



**Department of Veterans Affairs
Office of Inspector General**

**Administrative Investigation
Travel Irregularities and Misuse of Funds
Veterans Integrated Service Network 7
Atlanta, Georgia**

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Executive Summary

Introduction

The VA Office of Inspector General, Administrative Investigations Division, investigated allegations that Ms. Linda Watson, Director of the Veterans Integrated Service Network (VISN) 7, Atlanta, GA, engaged in a variety of travel irregularities, made inappropriate purchases to feed VA employees and for other purposes, and created a stressful office environment. This report also discusses that Ms. Watson was uncooperative with our investigation. Ms. Watson became VISN 7 Director effective September 21, 2003. She has over 30 years of Federal Government experience.

Results

Ms. Watson routinely spent excessive time in a temporary duty travel status by departing her temporary duty site later than officially necessary and, less frequently, arriving at her temporary duty site earlier than officially necessary. Of 38 travel episodes between September 2003 and January 2005, she either began her temporary duty travel earlier than necessary or extended it longer than necessary, or did both, on 18 trips. As a result, she incurred unnecessary lodging and per diem expenses. Ms. Watson frequently remained at her temporary duty site on Thursday nights and used most or all of Fridays as days of travel, when she easily could have returned to her duty station on Thursdays and worked a full day on Fridays. On occasion, she did not claim reimbursement for lodging expenses, suggesting that those extended stays were personal in nature. In addition, on four occasions, Ms. Watson wasted travel funds to accommodate week-end stays in Montgomery, AL, where her spouse resided. In total, she unnecessarily spent \$2,134.26. Staff who approved Ms. Watson's travel authority requests and the travel office supervisor who authorized her travel did not ensure that the time Ms. Watson spent in a temporary duty status was officially necessary.

Ms. Watson also claimed and received travel reimbursements on 14 occasions, totaling \$879.40, that were improper either because the expenses were unallowable or because the amounts exceeded allowable limits. She received improper mileage reimbursements for using a personal vehicle when a Government vehicle was available. The circumstances surrounding her claims suggest that she chose to drive a personal vehicle so she could spend extra time in Montgomery with her spouse or attend to other personal business there, and not because a Government vehicle was unavailable. Ms. Watson also wasted travel funds as a result of questionable decisions to use taxis in lieu of mass transit in Washington, DC. Finally, she misused her official time, the Government travel charge card issued to her, and the Government contract with airline carriers in conjunction with official travel. Together, these infractions raise questions about her willingness to abide by Federal and VA travel regulations and about her intent to personally gain from her

official activities. Her personal comfort and convenience, rather than the cost to the Government, was apparently a determining factor in many travel decisions. VISN employees who approved Ms. Watson's requests to travel, authorized her travel authorities, and approved her travel claims did not sufficiently question these documents, allowing the expenses when in many cases they knew, or should have determined, the expenses were not proper.

Regarding improper purchases for meals and refreshments, Ms. Watson and her staff spent an excessive amount of funds to buy food for VA employees in a temporary duty status who were attending quarterly VISN-sponsored meetings held at hotels. In many cases, the food purchased from the hotels cost significantly more than the allowable rate for meals and incidental expenses, even though it did not include three meals a day. In total, between November 2003 and November 2004, the VISN spent over \$17,400 more to feed employees who attended these meetings than the attendees were entitled to receive from travel voucher reimbursement claims. At these meetings and at meetings in the VISN office building, Ms. Watson and VISN staff used appropriated funds to purchase lunches for attendees who were at their duty station. She also spent more than the allowable amount of appropriated funds for food at an awards ceremony and improperly spent appropriated funds for food at a retirement celebration.

VISN staff involved in procuring meals and refreshments for VA employees attending these VISN-sponsored meetings failed to ensure funds were used in accordance with applicable Federal law and regulations, legal opinions, and VA policy. VISN office staff often did not provide procurement officials accurate and timely information regarding what was being purchased and at what cost. Even when they did, contracting officers and purchasing agents did not disallow the excessive and improper purchases. In at least one instance, a contracting officer relied on a co-op student to review a hotel agreement. Purchasing agents relied on the VISN office staff and contracting officers to ensure the propriety of the purchases. The VISN's former Chief Financial Officer gave the VISN Deputy Director erroneous information about using appropriated funds to feed employees at their duty station. Though the former Chief Financial Officer was concerned about the cost of VISN-sponsored meetings, he allowed the high rate of expenditures to continue. Even after the Deputy Director was provided an Office of General Counsel advisory opinion on this issue, the Deputy continued to spend excessively and to improperly approve meals for local employees. Finally, Ms. Watson told us she relied on her staff to be knowledgeable of the rules, was not involved in the decision-making relating to the meals and refreshments provided, and did not recall knowing how certain events were paid for or how much was actually spent on the food. Other staff told us Ms. Watson was very involved in planning the meals at these meetings.

In addition to misusing appropriated funds, Ms. Watson improperly spent funds allocated to the VISN by the Veterans Canteen Service (VCS). She used these funds to purchase food at events, including an awards ceremony and three luncheons, that were primarily

for the morale of employees. VCS funds distributed to field facilities are intended to be used for activities that promote patronage at canteens. The employees we talked to were not even aware VCS sponsored the events in question and there was no evidence that the events reasonably provided a promotional benefit to VCS.

Regarding Ms. Watson's use of other funds, for 4 months, she improperly retained \$7,095 erroneously paid to her as a duplicate payment. Although she noticed that the payment was deposited in her bank account, she did not know why she received the money and made no serious attempt to identify what the deposit was for. It was only after Ms. Watson knew others discovered the error that she requested a bill of collection. Ms. Watson misused other funds by allowing VA to pay for a retirement party banner and a trophy she awarded to a non-civilian Federal employee, neither of which were officially necessary.

During this investigation, Ms. Watson did not fully cooperate with us. She resisted finding working space in the VISN office building for two OIG investigators to conduct a site visit. She delayed a requested final interview, and when the interview did occur, her testimony was not credible because she asserted she did not recall the facts pertaining to many of the issues we asked her to comment on and because her testimony was sometimes contradicted by others. Ms. Watson also allowed the VISN Deputy Director to require that VISN office staff inform him when they were participating in an interview with us. Her actions may have prevented us from obtaining all the information we needed to conduct this investigation.

On a final matter, 11 of the 16 current and former VISN office employees we interviewed (those who worked physically in the same office as Ms. Watson) were critical of her management style and her interactions with the staff, and told us morale had suffered under her leadership.

We recommended that appropriate administrative action be taken against Ms. Watson and other responsible staff for the violations cited in the report. We also recommended a bill of collection be issued to her to recoup the funds she wasted by spending excessive time in a temporary duty status, including in Montgomery, AL, and to recoup funds she was improperly reimbursed; and that she make appropriate charges to leave for days she was absent without leave. Regarding travel authority requests, we recommended that only VISN deputy directors or VISN chief financial officers be authorized to approve such requests from VISN directors. Finally, regarding the improper purchases of meals and refreshments and the improper use of VCS funds, we recommended that all members of the VISN 7 acquisition team be trained on the relevant requirements.

Comments

Although the Under Secretary for Health concurred with the report's findings and recommendations, he made general comments challenging some of our analyses,

particularly as they related to Ms. Watson's travel patterns, and did not agree that some of the specific instances we reported were improper. We acknowledge that some individual examples of Ms. Watson's travel irregularities and other misuses of funds cited in the report were not egregious. However, we viewed them not as isolated instances but as a pattern of behavior that demonstrated Ms. Watson disregarded Federal regulations and other requirements that apply to all Federal employees. Regarding our conclusion that Ms. Watson's demeanor and management style affected morale among the VISN staff, the Under Secretary noted that many managers are demanding and set high expectations, resulting in a certain amount of "healthy" stress. Nevertheless, we expect VHA to hold accountable any manager who demonstrates disrespectful conduct towards their subordinates.

The Under Secretary's complete response is in Appendix A. We will follow-up on our recommendations to ensure all are implemented.

(original signed by:)

JAMES J. O'NEILL
Assistant Inspector General for
Investigations

Introduction

Purpose

The VA Office of Inspector General, Administrative Investigations Division, investigated numerous allegations against Ms. Linda Watson, Director of the Veterans Integrated Service Network (VISN) 7 in Duluth, GA. The complainants alleged that Ms. Watson engaged in a variety of travel irregularities, made inappropriate purchases and otherwise misused funds, and created a stressful office environment. The purpose of this investigation was to determine the validity of these allegations. We did not substantiate some of the specific allegations made and do not discuss them in this report.

Background

The VA Secretary approved the selection of Ms. Watson as VISN Director in early August 2003 and she formally assumed that position effective September 21, 2003. At that time, her duty station changed from Montgomery, AL, where she had been Director of the Central Alabama Veterans Healthcare System, to Atlanta, GA. Duluth, the actual location of the VISN office, is a suburb of Atlanta. Ms. Watson has over 30 years of experience as a Federal Government employee.

Issues discussed in this report were presented to a US Attorney and declined for criminal prosecution.

Scope and Methodology

To assess the validity of the allegations, we reviewed Ms. Watson's travel vouchers for trips she took between September 2003, beginning shortly before she became VISN Director, and January 2005; subpoenaed airline records for trips involving air travel; and obtained from a variety of VA officials supplemental documentation and testimony clarifying her activities while she was on temporary duty travel. For the same time period, we also obtained and reviewed the VISN office's electronic calendar and records pertaining to Ms. Watson's leave, cellular telephone activity, use of Government-owned vehicles, and use of the Government travel card issued to her. Regarding inappropriate purchases and misuse of funds, we reviewed purchase orders and purchase card transactions issued primarily between September 2003 and December 2004, and obtained additional documentation from vendors to clarify some of the purchases. Additionally, we reviewed documentation relating to certain purchases made with Veterans Canteen Service funds and requests from the VISN to the Atlanta VA Medical Center's Medical Media Service. For each issue we investigated, we researched applicable Federal laws and regulations, VA policy, and legal opinions. We interviewed current and former VISN employees who worked in the Duluth office with Ms. Watson as well as those who worked at medical centers within the VISN, including the VISN's travel, procurement, and fiscal staff. We also interviewed knowledgeable VA Central Office officials.

Results and Conclusions

Issue 1: Whether Ms. Watson wasted funds by remaining on temporary duty travel longer than officially necessary

Findings

Federal travel regulations require that an agency pay only those travel expenses that are “essential to the transaction of official business,” and require that employees exercise prudence in incurring expenses while on official travel [41 CFR §301-2.2, 2.3]. VA policy states that employees are expected to minimize costs of official travel, and prohibits excess costs and delays unnecessary or unjustified for the performance of official business. According to the policy, employees are responsible for excess costs and additional expenses incurred for personal preference or convenience [MP-1, Part II, Chapter 2, paragraph 2(g)(1)]. In addition, the Standards of Ethical Conduct for Employees of the Executive Branch require employees to conserve Government resources, and prohibit them from using their public office for personal gain [5 CFR §2635.704, 702].

Ms. Watson’s travel vouchers and related documents disclose that she routinely spent excessive time in a temporary duty status by departing her temporary duty site later than officially necessary and, less frequently, arriving at her temporary duty site earlier than officially necessary. Of 38 travel episodes between September 2003 and January 2005, she either began her temporary duty travel earlier than necessary or extended it longer than necessary, or did both, on 18 trips. Consequently, she incurred unnecessary lodging and per diem expenses. In addition, on four occasions, Ms. Watson wasted travel funds to accommodate week-end stays in Montgomery, AL, where her spouse resided. In total, she unnecessarily spent \$2,134.26. We often could not determine how Ms. Watson spent part of her travel days because her travel vouchers document, with rare exception, that she began and ended her travel at her residence rather than at the VISN office. VISN travel office officials told us it was the practice within the VISN to always indicate the starting and ending points of travel as either the employee’s residence or his or her office, regardless of what actually occurred. As discussed in a later section, Ms. Watson told us she generally, but not always, began and ended her travel at her residence. Ms. Watson’s duty hours during the period of our review were 8:00 am to 4:30 pm.

Ms. Watson misused travel funds by departing later than officially necessary from temporary duty sites.

We identified 12 occasions when Ms. Watson extended her temporary duty status by unnecessarily remaining overnight after her official business ended and returning to her duty station the following day or, in one instance, returning later than necessary on a required travel day. Regarding travel to Washington, DC, flights depart from there to

Atlanta hourly until around 9:00 pm. In total, her unnecessarily late departures from temporary duty sites cost the Government \$1,073.14 in excess lodging and \$429.75 in excess per diem. For example:

- On Thursday, September 4, 2003, Ms. Watson was in a temporary duty status in Charleston, SC, attending a VISN Executive Leadership Committee meeting. According to the agenda and other information sent to meeting participants, the meeting was to conclude at 12:00 noon. Ms. Watson remained in Charleston overnight at VA's expense and flew to Chicago, IL, the next day on a 9:15 am flight for personal business. She confirmed to us that her business in Chicago was not official. She did not charge leave for Thursday afternoon or for Friday. Her official time to travel should have been Thursday afternoon. By extending her temporary duty, she incurred \$118.72 in excess lodging for Thursday night and \$46 in excess per diem. She should have charged annual leave on Friday.
- On Thursday, March 4, 2004, Ms. Watson was in a temporary duty status in Chicago attending an American College of Healthcare Executives conference. According to Ms. Watson's registration confirmation, the conference concluded on Thursday following a morning program and awards. Ms. Watson remained in Chicago and returned to Atlanta on Friday, taking a 12:09 pm flight. Her travel authority and office calendar identified no other official business in Chicago on Thursday or Friday, and she charged no leave during this time. Ms. Watson should have left Chicago on Thursday afternoon and worked in the VISN office on Friday. Although she claimed no lodging expenses for Thursday night and no excess per diem, she should have charged annual leave on Friday.
- On Thursday, April 8, 2004, Ms. Watson was in a temporary duty status in Sandestin, FL, attending an Equal Employment Opportunity Program conference. According to the agenda, the conference concluded at 12:00 noon that day. Neither her travel records nor her office calendar identified other official business she had in Sandestin. Ms. Watson remained in Sandestin overnight and drove to Montgomery on Friday, April 9. She charged 8 hours of unplanned sick leave on Friday even though she used it as a travel day. Since she had sufficient time to return to her duty station on Thursday, she should not have waited until Friday. By delaying her return, she incurred \$80 in excess lodging and \$43 in excess per diem.
- On Thursday, April 22, 2004, Ms. Watson was in a temporary duty status in Phoenix, AZ, attending a National Leadership Board (NLB) retreat. According to information filed with her travel voucher, the retreat was scheduled to conclude at 12:00 noon on Thursday. Ms. Watson remained in Phoenix overnight and returned to her duty station on Friday, taking a 12:16 pm flight. Neither her travel records nor her office calendar identified any other official business in Phoenix.

She charged no leave for Thursday afternoon or Friday morning. Two other VISN Directors who attended the meeting and then traveled back to the eastern United States told us they returned to their duty stations on Thursday afternoon flights, and a third VISN Director said he returned on a 7:00 am Friday morning flight. Ms. Watson should have departed Phoenix after the conclusion of her meeting on Thursday, and worked a full day in the VISN office on Friday. By extending her temporary duty, she incurred \$88.54 in excess lodging for Thursday night and \$47 in excess per diem.

- On Thursday, July 8, 2004, Ms. Watson received a Presidential Rank Award at a ceremony in Washington, DC. According to an electronic mail message (filed with her travel voucher) from the Director, Executive Resources Service, the ceremony was scheduled to conclude at 6:00 pm that day. Ms. Watson did not return to Atlanta until the next evening (Friday), taking a 6:05 pm flight. Neither her travel authority nor the office calendar identified other official business necessitating her remaining in a temporary duty status in Washington, DC, throughout the day on Friday. She made no local transportation claims to suggest she attended other official business, and charged no leave. Ms. Watson should have returned to her duty station Friday morning and worked in the VISN office for the remainder of that day. Ms. Watson also arrived earlier than officially necessary on this trip, as discussed below.
- On Friday, July 16, 2004, Ms. Watson was in a temporary duty status in Charleston, concluding a week of multi-facility site visits. According to the agenda, the Charleston site visit was scheduled to conclude at 10:00 am after an employee town hall meeting, and the facility Director told us no official business was scheduled afterward. Ms. Watson remained in Charleston overnight and drove back to her duty station on Saturday, an approximate 6³/₄-hour drive. Her travel authority and office calendar identified no other official business in Charleston following the site visit there. Ms. Watson had sufficient time to return to her duty station on Friday. By delaying her return, she incurred \$113.12 in excess lodging for Friday night and \$43 in excess per diem.
- On Friday, August 6, 2004, Ms. Watson was in a temporary duty status in Tuscaloosa, AL. She attended the VA Medical Center's employee awards program the previous day and, according to the then-acting Director of the Medical Center, met with him Friday morning. Although Ms. Watson's office calendar noted that Ms. Watson planned to work at the Tuscaloosa Medical Center on Friday, the acting Director told us he recalled that she departed the facility at noon. Ms. Watson's travel voucher documented that she drove back to Atlanta on Saturday, approximately a 3¹/₂-hour drive. She claimed no lodging expenses for this trip, but did claim per diem for both Friday and Saturday. Since she had

sufficient time to return to her duty station on Friday, she should not have waited until Saturday. By delaying her return, she incurred \$35 in excess per diem.

- On three occasions, Ms. Watson remained in Washington, DC, overnight after NLB meetings she was attending ended on a Thursday at noon or shortly thereafter. She took morning flights (two at 9:05 am and one at 10:05 am) out of Washington, DC, the next day. In each of the three cases, neither her travel records nor her office calendar identified other official business she had in Washington, DC, warranting her extended stay, and she charged no leave for the time in question. (On one of the three Fridays, she was in an authorized absence status in connection with her permanent change of station move.) Further, she claimed no local transportation expenses in Washington, DC, on the Thursdays to suggest she had official business to attend after the NLB meetings ended. Ms. Watson should have, and easily could have, returned from Washington, DC, to Atlanta on Thursday afternoons. We asked six other VISN Directors stationed in cities in the same time zone as Atlanta when they returned to their residence following the conclusion of NLB meetings, and each one told us they departed Washington, DC, on Thursday afternoons or evenings unless they had formal scheduled meetings the next day. They told us they departed on Thursdays even if they attended to other official business after the conclusion of the NLB meeting. By remaining in a temporary duty status after her official business ended on these three Thursdays, Ms. Watson incurred \$501.01 in excess lodging and \$114.75 in excess per diem. She also misused a portion of her authorized absence on one of the Fridays.

Ms. Watson misused travel funds by arriving earlier than officially necessary at temporary duty sites.

We identified 8 occasions when Ms. Watson began her temporary duty early, either by beginning her travel a day earlier than necessary or earlier than necessary on a required travel day. Some of these trips involved travel to Washington, DC. Flights from Atlanta to Washington, DC, depart hourly, 15 times a day, beginning around 6:30 am. The early arrivals cost the Government \$259.63 in excess lodging and \$137 in excess per diem. For example:

- As noted earlier, Ms. Watson attended a Presidential Rank Award ceremony on Thursday, July 8, 2004. She began temporary duty travel the previous day, Wednesday, July 7, by flying from Atlanta at 8:30 am, arriving in Washington, DC, at 10:18 am. The electronic mail message to Ms. Watson from the Director, Executive Resources Service, documented that the ceremony was scheduled for July 8 at 4:00 pm, and advised her that she needed to arrive at the ceremony site an hour early. The VISN office calendar confirmed she attended the awards ceremony, but did not identify any other official business in Washington, DC, on either July 7 or July 8. Her voucher contained no claims for local transportation in

Washington, DC, other than to the ceremony, to suggest that she was engaged in additional official business on those days. Finally, Ms. Watson charged no leave for either July 7 or the morning of July 8. She should have worked in the VISN office on July 7 and traveled to Washington, DC, the morning of July 8. By arriving a day early, she unnecessarily incurred \$171.75 for lodging the night of July 7 and \$51 in excess per diem.

- On Sunday, December 5, 2004, Ms. Watson began temporary duty by driving from her Atlanta residence to Birmingham, AL, an approximate 3-hour drive. Her travel authority and office calendar stated that the purpose of the trip was a 2-day site visit to the Birmingham VA Medical Center commencing Monday, December 6. According to the site visit agenda, the event began Monday at 10:00 am Central Standard Time, 3 hours after the start of Ms. Watson's tour of duty considering the time zone difference. Ms. Watson charged no leave the morning of December 6. Given that the site visit did not start until 10:00 am on Monday and Ms. Watson gained an hour during her drive there from Atlanta, she should have driven to Birmingham that morning rather than on Sunday. By arriving early at her temporary duty site, she incurred \$87.78 in excess lodging and \$43 in excess per diem. Since the site visit agenda was for Ms. Watson's benefit, she could have requested that it start earlier on Monday if she preferred to travel there a day in advance, or later on Monday if she preferred to travel that day.
- On four occasions during the time period we reviewed, Ms. Watson arrived in Washington, DC, from Atlanta for temporary duty as much as 4 hours before her tour of duty ended (arriving between 12:15 pm and 3:04 pm). Her travel authority and office calendar documented the purpose of each trip was to attend a NLB meeting, a Communications Committee meeting (which she co-chairs), and, in two instances, other meetings as well. In each instance, the first of these meetings began the morning following her arrival in Washington, DC, usually between 8:00 am and 8:30 am. The VISN office calendar identified no other official business on the afternoons of her arrival, and she charged no leave for the time in question. Ms. Watson should have worked in the VISN office for half of the day she traveled, and taken a later flight that day to Washington, DC.

In her testimony to us, Ms. Watson was unable to identify specific activities she engaged in on the days and times in question. She was unable to recall why she arrived earlier or stayed later than the evidence suggested was officially necessary and, notably, had difficulty remembering her specific activities on a trip she took 2 weeks prior to our interview. She said she did not recall engaging in a practice of arriving unnecessarily early at a temporary duty location, or departing unnecessarily late, and asserted that she used her travel time wisely. Regarding her travel to Washington, DC, she said, generally, she worked while there, including meeting with individuals she mentored, other Network

directors, the co-chairman of the Communications Committee, and Central Office program officials. She explained that sometimes these meetings did not appear on her travel authority because they were not finalized at the time the travel authority was prepared. She further noted that she sometimes conducted pressing VISN business via teleconference from her hotel room or, on occasion, from Central Office, and believed this warranted incurring additional travel expenses. She said transportation expenses for trips to Central Office may not appear on her voucher if she traveled with someone who paid the fare. Finally, Ms. Watson told us NLB meetings did not always end at the scheduled time, usually 12:00 noon, on the last day.

Ms. Watson mentioned several individuals she may have met with in Washington, DC. While the VISN program analyst who maintained the office calendar and assisted Ms. Watson in making travel arrangements told us she usually documented when Ms. Watson needed to attend meetings, we rarely found such documentation. We confirmed certain individuals did meet with her, and took into account the dates and times of these meetings when known. For example, the program assistant to the former Deputy Under Secretary for Health for Operations and Management provided us the dates and times of meetings the Deputy Under Secretary had with Ms. Watson since Ms. Watson assumed her position as VISN Director. Ms. Watson's co-chairman of the Communications Committee told us nearly all his contact with her occurred at meetings of the Committee followed directly by meetings of the NLB. He said he met her several times at Central Office but said she never came over specifically to see him. Ms. Watson mentored two Central Office employees as part of the Senior Executive Service Candidate Program. One employee told us he met with Ms. Watson frequently, nearly every time she came to Washington, DC. He said they met either at Central Office or at the hotel where the NLB meetings were held, at the end of the day, or sometimes over a meal. The other employee told us that since August 2004, she had monthly contact with Ms. Watson, but not always in person. She said the face-to-face meetings occurred either at Ms. Watson's hotel or in Central Office, during or after the NLB meeting, or in the early evening.

While Ms. Watson's cellular telephone records document she made calls during the time between the end of her official business at a temporary duty site and her departure the next day, and between her early arrival and the start of her official business the next day, most of the calls were five minutes or less in duration and, thus, not long enough to substantially account for her time.

Regarding travel within the VISN, Ms. Watson told us that on occasion she arrived at a medical center early to meet with the executive staff, but that was not reflected on the agenda or on her calendar.

Ms. Watson misused travel funds to accommodate week-end stays in Montgomery, AL.

Although Ms. Watson's official duty station is Atlanta, she and her spouse maintained a residence in Montgomery. During the time period of our review, Ms. Watson's spouse lived in their Montgomery residence. The Central Alabama Veterans Health Care System, a VISN 7 facility, is also in Montgomery. We identified four instances when Ms. Watson misused Government travel funds to accommodate week-end stays there. In total, we found that Ms. Watson's week-end stays in Montgomery cost the Government \$234.74 in per diem and other expenses. We found no official necessity for two of these trips. For example:

- Ms. Watson arrived in Montgomery at noon on Friday, December 12, 2003, following temporary duty in Washington, DC. That day, a VISN health systems specialist requested the VISN travel office extend Ms. Watson's travel authority to allow travel to Montgomery "for meetings today and next Monday" at the Central Alabama Veterans Health Care System. Ms. Watson spent the week-end in Montgomery, at no cost to the Government, and a note on her travel voucher stated she worked at the Health Care System on Monday. According to an electronic mail message to a VISN travel office staff member from the VISN program analyst who assisted Ms. Watson in making travel arrangements, the reason for Ms. Watson's trip to Montgomery was to participate in a VISN-wide video-conference on Monday. Ms. Watson charged 8 hours of sick leave on Tuesday, and drove back to Atlanta on Wednesday. She claimed per diem expenses for Monday and Wednesday. Neither her travel records nor the VISN calendar identified official business in Montgomery warranting her presence there between Friday and Wednesday, and in our interview with her, she could not recall the official purpose of the trip. Since the VISN office had its own video-conference equipment, the trip to Montgomery was not officially necessary. By traveling to Montgomery, she incurred \$75.25 in excess per diem and \$84.24 in mileage reimbursement to return to her duty station. She should have charged annual leave on Wednesday for the time it took her to travel from Montgomery to Atlanta because she had no official necessity to be in Montgomery. (The cost of flying from Washington, DC, to Montgomery was less expensive than the cost of flying from Washington, DC, to Atlanta, so she incurred no excess air fare.)
- On Friday, March 12, 2004, Ms. Watson's official business, attending a ribbon-cutting ceremony in Tuskegee, AL, ended around noon. She remained in Tuskegee after the ceremony. According to the Tuskegee Associate Director, Ms. Watson was given a room at the facility to work. Ms. Watson told us she needed to catch up on various issues that afternoon because she had been traveling. She then spent the week-end in Montgomery for personal convenience, and returned to her duty station on Monday morning. The former Deputy Under Secretary for Health for Operations and Management told us she favored VISN

Directors visiting the facilities in their network, and considered the Directors to be working regardless of their location. She said she did not object to a situation such as this one as long as the VISN Director did not claim expenses for the extra time spent at the facility. However, in this instance, Ms. Watson claimed per diem for Monday. Since she had no official necessity to stay in Tuskegee Friday afternoon and could have traveled back to Atlanta at that time, by extending her stay until Monday and claiming per diem for that day, she incurred \$43 in excess expenses.

- On Friday, April 9, 2004, Ms. Watson arrived in Montgomery following temporary duty in Sandestin and spent the week-end there for personal convenience. (As discussed on page 3, her official business in Sandestin concluded Thursday, April 8, at noon and she should have returned to Atlanta that day.) On Monday, she attended a lunch meeting with an Alabama State veterans official, and then returned to her duty station. Ms. Watson claimed per diem expenses for Friday and Monday. She told us she met with this official to establish herself in her new role as VISN Director and noted that she had difficulty scheduling a time to meet with him. The State official confirmed he met with Ms. Watson that Monday and told us the meeting lasted about 2 hours. He said they originally planned to meet on April 1, but the meeting needed to be rescheduled. He did not know why the rescheduling was necessary. We question the necessity of the Monday lunch meeting in Montgomery, as it appears to be a pretext for her to spend the week-end there at Government expense. By extending her travel into Monday, Ms. Watson incurred \$32.25 in excess per diem. Ms. Watson told us that on another occasion she also met with a Georgia State veterans official, but that meeting occurred in conjunction with a visit to the Augusta VA Medical Center for an employee appreciation event, awards ceremony, and a ribbon-cutting ceremony, and did not require additional per diem expenses.

VISN staff who approved Ms. Watson's requests for travel authority and authorized her travel did not identify or disapprove her excessive travel time.

Federal travel regulations require officials who authorize travel to consider, among other factors, the employee's need to travel and his or her travel plans [41 CFR §301-71.107]. A May 2003 VA Office of Finance Bulletin requires VA managers who prior to that date were authorized to approve their own travel (including VISN directors) to delegate that authority to a senior-level official in their organization. According to the Bulletin, the change in policy ensures that no one person has complete control over a single transaction or approves a transaction that benefits him or her.

Ms. Watson's travel plans were usually initially documented on a request for travel authority and approved by a subordinate VISN office staff member physically co-located with her. Based on the approved travel request, the VISN travel office supervisor or that office's former lead transportation assistant, both located at the Tuscaloosa VA Medical

Center, then authorized the travel. These two officials told us they relied on the staff who approved Ms. Watson's travel authority request to ensure the travel was officially necessary and to provide the travel office accurate information about her travel plans. However, for over one third of the travel episodes referenced above, no one in the VISN office signed Ms. Watson's requests for travel authority as an approving official, yet the travel office supervisor authorized the requested travel. For example, when Ms. Watson attended the Presidential Rank Award ceremony in Washington, DC, no VISN office staff member signed her request for travel authority before it was sent to the travel office. In this case, Ms. Watson requested authority to be in Washington, DC, for 4 days for the 3-hour ceremony, and the travel office supervisor authorized that request. In fact, Ms. Watson arrived over 24 hours before the start of the ceremony and delayed her departure another 24 hours after the ceremony's conclusion. Since the travel office supervisor relied on the VISN office staff to assess Ms. Watson's travel plans, she should have returned the request for travel authority to Ms. Watson for proper approval.

The VISN's former Operations Officer approved another third of Ms. Watson's requests for travel authority. The Operations Officer told us she considered it her responsibility to ensure Ms. Watson's travel authority requests documented the purpose of the travel, but said she generally did not otherwise verify the necessity of the trips. She said she was aware of the agendas for some of the meetings Ms. Watson attended, notably the NLB meetings and the Communications Committee meetings, but saw no need to question Ms. Watson arriving early or departing late if doing so did not affect the cost to the Government. She noted that employees are not required to travel on their own time, and that Ms. Watson may have had other, informal meetings scheduled in Washington, DC, warranting the extended stay. The Operations Officer could not offer a possible explanation for Ms. Watson's delays in other cities, and said she did not recall why she approved those requests. Finally, the Operations Officer acknowledged that at times she felt uncomfortable approving Ms. Watson's travel authority requests, notably those for her trips to Montgomery. According to the Operations Officer, the purpose of these trips as documented on the travel request was legitimate, but she (the Operations Officer) suspected the true purpose was for personal reasons. She said she did not question Ms. Watson because no clear violation existed, and she was afraid that if she did not appear to be a "team player" she would suffer consequences. She said she knew of no one else she could raise her concerns to.

A variety of staff approved the remaining third of Ms. Watson's travel authority requests. A VISN office health systems specialist who approved three of them told us she compared Ms. Watson's requested travel schedule with whatever documentation accompanied the travel request, but did not otherwise verify the dates and times of events Ms. Watson was attending. She told us if Ms. Watson said she needed to travel, she (the health systems specialist) did not confirm the necessity for the travel because it was not appropriate for her to question a VISN Director. She noted that some events Ms. Watson attended were well-known and no further verification was needed.

Conclusion

Ms. Watson wasted Government travel funds by arriving earlier than officially necessary at her temporary duty site and departing her temporary duty site later than officially necessary, as well as spending excessive time in Montgomery, where her spouse resided, to accommodate week-end stays there. Ms. Watson sought and received unnecessary Government payments for her meals and accommodations, in effect misusing her position for personal gain. The fact that, on occasion, she did not claim reimbursement for lodging expenses suggests that those extended stays were personal in nature. Her explanation that sometimes she had meetings that did not appear on her travel authority because they were not finalized at the time the authority was prepared may account for an occasional undocumented delay, but we question whether it explains the pattern of her excessive time in a travel status, particularly when she traveled to sites outside of Washington, DC. Ms. Watson frequently stayed at her temporary duty site on Thursdays and used most or all of Fridays as days of travel, when she easily could have returned to her duty station on Thursdays and worked a full day on Fridays. Regarding Ms. Watson's explanation that she participated in telephone calls necessitating that she arrive early or depart late while in a temporary duty status, doing so demonstrates poor judgment in the use of Government funds and official time. Finally, staff who approved Ms. Watson's travel authority requests and the travel office supervisor who authorized her travel did not ensure that the time Ms. Watson spent in a temporary duty status was officially necessary. In effect, they gave her sole control over her travel requests, including those that benefited her personally.

Recommended Action(s) 1. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for wasting Government funds by spending excessive time in a temporary duty status, including in Montgomery, AL, and in effect misusing her position for personal gain.

Recommended Action(s) 2. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that a bill of collection is issued to Ms. Watson to recoup the funds she wasted by spending excessive time in a temporary duty status, including in Montgomery, AL.

Recommended Action(s) 3. We recommend that the Deputy Under Secretary for Health for Operations and Management ensures that appropriate administrative action is taken against the VISN office staff who approved Ms. Watson's requests to be at a temporary duty site longer than officially necessary, and against the travel office supervisor who authorized requests that were not approved.

Recommended Action(s) 4. We recommend that the Deputy Under Secretary for Health for Operations and Management require that only VISN deputy directors or VISN chief financial officers may approve VISN directors' travel authority requests.

Issue 2: Whether Ms. Watson misused additional funds, official time, and property in conjunction with her travel

Findings

On 14 occasions, Ms. Watson claimed and received improper reimbursements totaling \$879.40 either because the expenses were unallowable or because the amounts exceeded allowable limits. Other expenses she claimed, while not improper, were questionable. The employees who approved Ms. Watson's requests to travel, authorized her travel authorities, and approved her travel claims allowed these expenses when in many cases they knew, or should have determined, the expenses were not proper. In this regard, Federal travel regulations require officials who authorize travel to consider the need for the travel, the most cost-effective means of accomplishing it, and the employee's travel plans [41 CFR §301-71.107]. With respect to travel claims (vouchers), Federal regulations require authorizing/approving officials or their designees to review and sign them to confirm the authorized travel. The regulations require the reviewer to have full knowledge of the employee's activities and to ensure the voucher is properly prepared in accordance with pertinent regulations, the types of expenses claimed are authorized and allowable, and the amounts claimed are accurate [41 CFR §301-71.200 - 71.203].

Ms. Watson also misused her official time, the Government travel charge card issued to her, and the Government contract with airline carriers in conjunction with official travel.

Ms. Watson misused Government funds for unallowable expenses.

Federal travel regulations authorize Government agencies to pay only expenses essential to the transaction of official business. The regulations prohibit the payment of excess costs resulting from circuitous routes or services unnecessary or unjustified in the performance of official business [41 CFR §301-2.2, 2.4]. Further, VA policy does not authorize paying an employee per diem (lodging, meals, and related incidental expenses) when the employee is on leave for more than one-half of her prescribed daily working hours [MP-1, Part II, Chapter 2, paragraph 9a and 9l(1)(a)]. We identified four occasions, as follows, when Ms. Watson improperly spent Government travel funds totaling \$324.46 (not including \$53 she already repaid) on expenses that were unallowable because they were unnecessary or personal.

- On Monday, December 8, 2003, Ms. Watson unnecessarily incurred \$136.46 for a rental car and parking fee while on temporary duty in Washington, DC. According to her request for travel authority, approved by the VISN's former Operations Officer, the rental car was needed so Ms. Watson could travel to two meetings from the location of a third meeting. However, of the three meetings in question, two were held at the hotel where she lodged, and the third was at VA Central Office. A subway station is located beneath both the hotel and the VA

Central Office building. According to the rental car receipt, Ms. Watson returned the car at the end of the second day, before the meeting held in Central Office began. The car was driven only 19 miles during those 2 days. The round-trip distance between the hotel and the airport, where the car was rented, is 12 miles and, according to information provided by the hotel, a round-trip taxi fare between the two would have been \$24, far less than the cost of the rental car. Ms. Watson told us she could not recall the official necessity for renting the car, and the former Operations Officer told us she did not know why she approved this request. She noted that a rental car in Washington, DC, is generally not necessary. Since the rental was not essential to official business and not cost-effective, Ms. Watson should not have requested authority to use it, and the former Operations Officer should not have approved it.

- On Tuesday, April 6, 2004, Ms. Watson was on official travel attending a conference. She told us that after conference meetings ended for the day, she drove to another location for personal business and stayed there overnight. She was on annual leave the next day, Wednesday, and told us she returned to the conference site Wednesday evening and resumed her attendance at the event, which reconvened Thursday morning. She claimed a total of \$160 in lodging for Tuesday and Wednesday nights. Since Ms. Watson was away from her temporary duty site on Tuesday evening and on annual leave Wednesday, she was not entitled to lodging reimbursement for either night. The VISN travel office's lead transportation coordinator allowed the claim even though Ms. Watson notified the travel office she was on leave Wednesday. The coordinator had no way of knowing where Ms. Watson was on Tuesday night, but should have known Ms. Watson was not entitled to lodging expenses Wednesday night.
- On September 3-4, 2003, Ms. Watson had official business in Charleston but she first flew from Atlanta to Baltimore on personal business before flying to Charleston. She improperly claimed \$28 in reimbursement for an airline fee she incurred when she changed the departure time of her personal flight to Baltimore.
- In January 2005, Ms. Watson claimed \$108 in mileage reimbursement when she drove her personal vehicle from her residence in Montgomery to the Atlanta airport, en route to Washington, DC, for official business. She told us she had a dental appointment in Montgomery prior to the trip. Ms. Watson had no official need to be in Montgomery and was entitled to be reimbursed only \$55, her normal cost of traveling from her Atlanta residence to the Atlanta airport. At the time Ms. Watson prepared her claim for the trip, the VISN travel office's lead transportation coordinator advised her to request reimbursement for the mileage from Montgomery. The transportation coordinator should not have advised Ms. Watson to claim a personal expense, and told us she could not explain why

she did so. During our investigation, Ms. Watson repaid the \$53 she was not entitled to receive.

Ms. Watson received reimbursement for per diem and mileage that exceeded allowable limits.

Federal travel regulations authorize employees to be reimbursed for their actual expenses while on temporary duty for any reason approved within their agency, but prohibit agencies from paying for excess costs resulting from delays [41 CFR §301-11.300(d), 301-2.4]. VA travel policy assigns employees responsibility for securing accommodations as soon as possible after travel is authorized. [MP-1, Part II, Chapter 2, paragraph 2g(6)]. Regarding mileage reimbursements, Federal travel regulations presume that when travel must be performed by automobile, use of a Government automobile is the most advantageous method of transportation [41 CFR §301-10.5]. The regulations limit the rate of mileage reimbursement given to an employee who chooses to drive a personal vehicle for official travel if the agency has instead authorized the employee to use a Government vehicle. The rate of reimbursement is limited to the cost that would be incurred if the employee drove a Government vehicle. An employee who uses a personal vehicle because the agency determined that to be advantageous to the Government receives a higher reimbursement rate [41 CFR §301-10.303, 10.310].

We identified ten occasions when Ms. Watson claimed and received improper reimbursements totaling \$554.94 for her lodging and meals and incidental expenses, or for using her personal vehicle when one of the VISN office's Government-owned vehicles was available. In most instances when Ms. Watson received improper mileage reimbursement, her official business took her to, or through, Montgomery, where her spouse resided. Examples of improper reimbursements follow:

- Ms. Watson traveled to Washington, DC, to attend a NLB meeting and lodged for three nights, May 18-20, 2004, at the hotel where the meeting took place, incurring \$254 plus \$24.77 tax in actual expenses each night. The lodging allowance is \$150 plus applicable tax of \$21.75. On her request for travel authority, dated April 27, 2004, Ms. Watson noted that actual lodging expenses were needed because the hotel no longer had rooms available at the \$150 rate and rooms at other hotels were not available. Instructions sent March 22 to the NLB meeting participants, including Ms. Watson, informed them they needed to reserve their room by April 17 to be guaranteed the \$150 rate. The VISN office program analyst who assisted Ms. Watson in making travel arrangements told us she recalled that at the time of this trip she (the program analyst) was frequently away from the office, and did not learn about Ms. Watson's need for lodging until the end of April 2004. She said when she prepared the travel orders and attempted to make the hotel reservation, the rooms blocked at \$150 were sold out. She said she called numerous other hotels, but could not find lodging for Ms. Watson at the allowable rate. The program analyst said she informed the travel office

supervisor, and the supervisor agreed to authorize actual expenses. The travel office supervisor told us she could not recall the specifics of this trip, but said the official at the duty station who approves the travel is responsible for deciding if actual expense is warranted. In this case, however, the supervisor authorized Ms. Watson to spend \$250 a night even though no one in the VISN office approved her travel authority request. Ms. Watson had nearly a month's notice to make her reservation and the delay in doing so was not a justifiable reason for incurring actual expense. Ms. Watson should have known the program analyst was not available to make the reservations, since the analyst's desk was immediately outside her office. She should not have claimed the higher lodging rate, and the travel office supervisor should not have approved it. In this instance, Ms. Watson received \$321.06 in excess lodging reimbursement.

- On September 2–4, 2003, Ms. Watson was in Charleston for official business, as confirmed by the lodging receipt she submitted. Her travel voucher, however, stated she was in Baltimore on those dates, and she claimed the Baltimore per diem rate, \$46, which was higher than the rate applicable to Charleston, \$42. As a result, she claimed \$14 more than she was entitled to receive. The former lead transportation assistant approved the voucher without ensuring the amount claimed for lodging, or the temporary duty site on which it was based, was accurate.
- In November 2003, Ms. Watson claimed the higher mileage reimbursement rate to drive her personal vehicle from Atlanta to Montgomery on a Monday, where she joined VA staff from Montgomery, who gave her a ride to a conference in a Government vehicle. Montgomery was on the direct route to the conference. Staff returned with Ms. Watson to Montgomery on Thursday following their official business. Ms. Watson remained there for several days for personal convenience. When she returned to Atlanta the following Sunday, she again claimed the higher rate. Although Ms. Watson's request to travel, approved by the former VISN Operations Officer, noted that no Government vehicle was available, the VISN's motor vehicle trip report documents that in fact one was available. Ms. Watson was reimbursed an excess of \$28.05. She should have claimed the lower reimbursement rate in effect at the time, and the former VISN Operations Officer should have determined that a Government vehicle was available.
- In December 2003, Ms. Watson rode in a Government vehicle to Montgomery but returned to her duty station in her personal vehicle the next day, claiming the higher reimbursement rate. The former lead transportation assistant authorized Ms. Watson to use a personal vehicle even though Ms. Watson did not indicate on her request for travel authority whether a Government vehicle was available. According to the VISN motor vehicle trip report, a Government vehicle was available. Ms. Watson was reimbursed an excess of \$14.03 as she was entitled to

only the lower reimbursement rate for the return trip. The transportation assistant should have ensured she authorized the most cost-effective means of travel for Ms. Watson.

- In January 2004, Ms. Watson claimed the higher mileage reimbursement rate to drive her personal vehicle from Atlanta to Montgomery on a Thursday, conduct official business there on Friday, stay the week-end for personal convenience, and then drive back to Atlanta the following Monday. Ms. Watson's request to travel again noted that no Government vehicle was available. A hand-written note on the request attributed this information to the VISN office program analyst. However, the VISN's motor vehicle trip report documents that two Government vehicles were available. Ms. Watson should have claimed the lower reimbursement rate in effect at that time. She was reimbursed an excess of \$39.27.
- In August 2004, Ms. Watson claimed the higher reimbursement rate to drive her personal vehicle from Atlanta to Tuscaloosa on a Thursday, conduct official business there on Friday, and drive back to her duty station on Saturday. On her request for travel authority, Ms. Watson requested to use a personal vehicle, but noted that a Government vehicle was available. The supervisor in the VISN travel office authorized Ms. Watson to use her personal vehicle. A handwritten note on the travel request, dated after the trip was completed, states that according to the VISN office program analyst, no Government vehicle was available. The VISN's motor vehicle trip report documents that a Government vehicle was available. Ms. Watson should have been entitled to only the lower reimbursement rate. She was reimbursed an excess of \$58.59.
- In November 2004, Ms. Watson drove her private vehicle from Atlanta to Montgomery and back for a site visit, claiming the higher reimbursement mileage rate. Her travel authority stated that a Government vehicle was available, and she was authorized reimbursement at the lower rate. According to a VISN office staff member who called the Central Alabama Veterans Health Care System Director's secretary the day before the site visit to clarify the start time for the event, Ms. Watson told the secretary she needed to conduct personal business while in Montgomery that week. The supervisor of the VISN travel office approved the voucher for this trip. She acknowledged to us that she erred in allowing Ms. Watson to be reimbursed at the higher rate. Ms. Watson was reimbursed an excess of \$37.80.

The VISN office program analyst who assisted Ms. Watson in making her travel arrangements told us she usually checked the availability of the Government vehicles before Ms. Watson used her own for official travel. She could not explain why the records from two of the trips described above attributed to her erroneous information about the availability of the Government vehicles. Regarding the November 2003

incident, the former Operations Officer told us she did not know why she approved the request, but suggested that the Government vehicle may have become available after she approved Ms. Watson's request. Ms. Watson told us she understood there was a difference in what she could claim for reimbursement when she drove her own vehicle, depending upon whether a Government vehicle was available. In fact, on one occasion she did claim the lower reimbursement rate. She told us she could not recall the specifics of the above trips to explain why she claimed the higher reimbursement amount. She too suggested that the Government vehicles may have been reserved by other VISN staff at the time she planned the trips but later became available.

Ms. Watson incurred questionable expenses for taxis while on official travel.

Federal travel regulations require employees to exercise prudence in incurring expenses while on official travel. Thus, for example, while the regulations authorize employees to use taxis to travel between places of business or to and from places of lodging while at a temporary duty site, they also require that the method of transportation most advantageous to the Government be authorized, with cost and other factors, such as energy conservation, considered [41 CFR §301-2.3, 301-10.420(a), 301-10.4]. According to VA travel regulations, since travel by common carrier generally results in the most efficient use of energy resources and in the least costly performance of travel, employees are generally required to use it whenever it is reasonably available, notwithstanding personal preferences or minor inconveniences [MP-1, Part II, Chapter 2, 8c(3)(a)].

Ms. Watson incurred a total of \$263 in taxi fares and tips on seven trips she made to Washington, DC, for official business, which was \$229.10 more than if she had traveled using the Washington, DC, mass transit subway system. On these occasions, she traveled by taxi to meeting locations and to VA Central Office from her place of lodging even though a subway station was conveniently available. Ms. Watson lived intermittently in the Washington, DC, area for 11 years, and should have been familiar with and willing to use mass transit. On one occasion, during a trip to Washington, DC, Ms. Watson traveled three times from her place of lodging to VA Central Office and return. Each time, she claimed \$25 round trip for a taxi even though a subway station was located immediately below the hotel where she lodged and another station was immediately below the VA Central Office building. A round-trip fare on the subway would have cost no more than \$3.40. On another occasion, Ms. Watson traveled twice round-trip between her place of lodging and a meeting location, and traveled once round-trip between her place of lodging and VA Central Office, paying a total of \$75 for a taxi. A subway station was 2½ blocks from the meeting location, 1/10 of a mile from her place of lodging, and, as previously noted, immediately below the VA Central Office building. If Ms. Watson had used the subway on these trips, she would have incurred no more than \$8.10. On a third occasion, Ms. Watson paid \$30 for a round-trip taxi ride between her place of lodging and a meeting place even though a subway station was located below the hotel and

another was located two blocks from the meeting place. The round-trip subway fare would have been no more than \$3.90.

Ms. Watson told us she did occasionally travel by subway while on temporary duty in Washington, DC, but none of the travel vouchers covering her 19 trips there during the period of our review included a claim for a subway fare reimbursement. She was unable to justify why she used taxis rather than the subway, telling us, “Generally, it would have to deal with the time I needed to be there and other things I had been dealing with prior to departure...[such as]...if I’m working on issues with the office, if I’m conducting phone conferences from my hotel room, if I have to get to [VA Central Office] at a certain time....” When we asked if she was saying it was quicker to take a taxi, she said, “No. Generally I am working on things related to my job, and on occasion when that occurs, I have to make a call as to the best way to get there.” We again asked Ms. Watson why she chose to take a taxi, and she responded, “It has to do with the time that I need to get to the destination, the issues that I am working on associated with my job prior to the time I have to determine which mode of transportation would work.” While we are not recommending that Ms. Watson repay the above expenses she incurred for taxis, we do find them questionable.

Ms. Watson misused her official time before and after temporary duty travel.

Federal regulations require employees to use their official time in an honest effort to perform official duties, and VA policy assigns employees responsibility for being at their post of duty during official duty hours unless on approved leave or excused absence without charge to leave [5 CFR §2635.705; VA Handbook 5011, Part III, Chapter 1, paragraph 2c(1)]. We found several occasions, involving 8 full or partial days, when either immediately before or immediately following an official trip Ms. Watson was absent from her duty station during her duty hours without charge to leave and without an excused absence.

- On a Thursday, Ms. Watson took a 3:30 pm flight from Atlanta to Baltimore for personal business prior to an official trip. She charged no leave for that afternoon (but did charge annual leave the next day, Friday). The following Monday was a Federal holiday, and on Tuesday she took a 2:15 pm flight from Baltimore to Charleston to attend official business there. She did not charge leave for Tuesday morning even though she was still on personal business. On Friday morning, following official business in Charleston, Ms. Watson flew to Chicago, again for personal business. She charged no leave for Friday. The following Monday she charged annual leave, and on Tuesday took a 10:55 am flight from Chicago to Atlanta and then drove to Montgomery. Although her activities on Tuesday were personal, she again charged no leave.
- On Monday, January 10, 2005, Ms. Watson was in Montgomery following a week-end there for personal convenience. She had a medical appointment that

morning, for which she took 2 hours of sick leave, and then drove, without charge to leave, from Montgomery to the Atlanta airport to begin official travel. Since she was not authorized to be in Montgomery for any official purpose, she should have charged leave for the time she spent driving to Atlanta, an approximate 3-hour drive.

- Ms. Watson was at the Tuskegee Campus of the Central Alabama VA Healthcare System for an official site visit on a Wednesday, but told us she did not attend a scheduled event the following day, Thursday, because she was unable to stay. Her voucher documented that she returned to Atlanta on Thursday. According to her cellular telephone records, she made numerous calls throughout Thursday morning and early afternoon, including two lengthy calls to the VISN office in Atlanta and a lengthy call to the Director's office in Tuskegee, suggesting she reported to neither facility. She charged no leave for Thursday. Ms. Watson told us she could not recall the specifics of this trip.
- On two occasions, Ms. Watson's cellular telephone records indicate she did not report to her office immediately before traveling to a temporary duty site because she made calls to her office when she should have been present there. She took no leave for the time in question. On Tuesday, March 9, 2004, she took a 2:30 pm flight from Atlanta to Washington, DC. She apparently did not report to the VISN office that morning, as she made two 1-minute calls to the office, at 8:35 am and again at 11:18 am. On Tuesday, November 30, 2004, Ms. Watson took a 1:30 pm flight from Atlanta to Washington, DC. Again, she apparently did not report to the VISN office that morning because she made a 5-minute call there at 7:52 am and a 1-minute call there at 9:20 am. She also spent over an hour that morning making various telephone calls to toll-free numbers. Ms. Watson told us generally she did not report to the VISN office prior to leaving for the airport on days she began temporary duty travel because the office was in a different direction from her residence than was the airport, and because traffic to the airport and the need to arrive there far in advance of her flight made it difficult to do so. She said she would report to the office if there was a pressing matter she needed to address, but otherwise worked from her residence. She also noted she usually did not report to the office before returning to her residence after temporary duty travel. Her vouchers, with rare exception, document that she began and ended her temporary duty travel at her residence. In the two cases noted above, however, Ms. Watson could have spent 3 hours or more at the VISN office before departing for the airport. Further, in March 2005, Ms. Watson notified VISN office staff that she was terminating existing work-at-home arrangements, noting that, to be fair, she needed to either offer or deny the option to every one. She told the staff that allowing all employees to work at home 1 day a week did not benefit the organization's needs because too many staff would be out of the office on any given day, particularly considering that others would be away from the office at

meetings and site visits. She said the staff remaining in the office would be burdened, having to handle the work of off-site employees as issues arose in the office that could not be dealt with over the phone.

Ms. Watson misused her Government-issued travel charge card and the Government airline carrier contracts.

Federal travel regulations and VA policy authorize employees to use Government-issued travel charge cards only for official travel-related expenses [41 CFR §301-51.6, VA Handbook 0631.1]. The Standards of Ethical Conduct for Employees of the Executive Branch prohibit employees from using their public office for personal gain [5 CFR §2635.702]. As described below, on one occasion, Ms. Watson charged expenses on her card that were not for official travel-related purposes, and on another occasion she misused her position to obtain Government contracted airfare.

- On Tuesday, September 30, 2003, Ms. Watson was on official business in Washington, DC. She arrived in the morning the previous day, Monday, even though she had no documented official business until 11:30 am on Tuesday. She lodged Monday night at a hotel, charging \$182.06 on her Government-issued travel card. The lodging rate exceeded the maximum allowable limit for Government employees on official travel. She did not claim the lodging expense on her voucher, and told us she could not explain why. The circumstances suggest this expense was personal.
- In September 2003, Ms. Watson claimed and received reimbursement for the cost of flights from Atlanta to Baltimore to Charleston to Chicago and back to Atlanta. Her business in Baltimore and in Chicago was solely personal, while her business in Charleston was official. She was reimbursed airfare for all portions of this trip because, according to an electronic mail message from the travel office supervisor, the total cost of her actual circuitous air travel was less than the cost of flying directly between Montgomery (her official duty station at the time) and Charleston. However, the travel office supervisor arranged Ms. Watson's personal travel using Government contract-carrier rates. The cost of the personal portions of her trip would likely have been significantly higher if Ms. Watson obtained those tickets on her own.

Conclusion

Ms. Watson misused Government travel funds by claiming reimbursement for expenses that were unallowable because they were unnecessary or personal, or that exceeded allowable per diem and mileage limits. The circumstances surrounding her excessive claims for driving a personal vehicle suggest that she chose to drive it for personal convenience so that she could spend extra time in Montgomery or attend to other personal business there, and not because a Government vehicle was unavailable. While it

was not improper for her to use her personal vehicle, she was entitled to only the lower reimbursement rate. Ms. Watson also wasted travel funds as a result of questionable decisions to use taxis in lieu of mass transit in Washington, DC. Together, these infractions raise questions about her willingness to abide by Federal and VA travel regulations and about her intent to personally gain from official travel. Ms. Watson's personal comfort and convenience, rather than the cost to the Government, was apparently a determining factor in many travel decisions. VISN employees who approved Ms. Watson's requests to travel, authorized her travel authorities, and approved her travel claims did not sufficiently question these documents, allowing her to improperly and imprudently spend Government funds. Ms. Watson's misuse of her official time, her Government-issued travel charge card, and the Government airline carrier contract further demonstrates her failure to comply with Federal regulations and VA policy, and raises questions about her intent to personally gain from her official activities.

Recommended Action(s) 5. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for misusing Government travel funds by claiming expenses that were unnecessary, personal, or in excess of allowable limits; and for misusing her official time, her Government-issued charge card, and the Government airline carrier contract.

Recommended Action(s) 6. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that a bill of collection is issued to Ms. Watson to recoup the funds she was improperly reimbursed.

Recommended Action(s) 7. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that appropriate administrative action is taken against VISN employees who approved Ms. Watson's requests to travel, authorized her travel authorities, and approved her travel claims for not sufficiently questioning these documents, allowing her to improperly and imprudently spend Government funds.

Recommended Action(s) 8. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that Ms. Watson makes appropriate charges to leave for the full or partial days she was absent without leave.

Issue 3: Whether Ms. Watson and VISN staff misused funds for meals and refreshments

Findings

Ms. Watson allowed VISN staff to misuse appropriated funds for meals and refreshments by spending more than the allowable amount to feed employees in a temporary duty status at VISN-sponsored conferences and by purchasing meals and refreshments for employees at their duty station. Additionally, Ms. Watson spent more than the allowable amount of appropriated funds for food at an awards ceremony and improperly spent appropriated funds for food at a retirement celebration. Finally, Ms. Watson improperly spent funds allocated to the VISN by the Veterans Canteen Service on events that were primarily for the morale of employees, rather than to promote patronage at a canteen.

Ms. Watson and VISN staff spent more than the allowable amount to feed employees in a temporary duty status.

Federal travel regulations require agencies to minimize all conference costs and, in particular, to consider authorized per diem expenses and the cost of light refreshments [41 CFR §301–74.1, 74.2, 74.11]. The regulations allow agencies to use appropriated funds for light refreshments at conferences for employees in a temporary duty status [41 CFR §301–74.11]. Finally, the regulations require employees to deduct from the applicable meals and incidental expenses rate a specified amount when meals are furnished at a conference; they do not require a deduction when light refreshments are furnished [41 CFR §301–74.21]. According to an Office of General Counsel (OGC) advisory opinion, the aggregate cost of meals provided to employees on travel status can not exceed the applicable per diem rate [OGC Advisory Opinion 45-94, October 25, 1994]. Federal acquisition regulations require contracting officers to ensure that the law, regulations, and all other applicable requirements have been met before entering into a contract [48 CFR §1.602-1, 1.602-2]. These regulations assign all members of the acquisition team, including procurement and program office officials, responsibility for using public resources wisely and maintaining the public's trust [48 CFR §1.102(c), 1.102-2(c)].

We substantiated that Ms. Watson and her staff spent an excessive amount of funds to purchase meals and refreshments for VA employees in a temporary duty status who were attending quarterly VISN-sponsored meetings held at hotels. Within the VISN, for purchases of hotel conference services costing between \$2,500 and \$25,000, contracting officers at the Central Alabama Veterans Healthcare System were responsible for approving and authorizing agreements with hotel representatives, and purchasing agents (contracting officers) in the Atlanta VA Medical Center's Logistics Service were responsible for authorizing the purchase order. We found that, in many cases, the food purchased from the hotels cost significantly more than the allowable rate for meals and

incidental expenses, even though it did not include three meals a day. In total, between November 2003 and November 2004, the VISN spent over \$17,400 more to feed employees who attended these meetings than the attendees were entitled to receive from their travel voucher reimbursement claims. A portion of this amount represents the cost of refreshments provided; however, these costs were inseparable from the cost of breakfasts provided. A portion of this amount also represents the cost of meals and refreshments improperly provided to employees not in a temporary duty travel status, as discussed beginning on page 26. Excessive funds were spent on the following occasions:

- On November 18–20, 2003, Ms. Watson held a VISN planning meeting at a hotel in Point Clear, AL. The hotel provided meals for 70 employees, as follows: On November 18, employees were provided a continental breakfast and lunch totaling \$37.50 per person, and on November 19, they received a continental breakfast and lunch totaling \$44.31 per person. Compared to the allowable daily rate for meals and incidental expenses in Point Clear (\$39), the Government paid \$49.81 more to feed each employee during those 2 days. About a month before this meeting, a contracting officer signed the hotel agreement as the authorizing official. The agreement, however, did not authorize the VISN to purchase the lunches, and indicated the hotel would not charge for the continental breakfasts. VISN office staff prepared the purchase order request on December 2, 2003, after the meeting occurred, with a note that the former VISN Chief Financial Officer approved the purchase though it was delinquent. The purchasing agent who authorized the purchase order told us he did so because his supervisor, the Chief of the Logistics Service at the Atlanta VA Medical Center, told him the hotel agreement had already been approved and he needed to process the order. The Logistics Service Chief said she did not recall directing the purchasing agent to process the order or being involved at all in this purchase. However, she also told us the purchasing agents she supervised relied on the VISN office staff and the contracting officers to ensure purchases were appropriate, and simply processed orders for the purpose of getting a purchase order number so that the orders could be obligated and paid.
- On February 25-26, 2004, Ms. Watson held a VISN Leadership Board meeting at a local hotel near the VISN office. The hotel provided meals and refreshments for 40-49 employees, as follows: On February 25, employees were provided a continental breakfast, refreshments, and lunch totaling \$46.68 per person. On February 26, attendees were again provided a continental breakfast, refreshments, and lunch totaling \$52.68 per person. (The cost of the refreshments was not separately identified either day.) Compared to the allowable daily rate for meals and incidental expenses in Atlanta (\$43), the Government paid \$63.36 more to feed each employee during those 2 days. The hotel agreement for this meeting, signed about a month earlier, stated that meals and refreshments would be provided at the menu price and that individual guests would be responsible for all charges. The VISN office's purchase order request, initially prepared

February 19, stated only that the cost included continental breakfasts and refreshments. The request was returned without action because it lacked a justification. On March 9, after the meeting took place, a purchasing agent authorized the purchase order. The purchasing agent told us she authorized the purchase without questioning the costs, noting that VISN office staff and a contracting officer had already approved the terms of the purchase and she trusted their decisions. According to the purchase order, the former Chief Financial Officer approved the funding.

- On May 26, 2004, Ms. Watson held a VISN Leadership Board meeting at a local hotel near the VISN office. The hotel provided meals and refreshments for 50 employees, to include a continental breakfast, morning and afternoon refreshments, and lunch totaling \$50.28. (The cost of the refreshments was not separately identified.) Compared to the allowable daily rate for meals and incidental expenses in Atlanta (\$43), the Government paid \$32.28 more to feed each employee during that day. We found no hotel agreement for this event. The purchasing agent signed the purchase order a month after the event occurred. A note in the file documents that the Chief, Logistics Service, instructed that the purchase order be issued. According to the note, “since the event has already taken place, the agreement is a moot point.” The purchase order noted that the former VISN Chief Financial Officer approved the funding.
- On August 25-27, 2004, Ms. Watson held a VISN Leadership Board meeting at a hotel in Charleston, SC. The hotel provided meals and refreshments for 60-63 employees, as follows: On each of the first 2 days, August 25 and 26, attendees were provided continental breakfast, morning and afternoon refreshments, and lunch totaling \$76.23 per person. (The cost of the refreshments was not separately identified either day.) On August 27, attendees were provided an “enhanced” continental breakfast for \$25.60 per person. Compared to the allowable daily rate for meals and incidental expenses in Charleston (\$43), the Government paid \$133.06 more to feed each employee during those 3 days. The hotel agreement for this event noted that breakfasts, a “working lunch,” and refreshments would be provided, and that contracted group meals would be billed to a master account. The contracting officer who signed the hotel agreement told us she was responsible for ensuring the costs were not excessive and she could not explain why she signed the agreement. She told us the contracting office relied on co-op students to review the hotel agreements and said, in the absence of the students’ supervisor, she “basically just signed them.” The purchasing agent who authorized the purchase order told us he did not recall questioning the costs, and said he deferred to the wishes of the VISN.
- On November 16-17, 2004, Ms. Watson held a VISN Leadership Board meeting at a local hotel near the VISN office. The hotel provided meals and refreshments to

45-47 employees, as follows: On November 16, attendees were provided a continental breakfast, refreshments, and lunch totaling \$49.48 per person. (The cost of refreshments was not separately identified.) On November 17, attendees were again provided a continental breakfast, and 11 of them were provided lunch totaling \$38.04 per person. Compared to the allowable daily rate for meals and incidental expenses in Atlanta (\$43), the Government paid \$51.52 more to feed each employee during those 2 days. (The second day includes only those having lunch that day.) We found no hotel agreement for this event. The purchasing agent signed the purchase order nearly 2 months after the meeting occurred. According to electronic mail messages contained in the file, a VISN accountant questioned the purchase order when it came to her for obligation, advising the acting Chief Financial Officer that the order was delinquent and questioning whether the refreshments and breakfasts could be purchased with appropriated funds. After determining that VA's Employee Education System paid for refreshments at another (unrelated) conference, the accountant noted that the VISN's current Chief Financial Officer instructed that, since the meeting already occurred, the funds would be obligated.

Mr. Roger Welch, VISN Deputy Director since April 2004, told us he approved the events that took place at VISN Leadership Board and other similar meetings and, more recently, was involved in how much was actually being spent on the events. He said he was not aware the regulations specified a spending limit when the Government provided meals and refreshments for employees in a temporary duty status. He told us the former VISN Chief Financial Officer advised him that the VISN could properly use appropriated funds for "working" lunches. The former Chief Financial Officer told us he was always concerned about the high cost of the VISN-sponsored meetings and advised the individual who made the arrangements to be careful about the costs. However, he said he never saw the documentation that contained the price of the meals or the cost per attendee.

Mr. Welch told us that when the former Chief Financial Officer retired in October 2004, the acting Chief Financial Officer was not as comfortable using appropriated funds for meals and refreshments, and in January 2005 provided him the OGC advisory opinion that stated VA could spend appropriated funds to pay for the meals of attendees who were on authorized travel status as long as the aggregate cost did not exceed the local per diem rate. Notwithstanding his knowledge of the legal standards, Mr. Welch continued spending excessively. At the February 2005 VISN Leadership Board meeting, attendees were provided continental breakfasts and refreshments at a cost totaling over half the allowable meals and incidental expenses rate. At the May 2005 VISN Leadership Board meeting, planned meals and refreshments were cancelled but, according to hotel records, the VISN paid \$4,700 for a meeting room at the hotel for the 3-day event. In May 2005, Mr. Welch told us he was still not comfortable that he fully understood the regulations, but also said he had not sought advice from Regional Counsel.

Ms. Watson told us she relied on the VISN office senior staff to manage all the arrangements for VISN-sponsored conferences and said she did not approve the decisions they made and did not recall knowing how much was actually being spent on meals. However, the former VISN Public Affairs Manager, who coordinated arrangements for the larger VISN-sponsored conferences such as those described above, told us he selected the meals and either Ms. Watson or Mr. Welch approved them. Further, a VISN office health systems specialist and the former Chief Financial Officer both told us Ms. Watson was heavily involved in planning the August 2004 conference, including making the final selection of the meals, and was apprised of the costs. Another of the office's health systems specialists corroborated that Ms. Watson was very involved in the details of menu planning, and said if lunch was served at a VISN-sponsored event it was at Ms. Watson's expressed request. Ms. Watson told us, in regards to ensuring the VISN's funds were spent properly when providing meals and refreshments to employees, her responsibility was to have knowledgeable staff to advise her on pertinent regulations. She told us she did not recall knowing how much could be spent on meals and refreshments for employees in a temporary duty status, but expected that her staff would have that information and would comply with it. She said she expected the contracting officers and purchasing agents who reviewed the hotel agreements and purchase orders to know the regulations and, if they identified anything amiss, to raise the issue and not approve questionable activities. At the time of our interview with Ms. Watson, she told us she and her staff had been reviewing the applicable guidance and found it to be inconsistent. She also noted that they had recently cut back significantly on spending for these events.

Ms. Watson and VISN staff improperly used appropriated funds to purchase meals and refreshments for VISN employees at their duty station.

The Comptroller General has long held that, absent statutory authority, appropriated funds can not be used to purchase meals and refreshments for employees at their duty station, including the purchase of light refreshments for business meetings. Rather, employees are expected to bear the cost of such personal expenses from their salary. According to the Comptroller General, "Because public confidence in the integrity of those who spend the taxpayer's money is essential, any item, such as meals or refreshments, that may appear frivolous or that is easily abused, however legitimate it may seem in a specific context, should be authorized by the Congress if it is to be charged to public funds." The Comptroller General stated, however, that the General Services Administration may determine that light refreshments for travelers are part of their subsistence and thus may be provided to them [Comptroller General Decision B-288266, January 27, 2003]. Thus, the General Services Administration advised agencies that individuals in a non-travel status can not be provided light refreshments during conference breaks at Government expense under the authority of the Federal Travel Regulations [Travel Advisory #7, January 30, 2003].

There are two exceptions to the general rule prohibiting the purchase of meals for Government employees, the Government Employees Training Act and the law permitting expenses of attendance at meetings [5 USC §4109, §4110]. The Training Act authorizes payment for Government employees' meals only when the activity qualifies as training. Training is defined as a "planned, prepared, and coordinated program, course, curriculum, subject, system or routine of instruction or education, in scientific, professional, technical, mechanical, trade, clerical, fiscal, administrative, or other fields..." [5 USC §4101, §4109]. The Comptroller General has interpreted the Training Act and the definition of training as follows: "Merely providing an open forum to discuss 'topics, suggestions, issues, problems...relative to the business/management' of [a Federal agency] in a scheduled and structured atmosphere does not...qualify the meeting 'as a program of instruction or training'...." [B-249795, Comptroller General, May 12, 1993] The VISN-sponsored meetings in question do not qualify as training under the Act because they were meetings related to the business and management of VA. Therefore, that law does not authorize use of appropriated funds for meals.

Under the law permitting expenses of attendance at meetings, meals may be provided to Government employees attending conferences or meetings [5 USC §4110]. However, the Comptroller General has held that the "purely internal business meetings or conferences sponsored by government agencies" do not qualify as meetings or conferences under this law. The VISN meetings in question were events solely related to internal VA business matters. Accordingly, §4110 does not provide authority for the purchase of meals with appropriated funds.

Federal acquisition regulations require that contracting officers ensure all requirements of law and regulation are met before entering into a contract [48 CFR §1.602-1, 1.602-2]. Regarding Government commercial purchase cards, the acquisition regulations require that they be used only for purchases that are otherwise authorized by law or regulation [48 CFR §13.301(a)]. According to VA policy, purchase card approving officials are responsible for certifying that all purchase card procurements are legal and proper, and all applicable regulations are followed. The policy assigns the fiscal officer responsibility for being the final certifying authority on the legitimacy of any item procured [VA Handbook 4080].

On at least seven occasions during the period of our review, Ms. Watson and the VISN staff held meetings in the VISN office building, and used appropriated funds to purchase lunches for the attendees, which included employees who were at their duty station. For example, during a June 2004 VISN facility cluster financial meeting, the VISN incurred \$253.43, including delivery charges, for a "working" lunch for 25 attendees. In October 2004, the VISN spent \$403.99 for food for a "working" lunch during a VISN Operation Management meeting. Sixteen of the 22 invitees to this meeting were at their duty station. Ms. Watson told us that generally she, the VISN Deputy Director, and the VISN Chief Medical Officer attended these meetings, and said she encouraged all the VISN

office staff to attend. Several other VISN office staff told us staff members consumed some of the lunches. In each case, the food was purchased with appropriated funds using the Government commercial purchase card held by the VISN office's administrative officer. The health systems specialist who was the approving official for these purchase card purchases told us that her recollection was that they were paid for using Veterans Canteen Service funds, not appropriated funds. Nevertheless, she said she understood that working lunches were appropriate, at least for employees in a temporary duty travel status, and said it was not reasonable to expect employees who were at their duty station attending the same meeting to excuse themselves if lunch was brought into the office. Since these meetings did not qualify under either the Training Act or the meetings or conferences exceptions, there was no authority to use appropriated funds for meals for employees not in a travel status.

On 11 occasions, Ms. Watson held meetings either at local hotels near the VISN office, or at hotels in the same city as one of the VISN's medical centers. Staff who were not in a temporary duty travel status were among the attendees at these meetings and ate meals and refreshments alongside their counterparts who were in a travel status. In particular, several VISN office staff told us that they consumed food served at meetings held at local hotels, or that they and others were invited to come to the hotel to eat after the meeting participants ate. For example, regarding the May and November 2004 VISN Leadership Board meetings described earlier (see page 26), which were held at a hotel near the VISN office, attendance records document that at least eight employees who were at their duty station attended, including Ms. Watson and Mr. Welch. Regarding the August 2004 VISN Leadership Board meeting, held in Charleston, SC, electronic mail messages from the Charleston Medical Center Director's secretary document that at least six staff from the Charleston facility planned to attend the meeting. Finally, at least two Tuscaloosa VA Medical Center employees attended an October 2003 Executive Leadership Council conference in Tuscaloosa, AL. Again, none of these events qualified as training or conferences.

The Chief of the Logistics Service at the Atlanta VA Medical Center, (the direct supervisor of two purchasing agents who authorized some of these purchases) told us she knew that feeding employees who were attending an internal meeting at their duty station was improper. However, she said the purchasing agents were only responsible for ensuring that a contracting officer's signature was on the paperwork and for placing requested orders, while the contracting office was responsible for approving contracts for conferences and for knowing the regulations pertaining to feeding employees at their duty station. She said she did not review the details of purchases such as the above because they were handled by the contracting office, and never questioned the purchase of meals and refreshments. Further, she said she expected the VISN office staff to make appropriate requests. One of the purchasing agents we interviewed shared the Chief's perspective on that Service's responsibilities.

As previously noted, Mr. Welch told us the former VISN Chief Financial Officer advised him that the VISN could properly use appropriated funds for “working” lunches. According to the former Chief Financial Officer, he did advise staff they could serve lunch to employees at their duty station if a guest speaker was part of the meal activities. The OGC advisory opinion Mr. Welch received in January 2005, however, stated that appropriated funds could not be used to purchase meals for employees at their duty station. Nevertheless, at the February 2005 VISN Leadership Board meeting, held at a local hotel, appropriated funds were used to pay for continental breakfasts and refreshments for 3 days for the attendees, which included at least seven employees at their duty station. When asked why the practice had continued, contrary to the OGC guidance, Mr. Welch said if “somebody wants to ding me on this, so be it.”

Ms. Watson told us she, Mr. Welch, and the leadership team from the Atlanta Medical Center regularly attended the VISN Leadership Board meetings held at local hotels, and said most of the VISN office staff and other Atlanta Medical Center staff had at one time or another attended all or parts of those meetings. She said that having staff at their duty station partake in meals and other refreshments was not inconsistent with what she had observed at other meetings and conferences throughout VA, particularly high-level national meetings with educational components. She described the Leadership Board meetings as “governance meetings” for the VISN, with an educational component to most of them. For example, she said at one meeting someone from the Durham VA Medical Center spoke to the group about the Baldrige principles and how to apply them, and at another meeting someone spoke about how to manage VA homeless veterans programs. Ms. Watson said it did not occur to her that this was improper and the senior-level staff who were responsible for these meetings did not raise it as a concern. She said she did not recall discussing regulations with Regional Counsel or with the VISN fiscal officer, but noted that recently VISN office staff had attempted to more fully understand the applicable regulations. She said she was not sure who was engaged in those discussions. Regarding the lunches provided during meetings held in the VISN office, Ms. Watson told us she believed Veterans Canteen Service funds, not appropriated funds, paid for them. Notwithstanding Ms. Watson’s testimony, the VISN governance meetings were purely internal meetings for VA/VISN employees. Since they did not qualify under either the Training Act or the meetings or conferences exception, it was improper to use appropriated funds for meals and refreshments for VA employees at their duty station.

Ms. Watson improperly spent appropriated funds for food at an awards ceremony and at a retirement celebration.

The Government Employees Incentive Awards Act allows the use of appropriated funds for refreshments at award ceremonies [5 USC §4503; Principles of Federal Appropriations Law, Third Edition, Volume I, page 4-116]. According to VA policy, the amount of funds spent for such refreshments can not exceed \$20 per person without the Deputy Secretary’s approval [OF Bulletin 03GA1.01b(1)]. Ms. Watson spent more than

the allowable amount at a VISN awards ceremony. On May 26, 2004, she spent \$1,440 for refreshments at an evening awards reception following the VISN Leadership Board meeting that day. According to the hotel's bill, the reception was for 40 attendees at \$36 a person, including the service charge. This totaled \$640 more than the policy allows. Ms. Watson told us she did not recall what the spending limits were for refreshments at awards ceremonies. She said she did not recall the amount of money that was spent per person on the ceremony, and did not recall that the cost was discussed with her at all.

Regarding the use of appropriated funds for retirement parties, Federal law prohibits the use of such funds for purposes other than those for which the appropriation was made, except as otherwise provided by law [31 USC §1301(a)]. In particular, the Comptroller General has consistently ruled that appropriated funds may not be used for entertainment except when specifically authorized by statute [Principles of Federal Appropriations Law, Third Edition, Volume I, page 4-100]. In October 2004, Ms. Watson used \$1,800 in appropriated funds to purchase refreshments for an evening retirement reception at a local hotel for the former VISN Chief Financial Officer. According to hotel documentation, the cost of the "retirement party" was \$30 a person. Two individuals who attended the event told us the evening began with a short awards presentation and that the retirement reception occurred after a break. Ms. Watson referred to the event as a retirement party but told us she did not recall that appropriated funds were used to pay for it. She said the former Chief Financial Officer received several recognition awards and gifts that evening. The administrative officer used the Government purchase card issued to him to pay for the food.

Ms. Watson improperly spent Veterans Canteen Service promotional funds on events that were primarily for the morale of employees, rather than to promote patronage at a canteen.

In November 1992, VA's Veterans Canteen Service (VCS) initiated a promotional "dividend" program whereby field facilities received funds from revenues generated by VCS to use for promotional activities designed to encourage added VCS business and win increased support from VA patients and employees. At that time, OGC advised that VCS could create the program, but not if the program's principal objective was to enhance employee morale and welfare. In 1996, OGC reiterated its guidance to VCS because VCS policy in effect at that time stated that the promotional funds were to be used for the morale and recreation of patients and caregivers. OGC reiterated that the funds could lawfully be used only for activities which have as a principal objective the promotion of sales of VCS merchandise as opposed to the enhancement of employee morale and welfare.

In November 2001, the VCS Director issued guidance to field facility directors, stating that the funds must "primarily benefit our customers or build their positive perceptions of the Canteen Service and/or your local canteen." As examples of events appropriate for the promotional fund to sponsor, the guidance listed employee recognition, executive

leadership council meetings, and working groups. In April 2002, OGC issued a second advisory opinion based on its review of the November 2001 VCS guidance, noting that the policy statement quoted above was incorrect, and that any use of the funds must be to benefit the VCS. Regarding the examples of events the VCS Director listed as appropriate uses of promotional funds, OGC stated those examples should be deleted or revised to indicate how they benefit or provide a promotional value to VCS since that was unclear, particularly regarding the closed meetings and working groups. OGC advised that events or activities that recognize or assist employees/patients/families and clearly identify VCS as the sponsor may be appropriate if they reasonably provide a promotional benefit to VCS. On a related matter, OGC recommended that the VCS Director specifically determine how an allocation of promotional funds to a facility that does not have a canteen promoted VCS sales.

In December 2003, the VCS Director issued revised guidance on the promotional fund, which deleted specific examples of the kinds of events the funds could appropriately sponsor. The policy also added a statement that at VA facilities that do not operate canteens, such as VISNs, promotional funds may be used to educate potential customers about VCS operations and encourage patronage to the canteen when they visit VA health facilities. Finally, in October 2004, the VCS Director issued the current program guidance. The guidance characterized the program as an “advertising/promotional” program and stated that funds must be used only in ways that attempt to win customer patronage for the VCS and focus on promoting current and future VCS sales to its customers. According to the guidance, events sponsored by the fund must present a favorable impression of the VCS, build customers’ positive perceptions, and encourage their patronage in the future. It restated that at VA facilities that do not operate canteens, such as VISNs, funds may be used to educate potential customers about the goods and services VCS offers, and to encourage patronage to the canteen when they visit VA healthcare facilities.

In 2002, we issued three reports or memoranda to Veterans Health Administration management in VA Central Office describing instances when field facilities misused VCS promotional funds by spending the money on items and events that primarily enhanced employee morale, as opposed to promoting patronage for the VCS. Despite the efforts of the OIG and the legal guidance from OGC, Ms. Watson’s use of these funds on at least three occasions demonstrates that the practice is still on-going. On November 18, 2003, in conjunction with the VISN planning meeting at a hotel in Point Clear, AL, Ms. Watson held a reception, using \$3,332.64 in VCS promotional funds to purchase hors d’oeuvres and bartending services. On February 25, 2004, in conjunction with the VISN Leadership Board meeting at a hotel near the VISN office, Ms. Watson held an awards ceremony and reception, using \$1,526.40 in VCS promotional funds to purchase hors d’oeuvres. And, on February 23-25, 2005, in conjunction with another VISN Leadership Board meeting at a hotel near the VISN office, Ms. Watson used \$2,666.23 in VCS promotional funds to pay for lunches each day. According to the staff member who

coordinated these meals, lunch on the third day was for only the medical center directors, Ms. Watson, and a few of the VISN office staff. Of four senior officials we questioned who attended some of the above events, none were aware that VCS promotional funds paid for them.

Ms. Watson told us she understood that VCS funds could be used to broadly support VA's work. She said she did not recall knowing that VCS funds had been spent on the above three events, and when asked if using those funds for the events promoted sales in the canteen or built customer loyalty there, she told us she would have to guess, that she could not respond immediately. Further, she told us she did not recall who in her office decided to use the funds. Mr. Welch told us he was directly involved in determining what events the promotional fund would sponsor. He said he did not recall receiving specific advice from the former VISN Chief Financial Officer about the use of the funds, but told us he knew the VISN had greater flexibility with them. The former Public Affairs Officer told us he made arrangements for most events funded by the VCS. He said he knew the purpose of the fund was to promote sales at the canteen, but noted that, from time to time the VISN wanted to do "nice things" for its employees. Finally, the former Chief of the Canteen Service at the Atlanta VA Medical Center, who approved the use of VCS funds for the above events, told us he thought funding the events was an effective means of promoting VCS because the VISN's top managers were present and if they knew VCS provided the funds, then that information would trickle down to subordinate employees. The former Canteen Chief certified that, for each of the three events, a sign was posted promoting the canteen. He told us, however, that he had no way of knowing that signs were actually posted.

Conclusion

All members of the VISN 7 acquisition team involved in procuring meals and refreshments for VA employees attending the VISN-sponsored meetings and other events discussed above failed to ensure appropriated funds were used in accordance with applicable Federal law and regulations, legal opinions, and VA policy. VISN office staff often did not provide procurement officials accurate and timely information regarding what was being purchased and at what cost. Even when they did, however, contracting officers and purchasing agents did not disallow the excessive and improper purchases. In at least one instance, a contracting officer relied on a co-op student to review a hotel agreement. According to the Logistics Service Chief, when purchasing agents received a purchase order request, they relied on the VISN office staff and contracting officers to ensure its propriety, and she considered purchasing agents to be responsible only for processing a purchase order number. Purchasing agents, however, are themselves contracting officers. The VISN's former Chief Financial Officer erroneously told Mr. Welch the VISN could spend appropriated funds to feed employees at their duty station as long as a guest speaker was part of the mealtime activities. Though he was

concerned about the cost of VISN-sponsored meetings, he allowed the high rate of expenditures to continue.

Mr. Welch and Ms. Watson also failed to ensure appropriated funds were properly used for meals and refreshments. Even after the acting Chief Financial Officer provided Mr. Welch the OGC advisory opinion on this issue, Mr. Welch continued to spend excessively and to improperly approve meals for local employees. Ms. Watson told us she relied on her staff to be knowledgeable of the rules, was not involved in the decision-making relating to the meals and refreshments provided, and did not recall knowing how certain events were paid for or how much was actually spent on the food. Several employees contradicted her testimony, telling us Ms. Watson was involved in decisions relating to the meals and refreshments provided. Considering the amount of money involved in these procurements and her involvement in planning the events, Ms. Watson should have ensured her staff knew how to spend the money and complied with applicable requirements.

Regarding Ms. Watson's use of VCS funds for receptions and lunches, VCS informed VISN directors in December 2003 that their offices, which do not operate a canteen, were to use promotional funds provided to them to educate potential customers about VCS operations and to encourage their patronage at canteens. There is no evidence that the February 2004 awards ceremony and the February 2005 lunches reasonably provided a promotional benefit to VCS or educated the VISN employees who ate food from a hotel about VCS. The attendees we talked to were not even aware VCS sponsored those events. If the VCS funds were properly used, the advertising/promotional nature of the expenses should have been clear to those attending. It appears that the primary purpose of these events was to enhance the morale and welfare of the attendees. Ms. Watson should not have requested to use the money for these events, and the former Canteen Service Chief at the Atlanta Medical Center should not have approved the requests.

Recommended Action(s) 9. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for not adequately managing and overseeing the purchases of meals and refreshments for VA employees; for not ensuring VISN staff were knowledgeable of, and complied with, applicable requirements relating to such purchases; and for improperly spending VCS funds to enhance employee morale, rather than to promote the VCS.

Recommended Action(s) 10. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that appropriate administrative action is taken against Mr. Welch for approving the purchase of meals and refreshments that together cost more than the daily allowable amount for feeding employees in a temporary travel status, and for willfully violating OGC guidance on the use of appropriated funds for feeding employees at their duty station.

Recommended Action(s) 11. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that appropriate administrative action is taken against the contracting officers, purchasing agents, the commercial purchase card approving official, and fiscal officials who authorized food purchases that were excessive or were for improper purposes.

Recommended Action(s) 12. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that all members of the VISN acquisition team (contracting officers, purchasing agents, fiscal officials, and program officials) are trained on the requirements relating to the purchase of meals and refreshments for VA employees and on the use of VCS funds.

Issue 4: Whether Ms. Watson improperly retained or misused appropriated funds for other purposes

Findings

We substantiated that Ms. Watson retained appropriated funds erroneously paid to her, and requested that appropriated funds be used for expenses that were not officially necessary.

Ms. Watson retained money erroneously paid to her.

The Standards of Ethical Conduct for Employees of the Executive Branch require employees to protect and conserve Government property, and prohibit them from using their public office for private gain [5 CFR §2635.704, 702].

For 4 months, Ms. Watson improperly retained funds erroneously paid to her as a duplicate payment. In April 2004, Ms. Watson received in her paycheck a \$7,095 award for savings she achieved for VA when she sold her house, in conjunction with her permanent change of station move to Atlanta, while enrolled in the Relocation Services Program. In accordance with VA policy, she was allowed to collect a percentage of the purchase price of the house, calculated at \$7,095. [OF Bulletin 03GC3.01, Travel Notice 02 – 19]. In January 2005, Ms. Watson received a duplicate payment of \$7,095. (The net amount in her paycheck, after taxes and Medicare, was \$4,934.57.) On March 31, 2005, we inquired about the two payments, and that day the VISN Human Resources Officer researched the matter. He told us his research disclosed that when his office was audited in early 2005, staff learned they needed to file additional paperwork regarding the April 2004 award and that, upon receiving the paperwork, staff at the Atlanta VA Medical Center erroneously re-processed the payment. He later told us he notified Ms. Watson of the error on March 31, the day we inquired about it.

In a memorandum to the VISN Chief Financial Officer dated the next day, April 1, 2005, Ms. Watson requested a bill of collection be issued to her. She wrote that the previous day she was advised that a duplicate award of \$7,095 had been processed for her earlier in the year. She told the Chief Financial Officer that she had attempted to determine the reason for an increase she observed on her bank statement but was unable to access her Employee Express account. She told him she had requested a new access number for her account but had not yet received it. A bill of collection was issued to Ms. Watson on April 14, 2005, advising her of the exact after-tax amount she owed and explaining that she had 30 days to repay it before VA began withholding the funds from her salary. Ms. Watson paid the bill by check dated May 12, 2005.

Ms. Watson told us she did not regularly check her earnings statement and said when she initially noticed the January 2005 deposit on her bank statement, she did not know what it

was for. She told us she thought at the time that it might be related to a lag in implementing a Senior Executive Service pay increase that occurred around the beginning of the calendar year. Ms. Watson told us she could not find her earnings statement, and tried to electronically access the information but her access number did not work. She made no effort to contact anyone in the VISN human resources office or the finance office to determine why the funds were deposited into her account. Further, Ms. Watson told us she did not immediately repay the funds when she learned about the erroneous duplicate payment because she had questions about the exact amount of the repayment and needed to check her earnings statement. She said even after she received the bill of collection she still had questions about what had happened and what she needed to repay.

According to an Office of Personnel Management representative, Ms. Watson requested a new access number on March 21, 2005, but provided an incomplete electronic mail address to receive notification that the number was ready for her to retrieve, and never did retrieve the new number. The representative told us this was the only occasion Ms. Watson requested an access number between January and May 2005.

Ms. Watson requested appropriated funds be used for expenses that were not officially necessary.

Federal law requires that appropriated funds be applied only to the objects for which the appropriation was made [31 USC §1301(a)]. According to the Comptroller General, agency expenditures must be necessary to the proper execution of the objects of the appropriation [Principles of Federal Appropriations Law, Third Edition, Volume I, page 4-19 to 4-22]. We identified two occasions when Ms. Watson was responsible for the misuse of appropriations to pay expenses that were not officially necessary:

Retirement party banner - On February 24, 2005, the VISN office celebrated the retirement of the former Public Affairs Officer at a local hotel. The event was paid for with private funds, but the Medical Media Service at the Atlanta VA Medical Center used Government equipment and official time to produce a banner for the celebration. A Medical Media Service work request summary documents that on February 23 Ms. Watson requested a banner for the retirement party, and the request was completed that same day.

The Chief of the Medical Media Service told us he advised several VISN office staff members that the Service could not provide support for retirement parties. He said, prior to the retirement party for the former Public Affairs Officer, he received a request from that office to produce a banner for the event, and again advised that he could not do it. He said, subsequently, both the VISN Chief Information Officer, who is his service line supervisor, and the VISN Deputy Chief Information Officer, contacted him to inquire about his response to the VISN. In an electronic mail message to him from the Deputy, the Deputy asked him to find out why the VISN office's request could not be satisfied,

and noted that the banner was needed in 2 days. The Service Chief responded that regulations did not allow the Service to support retirement parties, but that he would do so if ordered. The Service Chief told us the Chief Information Officer offered to personally reimburse the Government \$75 for the banner. However, when we interviewed the Chief Information Officer, more than 4 months after the banner was produced, he told us he had not yet paid it because he had not received a bill.

Two VISN office health systems specialists told us the Chief of Medical Media Service had advised them that the Service could not provide support for retirement parties. They said when VISN staff began planning the former Public Affairs Officer's retirement celebration, they told Ms. Watson the Service was not allowed to prepare the banner. They said Ms. Watson did not agree, and told them Medical Media Service should, and would, support the event. Ms. Watson told us she was not aware that Medical Media Service produced banners for employee retirement parties, and specifically said she did not recall that she knew the Service created a banner for the event in question. She said she saw a poster and perhaps a banner at the event, but said she did not recall who made them. Further, she testified that she did not remember having any conversations about whether the Medical Media Service could produce the banners.

Trophy to non-Government employee - The Government Employees Incentive Awards Act authorizes cash and non-cash awards to employees for their special contributions or fully successful performance ratings. The Act, however, does not apply to non-civilian Government employees. According to the Comptroller General, a presentation to such a person to recognize cooperation and enhance community relations constitutes a personal gift and is improper. [Principles of Federal Appropriations Law, Third Edition, Volume I, page 4-165 to 4-170]

In August 2004, Ms. Watson used \$137.80 in appropriated funds for a trophy she awarded to a non-civilian Government employee. The cost included \$23 for overnight shipping from the Atlanta area to the Central Alabama Health Care System in Montgomery, AL. The former VISN Public Affairs Officer told us the trophy was a thank-you for the individual's efforts in working with VA and veterans. Ms. Watson told us she wanted to recognize the individual but was not aware of the exact item chosen or its cost.

Conclusion

Ms. Watson was not diligent in determining why she received excess funds in a January 2005 paycheck. Although she noticed that the payment was deposited in her bank account, she did not know why she received the money and made no serious attempt to identify what the deposit was for. While she told us she tried to access her Employee Express account, she did not immediately request a new access number. An inquiry to the Human Resources staff could have quickly resolved the matter. It was only after Ms. Watson knew others discovered the error that she requested a bill of collection.

Ms. Watson's retention of Government funds that did not belong to her also constituted a misuse of her public office for personal gain.

Ms. Watson misused funds by allowing VA to pay for expenses that were not officially necessary. Regarding the retirement party banner, she had been advised that VA resources could not be used to produce it. Although Ms. Watson denied being aware that the Medical Media Service did produce the banner, documentary evidence and testimony from other officials involved in the matter demonstrate this was not the case. Regarding the trophy award, Ms. Watson may not have been aware of the specific selection, but she expressed her desire that some item of recognition be purchased for the non-civilian Government employee.

Recommended Action(s) 13. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for retaining a payment erroneously made to her and requesting the purchase of items that were not officially necessary.

Issue 5: Whether Ms. Watson was uncooperative during the investigation

Findings

Federal regulations require employees to furnish information and testify freely and honestly in cases respecting employment and disciplinary matters. According to the regulations, concealment of material facts or willfully inaccurate testimony in connection with an investigation may be grounds for disciplinary action [38 CFR §0.735-12(b)].

During this investigation, Ms. Watson did not fully cooperate with us. She resisted finding working space in the VISN office building for two OIG investigators to conduct a site visit. She delayed a requested final interview, and when the interview did occur, her testimony was not credible because she asserted she did not recall the facts pertaining to many of the issues we asked her to comment on. Ms. Watson also allowed Mr. Welch to require that VISN office staff inform him when they were participating in an interview with us.

In preparation for our initial 5-day site visit to the VISN office in January 2005, we requested working space for two investigators to review files and conduct interviews. Ms. Watson's staff told us no space was available in the building, despite the fact that the VISN office includes two conference rooms and we were told that one or two staff would be away from the office on travel. Rather, the VISN program analyst offered us space in the VA Regional Office 17 miles away. Only after we contacted the office of the Deputy Under Secretary for Health for Operations and Management regarding this problem did Ms. Watson provide working space for us in the VISN office.

On Monday, April 25, 2005, we asked Ms. Watson if we could conduct a final interview with her the following Monday, May 2. She responded the next day, saying she was on travel and had "crucial" family matters to tend to. According to the VISN program analyst who assisted in arranging Ms. Watson's travel, Ms. Watson had a meeting in Montgomery, AL, on Tuesday, May 3, and the analyst told us Monday was Ms. Watson's "travel day." Driving time between Atlanta and Montgomery is less than half a workday. We then (on April 26) asked Ms. Watson if we could meet with her sometime during the week of May 16, because we knew she planned to be in Washington, DC, that week. Nearly 2 weeks later, on May 9, Ms. Watson responded, telling us she wanted a statement of the allegations against her before scheduling the interview. We provided her that information the next morning. Later that morning, Ms. Watson then asked for a declination from a US Attorney. (We do not hold Ms. Watson accountable for the time we needed to obtain the declination.)

We eventually met with Ms. Watson on June 30, 2005. During that interview, she was evasive, repeatedly asserting that she did not recall facts pertaining to many issues we

asked her to comment on, particularly travel issues. For example, when we questioned her about arriving at temporary duty sites earlier than necessary or departing later than necessary, she told us she did not recall that she had engaged in such a pattern. More specifically, Ms. Watson said she did not recall if she had documentation of meetings she attended following the conclusion of NLB meetings in Washington, DC; did not recall what official business she had in Phoenix, AZ, following the conclusion of the NLB retreat or in Williamsburg, VA, following a conference, and prior to or after other trips we asked her to review in advance; did not recall if anyone had advised her not to begin her travel as early as she did or stay at her temporary duty site as long as she did; did not recall if she knew when other VISN directors returned to their duty stations following NLB meetings; did not recall the dates she arrived and departed Washington, DC, following an NLB meeting that took place 2 weeks prior to our interview; and did not recall how long it takes her to drive to Tuscaloosa, AL, or to Charleston, SC.

On other travel issues, Ms. Watson did not recall the specifics pertaining to any of the occasions we discussed with her when she claimed an improper reimbursement rate for using her personal vehicle; did not recall how many passengers could ride in the VISN's Government-owned van; did not recall instances when she traveled by taxi rather than by subway in Washington, DC; did not recall the basis of a staff assessment she said concluded she could appropriately use a transportation service to and from the Atlanta airport; and did not know if the VISN office staff worked from home on their travel days. On non-travel issues, Ms. Watson told us she did not recall knowing that VCS funds were used to pay for the events we describe on page 31 or that appropriated funds were used for the November 2004 retirement party; did not recall who in her office was responsible for deciding whether to use appropriated funds or VCS funds to pay for an event; did not recall if she knew the Medical Media Service at the Atlanta VA Medical Center prepared a retirement banner for the former Public Affairs Officer's retirement party or if she had conversations with anyone about whether the Service could produce such a banner; and did not recall if the cost of the May 2004 awards ceremony was discussed with her.

As another example of Ms. Watson's uncooperativeness, during a staff meeting held just prior to our site visit to interview VISN office staff in May 2005, Ms. Watson allowed Mr. Welch to require VISN office staff to inform him when they were participating in an interview with OIG investigators. Ms. Watson said she thought Mr. Welch wanted to ensure that the work of the office continued while staff members participated in the investigation. While this may be true, such a directive could have also intimidated some staff who did not want VISN senior managers to know they were providing us information. After we discussed the matter with Mr. Welch, he rescinded the requirement.

Conclusion

Ms. Watson did not fully cooperate with this investigation in that she resisted finding working space for us in the VISN office, delayed scheduling a final interview, repeatedly

asserted she could not recall facts pertinent to many of the issues under investigation, and allowed Mr. Welch to require that VISN office staff inform him when they were participating in an interview with OIG investigators. Her actions may have prevented us from obtaining all the information we needed to conduct this investigation. Regarding the delay of her interview, if Ms. Watson had “crucial family matters” to tend to on Monday, May 2, she should have taken annual leave. Instead, the VISN office program analyst told us May 2 was Ms. Watson’s “travel day.” She did not need a full day to travel to Montgomery. Ms. Watson took 2 weeks to request a declination from a US Attorney.

Recommended Action(s) 14. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for not cooperating with OIG investigators during an official investigation.

Issue 6: Whether Ms. Watson created a stressful environment within the VISN office

Findings

Federal regulations require employees to refrain from engaging in conduct prejudicial to the Government [5 CFR §735.203]. According to VA policy, an employee who displays disrespectful conduct towards other personnel may be subject to disciplinary action [VA Handbook 5021, Part I, Appendix A].

While a few VISN office staff members told us they did not consider their work environment to be problematic, 11 of the 16 current and former employees we interviewed (those who worked physically in the same office as Ms. Watson) were critical of her management style and her interactions with the staff. Several told us of incidents in which Ms. Watson treated them or others disrespectfully by interrupting and cutting short their presentations to senior VISN staff or by embarrassing them in front of their peers. Other employees expressed dissatisfaction with Ms. Watson's management style, telling us she was extremely demanding and hard to please, and said they felt overwhelmed by the amount of work required of them. They said Ms. Watson's management style interfered with open communications in the office and resulted in a stressful work environment. Finally, three staff members, including one at another location, told us they feared retribution from Ms. Watson for assisting in our investigation. To avoid detection, one person charged annual leave so she could participate in an interview with us, and another talked to us from her personal vehicle, using her cellular telephone. Two former VISN office staff said the environment Ms. Watson created contributed to their decision to leave employment there.

When asked how she believed she related to the VISN staff, Ms. Watson said she was fair and treated others with respect. She said no staff members had told her directly they felt she demeaned or humiliated them, and she denied that this was true. Finally, she said she heard indirectly that staff members considered her expectations of them high and believed they were overworked.

Conclusion

Our interviews with VISN staff disclosed that, for many of them, morale had suffered because of Ms. Watson's demeanor and management style. Ms. Watson should be advised to assess the quality of her interactions with the staff and develop an action plan to improve office morale.

Under Secretary for Health Comments

**Department of
Veterans Affairs**

Memorandum

Date: July 25, 2006
From: Under Secretary for Health (10)
Subject: Draft Report - Administrative Investigation Travel Irregularities and Misuse of Funds VISN 7
To: Inspector General (50)

1. Attached is the Draft Report – Administrative Investigation Travel Irregularities and Misuse of Funds, Veterans Integrated Service Network VISN 7, Atlanta, GA.
2. VHA concurs with the findings and the recommended actions.
3. If you have questions concerning this report, please contact Nevin Weaver, Chief Officer, Management Support (10A2) on 273-8910.

(original signed by:)

Jonathan B. Perlin, MD, PhD, MSHA, FACP

Attachment

Under Secretary for Health Comments to Office of Inspector General's Report

The following Under Secretary for Health's comments are submitted in response to the recommendation(s) in the Office of Inspector General's Report:

OIG Recommendation(s)

Recommended Action(s) 1. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for wasting Government funds by spending excessive time in a temporary duty status, including in Montgomery, AL, and in effect misusing her position for personal gain.

Concur **Target Completion Date:** June

VHA concurs. However, we disagree with some of the assumptions that underlie some of the criticism of Ms. Watson's travel practices.

First, she as all other Network Directors is a "knowledge worker." Her duties are not linked to a specific duty location, as are the duties of staff nurses, housekeeping aides and boiler plant operators. A Network Director manages a large, complex, geographically dispersed organization. Their direct reports are in many locations – in the Network Office and in all of the facilities throughout the Network. Their stakeholders live and work in the local communities within the Network. And the Network Directors must interact with VA and VHA officials in Washington and in other field based headquarters operational units. To assume that a Network Director is not working when out of the Network Office is inconsistent with the expectations placed upon the Network Director by VHA.

Second, based on the report, it appears that the OIG believes that Ms. Watson should spend more time in the Network office rather than work elsewhere. Network Directors do not serve as the office manager of the Network Office. All Network Directors employ others to perform those administrative duties.

Third, the report suggests that Ms. Watson should be presumed not to have performed official duties while on travel during any period of time for which a meeting was not annotated on her calendar or on a travel voucher and for which she has no records of extensive telephone conversations. This presumption is inconsistent with most Network Directors' actual practices. While there are many meetings that are posted on the calendar of a Network Director, there are many other meetings and events that are not recorded. Network Directors very often visit VA Headquarters and "drop in to see" program officials or others to discuss issues informally. This is especially true during visits to Washington for other more formal purposes. Network Directors often remain after meetings like the National Leadership Board (NLB) to discuss common issues, exchange ideas, and propose and discuss solutions.

Ms. Watson's calendar is part of the documentation collected by the OIG. As she and others testified, her calendar provides an incomplete summary of her actual activities. Some meetings extend beyond their originally scheduled time. Others are impromptu and do not appear on the calendar at all. VHA cannot practically, and does not as a matter of policy, require its senior leaders to document activities with the precision exercised by professional firms that bill clients by the hour.

Fourth, the OIG report states that most of the calls Ms. Watson made while on travel were of short duration and, thus, not long enough to account for time she spent away from the office. The length of a conversation is not always indicative of its substance. Short calls between busy executives are quite common given that extensive communication between them often occurs on e-mail. The presumption that short calls are not substantive ignores the possibility that the topic may have been discussed and fully vetted previously.

Fifth, at times, Network Directors arrange travel schedules in order to be in an airport or hotel in order to participate in a conference call or missing the call. This practice is appropriate and cost effective.

VHA does not doubt that Ms. Watson works long hours each week. Even the one witness who was probably most critical of Ms. Watson testified that she works many hours:

"Well, she's like 24/7 on this job. I mean, she's like her whole being is this job. I mean, I don't I don't really even see her having a personal life, although she's married and all that. It's she lives and breathes this stuff."

VHA's comments specific instances in the OIG report follow. For those cases where VHA does not comment, VHA agrees with the OIG's statement of facts.

Ms. Watson misused travel funds by departing later than officially necessary from temporary duty sites.

ACHE Meeting in Chicago in March 2004

Ms. Watson attended the ACHE Congress in Chicago in March 2004 on official business. Following a VA symposium that morning, the Congress ended on Thursday March 4 at 11 a.m., not at 8:45 a.m. as stated in the report. Although Ms. Watson had sufficient time to return home that day, she remained in Chicago, but did not claim any lodging expenses for Thursday or any travel expenses for Friday, March 5th. She was not charged leave for Friday. VHA concurs that Ms. Watson should have been charged leave on March 5, 2004.

Remaining in Washington DC after NLB meetings

VHA does not concur that Ms. Watson wasted funds and official time by spending excessive time on temporary duty travel to remain in Washington after NLB meetings. The OIG report documents that Ms. Watson often met with two participants in the VA SES Development Program after NLB meeting sometimes as late as 5 p.m. Ms. Watson was their mentor. The report also documents that she met with several VHA officials either before or after NLB meetings.

Ms. Watson misused travel funds by arriving earlier than officially necessary at temporary duty sites.

Presidential Rank Award Ceremony

Ms. Watson traveled to Washington to attend the Presidential Rank Award Ceremony early on the morning of July 7, 2005, a day before the ceremony. Although VHA believes that it was reasonable for her to travel on the day before the ceremony given that the award and the presentation ceremony was the most significant achievement in her VA career, she could have traveled later in the day.

Travel to Birmingham – December 5, 2004

Ms. Watson drove to Birmingham from Atlanta on Sunday December 5, 2004 for a site visit that was to begin at 10 a.m. CST the following morning. The drive takes approximately three hours. The OIG believes that Ms. Watson could have traveled on Monday morning thus avoiding the cost of lodging and per diem on Sunday.

VHA disagrees. If she had left on Monday morning, the road trip may have taken longer due to weather or early morning traffic, thus delaying the start of the site visit. The schedule established for site visits usually includes meeting with specific employees and groups that must rearrange their schedules in order to meet with the Network Director. Her departure on Sunday was prudent given the drive time and the starting time of the site visit. The report also implies that a Network Director visit to a facility is for the “benefit” of the Network Director. These visits are working meetings that enable the Network Director to learn first hand what is going on at the facility, and discuss important issues. Visits sometimes start at unusual times to benefit the facility schedule, not necessarily the Network Director’s schedule. In addition, Ms. Watson traveled on a Sunday, one of her two days off-duty each week.

Travel to Washington DC

The report criticizes Ms. Watson’s practice of traveling to Washington on Monday afternoons for the NLB meetings that begin on Tuesdays. Ms. Watson is the Co-Chair of the NLB Communications Committee that meets on Tuesday mornings at 8 a.m., prior to the NLB meeting. Since flights into Washington do not reliably arrive before that hour, there is a business reason for Ms. Watson to travel to Washington on Mondays.

The OIG notes that she often travels in the middle of the day. VHA sees nothing inappropriate with this practice given the time required to get to the airport (especially in late afternoon traffic congestion), the need to arrive at the airport in Atlanta two hours before the scheduled departure time, and the 90-minute flight time to Washington. One must also consider the frequent arrival delays flying into Reagan National Airport, especially late in the afternoons and more so during the summer months. Ms. Watson's total travel time from her home to a hotel in Washington is approximately 4 ½ to 5 hours. Her departure in the middle of the day is reasonable and appropriate.

The report also points out that Ms. Watson tends to travel to the airport from home on those days. Her former supervisor saw nothing inappropriate with Network Directors working at home prior to going to the airport for a mid-day flight.

Ms. Watson misused travel funds to accommodate week-end stays in Montgomery, AL

Ms. Watson took leave on the Friday, April 9, 2004, following the VA EEO conference in Destin, FL. She spent the weekend in Montgomery and did not claim any expenses for Saturday and Sunday. On Monday, April 12, 2004, Ms. Watson met with an Alabama State Veteran Official in Montgomery. The meeting lasted approximately two hours and was clearly part of her official duties as a Network Director. She then drove to Atlanta. Scheduling this meeting in conjunction with the conference in Destin FL was prudent, an effective use of time and avoided the cost of a totally separate trip to meet this official. The per diem she received for Monday was therefore appropriate.

Recommended Action(s) 2. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that a bill of collection is issued to Ms. Watson to recoup the funds she wasted by spending excessive time in a temporary duty status, including in Montgomery, AL.

Concur **Target Completion Date:** Date

VHA will issue Bills of Collection totaling approximately \$1405 in response to Recommendations 2, 5 and 6.

Recommended Action(s) 3. We recommend that the Deputy Under Secretary for Health for Operations and Management ensures that appropriate administrative action is taken against the VISN office staff who approved Ms. Watson's requests to be at a temporary duty site longer than officially necessary, and against the travel office supervisor who authorized requests that were not approved.

Concur **Target Completion Date:**

Recommended Action(s) 4. We recommend that the Deputy Under Secretary for Health for Operations and Management require that only VISN deputy directors or VISN chief financial officers may approve VISN directors' travel authority requests.

Concur **Target Completion Date:**

Recommended Action(s) 5. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for misusing Government travel funds by claiming expenses that were unnecessary, personal, or in excess of allowable limits; and for misusing her official time, her Government-issued charge card, and the Government airline carrier contract.

Concur **Target Completion Date:**

VHA concurs in the recommendation, but disagrees with a number of specific cases cited in the report.

Ms. Watson misused Government funds for unallowable expenses.

VA EEO Conference in Destin, FL and A Meeting with an Alabama State Veteran Official in Montgomery – April 2004

Ms. Watson left the conference after the sessions on Tuesday night to attend a family funeral. She took leave on Wednesday. The OIG recommended that VHA disallow the lodging charge for Tuesday and Wednesday nights.

VHA believes that this trip should be reconstructed as two separate trips: Monday – Tuesday night and Wednesday night through Thursday. The Tuesday night lodging charge was therefore inappropriate but the Wednesday lodging charge should be allowed just as if she was traveling to the conference on a non-work day.

Ms. Watson received reimbursement for per diem and mileage that exceeded allowable limits.

NLB Meeting – May 2004

VHA does not concur with the conclusion that Ms. Watson received excess lodging reimbursement when her office was unable to reserve a room at the Government rate. The narrative details the unsuccessful efforts by the Network staff to reserve a hotel room at the Government rate. Ms. Watson requested permission, which was granted, to exceed the Government rate under these circumstances.

The report lists a number of trips when Ms. Watson used her personal vehicle rather than a Government vehicle. On these trips, the available hand written logs indicate that a Government vehicle was available. Although the quality of the vehicle logs may be questionable, there is no evidence that the logs are incomplete or inaccurate.

VHA concurs that Ms. Watson should have been reimbursed at a lower mileage rate for five trips: November and December 2003 and January, August and November 2004. VHA notes that Ms. Watson's decision to use her personal vehicle on these trips all involved a segment of travel to Montgomery. Her use of her personal vehicle appeared reasonable in that if she had used a Government vehicle she would not have been able to use it for personal business while in Montgomery.

Ms. Watson incurred questionable expenses for taxis while on official travel.

The report criticizes Ms. Watson for using taxis during trips in Washington. The total cost of the taxi fare and tips was \$263. Although VHA notes that Ms. Watson's use of taxis on occasions when she was traveling from a hotel above a Metro station to VA Headquarters are questionable, VHA notes that Ms. Watson is a 52-year-old woman who testified that she has occasional back pain. The time of day, the lighting conditions, the weather and concerns for personal safety are also important considerations in deciding to use a taxi as opposed to the Metro. It should also be noted that her Travel Orders did not limit her use of taxis.

Ms. Watson Misused Her Official Time Before and After Temporary Duty Travel

Following a site visit at the Tuskegee Campus of CAVAHS, Ms. Watson drove to Atlanta on Thursday, November 4, 2004. The OIG report states that her telephone records indicate that she made several telephone calls to the Network Office and to CAVHCS from the car. The report concludes that she should have been charged leave for Thursday.

VHA disagrees. Ms. Watson was driving to the Network office following a site visit and was therefore engaged in the performance of official duties. That she used this time to engage in work-related phone calls underscores the conclusion that she was acting in an appropriate manner.

Ms. Watson misused her Government-issued travel charge card and the Government airline carrier contracts.

In September 2003, Ms. Watson traveled from Atlanta to Baltimore to Charleston to Chicago and back to Atlanta. The time spent in Charleston was business related and the time spent in Baltimore and Chicago was personal. The Network travel office booked all the trips' segments at the Government rate since the cost of the circuitous route was less than the cost of a round trip ticket between Atlanta and Charleston. The cost of the personal segments might have been more expensive if Ms. Watson had reserved those segments unconnected to her personal trips. VHA concurs with the OIG that the travel office should not have booked the personal segments using Government rates. However, VHA notes that Ms. Watson's circuitous route actually saved the Government travel funds.

Recommended Action(s) 6. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that a bill of collection is issued to Ms. Watson to recoup the funds she was improperly reimbursed.

Concur

Target Completion Date:

Recommended Action(s) 7. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that appropriate administrative action is taken against VISN employees who approved Ms. Watson's requests to travel, authorized her travel authorities, and approved her travel claims for not sufficiently questioning these documents, allowing her to improperly and imprudently spend Government funds.

Concur

Target Completion Date:

Recommended Action(s) 8. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that Ms. Watson makes appropriate charges to leave for the full or partial days she was absent without leave.

Concur

Target Completion Date:

VHA will ensure that Ms. Watson makes appropriate charges for 1 full day and 4 partial days of leave.

Recommended Action(s) 9. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for not adequately managing and overseeing the purchases of meals and refreshments for VA employees, not ensuring VISN staff were knowledgeable of, and complied with, applicable requirements relating to such purchases, and for improperly spending VCS funds to enhance employee morale, rather than to promote the VCS.

Concur

Target Completion Date:

VHA concurs that Ms. Watson and Mr. Welch knew or should have known that the Network staff used appropriated funds to contract for the use of non-Government meeting space; that the Network staff used appropriated funds to purchase light refreshments and meals at meetings in excess of reasonable costs in those cases where the purchase was appropriate; and that the Network staff used appropriated funds to purchase light refreshments and meals at meetings where the purchase was inappropriate irrespective of the cost.

VHA concurs that Ms. Watson, Mr. Welch, and the Canteen Officer (who subsequently retired) knew or should have known that their use of Canteen funds to promote employee morale at Network events was inconsistent with the Canteen's policy that the funds be used to promote patronage at the Canteen.

The documentary evidence collected indicates that there was a complete systemic failure of the checks and balances within the purchasing and contracting functions in support of the Network. A number of the employees involved in contracting for or purchasing the space and food stated that they knew these expenditures were improper but believed it was the responsibility of VISN office staff to make appropriate requests. Although the purchasing agents and contracting officers stated that they did not feel pressured to approve improper expenditures, it is disturbing that none of the employees objected to the purchases or contracts.

In May 2005, the Network asked the Assistant Fiscal Officer from the Columbia, SC VA Medical Center to audit purchases made by the Network Office. She sent her report to Ms. Watson, Mr. Welch, and the Network Chief Financial Officer on June 27, 2005. The report is critical of many purchases, contracts, and other issues. The report makes a number of recommendations.

The Network Financial Quality Assurance Manager conducted audits of purchase card transactions in the Network Office in September 2005 and of Contract Management for Network meetings and training sessions in October 2005. Both audits document that corrective actions were implemented in response to the June audit report.

The Network published revised policies on the Network Purchase Card Program (September 20, 2005) and Network 7 Conference Planning and Funding (September 14, 2005). VHA asked the Chief Logistic Officer in Network 18 to review both policies after it received the OIG report. He found the policies well written and suggested a few editorial changes. VHA will direct Network 7 to consider making the revisions he recommended to the policies.

Recommended Action(s) 10. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that appropriate administrative action is taken against Mr. Welch for approving the purchase of meals and refreshments that together cost more than the daily allowable amount for feeding employees in a temporary travel status, and for willfully violating OGC guidance on the use of appropriated funds for feeding employees at their duty station.

Concur **Target Completion Date:**

Recommended Action(s) 11. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that appropriate administrative action is taken against the contracting officers, purchasing agents, the commercial purchase card approving official, and fiscal officials who authorized food purchases that were excessive or were for improper purposes.

Concur **Target Completion Date:**

Recommended Action(s) 12. We recommend that the Deputy Under Secretary for Health for Operations and Management ensure that all members of the VISN acquisition team (contracting officers, purchasing agents, fiscal officials, and program officials) are trained on the requirements relating to the purchase of meals and refreshments for VA employees and on the use of VCS funds.

Concur

Target Completion Date:

Recommended Action(s) 13. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for retaining a payment erroneously made to her and requesting the purchase of items that were not officially necessary.

Concur

Target Completion Date:

VHA believes that Ms. Watson should have been more diligent in discovering why she received an extra \$4934 in net pay in early January 2005. She did repay the erroneous payment within the allowable time frame after receiving a Bill for Collection.

Recommended Action(s) 14. We recommend that the Deputy Under Secretary for Health for Operations and Management take appropriate administrative action against Ms. Watson for not cooperating with OIG investigators during an official investigation.

Concur

Target Completion Date:

VHA concurs that Ms. Watson was uncooperative when she resisted finding working space in the Network Office for two OIG investigators during a January 2005 site visit. Her offer to provide space in the VBA Regional Office approximately 17 miles from the Network Office was unreasonable.

Mr. Welch admitted that he asked all Network staff to inform him whenever they spoke to the OIG. This requirement exceeded the normal reporting expectation for staff and was directed only at contacts with the OIG. As a result, it could have had a chilling effect on employees.

During her third interview, Watson frequently answered that she did not recall the specifics requested in the question. While some of the questions appeared to be confusing and others seemed more like statements, Ms. Watson did repeatedly assert that she did not recall any of the specific details. Her testimony appeared to be less than forthcoming.

VHA concurs with the OIG that Ms. Watson and Mr. Welch attempted to impede the OIG investigation and will take appropriate administrative action.

VHA does not concur that Ms. Watson significantly delayed the third interview. The OIG contacted Ms. Watson on April 25, 2005 to schedule an interview with her on May 2. The next day, she responded that she had prior commitments on May 2nd. The OIG then suggested an interview date in Washington during the week of May 16, when Ms. Watson would be there for an NLB meeting. On May 9, Ms. Watson asked for a statement of the allegations against her, which OIG provided on May 10. Later that day, Ms. Watson asked the OIG to obtain a declination of prosecution from the Department of Justice. The OIG obtained that letter on June 14 and advised Ms. Watson's attorney of the declination. On June 15, Ms. Watson's attorney suggested the week of July 22 for the interview. The OIG objected and the interview was conducted on June 30, 2005.

Ms. Watson exercised her legal rights when she requested that the OIG obtain a declination from DOJ. VHA will not take administrative action when an employee exercises legal rights, especially related to representational issues. The OIG received the declination letter 35 days after Ms. Watson requested it. The interview was conducted 15-days later. VHA does not believe the 15-days between the receipt of the declination and the actual interview to be unreasonable, particularly given that Ms. Watson had to coordinate possible interview dates with her recently hired attorney.

Issue 6: Whether Ms. Watson created a stressful environment within the VISN office

The report cites testimony from 11 of 16 employees interviewed that Ms. Watson was disrespectful in some interactions with those employees, was demanding, hard to please, and that the employees felt overwhelmed by the amount of work they were required to perform. While VHA does not condone disrespectful behavior from any employee, many managers are demanding and set high expectations. Ms. Watson had initiated the changes necessary for the Network to apply for a Baldrige Award, a demanding process that involves reshaping many systems. One could reasonably conclude that a certain amount of stress would result, some of it quite healthy. VHA would be quite uncomfortable relying on some of the comments from those employees the OIG interviewed. Some of the statements are contained in transcripts while others are in second hand summaries prepared from notes or recordings, and the OIG did not assess the credibility of the individuals making the statements.

OIG Contact and Staff Acknowledgments

| | |
|-----------------|--------------------------------|
| OIG Contact | Judy Shelly, 202-565-8617 |
| Acknowledgments | Nancy Solomon, Anthony Heddell |

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