

VA Office of Inspector General

OFFICE OF INVESTIGATIONS &
OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

Administrative Investigation

*Inappropriate Use of
Position and Misuse of
Relocation Program and
Incentives*

September 28, 2015
15-02997-526

ACRONYMS AND ABBREVIATIONS

AVO	Appraised Value Offer
BMA	Broker's Market Analysis
CSEMO	Corporate Senior Executive Management Office
FTR	Federal Travel Regulation
FY	Fiscal Year
GS	General Schedule
OIG	Office of Inspector General
OPM	U.S. Office of Personnel Management
PCS	Permanent Change of Station
SES	Senior Executive Service
TDY	Temporary Duty
TQSE	Temporary Quarters Subsistence Expense
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
WTA	Withholding Tax Allowance

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DEPARTMENT OF VETERANS AFFAIRS
Office of Inspector General
Washington, DC 20420

To: Deputy Secretary of Veterans Affairs

Subject: Administrative Investigation: Inappropriate Use of Position and Misuse of Relocation Program and Incentives in the Veterans Benefits Administration

Summary

Ms. Diana Rubens was reassigned from her position as Deputy Under Secretary for Field Operations to the position of Director, Philadelphia and Wilmington VA Regional Offices (VAROs)¹, effective June 1, 2014. VA paid \$274,019.12 related to Ms. Rubens' Permanent Change of Station (PCS) move. Although we determined the PCS relocation expenses paid for Ms. Rubens' move were generally allowable under Federal and VA policy, we found that Ms. Rubens inappropriately used her position of authority for personal and financial benefit when she participated personally and substantially in creating the Philadelphia VARO vacancy and then volunteering for the vacancy.

Ms. Rubens told us she expressed an interest in replacing the former Philadelphia VARO Director when he retired in December 2011. In March 2014, she informed the Under Secretary for Benefits of her "desire to take advantage of the Philly Director opening" for herself, and the Under Secretary assured her that she would "be all in to help and make it happen." We also identified issues related to Ms. Rubens' PCS move. Specifically, we identified issues with the timeliness of VA's approval of Ms. Rubens' participation in the Appraised Value Offer (AVO) program, as well as a 17-day extension for temporary quarters subsistence expense (TQSE) allowance. In addition, Ms. Rubens claimed and was reimbursed \$76.50 for alcoholic beverages, which is prohibited, and \$47 for meal and tip expenses that were not supported by required receipts.

As part of our assessment of VA's relocation expense program (PCS program), we reviewed records related to the Veterans Benefits Administration's (VBA) reassignment of 7 General Schedule (GS) Grade 15 employees who were promoted to Senior Executive Service (SES) positions and 15 SES employees who moved to different SES positions in fiscal years (FYs) 2013, 2014, and 2015. VBA management used moves of senior executives as a method to justify annual salary increases and used VA's PCS program to

¹ Philadelphia VARO leadership has remotely managed the Wilmington VARO since 2003.

pay moving expenses for these employees. Annual salary increases totaled about \$321,000, and PCS relocation expenses totaled about \$1.3 million. Additionally, VBA paid \$140,000 in unjustified relocation incentives. In total, VA spent about \$1.8 million on the reassignments. While we do not question the need to reassign some staff to manage a national network of VAROs, we concluded that VBA inappropriately utilized VA's PCS program for the benefit of its SES workforce.

Ms. Kimberly Graves was reassigned from her position as the Director of VBA's Eastern Area Office to the position of Director, St. Paul VARO, effective October 19, 2014. VA paid \$129,467.56 related to Ms. Graves' PCS move. We determined that Ms. Graves also inappropriately used her position of authority for personal and financial benefit when she participated personally and substantially in creating the St. Paul VARO vacancy and then volunteering for the vacancy.

Mr. Antione Waller, former St. Paul VARO Director, told us Ms. Graves initiated discussion with him about relocating to the Philadelphia VARO. Once he expressed a willingness to accept the reassignment, she did an apparent "bait and switch." She told him that the Philadelphia position was no longer available and he would be considered for the Baltimore VARO Director position. When he said he was not willing to move to Baltimore, Ms. Graves told him, "you will probably get another call, this probably won't be the last conversation about Baltimore." In an email, Ms. Beth McCoy, who at the time was the Assistant Deputy Under Secretary for Field Operations and Ms. Rubens' subordinate, told Ms. Graves that she spoke to Mr. Waller and told him his name was already submitted to the VA Secretary for Baltimore, so "saying no now is not a clean or easy option." Once the St. Paul Director position was vacant, Ms. Graves said she contacted Ms. Rubens and said, "I'd like to throw my name in for consideration for St. Paul ... I feel like I've done my time and I'd like to put my name in."

Ms. Rubens' and Ms. Graves' reassignments resulted in a significant decrease in job responsibilities, yet both retained their annual salaries—\$181,497 and \$173,949, respectively. Based on Federal regulations, we determined VA could not reduce their annual salaries upon reassignment despite the decrease in the scope of their responsibilities. However, a senior executive's annual salary can be reduced if the individual receives a less than fully successful annual summary rating, fails to meet performance requirements for a critical element, or, as a disciplinary or adverse action resulting from conduct related activity.

We made criminal referrals to the U.S. Attorney's Office, District of Columbia, regarding official actions orchestrated by Ms. Rubens and Ms. Graves. Formal decisions regarding prosecutorial merit are pending. We provided 12 recommendations to VA to increase oversight of VA's PCS program and to determine the appropriate administrative actions to take, if any, against senior VBA officials.

Introduction

In March 2015, the Chairman and Ranking Member of the House Committee on Veterans' Affairs and the Chairman and Ranking Member of the Senate Committee on Veterans' Affairs requested the VA Office of Inspector General (OIG) investigate allegations concerning financial benefits and preference given at VA. An anonymous complainant alleged that Ms. Rubens, Philadelphia VARO Director, improperly received \$288,206.77 in relocation expenses for transferring from VBA Headquarters to her current position at the VARO and retained her high-level SES salary, despite the position being two levels lower on VA's SES pay scale. Chairman Jeff Miller, House Committee on Veterans' Affairs, said VA confirmed Ms. Rubens relocation expenses were "in the ballpark" of \$300,000, which raised questions about a potential abuse of the PCS Program across VA. The OIG was also asked to conduct a broader review of this program.

To assess the allegations and review of VA's PCS program, we interviewed Mr. Jose Riojas, former VA Chief of Staff; Ms. Allison Hickey, Under Secretary for Benefits; Mr. Danny Pummill, Principal Deputy Under Secretary for Benefits; Ms. Beth McCoy, Deputy Under Secretary for Field Operations; Mr. Willie Clark, Eastern Area Director; Mr. Robert McKenrick, Los Angeles VARO Director; Ms. Rubens; Ms. Graves; Mr. Waller; and other VA and VBA employees. We also reviewed personnel, payroll, email, expense, relocation, and travel records, as well as Federal laws and regulations and VA policy.

Background

Relocation Expenses

The Federal Travel Regulation (FTR) states that an employee transferring in the interest of the Government from one agency or duty station to another for permanent duty that is at least 50 miles from their old duty station is eligible for relocation expense allowances. The distance between Washington, DC, and Philadelphia, PA, is about 140 miles. There are mandatory and discretionary relocation expenses and once an agency makes the decision to pay or reimburse relocation expenses, all the expenses deemed mandatory must be paid or reimbursed. Mandatory PCS benefits for eligible employees include the following:

- En route travel
- Household goods
- Temporary storage
- Real estate expenses
- Miscellaneous expense allowance
- Relocation income tax allowance

Employees can also be eligible for TQSE allowance, which is considered a discretionary expense. TQSE allowance is intended to reimburse an employee reasonably and equitably for expenses incurred when occupying temporary quarters. For approved employees, an authorizing official may approve TQSE for a period up to 60 consecutive days. Under compelling circumstances acceptable to the agency, up to an additional 60-day TQSE period may be granted in 30-day increments. Under no circumstances can the agency grant extensions beyond 120 days.

Appraised Value Offer Program

As part of the relocation program, Federal agencies, including VA, can offer some employees assistance through the AVO program, which is designed to help employees sell their primary residence. Each VA administration, such as VBA, defines which employees are authorized to participate in the AVO program. Ms. Hickey told us that all VBA SES employees are offered AVO benefits when making a PCS move. VA had a contract with Brookfield Global Relocation Services² (Brookfield) to provide employees approved for the AVO program assistance selling their home.

Once an employee is approved to participate in the AVO program, two separate real estate agents conduct a broker's market analysis (BMA), which is used to describe the current marketplace and provide an assessment of the most probable selling price for the employee's home. Once the BMAs are completed, Federal policy requires the employee to list their home within 105 percent of the average most likely sales price from the two BMAs for at least 60 days.

While the property is for sale, two separate appraisals are conducted to estimate the value of the home. This is done by comparing the home to the sales of similar properties in the surrounding area. Appraisers also consider location, size, age, condition, and marketability of the home. Upon completion of the appraisals, Brookfield makes an offer to purchase the employee's home based on the average of the two appraised values. This is intended to serve as a "back-up offer" for instances when the employee cannot sell

² This was a VA contract procured through the U.S. General Services Administration's Federal Supply Schedule.

their home. If the home does not sell after being on the market for 60 days, the employee may accept the AVO.

Senior Executive Service

The SES was established by the Civil Service Reform Act of 1978 and became effective in July 1979. The Act established the SES as a distinct personnel system that applies the same executive qualification requirements to all of its members. The system was designed to provide greater authority to agencies to manage their executive resources. The SES includes most managerial, supervisory, and policy positions classified above GS Grade 15 or equivalent positions in the Executive Branch of the Federal Government.

The National Defense Authorization Act for FY 2004 established a performance-based pay system for SES. The pay range has a minimum and maximum rate of pay for all SES positions. The VA Secretary has the authority to set the pay rate for the VA's SES employees; however, pay cannot be set lower than the minimum or higher than the maximum rates. Table 1 details minimum and maximum rates of pay for SES employees during FYs 2013 through 2015.

Table 1. SES Rates of Pay (Government-wide)

FY	Minimum Rate of Pay	Maximum Rate of Pay
2013	\$119,554	\$179,700
2014	\$120,749	\$181,500
2015	\$121,956	\$183,300

Source: U.S. Office of Personnel Management

In 2004, VA established a pay band structure for SES pay. VA categorized their SES positions into three different pay bands based on the scope of responsibility for each position. The following is a summary of VA's three pay bands for SES:

- **Pay Band 1:** Higher complexity SES positions (for example, VA Chief of Staff)
- **Pay Band 2:** Medium complexity SES positions (for example, Deputy Assistant Secretaries)
- **Pay Band 3:** Lower complexity SES positions (for example, Associate Deputy Assistant Secretaries)

Table 2 details minimum and maximum rates of pay for VA SES by pay band during FYs 2013 through 2015.

Table 2. SES Rates of Pay by Pay Band (Specific to VA)

FY/Pay Band	Minimum Rate of Pay	Maximum Rate of Pay
2013		
Pay Band 1	\$119,554	\$179,700
Pay Band 2	\$119,554	\$173,600
Pay Band 3	\$119,554	\$165,300
2014		
Pay Band 1	\$120,749	\$181,500
Pay Band 2	\$120,749	\$175,400
Pay Band 3	\$120,749	\$167,000
2015		
Pay Band 1	\$121,956	\$183,300
Pay Band 2	\$121,956	\$177,154
Pay Band 3	\$121,956	\$168,700

Source: VA Corporate Senior Executive Management Office

VA's Corporate Senior Executive Management Office (CSEMO) reported that VBA had 70 SES positions as of June 30, 2015—22 positions were Pay Band 1, 9 positions were Pay Band 2, and 39 positions were Pay Band 3.

Ms. Diana Rubens, (SES) Director, VAROs Philadelphia, PA, and Wilmington, DE

In 2008, Ms. Rubens became the Deputy Under Secretary for Field Operations. This was a VBA Headquarters-based SES, Pay Band 1, position located in Washington, DC. In this position, she was responsible for the oversight of the 4 Area Offices³ and 56 VAROs within VBA. VBA's area and regional offices employ over 18,000 people and administer benefit programs that pay over \$70 billion annually to veterans and their beneficiaries.

³ In July 2015, VBA restructured its four Area Offices (Eastern, Southern, Central, and Western) into five District Offices (North Atlantic, Southeast, Midwest, Continental, and Pacific). For the purposes of this report, we refer to Area Offices because that was VBA's organizational structure at the time of the VBA reassignments.

In 2014, Ms. Rubens volunteered to become the Director, Philadelphia VARO. In May 2014, she was reassigned from her VBA Headquarters position to the position of Director, Philadelphia and Wilmington VAROs, with an effective date of June 1, 2014. This is an SES, Pay Band 3, position and involves a significant decrease in job responsibilities. She went from being responsible for oversight of 4 Area Offices and 56 VAROs to being responsible for only 2 VAROs. Although she volunteered for a position with reduced responsibilities, she retained her \$181,497 annual salary when she transferred. VA also paid a total of \$274,019.12 in PCS relocation expenses, including AVO-related costs, for Ms. Rubens and her dependent.

Ms. Kimberly Graves, (SES) Director, VARO St. Paul, MN

In 2010, Ms. Graves became the Director of VBA's Eastern Area Office. This was an SES, Pay Band 1, position, and she was responsible for oversight of 16 VAROs across 14 states. In 2014, she volunteered to become the Director, St. Paul VARO. Ms. Graves was reassigned from the Eastern Area Director position to the position of Director, St. Paul VARO in October 2014. This is an SES, Pay Band 2, position and involves a significant decrease in job responsibilities. She went from being responsible for oversight of 16 VAROs to being responsible for only 1 VARO. Although she volunteered for a position with reduced responsibilities, she retained her \$173,949 annual salary when she transferred. VA also paid a total of \$129,467.56 in PCS relocation expenses, including AVO-related costs, for Ms. Graves.

Results and Recommendations

Issue 1: Were Ms. Rubens' Relocation Expenses Allowable Under Federal and VA Policy?

VA paid a total of \$274,019.12 related to Ms. Rubens' PCS move. As of July 16, 2015, obligations totaling \$6,984.10 remained open, which may be expensed in the future. Therefore, VA could pay as much as \$281,003.22 in relocation expenses once all PCS claims are processed and finalized.

Ms. Rubens was directly paid a total of \$33,261.29 for her PCS move, as follows:

- \$13,062.75 in TQSE allowance—includes lodging, meals, tips, and dry cleaning
- \$10,524 in real estate expenses
- \$67.68 in en route travel expenses
- \$8,306.86 in withholding tax allowance (WTA)
- \$1,300 in miscellaneous expense allowance

VA incurred additional expenses totaling \$240,757.83 for Ms. Rubens' PCS move, most of which related to home sale assistance under the AVO program. Table 3 summarizes expenses paid by VA for Ms. Rubens' PCS move.

Table 3. Ms. Rubens Relocation Expenses

Distribution of PCS Relocation Expenses	Amount Paid	Percent of Total
Amount Paid To Ms. Rubens (TQSE, Real Estate, En Route Travel, WTA, and Miscellaneous Expenses)	\$33,261.29	12%
Amount Paid To Brookfield (FY 2014 Home Sale Fee ⁴ was 27.5% of the Average Appraised Value of \$770,000)	\$211,750.00	77%
Amount Paid To Relocation Management Worldwide, Inc. (Transportation and Storage of Household Goods)	\$16,302.83	6%
Amount Paid To VA's Financial Services Center ⁵ (6% of the amount paid to Brookfield)	\$12,705.00	5%
Totals	\$274,019.12	100%

Source: VA PCS Travel Division

⁴ In FY 2014, the home sale acquisition fee was 27.5 percent for PCS moves where employees accepted the Appraised Value Offer—it was not specific to Ms. Rubens' PCS move.

⁵ VA's Financial Services Center charged a fee of 6 percent of the Brookfield Home Sale invoice. This fee is charged to cover the cost of administering the PCS Home Sale Relocation contract. The Financial Services Center also pays a portion of this fee to VA's Technology Acquisition Center for assisted acquisition services.

Once senior VA managers approved her PCS move, relocation expenses paid to Ms. Rubens were generally allowable under Federal and VA policy. The majority of Ms. Rubens' PCS expenses—nearly \$224,500—were related to her participation in the AVO program. The Under Secretary for Benefits and VA Chief of Staff approve or deny AVO benefits as part of a VBA employee's PCS move. The Under Secretary for Benefits, Ms. Hickey, told us that all SES employees are offered AVO benefits when making a PCS move. Ms. Hickey said she signs the approval for AVO benefits for SES employees, which obligates VBA funds for the AVO benefits.

We identified the following issues related to Ms. Rubens' PCS move:

- Approval of Ms. Rubens' AVO benefits was not timely.
- Request and approval of a 17-day extension for TQSE allowance and storage of household goods was not timely.
- Ms. Rubens submitted receipts for reimbursement of meal expenses that included alcoholic beverages.
- Ms. Rubens was paid unauthorized expenses for meals and tips during a period when her dependent was on temporary duty (TDY) travel.

AVO Approval Not Timely

On May 27, 2014, Ms. Rubens signed a document accepting a reassignment to the Philadelphia VARO. At that point, her participation in the AVO program had not been approved. Two days later, on May 29, 2014, Ms. Rubens signed another document stating she would not accept a transfer to the Philadelphia VARO unless AVO benefits were approved. As a result, on the same day, Mr. Pummill issued a memo to Ms. Hickey requesting approval for Ms. Rubens' participation in the AVO program. Ms. Hickey; Ms. McCoy (a subordinate of Ms. Rubens at the time⁶); Ms. Julie Murphy, Director of the VBA Office of Human Resources; and Mr. Jamie Manker, Director of the VBA Office of Resource Management signed off on the approval document the same day. The effective date of Ms. Rubens reassignment to the Philadelphia VARO was June 1, 2014. On June 3, 2014, after the effective date of Ms. Rubens reassignment, Mr. Riojas, VA's Chief of Staff at the time, approved AVO benefits for Ms. Rubens. She told us she did not know whether she would have accepted the reassignment without AVO benefits. However, inconsistent with this assertion, we determined she volunteered for the reassignment and accepted the reassignment prior to being approved for AVO benefits.

⁶ Prior to her move to VARO Philadelphia, Ms. Rubens was the Deputy Under Secretary for Field Operations, and Ms. McCoy was the Assistant Deputy Under Secretary for Field Operations. Ms. Rubens was Ms. McCoy's direct supervisor.

Temporary Quarters Extension Not Timely

Ms. Rubens was approved for TQSE allowance as part of her reassignment package. Her authorizing official, Ms. Graves (a subordinate of Ms. Rubens at the time she volunteered for the reassignment⁷), initially approved TQSE for a period of 30 consecutive days (July 9 through August 7, 2014). On July 31, 2014, Ms. Rubens sent a memo requesting approval for a 30-day extension (August 8 through September 6, 2014) of TQSE. Ms. Graves also approved this request.

On September 9, 2014, 3 days after Ms. Rubens completed her approved 30-day extension in temporary quarters, she sent a memo requesting approval for an additional 17-day extension (September 7 through September 23, 2014) in temporary quarters due to compelling circumstances. Even though this request was submitted after Ms. Rubens' approved temporary quarters period ended, Ms. Graves approved the extension. The approval documentation indicated the 17 days were needed to accommodate the settlement date on Ms. Rubens' newly constructed home. Additional expenses for this 17-day period totaled \$3,655 for TQSE and \$727.67 for the storage of household goods.

Claims for Meals and Tips Included Alcoholic Beverages

Ms. Rubens was paid a total of \$13,062 in TQSE related to her PCS move, which included meals and tips. Per diem meals are defined as expenses for breakfast, lunch, dinner, and related tips and taxes—specifically excluded are alcoholic beverages, entertainment expenses, and any expenses incurred for other people. Based on our review of receipts submitted by Ms. Rubens, we determined that she claimed and was reimbursed \$76.50 for alcoholic beverages.

Unauthorized Meals and Tips Expenses During TDY

Based on travel records, Ms. Rubens' dependent, also a VBA employee, was on TDY from September 2 through September 4, 2014. According to the FTR, when claiming TQSE, the employee (Ms. Rubens) must provide a receipt for every authorized expense over \$75 (not \$150 in this case because Ms. Rubens' dependent was on TDY). Ms. Rubens claimed TQSE expenses of \$92 on September 2, 2014; \$88 on September 3, 2014; and \$92 on September 4, 2014. Ms. Rubens did not provide itemized receipts as required for these days. Therefore, we question \$47 in meals and tips that exceeded \$75 per day.

⁷ Prior to her move, Ms. Rubens was the Deputy Under Secretary for Field Operations, and Ms. Graves was the Eastern Area Director. Ms. Rubens was Ms. Graves' second-level supervisor.

Conclusion

We determined that because senior VA managers authorized Ms. Rubens reassignment the PCS relocation expenses paid for her move were generally allowable under Federal and VA policy. While the expenses were generally allowable because senior VA managers approved Ms. Rubens relocation, we have concerns over Ms. Rubens' involvement in creating the director's vacancy at the Philadelphia VARO (see Issue 4 for further details). We also identified issues with the timeliness of the approval for Ms. Rubens' participation in the AVO program, as well as a 17-day extension for TQSE allowance and storage of household goods. In addition, Ms. Rubens claimed and was reimbursed \$76.50 for alcoholic beverages and \$47 in meals and tips expenses that were not supported by required receipts. Controls over the approval process need to be strengthened to ensure subordinate employees, or those who were recently subordinate employees, do not approve PCS travel expenses and to ensure all requests for benefits are timely.

Recommendations

Recommendation 1. We recommended the Deputy Secretary review the Department's request and approval process for the Appraised Value Option program and make improvements as deemed appropriate.

Recommendation 2. We recommended the Deputy Secretary review the Department's request and approval process for temporary quarters subsistence expense allowance and make improvements as deemed appropriate.

Recommendation 3. We recommended the Deputy Secretary consult with the Office of General Counsel to determine whether Ms. Rubens should be issued a bill of collection for \$123.50 to recoup the improper reimbursements paid to her for alcoholic beverages and unauthorized meals and tips.

Management Comments and OIG Response

The Chief of Staff concurred with our recommendations and stated the Deputy Secretary will take action by the end of the year to address the recommendations. We will monitor VA's progress and follow up on VA's implementation actions until all actions are completed. The Chief of Staff's full response is included in Appendix B.

Issue 2: Was Ms. Rubens' Salary Retention Appropriate?

Ms. Rubens' reassignment documentation included information pertaining to her annual salary. It showed her position as the Deputy Under Secretary for Field Operations was a Pay Band 1 position with an annual salary of \$181,497. Her new assignment as Director of the Philadelphia VARO was a Pay Band 3 position with a maximum annual salary of \$167,000. However, upon being reassigned, Ms. Rubens retained her \$181,497 annual salary even though the scope of her responsibilities significantly decreased.

According to Federal regulations, the SES rate of basic pay for a career senior executive may only be reduced if the senior executive has received a less than fully successful annual summary rating, or has otherwise failed to meet the performance requirements for a critical element. Additionally, SES pay may be reduced without the employee's consent by the SES agency as a disciplinary or adverse action resulting from conduct-related activity, including but not limited to misconduct, neglect of duty, or malfeasance.

Conclusion

From FY 2009 to the time of Ms. Rubens' reassignment, she was rated better than fully successful on all performance appraisals. Therefore, we concluded that Ms. Rubens met all critical performance elements. Additionally, during our review and interviews, we did not identify any instances of disciplinary or adverse action taken against Ms. Rubens. Based on applicable Federal regulations, we determined VA could not reduce her annual salary upon reassignment despite the decrease in scope of her responsibilities.

Issue 3: Has VBA Misused VA's PCS Program?

As part of our assessment of VA's PCS program, we reviewed VBA reassignments of 7 GS-15 employees who were promoted to SES positions and 15 SES employees who moved to different SES positions in FYs 2013, 2014, and 2015 (total of 23 reassignments as one SES employee was reassigned twice—once in FY 2013 and again in FY 2015). VBA management used moves of senior executives as a method to justify annual salary increases and used VA's PCS program to pay moving expenses for most of these employees. We reviewed financial details associated with these moves to assess the costs of the moves, as well as potential abuse of VA's PCS program. Included in our analysis for each reassignment was the following:

- Annual salary increases
- Relocation incentives
- Relocation expenses
- AVO expenses

Annual Salary Increases

We determined that VBA used reassignments through VA's PCS program as a way to increase SES pay. From FY 2010 to 2013, U.S. Office of Personnel Management (OPM) guidelines precluded all SES employees from receiving annual pay increases. During this period, the maximum SES annual salary remained at \$179,700, as established by OPM Federal pay guidelines. Further, in 2012, the VA Secretary determined no VBA executives would receive performance awards based on concerns over the backlog of veterans' disability claims.

We interviewed Mr. Pummill on May 13, 2015. We asked whether salary increases and relocation incentives were a way to get around pay freezes and bans on performance bonuses. Mr. Pummill said, "I would say that's probably true." He stated further that the VA Chief of Staff at the time said that an SES employee's salary could be increased as long as the executive was moving to a different location.

We also interviewed Ms. Hickey on May 13, 2015. We asked whether salary increases and relocation incentives were a way to get around pay freezes and bans on performance bonuses. Ms. Hickey stated that the salary increases were about "level-setting pay." She stated further, "it was more about resetting from my perspective base pay to get everybody—get the ends of the bands into more of a—more even, more fair model."

Twenty-one of the 23 reassignments included salary increases. These VBA reassignments resulted in annual salary increases totaling about \$321,000 (average

increase was \$15,286). We identified concerns with the salary increases as they did not seem to consistently reflect changes in the positions' scope of responsibility. For example:

- In FY 2014, VBA reassigned Mr. Duane Honeycutt from Director, Chicago VARO, to the position of Director, Milwaukee VARO. The Milwaukee VARO has a broader mission than the Chicago VARO as it includes one of the three VBA Pension Management Centers. With this reassignment to a more complex VARO, Mr. Honeycutt received a 9 percent annual salary increase—from \$151,772 to \$165,300.
- In FY 2014, VBA reassigned Mr. Antione Waller from Director, St. Paul VARO, to the position of Director, Baltimore VARO. The St. Paul VARO has a broader mission than the Baltimore VARO, as it includes one of the three VBA Pension Management Centers and one of the nine VBA Regional Loan Centers. Therefore, this was a transfer to a less complex VARO, yet Mr. Waller received a 20 percent annual salary increase—from \$139,683 to \$167,000.

Additionally, the VBA reassignments led to new vacancies in offices the SES employees left. We found that when VBA filled these vacant SES positions, the selectees often received significant annual salary increases over what their predecessors were paid. For example:

- When VBA transferred Mr. Pritz Navaratnasingam from Director, Houston VARO, to the position of Director, Seattle VARO, his annual salary increased to \$167,000—\$30,417 (22 percent) more than the previous Seattle Director.
- When VBA transferred Mr. Honeycutt from Director, Chicago VARO, to the position of Director, Milwaukee VARO, his annual salary increased to \$165,300—\$22,028 (15 percent) more than the previous Milwaukee Director.
- When VBA transferred Ms. Mitzi Marsh from Director, Wichita VARO, to the position of Director, St. Louis VARO, her annual salary increased to \$152,569—\$11,169 (8 percent) more than the previous St. Louis Director.

For additional information on annual salary increases associated with the 23 VBA reassignments, see Table 6, on pages 28–29, in Appendix A.

Relocation Incentives

OPM policy states an agency may pay a relocation incentive to a current employee who must relocate to accept a position in a different geographic area if the agency determines the position is likely to be difficult to fill in the absence of an incentive. In addition to

annual salary increases, VBA paid seven employees relocation incentives when they moved to new positions. The seven relocation incentives totaled \$140,000. However, we determined that VA did not properly justify the incentives. Specifically, of the seven relocation incentives:

- Five (71 percent) were not justified because job vacancies were not announced or the positions were filled before candidates who applied were considered. We determined that an agency cannot make a determination whether a position is difficult to fill if the agency does not actively search for or consider applicants for the position.
- Two (29 percent) were not timely justified. VA policy requires justification of a relocation incentive prior to including a statement on the vacancy announcement that an incentive may be authorized. We determined the relocation incentive justifications were signed 4 and 5 months after the job announcements were posted, respectively. Both job announcements included a statement that a relocation incentive may be authorized.

The Under Secretary for Benefits and the VA Chief of Staff at the time approved VBA's relocation incentive justifications and payments. In each of the seven instances above, Ms. Hickey and/or Mr. Riojas signed documentation approving the payment of relocation incentives. For additional information on relocation incentives associated with the seven VBA reassignments, see Table 7, on page 30, in Appendix A.

PCS and AVO-Related Expenses

In addition to annual salary increases and relocation incentives, VBA paid relocation expenses for 20 of the 23 reassignments, as well as AVO-related expenses for 11⁸ of the moves. Specifically, VBA spent about \$582,000 on relocation expenses and about \$710,000 on AVO-related expenses for these moves—totaling about \$1.3 million. Included in this were the \$274,019.12 in relocation and AVO-related expenses related to Ms. Rubens' reassignment from VBA Headquarters to the Philadelphia VARO. The following are additional examples of significant PCS and AVO-related expenses associated with the VBA reassignments.

- When VBA transferred Ms. Graves from Eastern Area Director to the position of Director, St. Paul VARO, VA paid \$23,361.56 in relocation expenses and \$106,106 in AVO-related expenses—total \$129,467.56.

⁸ Even though AVO benefits were paid for 11 of the moves, the AVO option was approved for 12 moves—1 individual did not use AVO benefits even though approved to do so.

- When VBA transferred Mr. Navaratnasingam from Director, Houston VARO, to the position of Director, Seattle VARO, VA paid \$41,563.69 in relocation expenses and \$41,403.60 in AVO-related expenses—total \$82,967.29.
- When VBA transferred Mr. Patrick Prieb from Director, Seattle VARO, to the position of Director, San Diego VARO, VA paid \$22,863.73 in relocation expenses and \$69,562.50 in AVO-related expenses—total \$92,426.23.
- When VBA transferred Ms. Julianna Boor from Assistant Director, Seattle VARO, to the position of Director, Oakland VARO, VA paid \$45,964.21 in relocation expenses and \$48,972 in AVO-related expenses—total \$94,936.21.
- When VBA transferred Ms. Lisa Breun from Director, Des Moines VARO, to the position of Director, Little Rock VARO, VA paid \$52,651.69 in relocation expenses and \$95,733.90 in AVO-related expenses—total \$148,385.59.

While these reassignments resulted in significant costs to VA, these expenses were allowable under the Federal relocation program. For additional information on PCS and AVO-related expenses associated with these 20 VBA reassignments, see Table 8, on page 31, in Appendix A.

Conclusion

VBA spent about \$1.8 million for the 23 reassignments we reviewed from FYs 2013, 2014, and 2015—including annual salary increases, relocation incentives, PCS expenses, and AVO-related expenses. While the PCS expenses and AVO-related expenses were allowable under Federal and VA policy, we determined that VBA used moves of senior managers as a means to justify annual salary increases and used VA's PCS program to pay moving expenses for these employees. Annual salary increases totaled about \$321,000, and PCS relocation expenses totaled about \$1.3 million. Additionally, VBA paid \$140,000 in unjustified relocation incentives. While we do not question the need to reassign some staff to manage a national network of VAROs, we concluded that VBA inappropriately used VA's PCS relocation program for the benefit of its SES workforce. For additional information on total expenses associated with the 23 VBA reassignments, see Table 9, on pages 32-33, in Appendix A.

Recommendations

Recommendation 4. We recommended the Deputy Secretary strengthen the approval process to include requiring an independent review of the Department's Permanent Change of Station program to ensure moves and expenses are appropriate and justified.

Recommendation 5. We recommended the Deputy Secretary require the Veterans Benefits Administration to establish policies and procedures to standardize its practices regarding annual salary increases when reassigning Senior Executives' positions.

Recommendation 6. We recommended the Deputy Secretary consult with the Office of General Counsel to determine whether bills of collection should be issued to recover unjustified relocation incentives paid by the Veterans Benefits Administration for Senior Executive reassignments.

Recommendation 7. We recommended the Deputy Secretary consult with the Office of General Counsel to determine what actions may be taken to hold the appropriate Senior Officials accountable for processing and approving payments of unjustified relocation incentive payments.

Management Comments and OIG Response

The Chief of Staff concurred with our recommendations and stated the Deputy Secretary will take action by the end of the year to address the recommendations. We will monitor VA's progress and follow up on VA's implementation actions until all actions are completed. The Chief of Staff's full response is included in Appendix B.

Issue 4: Did Ms. Rubens and Ms. Graves Use Their Positions of Authority for Their Own Personal Benefit?

In June 2014, Ms. Rubens moved from her VBA Headquarters position as Deputy Under Secretary for Field Operations to the position of Director, Philadelphia VARO (detailed in Issues 1 and 2 of this report). Ms. Rubens replaced Mr. Robert McKenrick who was reassigned to the position of Director, Los Angeles VARO. Based on our review of the details surrounding this reassignment, we determined Ms. Rubens inappropriately used her position of authority for personal and financial benefit when she participated personally and substantially in creating an opportunity for her own transfer to the Philadelphia VARO. We determined that Ms. Rubens had ties to the Philadelphia area. In a May 28, 2015, interview, we asked Ms. Rubens if the challenge of the mission in Philadelphia was the only reason she was interested in becoming the director there. Ms. Rubens said, “No. I grew up in Delaware ... it’s near home.” Table 4 provides a timeline of actions and evidence that supports our conclusion.

Table 4. Timeline of Ms. Rubens’ Reassignment

Date	Event
December 2011	Mr. Thomas Lastowka retired as the Philadelphia VARO Director on December 31, 2011.
	In a May 28, 2015, interview, Ms. Rubens told us she communicated to VBA leadership an interest in replacing Mr. Lastowka as the Philadelphia VARO Director at the time he retired. Specifically, she said, “I actually had expressed an interest at that time in coming to Philadelphia.” However, she said, “there was not an appetite for that within VBA for me to depart DC at the time.” Ms. Rubens explained that Ms. Hickey, “hadn’t been there a super long time and was still trying to make sure she had a sense of VBA and all the issues and I think at that point she, because I had a pretty good handle on the field overall, wanted to keep me there at that point.”
March 2012	Robert McKenrick was selected as the Philadelphia VARO Director on March 11, 2012. In an April 21, 2015, interview, Mr. McKenrick told us he was the Director of Federal Security Officers at LaGuardia Airport for the Transportation Security Administration prior to joining VA. We determined he did not have prior VA experience at the time he was hired in 2012.

Date	Event
June 2013– February 2014	<p>In a June 10, 2015, interview, Mr. McKenrick told us that he was selected to be on the review panel tasked with filling the vacant Los Angeles VARO Director position, as well as other job openings.</p> <p>Despite a combined 168 applicants, 5 of whom were considered “best qualified,” the first 2 Los Angeles VARO Director job announcements did not result in hiring a director. A third job announcement was made; however, the certificate was suspended prior to rating and ranking the 112 individuals who applied. According to the former VBA Deputy Chief of Staff, the hiring effort was suspended at the direction of Ms. Rubens’ office.</p>
	<p>In the June 10, 2015, interview with OIG staff, Mr. McKenrick told us he spoke with Ms. Rubens about the hiring challenges for the Los Angeles position. He said that when Ms. Rubens asked if he was interested in taking the Los Angeles job, he said, “I would have to be direct reassigned, meaning I’m not jumping up and down saying send me to L.A., send me to L.A.”</p> <p>Mr. McKenrick further explained that, while he was interested in the challenges at Los Angeles, he did not want to go there. Specifically, he said, “Just being interested says it’s interesting, it’s unique, it’s different. Well, would you go? Only if you direct reassigned me, only if you told me I absolutely had to go, that that was in the best interest of the agency, absent being removed or whatever the letter said, you’re subject to adverse action or something.” Mr. McKenrick said, “It’s not a volunteer in my mind. I’m not volunteering. I’m saying it’s interesting and I want to understand it ...”</p> <p>Mr. McKenrick told us that he did not apply to any of the announcements for the Los Angeles position and that he preferred to stay in Philadelphia. When asked if it would be fair to say he told Ms. Rubens that he wanted the job, Mr. McKenrick said, “No.” When asked if he was disappointed in his reassignment to Los Angeles, Mr. McKenrick said, “That’s fair.” Mr. McKenrick indicated to us that his interpretation of the reassignment memo he ultimately received was that he accept the reassignment or he would lose his job.</p>
	<p>In a May 28, 2015, interview with OIG staff, Ms. Rubens told us that Mr. McKenrick showed an interest in the Los Angeles VARO Director position by saying he felt “he could help the organization by going out there ...” Ms. Rubens said, “he thought it would be good for him and his ... family to relocate.” However, in the June 10, 2015, interview, Mr. McKenrick told us that he had financial and family concerns about relocating to Los Angeles. Specifically, he said, “It puts me further away from my children.”</p>

Date	Event
	Email records reflected that Ms. Graves, who was the Eastern Area Director at the time, was also involved in the earliest discussions related to Mr. McKenrick being reassigned to the Los Angeles position in February 2014. For example, we found Ms. Graves exchanged emails with Mr. David Leonard, Detroit VARO Director, regarding the possibility of Mr. McKenrick going to Los Angeles. Specifically, in an email dated February 24, 2014, Ms. Graves emailed Mr. Leonard, “May be calling you to ask about LA ...” (the subject line was “Mac”). Mr. Leonard replied, “Already did. Good Talk.”
March 2014	<p>On March 20 and 21, 2014, Ms. Rubens discussed with Ms. Hickey her interest in the Philadelphia VARO Director opening even though Mr. McKenrick’s reassignment package had not been sent to Mr. Riojas for approval. Specifically, Ms. Rubens and Ms. Hickey exchanged the following email messages:</p> <ul style="list-style-type: none"> • Ms. Rubens, email dated March 20, 2014: “I talked with him (Mr. Pummill) this morning about my desire to take advantage of the Philly Director opening. For me.” (Emphasis added.) • Ms. Hickey, email dated March 20, 2014: “I think the world of you and will support you any way you need ... Please know that in this decision for you—I will be all in to help and make it happen. (Emphasis added.) I would like to talk to you about it all to understand better if I could have helped before now to take better care of you.” • Ms. Hickey, email dated March 21, 2014: “When can I expect to see Philly open?”
April 2014	During early April 2014, Ms. Rubens requested, through Brookfield, a Broker’s Market Analysis on her home in the Washington, DC, metropolitan area. Prior to any reassignment packages being initiated by VA, Ms. Rubens took steps to determine the market value of her house. Therefore, it is probable that Ms. Rubens knew that she would soon be relocated to the Philadelphia VARO position even before Mr. McKenrick vacated the position when he was reassigned to Los Angeles.
May 5, 2014	CSEMO sent a memo to Mr. Riojas requesting approval to reassign Ms. Rubens from Deputy Under Secretary for Field Operations to the position of Philadelphia VARO Director. On the same date, CSEMO sent a memo to Mr. Riojas requesting approval to reassign Mr. McKenrick from the position of Philadelphia VARO Director to the position of Los Angeles VARO Director.
May 6, 2014	Mr. Riojas approved Ms. Rubens’ reassignment to Philadelphia (6 days before approving Mr. McKenrick’s reassignment to Los Angeles).
May 12, 2014	Mr. Riojas approved Mr. McKenrick’s reassignment to Los Angeles. We found Ms. Rubens’ reassignment to Philadelphia was approved before Mr. McKenrick was given a chance to review and consider his reassignment package.

Date	Event
May 15, 2014	<p>CSEMO sent memos to both Ms. Rubens and Mr. McKenrick stating that Mr. Riojas was considering their reassignments.</p> <p>Ms. Rubens signed the memo acknowledging receipt on the same day. She requested her annual salary remain at \$181,497, and she receive full PCS benefits.</p> <p>In an email, Ms. Rubens told Ms. Graves that, “Mac (Mr. McKenrick) should have gotten his waiver to sign today. He has 5 days to sign.”</p> <p>In another email, Ms. Rubens directed Ms. Graves (her subordinate) to contact Mr. McKenrick to discuss his reassignment benefits. Specifically, Ms. Rubens said, “and make sure he asks the questions he needs to ask about pay ... don’t want any surprises ...”</p>
May 19, 2014	<p>Mr. McKenrick signed the May 15th memo acknowledging receipt. He requested his annual salary increase to \$167,000, he receive full value of relocation incentive (25% of current annual salary, or about \$41,000), and he receive full PCS benefits.</p> <p>In an email to Mr. Pummill, Ms. Rubens stated, “I find myself in an uncomfortable position of having an opportunity to return to the field when he vacates Philly. For that reason, I can’t engage further with Mac on these issues.”</p>
May 27, 2014	<p>Ms. Rubens and Ms. Graves had email correspondence regarding Mr. McKenrick relocating. Specifically, Ms. Rubens wrote, “Ok Boss – (as Ms. Rubens move meant she would go from being Ms. Graves boss to being her subordinate) looks like I’m coming, as Mac (Mr. McKenrick) will choose one of the ... options—I went with the most expedient!” Ms. Graves replied, “Woo hoo! Have you talked with him about dates?” Ms. Rubens responded, “Remember – I can’t be in the middle of his move – so you may want to check with Willie (Mr. Clark).” At this time, Mr. Clark was VBA’s Western Area Director.</p> <p>CSEMO sent memos to both Ms. Rubens and Mr. McKenrick stating that Mr. Riojas had decided to reassign them. Mr. McKenrick was approved for a \$20,000 relocation incentive. Although these moves were ultimately processed as management directed, we determined that Ms. Rubens volunteered for her reassignment. When asked about Ms. Rubens move being categorized as management directed, Ms. Hickey replied this was language she was not familiar with but it was her understanding this was “the common process that CSEMO does.”</p>
May 29, 2014	<p>Even though Ms. Rubens had already signed and accepted her reassignment, on this date, she signed a form stating that she would not accept the reassignment unless the AVO option was approved as part of her PCS move. Ms. Hickey approved the AVO option the same day.</p>

Date	Event
June 1, 2014	Mr. McKenrick and Ms. Ruben’s reassignments became effective. Ms. Rubens maintained her rate of pay despite the reduced scope of responsibilities.
June 3, 2014	Mr. Jose Riojas, VA’s Chief of Staff at the time, approved AVO benefits for Ms. Rubens (after the effective date of her reassignment).

Source: Interviews; employee email, personnel, and relocation records

In October 2014, Ms. Graves was reassigned from her position as Eastern Area Director to the position of Director, St. Paul VARO. Ms. Graves replaced Mr. Antione Waller who was reassigned to the position of Director, Baltimore VARO. We found a similar pattern for this reassignment. Based on our review of the details, we determined Ms. Graves inappropriately used her position of authority for personal and financial benefit when she participated personally and substantially in creating an opportunity for her own transfer to the St. Paul VARO. We determined that Ms. Graves had ties to the St. Paul area. From 1997 – 1998, Ms. Graves was the Assistant Veterans Service Center Manager at the St. Paul VARO. Further, during a May 28, 2015, interview with OIG staff, Ms. Graves stated that the move to St. Paul got her closer to her mother. Table 5 provides a timeline of actions and evidence that supports our conclusion.

Table 5. Timeline of Ms. Graves’ Reassignment

Date	Event
March–April 2014	In a June 10, 2015, interview, Mr. Waller told us that Ms. Graves asked if he “had any thoughts about getting back to the east coast.” Mr. Waller said, “we start talking about ... Philadelphia.” After taking a weekend to think about it, Mr. Waller said he gave Ms. Graves a call back and said, “I would be interested if there was an opportunity ... to go to Philadelphia.” About a week later, Mr. Waller said, “I was ... told that ... the situation had ... changed ... then the conversation was ... directed at ... would I be interested in Baltimore ...” Mr. Waller said, “it wasn’t shared with me why the Philadelphia ... was not on the table for discussion. She (Kim Graves) said you would probably ... hear more in the future about that ...”
March 6–7, 2014	We identified several emails in which Ms. Graves showed concern over the language in the Baltimore VARO Director announcement. In an email dated March 6, 2014, Ms. Graves stated, “my concern is that, as written, there is no guarantee of an incentive.” In an email dated March 7, 2014, Ms. Graves stated, “I think what we want is ... <i>a relocation incentive of 25% IS authorized.</i> ” As the Eastern Area Director, we would expect Ms. Graves to be involved in developing the announcement. However, we question why Ms. Graves would want to guarantee a 25 percent relocation incentive before determining whether the position would be difficult to fill.

Date	Event
	In an interview on June 10, 2015, Mr. Waller told us “I would say ... almost all of my conversations ... were with ... Kim Graves” in response to our question about who he had discussions with regarding the Baltimore VARO Director position.
March 10–25, 2014	The Baltimore VARO Director position was announced one time, but none of the 131 applicants were considered. In the June 10, 2015, interview, Mr. Waller stated that he did not apply to the vacancy announcement.
March 14, 2014	Ms. Graves emailed Mr. Waller regarding the Baltimore position. Based on the email, we determined that Ms. Graves had already discussed the position with Mr. Waller, despite the job announcement being open for only 4 days. In a May 28, 2015, interview, Ms. Graves told us that Mr. Waller contacted her unexpectedly and, “suggested that he would be willing, or was interested in being considered for the position.” Ms. Graves said that Mr. Waller asked, “Do you have somebody in line for Baltimore. I’m interested in being considered.” Additionally, as noted previously, Mr. Waller told us he did not apply for the position. In the June 10, 2015, interview with OIG staff, Mr. Waller stated that Ms. Graves initiated discussions with him related to the Baltimore position.
	In the June 10, 2015, interview with OIG staff, Mr. Waller said that he was not interested in the Baltimore VARO Director position. He said, “they made it clear that this would not be the last conversation we have about Baltimore” after he told Ms. Graves he did not want the Baltimore job. When asked if Mr. Waller felt he could have said no to Baltimore, he said, “I said no for ... at least three phone calls and ... then it got to ... Diana Rubens, and I just ... felt like there was ... a lot of pressure ... for me to ... consider that position.” Mr. Waller said he “felt that ... at that point ... there was ... just a lot of interest, a lot of ... conversation and pressure to ... consider ... that position ... and it just felt like it was no longer ... just a conversation about me considering.” “So ... ultimately I just ... tried to make the best of a very, very difficult situation.” In a May 28, 2015, interview with OIG staff, Ms. Rubens confirmed that Mr. Waller was “not initially ... enthusiastic at the opportunity.” During a May 13, 2015, interview, Ms. Hickey expressed concerns about the toll the Baltimore job would have on the Director. We asked whether Ms. Graves was considered for this position and she replied she was “not going to go put her into a problem RO ...” She further stated Baltimore “was going to suck the last ounce of blood” out of whoever went into the Baltimore Director’s position. She also acknowledged that getting Mr. Waller to Baltimore involved “heavy twisting” and was “just a fraction short of mandated ... we sweetened the pot.”

Date	Event
March 30–31, 2014	Ms. Beth McCoy, then the Assistant Deputy Under Secretary for Field Operations sent Ms. Graves an email asking whether there was “anything more from Mr. Waller?” Ms. Graves responded, “I haven’t talked to him again with expectation that either you or Diana was going to reach out.” Ms. McCoy told Ms. Graves she would give him a call and later wrote, “I talked to him today. Told him his name had gone all the way up to the Sec[retary] level, who thought it was a great idea. So saying no now is not a clean or easy option. I suggested he make a list of what his requests would be for him to take the job as far as salary, relo[cation], support. I suggested Diana give him overnight to think about it and discuss with his wife.”
	Based on Mr. Waller’s statements that he said no to the reassignment to Baltimore multiple times until Ms. Rubens called and the content of email discussions, it appears there was a coordinated effort by Ms. Graves, Ms. McCoy, and Ms. Rubens to put pressure on Mr. Waller to accept a reassignment to Baltimore.
April 2014	Mr. Waller said that he had a face-to-face conversation with Ms. Rubens and Ms. Graves to discuss his relocation incentive. Mr. Waller said that a 3-year/\$36,000–\$40,000 (or a total of \$108,000–\$120,000) incentive was discussed with Ms. Graves and Ms. Rubens.
May 13–14, 2014	Ms. Graves signed the Justification and Authorization of Recruitment and Relocation Incentives document for Mr. Waller’s eventual reassignment to the position of Director, Baltimore VARO. A VBA Executive Management Officer told us that Mr. Waller signed a Relocation Service Agreement that was sent to him at the direction of Ms. Graves. The agreement indicated Mr. Waller would receive a 3-year relocation incentive payment of 22 percent of his annual salary—\$36,740 a year, totaling \$110,220—for his transfer to the position of Director, Baltimore Regional Office. Ms. Graves, as recommending official, and Ms. Rubens, as approving official, signed the service agreement on the same day. Ultimately, Mr. Waller received \$40,000 over 2 years rather than \$110,220 over 3 years; he indicated that he believed the incentive amount was reduced at the Department-level, not the VBA-level based on a CSEMO recommendation to the Chief of Staff.
May 30, 2014	Ms. Rubens sent a memo to the Under Secretary for Benefits requesting AVO benefits for Mr. Waller.
June 2014	On June 24, 2014, CSEMO sent a memo to Mr. Riojas requesting approval to reassign Mr. Waller to Baltimore. On the same day, Mr. Riojas approved the reassignment. On June 25, 2014, CSEMO sent a memo to Mr. Waller notifying him

Date	Event
	<p>that Mr. Riojas was considering reassigning him to Baltimore. On June 27, 2014, Mr. Waller acknowledged receipt of this memo. On the same memo, Mr. Waller requested additional time to respond to the notice of reassignment in order to give Mr. Pummill additional time to address and resolve his concerns.</p> <p>On June 26, 2014, Mr. Waller met with Mr. Pummill to discuss his immediate concerns. In the June 10, 2015, interview, Mr. Waller told us that he had conversations with Mr. Pummill about his financial package, including his relocation incentive.</p>
July 14, 2014	<p>CSEMO sent a memo to Mr. Riojas requesting approval to reassign Mr. Waller to Baltimore with different financial considerations. Specifically, the updated approval request now included a \$40,000 relocation incentive to be paid in two equal installments. On the same day, Mr. Riojas approved Mr. Waller’s updated relocation incentive. [In addition to the relocation incentive, Mr. Waller received a salary increase of \$27,317.]</p> <p>CSEMO sent a memo to Mr. Waller notifying him that he was being reassigned to Baltimore. On the same day, Mr. Waller acknowledged receipt of the memo and waived his right to 60-day written notice.</p> <p>Ms. Graves sent Mr. Waller his reassignment approval form via email.</p>
	<p>In a May 28, 2015, interview, we asked Ms. Graves how she ended up in St. Paul. She responded, “I started considering it, and very frankly, I woke up one morning and said ... I need to do something different.”</p> <p>We asked Ms. Graves how she initiated the move. She said, “I called Diana Rubens who was still in her role. I called her and I said I’d like to throw my name in for consideration for St. Paul. I’ve done my time (Emphasis added) and I’d like to put my name in.”</p> <p>Based on these comments, we determined that Ms. Graves volunteered for the position of Director, St. Paul VARO.</p>
July 18, 2014	<p>In an email, Mr. Christopher Holly, former VBA Deputy Chief of Staff, requested that Ms. Graves send her resume to him so he could start her reassignment paperwork for St. Paul.</p>
July 27, 2014	<p>Mr. Waller became the Baltimore VARO Director.</p>
September 16, 2014	<p>The Under Secretary for Benefits sent a memo to Mr. Riojas nominating Ms. Graves to the position of Director, St. Paul VARO.</p>
October 1, 2014	<p>CSEMO sent a memo to Mr. Riojas to obtain approval to reassign Ms. Graves to St. Paul.</p>
October 8, 2014	<p>Mr. Riojas approved the reassignment of Ms. Graves to St. Paul.</p>
October 10, 2014	<p>CSEMO notified Ms. Graves that Mr. Riojas was considering</p>

Date	Event
	<p>reassigning her to St. Paul. Ms. Graves acknowledged receipt of the memo. She requested her annual salary remain at \$173,949, and she receive PCS benefits, including AVO.</p> <p>On this same date, CSEMO sent another memo to Ms. Graves notifying her that she was being reassigned to St. Paul. Ms. Graves accepted her reassignment and waived her right to 60-day written notice on the same day.</p>
October 19, 2014	Ms. Graves became the St. Paul VARO Director. Ms. Graves maintained her rate of pay despite the reduced scope of responsibilities.

Source: Interviews; employee email, personnel, and relocation records

Conclusion

We determined that Ms. Rubens and Ms. Graves inappropriately used their positions of authority for personal and financial benefit when they participated personally and substantially in creating opportunities for their own transfers to positions they were interested in filling. We made criminal referrals to the U.S. Attorney’s Office, District of Columbia, regarding official actions orchestrated by Ms. Rubens and Ms. Graves. Formal decisions regarding prosecutorial merit are pending. Our analysis of available evidence indicated two directors appear to have been inappropriately coerced to leave positions they were not interested in leaving to create vacancies for Ms. Rubens and Ms. Graves. Ms. Rubens and Ms. Graves were in positions that allowed them to effect these transfers and, therefore, misused their positions of authority for their own personal benefit. We also determined Ms. McCoy, while serving as the Assistant Deputy Under Secretary for Field Operations, inappropriately assisted Ms. Graves in putting pressure on Mr. Waller to transfer by indicating to him that there was no clean or easy way to say no to the reassignment since his name had been raised to the VA Secretary.

Recommendations

Recommendation 8. We recommended the Deputy Secretary confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Rubens.

Recommendation 9. We recommended that the Deputy Secretary consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Rubens to recoup the \$274,019 paid for expenses related to her relocation.

Recommendation 10. We recommended the Deputy Secretary confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the

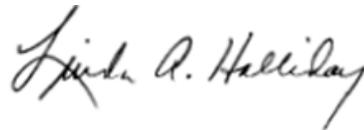
Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Graves.

Recommendation 11. We recommended that the Deputy Secretary consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Graves to recoup the \$129,468 paid for expenses related to her relocation.

Recommendation 12. We recommended the Deputy Secretary confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Hickey, Mr. Pummill, and Ms. McCoy.

Management Comments and OIG Response

The Chief of Staff concurred with our recommendations and stated the Deputy Secretary will take action by the end of the year to address the recommendations. We will monitor VA's progress and follow up on VA's implementation actions until all actions are completed. The Chief of Staff's full response is included in Appendix B.



LINDA A. HALLIDAY
Deputy Inspector General

VBA Reassignments Expense Tables

This appendix contains tables that detail expenses paid by VA related to the 23 VBA reassignments discussed in Issue 3 of this report.

Table 6. Annual Salary Increases for VBA Reassignments

VBA Reassignment/Transfer	Old Salary	New Salary	Salary Increase
FY 2015			
Beth McCoy (From Assistant Deputy Under Secretary for Field Operations to Deputy Under Secretary for Field Operations)	\$163,500	\$181,500	\$18,000 (11%)
Kimberly Graves (From Eastern Area Director to Director, St. Paul VARO)	\$173,949	\$173,949	\$0 (0%)
Pritz Navaratnasingam (From Director, Houston VARO, to Director, Seattle VARO)	\$156,555	\$167,000	\$10,445 (7%)
Willie Clark (From Western Area Director to Eastern Area Director)	\$167,715	\$181,497	\$13,782 (8%)
Jonathan Skelly (From Director, Salt Lake City VARO, to Western Area Director)	\$166,953	\$175,000	\$8,047 (5%)
Marlon Waldrop (From Director, San Juan VARO, to Director, Houston VARO)	\$143,208	\$161,109	\$17,901 (13%)
Suzanne Nunziata* (From Assistant Director, St. Petersburg VARO, to Director, Chicago VARO)	\$137,846	\$158,523	\$20,677 (15%)
Mitzi Marsh* (From Director, Wichita VARO, to Director, St. Louis VARO)	\$137,846	\$152,569	\$14,723 (11%)
FY 2014			
Duane Honeycutt (From Director, Chicago VARO, to Director, Milwaukee VARO)	\$151,772	\$165,300	\$13,528 (9%)
Cory Hawthorne (From Director, St. Louis VARO, to Director, Montgomery VARO)	\$141,400	\$159,600	\$18,200 (13%)
Robert McKenrick (From Director, Philadelphia VARO, to Director, Los Angeles VARO)	\$163,620	\$167,000	\$3,380 (2%)
Diana Rubens (From Deputy Under Secretary for Field Operations to Director, Philadelphia VARO)	\$181,497	\$181,497	\$0 (0%)
Patrick Prieb (From Director, Seattle VARO, to Director, San Diego VARO)	\$136,583	\$157,070	\$20,487 (15%)
Antione Waller (From Director, St. Paul VARO, to Director, Baltimore VARO)	\$139,683	\$167,000	\$27,317 (20%)
Julianna Boor* (From Assistant Director, Seattle VARO, to Director, Oakland VARO)	\$134,827	\$159,600	\$24,773 (18%)
Ezra Safdie (From Director, Office of Administration and Facilities, to Director, Office Management)	\$173,500	\$179,700	\$6,200 (4%)
Anthony Milons* (From Assistant Director, New York VARO, to Director, Cleveland VARO)	\$146,792	\$161,471	\$14,679 (10%)

VBA Reassignment/Transfer	Old Salary	New Salary	Salary Increase
FY 2013			
Beth McCoy (From Central Area Director to Assistant Deputy Under Secretary for Field Operations)	\$144,720	\$163,500	\$18,780 (13%)
Danny Pummill (From Director, VBA/DoD [Department of Defense] Programs to Principal Deputy Under Secretary for Benefits)	\$171,912	\$179,700	\$7,788 (5%)
Robert Granstrom (From Director, Milwaukee VARO, to Central Area Director)	\$143,272	\$165,300	\$22,028 (15%)
Lisa Breun* (From Director, Des Moines VARO, to Director, Little Rock VARO)	\$128,900	\$141,790	\$12,890 (10%)
Leanne Weldin* (From Director, Huntington VARO, to Director, Columbia VARO)	\$125,109	\$137,620	\$12,511 (10%)
Darryl Brady* (From Director, Hartford VARO, to Director, Jackson VARO)	\$150,423	\$165,300	\$14,877 (10%)
Total Annual Salary Increase			\$321,013

Source: VA Corporate Senior Executive Management Office

*Identifies employees who moved from the GS-15 level to an SES position

Table 7. Relocation Incentives for VBA Reassignments

VBA Reassignment/Transfer	Salary Increase	Relocation Incentive
FY 2015		
Suzanne Nunziata (From Assistant Director, St. Petersburg VARO, to Director, Chicago VARO)	\$20,677	\$15,000
FY 2014		
Robert McKenrick (From Director, Philadelphia VARO, to Director, Los Angeles VARO)	\$3,380	\$20,000
Patrick Prieb (From Director, Seattle VARO, to Director, San Diego VARO)	\$20,487	\$20,000 (\$10,000 in FY 2014 and \$10,000 in FY 2015)
Antione Waller (From Director, St. Paul VARO, to Director, Baltimore VARO)	\$27,317	\$40,000 (\$20,000 in FY 2014 and \$20,000 in FY 2015)
Julianna Boor (From Assistant Director, Seattle VARO, to Director, Oakland VARO)	\$24,773	\$25,000
FY 2013		
Beth McCoy (From Central Area Director to Assistant Deputy Under Secretary for Field Operations)	\$18,780	\$10,000
Robert Granstrom (From Director, Milwaukee VARO, to Central Area Director)	\$22,028	\$10,000 (paid in FY 2014)
Totals	\$137,442	\$140,000

Source: VA Corporate Senior Executive Management Office

Table 8. Relocation and AVO-related Expenses for VBA Reassignments

VBA Reassignment/Transfer	Relocation Expenses	AVO Expenses	Total PCS Expenses
FY 2015			
Kimberly Graves (From Eastern Area Director to Director, St. Paul VARO)	\$23,361.56	\$106,106	\$129,467.56
Pritz Navaratnasingam (From Director, Houston VARO, to Director, Seattle VARO)	\$41,563.69	\$41,403.60	\$82,967.29
Willie Clark (From Western Area Director to Eastern Area Director)	\$14,650.69	\$0	\$14,650.69
Jonathan Skelly (From Director, Salt Lake City VARO, to Western Area Director)	\$3,111.80	\$0	\$3,111.80
Marlon Waldrop (From Director, San Juan VARO, to Director, Houston VARO)	\$35,771.66	\$0	\$35,771.66
Suzanne Nunziata (From Assistant Director, St. Petersburg VARO, to Director, Chicago VARO)	\$27,758.38	\$0	\$27,758.38
Mitzi Marsh (From Director, Wichita VARO, to Director, St. Louis VARO)	\$25,847.99	\$31,052.70	\$56,900.69
FY 2014			
Duane Honeycutt (From Director, Chicago VARO, to Director, Milwaukee VARO)	\$27,502.36	\$31,164	\$58,666.36
Cory Hawthorne (From Director, St. Louis VARO, to Director, Montgomery VARO)	\$25,303.71	\$33,946.50	\$59,250.21
Robert McKenrick (From Director, Philadelphia VARO, to Director, Los Angeles VARO)	\$19,710.71	\$0	\$19,710.71
Diana Rubens (From Deputy Under Secretary for Field Operations to Director, Philadelphia VARO)	\$49,564.12	\$224,455.00	\$274,019.12
Patrick Prieb (From Director, Seattle VARO, to Director, San Diego VARO)	\$22,863.73	\$69,562.50	\$92,426.23
Antione Waller (From Director, St. Paul VARO, to Director, Baltimore VARO)	\$30,579.25	\$2,396.25 ⁹	\$32,975.50
Julianna Boor (From Assistant Director, Seattle VARO, to Director, Oakland VARO)	\$45,964.21	\$48,972	\$94,936.21
Anthony Milons (From Assistant Director, New York VARO, to Director, Cleveland VARO)	\$17,106.02	\$0	\$17,106.02
FY 2013			
Beth McCoy (From Central Area Director to Assistant Deputy Under Secretary for Field Operations)	\$36,739.47	\$0	\$36,739.47
Robert Granstrom* (From Director, Milwaukee VARO, to Central Area Director)	\$8,310.51	\$0	\$8,310.51
Lisa Breun (From Director, Des Moines VARO, to Director, Little Rock VARO)	\$52,651.69	\$95,733.90	\$148,385.59
Leanne Weldin (From Director, Huntington VARO, to Director, Columbia VARO)	\$23,687.18	\$25,376.40	\$49,063.58
Darryl Brady (From Director, Hartford VARO, to Director, Jackson VARO)	\$50,208.30	\$0	\$50,208.30
Totals	\$582,257.03	\$710,168.85	\$1,292,425.88

Source: VA Corporate Senior Executive Management Office

* Approved for the AVO option, but did not use those benefits

⁹ Mr. Waller was approved for the AVO program, however opted out after starting the program. As a result, VA incurred AVO cancellation costs in the amount of \$2,396.25. Cancellation costs consisted of costs associated with the home appraisals, home inspections, property assessments, and title fees.

Table 9. Total Expenses for VBA Reassignments

VBA Reassignment/Transfer	Salary Increase	Relocation Incentive	PCS Expenses	Total Expenses
FY 2015				
Beth McCoy (From Assistant Deputy Under Secretary for Field Operations to Deputy Under Secretary for Field Operations)	\$18,000	\$0	\$0 (No Move Involved)	\$18,000
Kimberly Graves (From Eastern Area Director to Director, St. Paul VARO)	\$0	\$0	\$129,467.56	\$129,467.56
Pritz Navaratnasingam (From Director, Houston VARO, to Director, Seattle VARO)	\$10,445	\$0	\$82,967.29	\$93,412.29
Willie Clark (From Western Area Director to Eastern Area Director)	\$13,782	\$0	\$14,650.69	\$28,432.69
Jonathan Skelly (From Director, Salt Lake City VARO, Western Area Director)	\$8,047	\$0	\$3,111.80	\$11,158.80
Marlon Waldrop (From Director, San Juan VARO, to Director, Houston VARO)	\$17,901	\$0	35,771.66	\$53,672.66
Suzanne Nunziata (From Assistant Director, St. Petersburg VARO, to Director, Chicago VARO)	\$20,677	\$15,000	\$27,758.38	\$63,435.38
Mitzi Marsh (From Director, Wichita VARO, to Director, St. Louis VARO)	\$14,723	\$0	\$56,900.69	\$71,623.69
FY 2014				
Duane Honeycutt (From Director, Chicago VARO, to Director, Milwaukee VARO)	\$13,528	\$0	\$58,666.36	\$72,194.36
Cory Hawthorne (From Director, St. Louis VARO, to Director, Montgomery VARO)	\$18,200	\$0	\$59,250.21	\$77,450.21
Robert McKenrick (From Director, Philadelphia VARO, to Director, Los Angeles VARO)	\$3,380	\$20,000	\$19,710.71	\$43,090.71
Diana Rubens (From Deputy Under Secretary for Field Operations to Director, Philadelphia VARO)	\$0	\$0	\$274,019.12	\$274,019.12
Patrick Prieb (From Director, Seattle VARO, to Director, San Diego VARO)	\$20,487	\$20,000	\$92,426.23	\$132,913.23
Antione Waller (From Director, St. Paul VARO, to Director, Baltimore VARO)	\$27,317	\$40,000	\$32,975.50	\$100,292.50
Julianna Boor (From Assistant Director, Seattle VARO, to Director, Oakland VARO)	\$24,773	\$25,000	\$94,936.21	\$144,709.21
Ezra Safdie (From Director, Office of Administration and Facilities, to Director, Office Management)	\$6,200	\$0	\$0 (No Move Involved)	\$6,200
Anthony Milons (From Assistant Director, New York VARO, to Director, Cleveland VARO)	\$14,679	\$0	\$17,106.02	\$31,785.02

VBA Reassignment/Transfer	Salary Increase	Relocation Incentive	PCS Expenses	Total Expenses
FY 2013				
Beth McCoy (From Central Area Director to Assistant Deputy Under Secretary for Field Operations)	\$18,780	\$10,000	\$36,739.47	\$65,519.47
Danny Pummill (From Director, VBA/DoD [Department of Defense] Programs to Principal Deputy Under Secretary for Benefits)	\$7,788	\$0	\$0 (No Move Involved)	\$7,788
Robert Granstrom (From Director, Milwaukee VARO, to Central Area Director)	\$22,028	\$10,000	\$8,310.51	\$40,338.51
Lisa Breun (From Director, Des Moines VARO, to Director, Little Rock VARO)	\$12,890	\$0	\$148,385.59	\$161,275.59
Leanne Weldin (From Director, Huntington VARO, to Director, VARO Columbia, SC)	\$12,511	\$0	\$49,063.58	\$61,574.58
Darryl Brady (From Director, Hartford VARO, to Director, Jackson VARO)	\$14,877	\$0	\$50,208.30	\$65,085.30
Totals	\$321,013	\$140,000	\$1,292,425.88	\$1,753,438.88

Source: VA Corporate Senior Executive Management Office

VA Chief of Staff Comments

**Department of
Veterans Affairs**

Memorandum

Date: September 22, 2015

From: Chief of Staff (00A)

Subj: OIG Draft Report, Administrative Investigation: Inappropriate Use of Position and Misuse of Relocation Program and Incentives in VBA (OIG Project No. 2015-02997-R1-0164)

To: Deputy Inspector General (50A)

1. I have reviewed the draft report and concur with the report's recommendations. Attached is the Department's corrective action plan for recommendations 1-12.

2. Thank you for the opportunity to review the draft report. If you have any questions, please contact Meghan Flanz, Acting Deputy General Counsel for Legal Operations and Accountability, at (202) 461-7661.

(original signed by:)

Robert L. Nabors II

**Comments to OIG Administrative Investigation Report:
Inappropriate Use of Position and Misuse of Relocation Program
And Incentives in VBA**

The following comments are submitted in response to the recommendations in the Office of Inspector General's report.

OIG Recommendations

Recommendation 1. We recommend that the Deputy Secretary review the Department's request and approval process for the Appraised Value Option program and make improvements as deemed appropriate.

VA Response: Concur. The Deputy Secretary will work with the Assistant Secretary for Human Resources and the Acting Assistant Secretary for Management to determine whether and what improvements should be made for the request and approval process for the Appraised Value Option program.

Target date for completion: December 31, 2015

Recommendation 2. We recommend that the Deputy Secretary review the Department's request and approval process for temporary quarters subsistence expense allowance and make improvements as deemed appropriate.

VA Response: Concur. The Deputy Secretary will work with the Assistant Secretary for Human Resources and the Acting Assistant Secretary for Management to determine whether and what improvements should be made to the Department's request and approval process for temporary quarters subsistence expense allowance.

Target date for completion: December 31, 2015

Recommendation 3. We recommend that the Deputy Secretary consult with the Office of General Counsel to determine whether Ms. Rubens should be issued a bill of collection of \$123.50 to recoup the improper reimbursements paid to her for alcoholic beverages and unauthorized meals and tips.

VA Response: Concur. The Deputy Secretary will consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Rubens

Target date for completion: October 31, 2015

Recommendation 4. We recommend that the Deputy Secretary strengthen the approval process to include requiring an independent review of the Department's Permanent Change of Station program to ensure moves and expenses are appropriate and justified.

VA Response: Concur. The Deputy Secretary will consult with the General Counsel, the Assistant Secretary for Human Resources, and the Acting Assistant Secretary for Management to determine how best to complete an independent review of the Department's Permanent Change of Station program.

Target date for completion: October 31, 2015

Recommendation 5. We recommend that the Deputy Secretary require the Veterans Benefits Administration to establish policies and procedures to standardize its practices regarding annual salary increases when reassigning Senior Executives' position.

VA Response: Concur. The Deputy Secretary will consult with the Under Secretary for Benefits and the Assistant Secretary for Human Resources to determine whether and how to standardize practices regarding annual salary increases for reassigned Senior Executives across VBA and/or the Department.

Target date for completion: December 31, 2015

Recommendation 6. We recommend that the Deputy Secretary consult with the Office of General Counsel to determine whether bills of collection should be issued to recover unjustified relocation incentives paid by the Veterans Benefits Administration for Senior Executive reassignments.

VA Response: Concur. The Deputy Secretary will consult with the Office of General Counsel to determine whether bills of collection should be issued to VBA Senior Executives to recover unjustified relocation incentives.

Target date for completion: October 31, 2015

Recommendation 7. We recommend that the Deputy Secretary consult with the Office of General Counsel to determine what actions may be taken to hold the appropriate Senior Officials accountable for processing and approving payments of unjustified relocation incentive payments.

VA Response: Concur. The Deputy Secretary will consult with the Office of General Counsel and the Office of Accountability Review to determine what

actions may be taken to hold the appropriate Senior Officials accountable for unjustified relocation incentive payments.

Target date for completion: October 31, 2015

Recommendation 8. We recommend that the Deputy Secretary confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Rubens.

VA Response: Concur. The Deputy Secretary will consult with the Office of Human Resources and Administration, the Office of General Counsel, and the Office of Accountability Review to determine whether and what action may be taken against Ms. Rubens.

Target date for completion: October 31, 2015

Recommendation 9. We recommend that the Deputy Secretary consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Rubens to recoup the \$274,019 paid for expenses related to her relocation.

VA Response: Concur. The Deputy Secretary will consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Rubens to recoup the \$274,019 paid for expenses related to her relocation.

Target date for completion: October 31, 2015

Recommendation 10. We recommend that the Deputy Secretary confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Graves.

VA Response: Concur. The Deputy Secretary will confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Graves.

Target date for completion: October 31, 2015

Recommendation 11. We recommend that the Deputy Secretary consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Graves to recoup the \$129,468 paid for expenses related to her relocation.

VA Response: Concur. The Deputy Secretary will consult with the Office of General Counsel to determine whether a bill of collection should be issued to Ms. Graves to recoup the \$129,468 paid for expenses related to her relocation.

Target date for completion: October 31, 2015

Recommendation 12. We recommend that the Deputy Secretary confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Hickey, Mr. Pummill, and Ms. McCoy.

VA Response: Concur. The Deputy Secretary will confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against Ms. Hickey, Mr. Pummill, and Ms. McCoy.

Target date for completion: December 31, 2015

OIG Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Nick Dahl, Director Linda Fournier, Director Domingo Alvarez Stephen Bracci Michael Derick Karen Hatch David Orfalea William Tully Ann Wolf
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