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## II. OTHER SIGNIFICANT OIG ACTIVITIES

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In addition to its operational audit, investigative, contract review, and healthcare inspection roles, the OIG is responsible for a wide range of other significant activities that contribute to fulfilling the OIG's overall mission objective. A description of these activities follows.

### HOTLINE

The Hotline staff operates a toll-free telephone service 24 hours a day, 7 days a week or individuals can send their concerns in writing (address on back cover). In addition, the OIG Hotline has a Homepage (<http://www.va.gov/oig/hotline/hotline.htm>) on the Internet and E-mail access. Calls, letters, and E-mail are received from employees, veterans, the general public, the Congress, GAO, and other Federal agencies reporting issues of fraud, waste, and abuse. Due consideration is given to all complaints and allegations received, with each addressed by OIG or other Departmental staff and a response provided to the reporting individual.

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#### 1. HOTLINE CASES PROCESSED

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During the period, the Hotline Section received 10,959 contacts, with 376 cases opened and referred, and 313 cases closed, as follows:

HOTLINE WORKLOAD	
<b>Total Contacts</b>	<b>10,959</b>
<b>Cases opened and referred*</b>	<b>376</b>
OIG Audit	1
OIG Investigations	10
OIG Hotline and Special Inquiries	23
OIG Healthcare Inspections	26
Other OIG	2
VA Program Managers	324
<b>Cases closed</b>	<b>313</b>

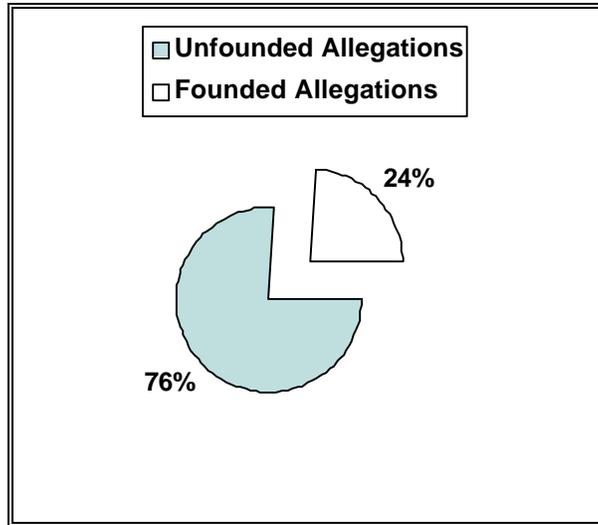
\* Some cases referred to more than one office.

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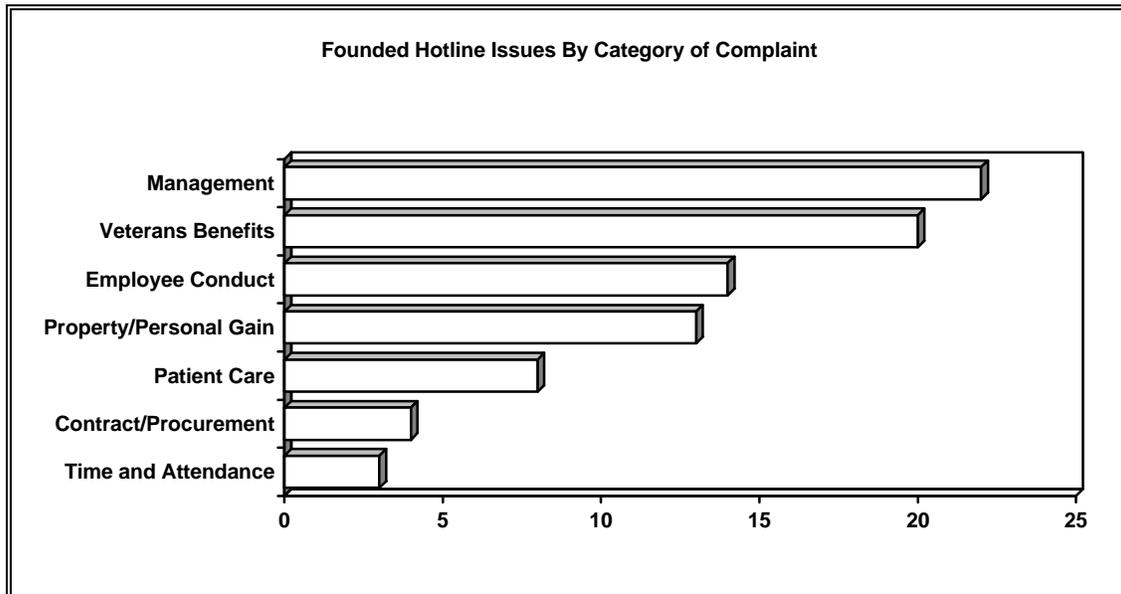
## 2. FOUNDED ALLEGATIONS

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Of the 313 cases closed during this period, 75 cases (24 percent) contained founded allegations. The following graph illustrates the percentage of cases warranting corrective actions.



The majority of the issues associated with the founded allegations concerned management, veterans benefits, employee conduct, property and personal gain, patient care, contract/procurement irregularities, and time and attendance. The following table illustrates the number of complaints by category for the founded allegations.



As a result of these reviews, VHA managers imposed 29 administrative sanctions (e.g. counselings, admonishments, reassignments, and terminations) against employees during this reporting period. A total of \$161,928 in potential recoveries was also identified. Following are examples of allegations that were founded for each of the categories listed on the preceding table.

### **Management**

- A review found that a VAMC employee used the wrong social security number when admitting a patient, who later died at the VAMC. Because of the error, a living veteran's compensation checks were erroneously stopped and his insurance company was billed for the deceased veteran's care. As a result of the review, the living veteran's compensation was reinstated, his insurance company was reimbursed and he was sent an apology. All records were corrected, and the employee was counseled.

### **Veterans Benefits**

- A review determined that a veteran failed to report an income change to the VA, resulting in his VA award continuing inappropriately. The VA wrote to the veteran giving him an opportunity to rebut the resulting overpayment of \$57,930 before proceeding with corrective action.
- Another review found that a claimant failed to report information relevant to his claim due to lack of awareness of requirements, resulting in an \$11,249 overpayment. The amount was subsequently paid back.

### **Employee Conduct**

- A review found multiple instances of misconduct within a VAMC Police and Security Service. A police officer was given a 5-day suspension for using his master key to access medical center property with a female employee, and the female was issued a reprimand. Two police officers received 5-day suspensions for sleeping on duty. Another officer was counseled for allowing unauthorized personnel in the Police and Security office, and one officer was given a 5-day suspension for using E-mail to send personal messages.
- As a result of another review, a Service chief was reprimanded for sponsoring subordinates as AMWAY distributors. Another employee was verbally counseled for using the E-mail system to solicit interest in a non-VA trip.

### **Property and Personal Gain**

- A review found that an employee used Government fax and telephone equipment for non-VA business on VA time. The employee was counseled.
- Another review found that an employee made personal telephone calls over a period of several months. The employee was reprimanded and required to pay \$218, which included a \$50 administrative charge.

## Patient Care

- A review by our Office of Healthcare Inspections (OHI) found that VAMC staff did not attempt to resuscitate a veteran after his spouse found him unresponsive, although the patient was on “full code” status. OHI concluded that attempts at resuscitation would have been medically futile, but recommended that the Chief of Staff review the code status policy with staff to ensure patients’ requests are appropriately acted on.
- As a result of another review, a VAMC employee was admonished for failing to follow policy, which required he wear gloves while drawing a patient’s blood.

## Contract/Procurement

- A review found that a contract was executed without going through the proper contractual procedure. The contract was cancelled on completion of the prepaid term.

## Time and Attendance

A review found that a supervisor allowed employees to work extra hours and reimbursed them the following week. The supervisor pulled hours from future weeks to allow the employees to work the extra hours. Guidance was issued to address the inappropriate use of unscheduled hours.

## FORENSIC DOCUMENT LABORATORY

The OIG operates a nationwide forensic laboratory service for fraud detection, which can be utilized by all elements of VA. The types of requests routinely submitted to the laboratory include handwriting analysis, typewriting, inks, paper, photocopied documents, and suspected alteration of official documents. During this reporting period, the forensic laboratory received 473 documents from various non-OIG sources that required 1,816 laboratory examinations. The laboratory received 358 additional pieces of evidence in 6 OIG criminal investigations, which required 956 laboratory examinations. There were a total of 39 laboratory reports issued during the period covered by this report.

LABORATORY CASES FOR THE PERIOD	
REQUESTER	CASES COMPLETED
OIG Office of Investigations	6
Regional Offices	27
VA Security and Law Enforcement	1
VA Top Management	5
<b>TOTAL</b>	<b>39</b>

The following are examples of the fraudulent activities that were involved and the laboratory work that was completed:

- The Board of Veterans Appeals (BVA) requested forensic document laboratory examinations related to a veteran's military records to determine if they had been altered. In addition, the veteran may have committed perjury at a VA hearing about his military records. The laboratory examinations determined that a different type font design had been used to alter information contained in the military records.
- BVA also requested laboratory examinations of another veteran's medical records. The examinations determined that parts of the medical records had been altered with additional typed entries, with the same typewriter used to produce several fraudulent medical records.
- Four requests were received from the VARO Manila, Philippines, for handwriting, fingerprint, paper, ink, photocopy, and typewriter laboratory examinations for four different cases to determine the eligibility of veterans or their widows. The documents consisted of military service and medical records, and fingerprint cards. Laboratory examinations of documents in two cases determined that the questioned documents were fraudulent. Fingerprint examinations determined that an individual attempted to fraudulently obtain the benefits of a widow who received VA benefits.
- Our Office of Investigations received information that an individual had assumed the identity of a veteran, and that the individual was receiving the veteran's benefits. Fingerprint examinations determined that the individual receiving VA benefits was the true veteran.

## **REVIEW AND IMPACT OF LEGISLATION AND REGULATIONS**

The OIG reviews existing and proposed legislation and regulations relating to Department programs and operations. The OIG makes appropriate comments and recommendations concerning the impact of the legislation and regulations on economy and efficiency in the administration of programs and operations or the prevention and detection of fraud and abuse.

During this period, 68 legislative and 53 regulatory proposals were reviewed and commented on, as appropriate.

### **Acquisition Reform and Its Impact on Our FSS Reviews**

Approved legislation can and does affect OIG operations. Two Public Laws on federal procurement reform could have denied us postaward access to contractors' records - the Federal Acquisition Streamlining Act of 1994 (FASA), P.L. 103-355, and the Federal Acquisition Reform Act of 1996, now known as the Clinger-Cohen Act of 1996. In response to FASA and the Clinger-Cohen Act, the General Services Administration (GSA) issued an interim rule in February 1996 on the acquisition of commercial items, and a final rule on August 21, 1997.

The final rule addresses the commercial item acquisition provisions of FASA and the Clinger-Cohen Act through reform of GSA's Multiple Award Schedule (MAS) program. The final rule retains the most favored customer MFC pricing objective and gives VA the flexibility to continue doing postaward audits of FSS contracts. The provisions in the final rule that resulted in the continuation of the MFC

pricing objective and provided the flexibility to modify the Examination of Records clause to allow for postaward audit access to a contractor's records represented a major victory for VA's FSS contracting program. The Department of Justice, VA officials, and the GSA Inspector General successfully argued for the retention of the MFC pricing objective and postaward audit rights to protect the Government and ultimately the taxpayer from paying inflated prices due to inaccurate or fraudulent pricing disclosures on its contracts. Since October 1993, monetary recoveries associated with postaward reviews of FSS contracts have amounted to about \$85 million.

## **HAMMER AWARD RECIPIENT**

On July 31, 1997, the VA Procurement Working Group received a Hammer Award from the Vice President. The VA Procurement Working Group, which is led by the Office of Inspector General, was developed and implemented to provide the Department with a new and fully coordinated approach to requesting and reviewing contracts and contracting practices, and recovering contractor overcharges. In addition to the Office of Inspector General, the Procurement Working Group consists of representatives from the Office of Acquisition and Materiel Management and the Office of General Counsel.

As a result of this creative and unified approach, there has been enhanced customer satisfaction, improved quality and timeliness of audit results, a dramatic increase in companies voluntarily disclosing to VA that they have overcharged the Government and offering a refund, and a dramatic increase of dollar recoveries to VA. In the 3 years since the establishment of the Procurement Working Group, dollar recoveries for the Department exceeded \$74 million.

The Procurement Working Group demonstrates that when employees from different parts of the VA organization work together, as one-VA and toward a common goal, both veterans and taxpayers benefit. In addition, the Government receives fair and reasonable prices for goods and services, which means additional dollars to treat more veterans.

## **OIG MANAGEMENT PRESENTATIONS**

### **Presentation at "Transparency in Government" Conference in Argentina**

Our Assistant Inspector General for Healthcare Inspections, sponsored by the Department of State, gave a presentation and provided consultations to officials in Argentina concerned with establishing effective administrative procedures to combat corruption. In his presentation 'Vigilance of Public Health Care Systems,' in Buenos Aires, he discussed VA's health care system and the various methods of providing the necessary external scrutiny, including the essential role of the IG, to more evidently assure that public funds are used in an economical, efficient and effective manner. He also met with many individuals and groups, as convened by the American Embassy and the World Bank, on investigative, audit and inspection mechanisms designed to identify and eliminate fraud and abuse in public health care systems.

## **Presentation at Midwestern Intergovernmental Audit Forum**

VA OIG staff participated in a Midwestern Intergovernmental Audit Forum held in Milwaukee, Wisconsin in May 1997. The Assistant Inspector General for Auditing was a featured speaker, and provided a presentation on performance auditing in the Federal environment.

## **Presentation at Association of Government Accountants (AGA) Conferences**

The Deputy Assistant Inspector General for Auditing and the Director, Financial Statement Audit Division gave a presentation on "Innovative Auditing on VA's Financial Statement Audits" at the June 1997 AGA Professional Development Conference. The presentation discussed a number of computerized audit techniques that VA OIG developed and uses in conducting its program and financial statement audits. These include extensive use of Computer Assisted Audit Techniques (CAATS) and remote computer access that enable the OIG to (i) better serve audit clients in today's environment of increasingly complex, computerized operations, (ii) conduct audits more efficiently in today's environment of austere budgets and continuing downsizing, and (iii) identify significant internal control weaknesses and erroneous transactions.

The Director of our Kansas City Operations Division conducted a seminar on "Cooperation and Conflict with the Audit Client," at the AGA Midwestern Region Financial Management workshop in April 1997. A similar seminar was provided at the AGA Professional Development Conference held in Topeka, Kansas in May 1997.

## **Presentation at Information Security Conference**

VA OIG staff participated in the Information Security Officers' Conference held in Nashville, TN in August 1997, with a presentation by one of our Office of Audit project managers on the VA OIG's overview and perspective concerning information security.

## **Participation in Financial Statement Audit Task Force**

During this reporting period, OIG Financial Statement Audit (FSA) staff continued its participation in the "Governmentwide Financial Statement Audit Task Force" subgroup on credit reform accounting and auditing issues. The subgroup consists of GAO, OMB, CFO and OIG participants, with the focus on key accounting and auditing issues facing the audit of the FY 1997 Government-wide financial statements. FSA staff also continued their participation in the Federal Audit Executive Council financial statement audits subgroup and in the President's Council on Integrity and Efficiency financial statement audit manual task force. Both working groups are important in sharing information on areas of common interest, with the objective of improving the Federal financial statement audit process.

## **Presentation at FSS Industry Conference**

OIG Contract Review staff participated in the VA National Acquisition Center's (NAC) Industry Conference in April 1997 by giving a presentation related to preaward reviews. The conference was attended by representatives of the NAC, DOD, pharmaceutical manufacturers, and medical/surgical suppliers.

## **Participation in FSS Pharmaceutical Pre-proposal Conference**

OIG Contract Review staff participated in the May 1997 Pre-proposal Conference attended by pharmaceutical industry representatives. The OIG staff were part of a VA panel that responded to questions from industry during the conference.

## **Presentation of FSS Preaward Review Training**

OIG Contract Review staff developed and conducted a 3-day training session in May 1997 on FSS preaward reviews, which was attended by NAC contracting officers and OIG auditors.

## **Federal Audit Executive Council**

During the year, our Assistant Inspector General for Auditing was elected Vice-Chairperson of the Federal Audit Executive Council (FAEC). The purpose of the FAEC is to discuss and coordinate on issues affecting the Federal audit community in general, and, in particular, matters affecting audit policy and operations of common interest to FAEC members.

## **OIG CONGRESSIONAL TESTIMONY**

In April 1997, the Deputy Inspector General testified before the House Veterans' Affairs Oversight and Investigations Subcommittee at a hearing on sexual harassment allegations against senior VA managers. The testimony addressed hotline inquiries received by the OIG over the past five years. In July 1997, the Deputy Inspector General again testified before the Subcommittee at a follow-up hearing on sexual harassment in VA. The testimony addressed OIG involvement in corrective initiatives addressing the issue of sexual harassment in the VA workplace.

In May 1997, the Deputy Inspector General testified before the Senate Committee on Veterans' Affairs at a hearing on VA's policies and practices protecting VA employees from sexual harassment and the implementation of those policies. The testimony addressed the history and results of OIG investigations into cases of suspected sexual harassment by VA employees.

## **FREEDOM OF INFORMATION/PRIVACY ACT/OTHER DISCLOSURE ACTIVITIES**

During this reporting period, we processed 121 requests under the Freedom of Information and Privacy Acts and released 250 audit, investigative and other OIG reports. In four instances we had no records. We totally denied one request under the appropriate exemptions of the Acts. Information was partially withheld in 88 requests because release would have constituted an unwarranted invasion of personal privacy, interfered with enforcement proceedings, disclosed the identity of confidential sources, disclosed internal Department matters, or was specifically exempted from disclosure by statute.

## **OBTAINING REQUIRED INFORMATION OR ASSISTANCE**

Sections 5(a)(5) and 6(b)(2) of the Inspector General Act of 1978 require the Inspector General to report instances where access to records or assistance requested was unreasonably refused, thus hindering the ability to conduct audits or investigations. During this 6-month period, there were no reportable instances under these sections of the Act.

Under P.L. 95-452, the IG has authority “. . . to require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary . . .” The use of IG subpoena authority has proven valuable in our efforts, especially in cases dealing with third parties. During this reporting period, 20 subpoenas were issued in conjunction with various OIG investigations and audits.