

**ORAL STATEMENT OF MAUREEN T. REGAN
COUNSELOR TO THE INSPECTOR GENERAL
OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF VETERANS AFFAIRS
BEFORE
THE COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
HEARING ON
"THE POWER OF LEGISLATIVE INQUIRY –
IMPROVING THE VA BY IMPROVING TRANSPARENCY"
MARCH 16, 2015**

Chairman Miller, Ranking Member Brown, and Members of the Committee, I would like to take this opportunity to address the issues that have been raised with respect to the report we issued on December 8, 2014, regarding contracts awarded by VA's Technical Acquisition Center to Tridac Technologies for the Virtual Office of Acquisition.

On Thursday evening, March 12, 2015, we received a media inquiry regarding a letter sent by Inspector General Eric Thorson, Department of the Treasury, to the Chairman and Ranking Member questioning the integrity of our report. It is very disconcerting that this letter was released to the media without any discussion with us. In fact, as I sit here tonight, neither the Committee nor Mr. Thorson has provided us with a copy of the letter.

The conduct of Mr. Thorson raises serious questions about the legality of his actions as a Presidentially-Appointed Inspector General who, at the request of the Chairman of this Committee, conducted an investigation of the VA Office of Inspector General (OIG), another Executive Branch entity, and reported his findings directly to the Chairman of this Committee. In accordance with the provisions of Section 11 (d) of the Inspector General Act, we have referred the matter to the Integrity Committee for the Council of the Inspectors General for Integrity and Efficiency (CIGIE). We requested that the Integrity Committee conduct a full investigation, including the conduct of all individuals involved. The Integrity Committee is chaired by the Assistant Director of the Criminal Division of the Federal Bureau of Investigation.

It is most disconcerting to read the Chairman's recent attacks in the media on the integrity of VA OIG leadership and doubts about the reliability of our work. If the Committee has concerns about this or any of our reports, the Committee can discuss those concerns with us or report their concerns to CIGIE's Integrity Committee.

As the author of the VA OIG report on the contracts awarded to Tridac, I can assure you that the findings and conclusions are fully supported by the evidence. I personally reviewed the investigative records and contract documents and cited them in detail in the report. In response to a January 7, 2015, request from Chairman Miller, we provided the supporting documents to the Committee.

Because the March 11 letter to Chairman Miller was released to the media and has been the subject of numerous media reports, in the short time I have, I would like to address some of the most egregious factual errors in the March 11 letter.

The Treasury IG's conclusions appear to be based in part on unchallenged statements made by the two subjects of the report and four unidentified persons without any verification of their statements. Based on the descriptions of the four unidentified persons, we do not believe they were the individuals involved in or knowledgeable of the discussions between the subjects and Tridec prior to contract award. The list also does not appear to include the contracting officer. The Treasury IG states in his letter that his staff did not have access to the evidence needed to verify the statements. Nonetheless he reached unsupported conclusions. For example, the Treasury IG relied on Ms. Cooper's statement that she was unaware that she was the subject of an investigation when she spoke to the VA OIG Special Agents, even claiming that she was told that she was not. Her statement is not true. OIG investigators are required to advise employees of the Government who are subjects of an investigation of certain rights afforded to them under *Garrity v. New Jersey*, 385 U.S. 493 (1967), which is commonly referred to as a *Garrity* warning. The March 11 letter does not state that Treasury OIG asked Ms. Cooper if she was provided the warning when interviewed by the VA OIG. In fact, Ms. Cooper was not only advised of her rights under *Garrity* when interviewed by the VA OIG Special Agents, she signed a document certifying that she was so advised.

Treasury IG states that when his staff reviewed the VA OIG report, they found our conclusions "unsupported" and sought supporting documentation. The letter further states that their efforts and those of the Department of the Treasury to obtain evidence from us were denied. The records at issue are maintained in a Privacy Act system of records. As such, we did not have authority to release the records without either Ms. Cooper's authorization or a valid request under exemption (b)(7) of the Privacy Act for a specific civil or criminal law enforcement activity. We received neither from anyone in the Department of the Treasury or the Treasury OIG.

The Treasury IG also relied on a statement from Ms. Cooper and others that she recused herself from the process. The letter does not state when she did this and there is no document supporting the conclusion. However, her statement is refuted by the numerous emails detailed in our report documenting her extensive discussions and negotiations with Tridec and, also as noted in the report, her signature approving the Justification and Approval for the modification to add almost \$5 million to the original contract. We are confident that the evidence supports the conclusions in the report regarding her involvement in the contracting process.

The March 11 letter from the Treasury IG also alleges that the Tridec investigation was conducted at the request of Mr. Jan Frye, VA Deputy Assistant Secretary for Acquisition and Logistics, and that he holds some level of control over me and the VA OIG because he funds certain positions. This statement is not true. As noted in our report, the audit review was conducted in response to multiple *anonymous* complaints received through the VA OIG Hotline and the criminal investigation commenced when an auditor had suspicions about one of the Tridec contracts.

A reimbursable agreement has been in place since FY 1993 between the VA OIG and the VA's Office of Acquisition. The most recent agreements were signed by Mr. Glenn Haggstrom, Executive Director, Office of Acquisition and Logistics, not Mr. Frye. This

agreement has never been a secret and has been included in budget submissions and congressional appropriation bills. The work conducted by the employees who work under this agreement is requested by various entities in VA or on the auditors' own initiative. Mr. Frye has no influence over the workload.

According to their most recent Semiannual Report to Congress, the Treasury OIG has 17 positions funded on a reimbursable basis by the Department of the Treasury.

Any concerns the Committee had with allegations that Mr. Frye had undue influence with this investigation is inconsistent with the fact that 1 day after the non-public Tridec report was provided to the Committee, Mr. Eric Hannel, HVAC Subcommittee for Oversight and Investigations Staff Director, cut and pasted the Summary section of the report, which included the names of the subjects, into an email that he sent to Mr. Frye.

There are numerous other inaccuracies in the Treasury letter including evidentiary, contracting, and other standards. However, due to time constraints, I cannot address them all in this statement. We have requested expedited action by CIGIE's Integrity Committee so the truth can be seen by all, and the baseless attacks on our reputation and integrity can be laid to rest.