



Office of Inspector General

REPORT OF ADMINISTRATIVE INVESTIGATION

USE OF TRAVEL, REPRESENTATION FUNDS, AND MOTOR VEHICLES WITH RESPECT TO THE SECRETARY OF VETERANS AFFAIRS

Report No. 9AN-G03-177
Date: October 1, 1999



**DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL
WASHINGTON, DC 20420**

Memorandum to the Secretary of Veterans Affairs

**Report of Administrative Investigation of The Use of Travel, Representation Funds,
And Motor Vehicles With Respect To The Secretary of Veterans Affairs**

The Office of Inspector General conducted an administrative investigation of allegations received pertaining to you. Our investigation focused on three key areas: use of Travel; Representation Funds; and Motor Vehicles. I discussed the recommendations and conclusions developed during the investigation with you. Your comments have been incorporated into the final report, as appropriate.

I believe your comments are responsive to the investigation's recommendations and conclusions. I appreciate the promptness of your response to our draft report and the cooperation of your office.

(Original signed by:)

RICHARD J. GRIFFIN

Inspector General

TABLE OF CONTENTS

	<u>Page</u>
MEMORANDUM TO THE SECRETARY OF VETERANS AFFAIRS	
INTRODUCTION.....	1
Purpose	1
Scope	2
RESULTS AND RECOMMENDATIONS	3
Issue 1a: Did Secretary West improperly use Government (military) aircraft for flights to Louisiana and Alaska?	3
Issue 1b: Did additional VA employees accompany the Secretary to Alaska to help justify the cost of the military aircraft even though those employees had nothing to do in Alaska and merely sat around?	7
Issue 2: Did Secretary West inappropriately use VA funds to host an awards dinner for Secretary of the Navy John Dalton on October 7, 1998?	8
Issue 3: Did Secretary West misuse official Government vehicles? Was the lease of a Cadillac with certain options proper?	11
FINAL REPORT DISTRIBUTION	12

ADMINISTRATIVE INVESTIGATION
USE OF TRAVEL, REPRESENTATION FUNDS,
AND MOTOR VEHICLES WITH RESPECT TO THE
SECRETARY OF VETERANS AFFAIRS

INTRODUCTION

Purpose

The Office of the Inspector General, Department of Veterans Affairs (OIG), received a series of complaints concerning the Secretary of Veterans Affairs during March, 1999. These anonymous complaints were sent initially to the Senate Committee on Appropriations (Subcommittee on VA, HUD, and Independent Agencies), the House Committee on Veterans Affairs, the Office of Management and Budget, and the Office of Government Ethics. Staff in these organizations forwarded the complaints to the OIG.

While a number of the issues addressed the personal preferences of the Secretary or were seemingly in reaction to his style of management compared to previous Department Secretaries, others were potentially more serious in nature. We focused our review primarily on three significant issues:

- the Secretary's travel expenses, particularly the use of military aircraft;
- the use of operating funds appropriated for official reception and representation expenses associated with an awards dinner; and
- the leasing of motor vehicles for the executive motor pool.

Background

Secretary Togo D. West, Jr. was appointed Acting Secretary of Veterans Affairs (VA) on January 2, 1998, confirmed by the Senate on April 28, 1998, and sworn in on May 5, 1998. Prior to this appointment he had been serving as Secretary of the Army. He previously held a number of other positions in the Government including: General Counsel, Department of the Navy and General Counsel, Department of Defense.

Scope

During the course of this review we interviewed the Secretary, the Chief of Staff and numerous other officials in the VA and in other agencies.

We asked for clarification of legal issues from the Office of General Counsel and administrative issues from the Assistant Secretary for Human Resources and Administration.

We performed a review of Secretary's travel reimbursement claims for the period January 1998 through March 1999. We held discussions with appropriate travel officials in VA Central Office, Office of Financial Management and Office of Human Resources.

We also interviewed appropriate officials about the dinner event. We reviewed relevant documentation including public laws, VA regulations, legal opinions, memorandums, financial records, and commercial documents associated with the awards dinner transactions.

RESULTS AND RECOMMENDATIONS

Issue 1a: Did Secretary West improperly use Government (military) aircraft for flights to Louisiana and Alaska?

Standard: 5 C.F.R. Chapter XVI, Part 2635, Standards of Ethical Conduct for Employees of the Executive Branch: Section 2635.704(a) states an employee has a duty to protect and conserve Government property and shall not use such property, or allow its use, for other than authorized purposes.

Executive Office of the President, Office of Management and Budget (OMB), Circular A-126: OMB Circular A-126, Revised, issued May 22, 1992, sets forth policies and procedures to be followed by Executive Branch employees who use Government owned Aircraft. The Circular prescribes policies for Executive Branch agencies in acquiring, managing, using, accounting for the costs of, and disposing of aircraft.

The Circular provides that Government aircraft shall only be used for official travel; or, on a space available basis. There are three types of “official travel” defined in the Circular: (i) travel to meet mission requirements, (ii) required use travel, and (iii) other travel for the conduct of agency business.

Mission Requirements: Mission requirements means activities that constitute the discharge of an agency’s official responsibilities. Such activities include, but are not limited to, the transport of troops and/or equipment, training, evacuation (including medical evacuation), intelligence and counter-narcotics activities, search and rescue, transportation of prisoners, use of defense attaché-controlled aircraft, aeronautical research and space and science applications, and other such activities. Per Circular A-126, mission requirements “**do not include official travel to give speeches, to attend conferences or meetings, or to make routine site visits.**” The Secretary’s use of military aircraft was not for mission requirements as defined by Circular A-126.

Required Use Travel: Required use means use of a Government aircraft for the travel of an Executive Branch officer or employee, where the use of the Government aircraft is required because of bona fide communications or security needs of the agency or exceptional scheduling requirements. The Secretary’s use of military aircraft did not meet the required use criteria.

Other Travel For The Conduct of Agency Business: The Secretary’s travel did fall into the third category of official travel because it was for the purpose of conducting agency business. The Circular sets forth special approval requirements for official travel that is not “mission requirements” or “required use” travel. The Circular provides that the travel must be authorized in advance and in writing, on a trip by trip basis, by the agency’s senior legal official or his/her principle deputy; or, be in conformance with an agency review and approval system that has been approved by OMB.

The Circular further provides that official travel that is not “mission requirements” or “required use” travel shall be authorized only when:

- (i) no commercial airline or aircraft (including charter) service is reasonably available (i.e., able to meet the traveler's departure and/or arrival requirements within a 24-hour period, unless the traveler demonstrates that extraordinary circumstances require a shorter period) to fulfill effectively the agency requirements, or
- (ii) the actual cost of using a government aircraft is not more than the cost of using commercial airline or aircraft (including charter) service.

Discussion: To address this issue, we conducted interviews and reviewed related VA, OMB, General Services Administration (GSA), and Department of Defense (DOD) documentation. Our investigation disclosed that Secretary West's travel to Louisiana and Alaska did not meet OMB's definition of "mission requirements" because the purpose of his travel was to give speeches and make routine site visits. The Secretary's office did not comply with the special approval requirements for using Government aircraft for official travel that is not "mission requirements" or "required use" travel. Neither trip was approved in advance, or at any time, by the agency's senior legal official or her principle deputy, nor was such approval ever requested. Based on our discussions with personnel in VA, and OMB (Justice/GSA Branch), we found that VA does not have the prescribed review and approval system. Our contact with personnel at the Aircraft Management Policy Division, GSA, disclosed that VA initially filed a negative report regarding use of Government aircraft for the period in which these two flights occurred. VA corrected this submission after our investigation began.

In an interview with Secretary West's executive planning coordinator, she stated that she was unaware of OMB Circular A-126 and its requirements prior to the start of this investigation. The executive planning coordinator prepares options for the Secretary's mode of travel and forwards them to the Chief of Staff. The Chief of Staff directed her to order military aircraft for the Anchorage and Baton Rouge trips. During the course of her interview, the Chief of Staff also indicated that she was unaware of the requirements of OMB Circular A-126. No documentation regarding justification, including any cost comparison analysis, was provided to the OIG. We were told that the documentation had been destroyed prior to the start of the investigation. According to the executive planning coordinator, this information is destroyed during the normal course of business.

Alaska Trip: A trip was planned for the Secretary and a party of five to travel to Alaska on October 14, 1998 to speak at the Alaska Federation of Natives Convention, visit the VA Medical Center and Regional Office (VAMROC), visit a new joint facility built in conjunction with the Air Force, and visit Ft. Richardson National Cemetery. It was anticipated that the Secretary would return to Washington from Alaska on the evening of October 15, 1998. The round trip was scheduled to be on an Air Force C-20 aircraft with a cost of \$60,000 to be reimbursed to the DOD. VA obligated this amount prior to the trip. In addition to the Secretary's party, a security detail of two was assigned to travel separately to Alaska by commercial air at a round trip cost of \$717 each. If the travel of Secretary West and the other five VA employees had also been booked on available commercial aircraft at the same Government rate, their total scheduled airfare would have been \$4,302.

On October 15, the Executive Planning Coordinator to the Secretary informed the Department of Defense that Secretary West had been directed by the White House to report to Casper, Wyoming to participate on the President's behalf, in a funeral service.

The military aircraft, which had taken the Secretary to Alaska, took the Secretary and his party to Wyoming on October 15, and then returned to Andrews Air Force Base (AFB). A separate aircraft was dispatched from Andrews AFB to Wyoming on October 16, to pickup the Secretary and his party. It was scheduled to depart from Wyoming at 4:00 p.m., October 16, and return to Andrews AFB at 9:30 p.m. the same day.

We checked commercial flight schedules in force at the time and found there was a commercial flight leaving Casper, Wyoming at 4:55 p.m. and arriving at Dulles Airport at 11:52 p.m. on October 16. Had the Secretary and his party traveled on this flight or another flight the following morning the use of roundtrip military aircraft from Andrews AFB to Casper, Wyoming and back could have been avoided.

We were told that because the Casper, Wyoming leg of the Secretary's trip was at White House direction, DOD billed the VA \$29,600, which represented the one-way flight to Alaska, instead of the \$60,000 roundtrip.

Louisiana Trip: On October 24, 1998, the Secretary and three others traveled on military aircraft to Baton Rouge, Louisiana to speak at an Ex-POW dinner banquet. The Secretary and his party returned the same day. The trip to Baton Rouge was on an Air Force C-21 aircraft; the return trip was on an Army U-35 aircraft. Documentation between VA and DOD regarding the scheduling of this flight clearly indicates that VA expected to reimburse DOD for the round trip flight. VA obligated \$5,000 for the cost of the round trip flight. DOD billed VA \$3,396 for the trip to Louisiana. VA has not received the bill for the return flight. The cost of commercial roundtrip airfare for the Louisiana trip for Secretary West's security detail (one individual) was \$236. If the four individuals who traveled on the military aircraft had planned their travel on commercial aircraft at the Government rate, the total cost would have been \$944. As in the Alaska trip, no documentation regarding cost comparisons was provided to the OIG. We were told that it had been destroyed during the normal course of business.

Records Retention: General Records Schedule 9 for VA's records management program establishes the Department's policy for the retention of the travel and transportation records. Paragraph 3, "Noncommercial, Reimbursable Travel Files," refers to "records relating to reimbursing individuals, such as travel orders, per diem vouchers, and all other supporting documents relating to official travel by officers, employees, dependants, or others authorized by law to travel," and allows for the destruction of the travel administrative office files when they are 6 years old. Paragraph 4 of the schedule, "General Travel and Transportation Files," provides that routine administrative records including correspondence forms and related records pertaining to commercial and noncommercial agency travel and transportation, and freight functions, not covered elsewhere in the schedule can be destroyed after two years. Whether the provisions of paragraph 3 or 4 are applied, the records in question should have been retained for a minimum of 2 years, and possibly for 6 years.

Conclusion: The Secretary's office did not abide by applicable OMB and GSA regulations governing use of Government aircraft nor did the circumstances of the travel justify the use of Government aircraft.

Recommendation: The Secretary should ensure that the appropriate personnel in the Department of Veterans Affairs are trained in the provisions of OMB Circular A-126, directed to apply it to the Department use of Government Aircraft, document the use of these aircraft, and maintain the documentation for a period of at least 2 years.

Secretary's Response: Concur with the recommendation.

Issue 1b: Did additional VA employees accompany the Secretary to Alaska to help justify the cost of the military aircraft even though those employees had nothing to do in Alaska and merely sat around?

Standard: 5 C.F.R. chapter XVI, Part 2635, Standards of Ethical Conduct for Employees of the Executive Branch. Section 2635.705 9(b) states that an employee shall not encourage, direct, coerce, or request a subordinate to use official time to perform activities other than those required for the performance of official duties or authorized in accordance with law or regulation. Section 2635.704 (a) states an employee has a duty to protect and conserve government property and shall not use such property or allow its use for other than authorized purpose.

Discussion: To address this issue, we interviewed everyone who accompanied Secretary West on the Alaska trip. Although no one could produce a trip report or itinerary, aside from the one for Secretary West, all stated that either they had business to conduct (employees from the Office of Congressional Affairs and the Office of Public and Intergovernmental Affairs) or they normally traveled with Secretary West (employees from Security and Law Enforcement and the Secretary's Office). Our investigation did not disclose any indications that people who had nothing to do while in Alaska were directed to go on this trip.

This allegation may stem from the diversion to Wyoming that occurred when Secretary West was directed by President Clinton to attend the funeral of a young man who had been murdered. Some of the other members of the traveling party had no official role in Wyoming and could have traveled aboard the C-20, which took the Secretary to Casper on October 15 and then continued on to Washington, D.C.

Conclusion: While the allegation was not substantiated, we concluded earlier that the use of military aircraft was inappropriate in view of the options that were available.

Secretary's Response: Concur with the conclusion that the allegation was not substantiated.

Issue 2: Did Secretary West inappropriately use VA funds to host an awards dinner for Secretary of the Navy John Dalton on October 7, 1998?

Standard: Appropriation laws, General Counsel opinions, and Comptroller General opinions.

The VA's appropriation for Fiscal Year 1999, Public Law 105-276, authorized the use of operating funds, not to exceed \$25,000, for official reception and representation expenses.

The Comptroller General and VA's Office of General Counsel have issued numerous decisions and opinions that give the Secretary broad discretion in the use of these funds. The constant is that the event must be an official function and not a social one.

Discussion: On October 7, 1998, Secretary West hosted a dinner in honor of Mr. Dalton, Secretary of the Navy. The purpose of the dinner was to recognize the services that Secretary Dalton and his wife provided to veterans. The catered dinner was held at the house of Secretary and Mrs. West, and 31 guests attended. Mr. Dalton and his wife were presented awards and gifts during the course of the evening. Members of the U.S. Army Band provided music. The identified costs for this event were \$9,340, of which \$6,400 was paid from the Secretary's reception and representation allowance and the remaining \$2,940 was paid from the Department's operating funds.

During the planning of the event, staff of the Office of the Secretary questioned Office of General Counsel personnel regarding the conduct of this type of function. The first issue raised was whether the Secretary could host a dinner event of this type. The Assistant General Counsel responded that, relying on a 1984 General Counsel opinion, a reception conducted at the Secretary's home, and in accordance with certain criteria, could be funded with the Secretary's reception and representation allowance

The next issue raised was whether a gift could be given to the honoree. The Assistant General Counsel responded that the Secretary would have authority to use general appropriations or the reception and representation allowance to purchase an appropriate object to recognize a Federal employee for leadership and service on behalf of veterans.

The last issue raised was whether a gift could be given to the honoree's wife. The Assistant General Counsel responded that absent leadership and support for veterans programs, a common social courtesy gift to enhance the significance of the occasion, such as flowers, would be appropriate. Mr. Dalton's spouse was presented an award plaque. Neither the Office of the Secretary nor the Office of Human Resources Management had documentation of what contributions she made to receive such an award. The Secretary and his wife also gave her a piece of crystal, which they purchased using personal funds.

As previously mentioned, the event cost \$9,340. The \$6,400 cost for the entertainment portion of the event was paid from the reception and representation allowance. The remaining \$2,940 was paid from appropriated funds. The actual costs are broken out below:

Costs Associated with Dalton Awards Dinner

Reception and Representation Funds

Federal City Caterers	
Food	\$2,100
Equipment	1,220
Service Personnel	1,371
Beverages	1,284
Flowers	<u>425</u>
Subtotal	\$6,400

Appropriated Funds

Invitations	\$ 482
Photographs	1,594
Sculpture for Sec Dalton	295
Framed Award for Sec Dalton	194
Plaques for Ms. Dalton	<u>375</u>
Subtotal	\$2,940
Total	<u>\$9,340</u>

In our discussion with General Counsel staff, we were advised that awards and gifts, if appropriate, would be properly charged to operating funds. They also stated that invitations and photographs were appropriate uses of operating funds. Operating funds cannot be used for entertainment – food and drink – unless specifically provided for in legislation. The reception and representation allowance was created to provide for such entertainment expenses.

We also reviewed the disposition of any excess beverages from the dinner party. An OIG subpoena was served on the catering service used for the Dalton awards dinner. Documents produced under the subpoena disclosed that the original invoice for the liquor and wine to be served at the dinner was in the amount of \$1,852.93. The caterer indicated that it is normal to order more beverages than will be consumed, so as not to run out, and that bottles of liquor that are unopened and bottles of wine that are unopened and unchilled are returned to the liquor store. Two days after the Dalton retirement party, one case and 15 bottles of wine were returned to the liquor store, which gave a credit of \$717.93 to the catering service. This credit was passed on to VA, and the total bill for the liquor and wine was \$1,135.

Conclusion: This allegation is partially substantiated in that the cost of the award to Mr. Dalton's spouse should not have been charged to appropriated funds. While the awards dinner itself may fall within the broad latitude provided for use of official reception and representation funds, the expenditure of nearly one quarter of available funds to recognize a single individual has fueled the perception of waste. This perception was reinforced by the fact that the cost of this awards dinner was \$283 per person. In contrast, the only expenditures of this

magnitude over the last five years were for events like the VSO Holiday party, and receptions at the White House honoring veterans on Memorial Day, each of which accommodated a far larger number of guests.

Recommendation: The Secretary should reimburse the Department for the \$375 spent on the awards for Mrs. Dalton.

Secretary's Response: Concur with the recommendation.

Issue 3: Did Secretary West misuse official Government vehicles? Was the lease of a Cadillac with certain options proper?

Standard: 31 U.S.C. Sections 1344 and 1349(b) Use of Government property.

As the head of the agency, Secretary West is authorized by Section 1344 to use an official Government vehicle between residence and place of employment. Penalties for using an official Government vehicle for other than official use are set forth in Section 1349 (b).

Jeep Grand Cherokees: There was an allegation that Secretary West had used official funds to purchase a sport utility vehicle and was using the vehicle for unofficial purposes. To address this issue, we interviewed personnel in VA's Office of Security and Law Enforcement and the Transportation Division. The interviews disclosed that there were no discrepancies in the vehicle mileage logs associated with either of the two Jeep Grand Cherokees, which are part of the leased fleet. One of the vehicles is used by Security and Law Enforcement, the other by Transportation Division. The interviews also disclosed that Secretary West never personally drove any of the Government vehicles; he was always provided a driver. During off-hours and the weekends, the vehicle belonging to Security and Law Enforcement is parked in an underground parking facility in Washington, DC. During off-hours and on the weekends, the vehicle belonging to Transportation Division is parked in a different underground parking facility in Washington, DC. Interviews disclosed that, on occasion, Secretary West drove his own personal cars, a Jeep Grand Cherokee and a Mercedes Benz, to work.

Conclusion: The allegation was not substantiated.

Cadillac: Additional concerns were raised about the lease of a 1999 Cadillac for Secretary West's official use at a time when funding for veterans health care was considered by some to be insufficient. When Secretary West arrived at VA, the official vehicle for the Secretary's use was a 1996 Lincoln. At the request of the Office of the Secretary, a Cadillac was ordered for his official use. Certain options were selected. The model having the options selected is the Cadillac Fleetwood Limited. GSA maintains a classification of passenger vehicles and the provision for acquiring and using these vehicles. VA has certified the lease of this vehicle with GSA according to current regulations.

Conclusion: The lease of the Cadillac for Secretary West was accomplished in the prescribed manner.

Secretary's Response: Concur with the conclusion.

Final Report Distribution

VA Distribution

Secretary of Veterans Affairs (00)
Assistant Secretary for Financial Management (004)
Assistant Secretary for Public and Intergovernmental Affairs (002)
Assistant Secretary for Human Resources and Administration (006)
Assistant Secretary for Congressional Affairs (009)
Deputy Assistant Secretary for Congressional Operations (60)
Deputy Assistant Secretary for Public Affairs (80)
General Counsel (02)

Non-VA Distribution

Office of Management and Budget
U.S. General Accounting Office
Congressional Committees:
Chairman, Committee on Governmental Affairs, United States Senate
Ranking Member, Committee on Governmental Affairs, United States Senate
Chairman, Committee on Veterans' Affairs, United States Senate
Ranking Member, Committee on Veterans' Affairs, United States Senate
Chairman, Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, United States Senate
Ranking Member, Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, United States Senate
Chairman, Committee on Veterans' Affairs, House of Representatives
Ranking Member, Committee on Veterans' Affairs, House of Representatives
Chairman, Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, House of Representatives
Ranking Member, Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, House of Representatives

This report is available on the Office of Inspector General Web site (<http://www.va.gov/oig/>).
This report will remain on the Web site for 2 fiscal years after its issue date.