attachment 1). On November 29, 1999, the OCA staff member was advised of a pending pay adjustment to correct the overpayment and a memorandum was provided to him explaining the reason (Attachment 2). On December 2, 1999, the Office of Financial Management replied via memorandum that they have completed the necessary action (Attachment 3).

On December 1, 1999, memoranda were sent to both the Assistant Secretary for Financial Management (Attachment 4) and the Assistant Secretary for Human Resources (Attachment 5) requesting that their offices provide additional training for timekeepers and managers within the Office of Congressional Affairs on timekeeping and leave procedures and policy.

Recommendation g. Correct the underpayment of overtime that was not paid to an OCA employee.**Response: Concur**

On November 19, 1999, a memorandum was provided to the Assistant Secretary for Financial Management asking that he effect the actions necessary to correct the underpayment of the staff member (Attachment 1). On November 11, 1999, the staff member was advised via memorandum of a pending pay adjustment to correct the underpayment (Attachment 6). On December 2, 1999, the Office of Financial Management replied via memorandum that they have completed the necessary action (Attachment 3).

ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS COMMENTS

On December 1, 1999, memoranda were sent to both the Assistant Secretary for Financial Management (Attachment 4) and the Assistant Secretary for Human Resources (Attachment 5) requesting that their offices provide additional training for timekeepers and managers within the Office of Congressional Affairs on timekeeping and leave procedures and policy.

Recommendation h. Coordinate with appropriate senior VA officials to ensure that the former PDAS reports all personal leave used during the period July 1998 through July 1999.

Response: Concur

On November 22, 1999, the Deputy Secretary for Veterans Affairs issued a detailed memorandum to the former PDAS indicating the need to reconcile a number of instances where the Inspector General identified absences, but no leave request was entered into the Employee Time and Attendance System (ETA). In addition, he requested that the former PDAS identify all the other instances between July 1998 through July 1999 where the PDAS was not on duty, but no leave request was entered (Attachment 7).

Recommendation i. Ensure that all OCA staff is provided accurate position descriptions, timely performance appraisals, and appropriate career ladder promotions.

Response: Concur

A complete inventory is being undertaken in OCA to ensure that accurate and comprehensive position descriptions and standards are in place for each staff member in the office. OCA's target date for completion of the position descriptions and standards is January 14, 2000. OCA will also identify staff and management for whom performance appraisals are not current and will ensure that future appraisals are completed in a timely fashion. In addition, development of necessary paperwork as well as a statement of tasks is underway for the detailee currently working in OCA. OCA management will ensure that any future details to and from this office are accompanied by appropriate justification, including appropriate statements of work and tasks.

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Recommendation j. Ensure that appropriate timekeeping and leave controls are established and implemented in OCA.

Response: Concur

OCA is in the process of developing internal control procedures and guidelines to address the shortcomings noted by the IG in the areas of timekeeping and leave controls. By way of memoranda dated December 1, 1999 to the Assistant Secretaries for Financial Management and for Human Resources, OCA has requested formal training for managers and timekeepers on timekeeping and leave policies and procedures. In addition, OCA will identify examples of effective internal control procedures used by other VA offices and will develop internal control procedures using these examples as models, with appropriate modifications made to accommodate differences in the size and structure of OCA in comparison to the model organizations. The OCA internal control procedures developed will be articulated in formal memoranda that will, by reference, include relevant Departmental policy and procedural guidance and will be distributed to all OCA staff. The target date for completion and distribution of these internal control procedures is January 14, 2000. Upon completion, copies of these internal controls memoranda will be provided to the IG. It should be noted that certifying and approving officials have already been redesignated by the new leadership.

Recommendation k. Ensure that OCA purchase card transactions are effectively controlled, reviewed, and approved consistent with Federal Acquisition Regulations.

Response: Concur

OCA is in the process of developing internal control procedures and guidelines to address the shortcomings noted by the IG in the area of procurement procedures, particularly with respect to the use of government purchase cards. By way of a December 1, 1999 memorandum to the Assistant Secretary for Financial Management, OCA requested formal training for approving officials and cardholders on procurement policies and procedures. That training took place on December 14, 1999. In addition, OCA will identify examples of effective internal control measures used by other VA offices. OCA will develop internal controls using these examples as models, with appropriate modifications made to accommodate differences in the size and structure of OCA in comparison to the model organizations. The OCA internal control procedures developed will be articulated in formal memoranda that will, by reference, include relevant Departmental policy and procedural guidance and will be distributed to all OCA staff. We anticipate that these internal control procedures will be completed and distributed by January 14, 2000. Upon completion, copies of these internal

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controls memoranda will be provided to the IG. It should be noted that “cardholder” and “approving official” responsibilities have been reassigned by the new leadership.

Recommendation l. Develop leadership strategies in conjunction with team building strategies within OCA that are designed to enhance core organizational values and help facilitate the transition of new legislative functions.

Response: Concur

The process of rebuilding and reunifying the Office of Congressional Affairs, as well as reestablishing its mission and goals, is already underway. Plans include filling the existing vacancies, which will allow functions and responsibilities to be aligned in an appropriate and logical way among staff and management. Management will consult with both stakeholders and employees to map out the office’s future with respect to products and services it is expected to provide. In addition, management is exploring the possibility of using expertise in Human Resources on teambuilding. Given that many of the employees in the Office of Congressional Affairs have been there for many years and have had good working relationships in the past, teambuilding strategies should be well received.

Recommendation m. Ensure that effective policies, procedures, and controls are established and communicated to all OCA staff that emphasizes fairness and equality in all work assignments.

Response: Concur

The new leadership is committed to ensuring fairness and equity in the distribution of work assignments. An OCA procedures guide will be developed early in 2000, to formalize all of the instructions and procedures that are being implemented. Management will reestablish appropriate position responsibilities once vacancies are filled, which is also targeted for early in 2000. The above, in conjunction with updating position descriptions and performance standards as described in the response to recommendation i., will clearly identify expectations and standards for the staff and will elucidate the workload responsibilities, thus allowing the management to address any remaining issues of fairness and equitable treatment.

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Recommendation n. Remind OCA staff that government issued travel cards are to be used for only official government travel.

Response: Concur

In addition to other duties, the Management Services Officer serves as the travel coordinator for the Office of Congressional Affairs. Actions planned for the near term include: redistributing to appropriate staff copies of the Citibank card holder agreement terms, and holding a meeting with all travel card holders and staff involved in processing vouchers to review the obligations of the cardholders and to emphasize the specific VA guidance regarding travel contained in MP1, Part II, Chapter 2, Appendix M. Further, as an ongoing measure, the Management Services Officer will carefully review all cardholder charges when the offices' copies of statements arrive, to ensure that the charges are appropriate. Should there be any concern about the appropriateness of the charges, the Management Services Officer will take up questions and concerns with the cardholder right away. It should be noted that the travel coordinator at the time of the charges in question, a temporary employee and consultant, is no longer employed by the Office of Congressional Affairs.

Recommendation o. Coordinate with General Counsel and Human Resources to determine what actions may be required to address the inappropriate use of government travel cards by the former PDAS and OCA consultant.

Response: Concur

As part of their assessment related to Recommendation d., and in conjunction with their overall review of performance and conduct, the General Counsel and the Assistant Secretary for Human Resources and Administration have agreed to review the documentation regarding inappropriate use of the government travel card by the former PDAS. With regard to the consultant referenced, that individual is no longer employed by VA.

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Recommendation p. Discontinue or reduce the assignment of pagers to OCA staff.

Response: Concur

The Office of Congressional Affairs previously had 13 pagers activated at a monthly cost of \$362.44. At this time, 2 pagers are activated at a monthly cost of \$55.76, for a total monthly cost savings to OCA of \$306.68. One pager is in the possession of the Deputy Assistant Secretary for Congressional Operations. The other pager remains activated for OCA staff to use on an “as needed” basis, so that they can be reached easily by management when they are in travel status, attending Congressional hearings or meetings on Capitol Hill, or otherwise on official duty status outside of the office.

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