



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

**Administrative Investigation
Conduct Prejudicial to the
Government, Veteran Employment
Services Office, Office of Human
Resources and Administration,
Washington, DC**

Redacted



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

TO: Interim VA Chief of Staff

SUBJECT: Administrative Investigation, Conduct Prejudicial to the Government, Veteran Employment Services Office (VESO), Office of Human Resources and Administration (HR&A), Washington, DC (2013-00235-IQ-0004)

Summary

We substantiated that Ms. Mary Santiago, former (retired) Director of VESO, failed to represent VA's Core Values of Integrity, Commitment, Advocacy, Respect, and Excellence (ICARE). We found that Ms. Santiago and Ms. Katherine Nix, a Serco Services, Inc. (Serco) contractor employee, knowingly misrepresented the results of the VA for Vets Veterans Hiring Fair (hiring fair) held in Detroit, MI, June 26–28, 2012, and intentionally reported fictitious results to VA Senior Leadership. Reports produced by Serco, under Ms. Nix's supervision, and approved by Ms. Santiago, reflected that 1,321 tentative selections (defined by Ms. Santiago and Ms. Nix as candidates selected to fill positions) were made during the hiring fair; however, we found that at least 574 or about 43 percent of those reported tentative selections never occurred. Evidence also reflected a high probability that the total number of falsely reported selections exceeded 574. We also found that Ms. Santiago did not properly manage her workforce, frequently used obscene and demeaning language, engaged in verbally abusive behavior toward VESO staff and VA contractor employees, and she engaged in the appearance of a conflict of interest by maintaining a less-than-arm's-length relationship with Ms. Nix. Further, we found that Ms. Nix displayed a lack of candor while testifying under oath. Ms. Santiago announced her retirement shortly after being told of our investigation and declined to be interviewed.

We also substantiated that VESO, through an Office of Personnel Management (OPM) interagency agreement (IA), paid Serco, as the servicing contractor, \$509,884 for an Event Management System (EMS), a component of Serco's Case Management System (CMS), to accurately collect and report data both during and after the hiring fair. However, we found that the system was not designed to capture accurate data to support VA's needs nor could any of the tainted data contained within it be reconstructed to

verify the reported facts and figures. We found that VESO accepted and paid Serco for EMS without inspecting or testing it to ensure that it complied with VA's software requirements or that it fulfilled VA's needs during or after the hiring fair. For additional information on Serco's contract with VESO, *see*, OIG's Office of Audits and Evaluations report, *Review of Acquisitions Supporting the Veteran Employment Services Office* (2013-00644-R1-0036).

Introduction

The VA Office of Inspector General Administrative Investigations Division investigated allegations that Ms. Santiago and Ms. Nix fictitiously reported the results of the VA for Vets Veterans Hiring Fair by intentionally overstating the total number of tentative selections made; Ms. Santiago mismanaged her workforce; engaged in abusive behavior; and Ms. Santiago had a less-than-arm's-length relationship with Ms. Nix. To assess these allegations, we interviewed VA, non-VA, and Serco employees. We also reviewed contract, hiring fair, and email records, as well as relevant Federal laws and regulations and VA policy. We investigated but did not substantiate another allegation, and we will not discuss it further in this report.

Background

VA's Core Values (ICARE)

VA's internet website reflected that beginning in June 2011 VA's workforce would be informed about VA's Core Values and Characteristics to be applied across all of VA. VA's Secretary emphasized that leadership at all levels of the VA chain of command must personally be involved in communicating the Core Values of Integrity, Commitment, Advocacy, Respect, and Excellence (ICARE). The ICARE internet website, www.va.gov/ICARE, reflected that VA adopted Core Values and Characteristics applied universally across the Department. The Core Values of ICARE define "who we are," VA's culture and how they care for Veterans, their families and other beneficiaries. The Core Characteristics define "what we stand for" and help guide how VA performs their core mission; shape their strategy, and influence resource allocation and other important decisions made within VA. They are Trustworthy, Accessible, Quality, Agile, Innovative, and Integrated. In a September 15, 2011, email, Subject: I Care Video, Ms. Santiago told VESO employees "Team – Please take the time to go into TMS [Talent Management System] and review the 'VA I CARE' Training Video. All employees are asked to go through the training before September 31 [sic]. Thank you." In July 2012, these Core Values and Characteristics became Federal regulations under 38 CFR § 0.600.

Veteran Employment Services Office

VA records reflected that the Office of Human Resources Management (OHRM) Veterans Employment Coordination Service (VECS), established in 2007, preceded

VESO. VECS, in collaboration with the Departments of Labor and Defense and OPM continued VA's efforts to attract, recruit, and hire veterans. Executive Order 13518, dated November 9, 2009, directed the formation of the Council on Veterans Employment to be comprised of representatives from 25 Federal agencies to plan for promoting Federal and private sector employment opportunities and establishing veteran employment program offices. It tasked VA and the Departments of Labor and Homeland Security to consult with OPM to develop and implement veteran counseling and veteran training programs for Federal employment, and VESO evolved from this.

Built around the Regional Veteran Employment Coordinators' concept, VESO, which was implemented in July 2011, evolved into a strategic management program that managed veteran employment initiatives. According to VA intranet program literature, HR&A adopted the VECS mission and officially launched VA for Vets on November 11, 2011. VESO piloted its career fair hiring model at the National Veterans Small Business Conference in New Orleans in August 2011, and the VA for Vets program opened coaching call centers in Dumfries, VA, and Ebensburg, PA. Program accomplishment milestones reflected that VESO, in 2012, hosted large scale hiring events, such as the January 2012 VA for Vets Career Fair and Expo in Washington, DC. In June 2012, VESO hosted its largest event to date in Detroit and aggregated the National Veterans Small Business Conference (NVSBC) and Expo, VA Open House, and the VA for Vets Veteran Hiring Fair, where VA coached veteran-owned small businesses, provided healthcare and general needs counseling, and matched veterans with career fields and private sector and Federal job opportunities.

Ms. Mary Santiago, Former (retired) Director of VESO

Personnel records reflected that Ms. Santiago returned to Federal service, effective January 31, 2010, when she was appointed as a GS-15 Special Assistant to Mr. John Sepulveda, former HR&A Assistant Secretary, and in April 2010, she became the Deputy Dean of the VA Learning University (VALU). In an April 7, 2011, Advisory Memorandum (2011-00198-IQ-0002), VA OIG reported to VA's Chief of Staff that Mr. Sepulveda did not exercise sound judgment or due diligence when he hired Ms. Santiago and others and that Ms. Santiago falsified a Declaration for Federal Employment, Optional Form (OF) 306, as part of her VA employment application by failing to disclose that she was [REDACTED]

(b)(7)(c)

[REDACTED] The advisory prompted no action against Ms. Santiago, and she was later appointed as the Director of VESO in 2011. In a March 28, 2013, report (12-02503-151), VA OIG reported to the Acting HR&A Assistant Secretary that Ms. Santiago failed to properly supervise an employee that she knew worked at a non-VA second employment during his VA tours of duty and that she did not exercise the necessary supervisory oversight to ensure the employee took leave to cover his absences. Ms. Santiago retired from VA in November 2012, soon after this hiring fair investigation commenced.

Serco Services, Inc.

VESO operations are supplemented through an interagency agreement (IA) with the Office of Personnel Management (OPM). The IA was awarded in September 2010 and has 4 option years with a total potential value of \$150 million. Under this IA, OPM has contracted Serco Services, Inc. (Serco), located in Reston, VA, to provide veteran employment support services, including two veteran employment call centers and design of a veteran employment Website. With the official launch of VA for Vets, VA selected Serco to provide VESO automated veteran hiring processes through the Case Management System (CMS), as well as targeted training, coaching, portal services, marketing, and event planning and operations. Serco's proposal reflected that they teamed with the companies of Three Wire, Military.Com–Monster, PADRI, DAI, and others to “keep VA for Vets on the forefront of innovation.” See, VA OIG's report titled *Department of Veterans Affairs: Review of Acquisitions Supporting the Veteran Employment Services Office* (2013-00644-R1-0036) for their findings related to their review of VESO's interagency agreement with OPM serviced by Serco.

Ms. Katherine Nix, Serco Services, Inc.

In their August 2012 VA for Vets VESO contract continuation proposal, Serco identified Ms. Nix as their lead representative and primary point of contact. Serco's proposal biography reflected, and Ms. Nix told us, that she contracted with Serco in 2009, and later, joined the company as an employee in 2010. The proposal stated that Ms. Nix developed the VA account, and as Director, she influenced management and operations of the VA for Vets program. It further described Ms. Nix as the Key Client Liaison for VA for Vets, who regularly interacted with presidential appointees and Government career leaders in VA as well as with VA's Secretary, OPM's Director, White House staff, and other senior leaders inside and outside VA.

Detroit Hiring Fair

The VA National Veterans Conference website reflected that the VA for Vets Veteran Hiring Fair was held June 26–28, 2012, at the Cobo Center, Detroit, MI. Ms. Nix told us that she and about 15 to 30 people were present for most of the briefings to VA Senior Leadership on their progress with organizing the hiring fair and that she (Ms. Nix) was present at the briefings to support Ms. Santiago. Mr. John Gingrich, former (retired) VA Chief of Staff, told us that Ms. Santiago was the highest ranking VA official with oversight of the hiring fair and that she was present at all the weekly meetings leading up to the fair. A May 25, 2012, slide presentation given to VA's Secretary on the expected hiring activities at the fair reflected an expected 5,000 interviews conducted and 1,500 jobs offered at a cost of \$814 per job offered. In an October 2012 VA for Vets Veterans Hiring Fair Results Report, VESO reported that there were 5,734 interviews conducted and 1,321 total tentative job offers at the hiring fair.

Contract and funding documents reflected hiring fair costs at over \$2.5 million, but this total did not include OPM's 4.5 percent service fee of \$112,500. Serco's August 2012 contract proposal, submitted after the hiring fair, claimed that Serco, led by Ms. Nix on site, oversaw the hiring fair operations with 192 private and 41 Federal employers conducting formal and informal interviews, resulting in "job offers to more than 1300 Veterans." Ms. Nix told us that Serco staffed the event with employer liaisons who communicated ground rules to the employers as to what constituted an interview and a tentative job offer. She said that they told employers "they are not there to take resumes," they were there to interview veterans for jobs and make job offers. Ms. Nix also said that she was "thrilled" with the job numbers at the hiring fair.

VA News Release

With data provided by Ms. Nix and approved by Ms. Santiago, a July 3, 2012, VA Office of Public Affairs news release quoted VA's Secretary as saying that the hiring fair was a "tremendous success." The news release said that VA "partnered with more than 260 private sector companies, as well as governmental departments and agencies," with 5,500 interviews conducted, and "more than 1,300 jobs to Veterans" at the event. The headline touted "Successful Event Results in Over 1300 Job Offers, Model for Events Across U. S." It also revealed that VA would join with the U. S. Chamber of Commerce Foundation's *Hiring Our Heroes* to hold future events in cities across the U. S.

U. S. Chamber of Commerce Foundation's Hiring Our Heroes

U. S. Chamber of Commerce Foundation's *Hiring Our Heroes* quarterly report, dated September 30, 2012, reflected that the U. S. Chamber of Commerce launched *Hiring Our Heroes* to help veterans and military spouses find meaningful employment in hundreds of communities across America. Their report cited three examples of their hiring fair successes. These hiring fairs were held in Great Falls, MT; Dearborn, MI; and Lincoln, NE. The report reflected that from those events, 221 veterans and military spouses landed "jobs at a combined cost of less than \$20,000, which equates to less than \$100 per placement." It also reflected that VA's June 2012 hiring fair in Detroit resulted in more than 1,300 veterans being offered "second careers with dozens of America's biggest employers."

Serco's Weekly Update Reports

Serco produced weekly update reports to Ms. Santiago, and 2 weeks after the hiring fair, their weekly report highlighted event success-factor data including: 8,000 veterans attended, 5,726 interviews conducted, and 1,228 tentative job offers extended. A footnote under the data stated results were through July 13, 2012, and VESO continued to gather data. (Subsequent reports reflected a total of 1,321 tentative job offers.) An impact graph in one of the update reports illustrated significant metric growth, compared with the Washington, DC, event held the previous January, under every category in hiring

fair numbers. The report graded specific hiring fair elements ranging from registration and check-in, to operations and logistics, and veteran, employer, and staff feedback. The report cited many glowing responses and some that suggested improvements for future hiring fairs. We found the following examples of veteran attendees expressing their frustration with employers not conducting interviews or hiring at the fair:

- Have more employers that have jobs ready. I had to go to their website and submit resumes. I did not get one interview while here.
- All employers I met with directed me to the website, no discussions.
- Everyone said to apply online, so it was a waste of time.
- 98% of employers were not able to conduct interviews during the 3-day event. Almost all directed me to their websites to apply for positions.
- 95% of these companies gave me a website to visit so I could apply online.
- If you call it a hiring fair, employers need to be hiring. Most wouldn't take resumes or talk to you.

Results

Issue: Whether Ms. Santiago Failed to Properly Represent VA's Core Values and Engaged in Conduct Prejudicial to the Government

Federal regulations state that an employee shall not engage in conduct prejudicial to the Government. 5 CFR § 735.203. Federal regulations also state that VA's Core Values are Integrity, Commitment, Advocacy, Respect, and Excellence (ICARE) and that VA employees should adopt these Core Values in their day-to-day operations; (a) VA employees will act with high moral principle, adhere to the highest professional standards, and maintain the trust and confidence of all with whom they engage; (b) will work diligently to serve veterans and other beneficiaries, be driven by an earnest belief in VA's mission, and fulfill their individual responsibilities and organizational responsibilities; (c) will be truly veteran-centric by identifying, fully considering, and appropriately advancing the interests of veterans and other beneficiaries; (d) will treat all those they serve and with whom they work with dignity and respect, and they will show respect to earn it, and; (e) will strive for the highest quality and continuous improvement, and be thoughtful and decisive in leadership, accountable for their actions, willing to admit mistakes, and rigorous in correcting them. 38 CFR § 0.601. Federal acquisition regulations state that Government contractors must conduct themselves with the highest degree of integrity and honesty. 48 CFR § 3.1002.

After the hiring event, Serco and VESO, under Ms. Nix's and Ms. Santiago's respective supervision, gave VA Senior Leadership reports reflecting that the hiring event resulted

in a total of 5,734 interviews and 1,321 tentative job offers made to more than 2,000 veterans by Federal and private-sector employers. The reports also reflected that private-sector employers made 1,107 of the 1,321 reported job offers. VA Senior Leadership then used that information in post-event reporting to the White House, an exclusive New York Times news story, and in a VA News Release issued on July 3, 2012.

In a July 26, 2012, email from Ms. Santiago to numerous VA Senior Executive Service (SES) employees, Ms. Santiago said, “attached is the Detroit Hiring Numbers Report I provide the [Chief of Staff] and [HR&A Assistant Secretary] every Thursday...Wanted to share so you can have an idea of what was accomplished in Detroit.” The attached report reflected that Kelly Services, Inc. made 406 job offers; Reliance One made 96 job offers; and Acro Service Corporation made 83 job offers, for a total of 585 job offers. Websites for these companies reflected that they are staffing firms.

Kelly Services, Inc. (Kelly)

VESO and Serco reports reflected that Kelly made 406 tentative selections at the hiring fair. A VESO employee (identified as VESO-A) told us that after the first or second day of the hiring fair, VESO-A asked Serco staff for a list of names and phone numbers of several hundred veterans who supposedly received offers of employment. VESO-A said that calls were made to 10 veterans on the list and all of them said that they did not receive a job offer of any kind and that one veteran said that Kelly offered to forward the veteran’s resume to other companies. The following morning, VESO-A contacted Ms. Nix with concerns about the validity of the job offers and specifically mentioned Kelly. Ms. Nix told VESO-A that the Kelly job offers were “not real jobs, they were like referrals for temporary jobs” and that Ms. Santiago was aware that Kelly did not make any job offers. VESO-A said that Ms. Santiago later confronted VESO-A about VESO-A questioning the validity of the job offers, particularly relating to Kelly, and Ms. Santiago told VESO-A that the “jobs were real, and the numbers were real.” As a result, VESO-A no longer questioned the validity of the numbers.

Ms. Nix told us that Serco “focused on collecting private sector information” during the fair and that the 406 job offers Serco reported as made by Kelly were real. She said that because a company like Kelly made them, it was possible that the jobs were “blue collar, short-term work assignments, that they need somebody to move boxes from one warehouse to another,” but they were real jobs, nonetheless. She said that she discussed the possibility of these being part-time or temporary jobs with Ms. Santiago, whose only response was “okay,” and that they “went back to our process from the beginning, which was making sure [Kelly], like every other employer, was clear on what a tentative selection meant.” She further said that if someone called Kelly and asked them whether the job offers were real, she believed Kelly would say “yes.”

A Kelly representative told us, in a letter dated December 13, 2012, that Kelly did not keep a record of the resumes they collected during the Detroit hiring fair and that they

were unable to produce any documents in response to our subpoena for records. He said that if a resume was collected, it was disseminated among several individuals and branches, and it would have been reviewed “pursuant to Kelly’s review process.” Further, he said that Kelly was unable to determine if any documents were collected at the fair. A former Kelly manager, who coordinated Kelly’s participation at the fair, told us that Kelly only collected resumes from veterans for the purpose of later trying to match an individual with a job opening. He said that he told Serco staff on numerous occasions that Kelly was not conducting interviews or making job offers at the fair and that Kelly’s client companies would actually conduct the interviews and hire for their own positions at a later date.

Reliance One (Reliance)

VESO and Serco reports reflected that Reliance made 96 tentative selections at the hiring fair; however, a Reliance representative told us, in a February 2, 2013, email, that the Serco and VESO reported interviews conducted and jobs offered during the hiring fair were “more of a quick conversation between the Recruiter and the Applicant when they dropped off their resume originally” and that “there were no offers made” during the fair. He said that from Reliance’s best assessment, 11 job offers were made to veterans after the fair.

Acro Service Corporation (Acro)

VESO and Serco reports reflected that Acro made 83 tentative selections at the hiring fair. In a January 21, 2013, letter, an Acro representative told us that Acro had “no record that any job interview or job offers/selections were made by Acro Service Corporation of any person attending the VA for Vets Veterans Hiring Fair, either during or after the Hiring Fair ended.” The representative said that “resumes were collected by Acro and brought back to the company and scanned in and placed on the company’s ‘shared’ drive. Recruiters were notified that the resumes were available for review in the event they wished to view them for available position[s].” Further, the representative said that there was no tracking of the shared drive to determine if recruiters viewed the resumes but that after receiving our subpoena, Acro sent an email to their recruiters to ask if any of them interviewed, selected, or extended job offers to the candidates from the shared drive. All responses indicated there were none.

Detroit Hiring Fair Metrics

In a June 25, 2012, email, Subject: SecVA expectations at briefs, a Special Assistant to VA’s Secretary told Ms. Santiago “Need to have hiring fair folks at all of our daily meetings...He wants numbers updates from them on a daily basis in this meeting.” Ms. Santiago forwarded the email to several VESO employees and stated, “Please [see] email below – numbers will be important.”

One VESO employee (identified as VESO-B) told us that during the hiring fair, Ms. Santiago changed the criteria for what constituted an interview. Ms. Santiago was overheard telling staff that if a veteran and an employer interacted with each other for a minute or more, it would be counted as an interview. VA's former (retired) Chief of Staff told us that an interview should have consisted of an employer sitting down and having a discussion with a veteran for 15, 20, or 30 minutes. Additionally, he said that he was surprised at the low number of veterans attending the fair. He said that they were "set up to handle 10,000 or more" but at the end of the first day, there were "less than 1,500 total."

Several VESO employees, who worked at the hiring fair, told us that the number of actual interviews they observed being conducted with veterans were fewer than what Serco was reporting throughout the 3-day event. For example, VESO-A, VESO-B, and another VESO employee (identified as VESO-C) all told us that during the hiring fair the number of interviews taking place in the interview area were far fewer than what Serco and VESO reported, which were reported as being over 5,500. In a review of the forms titled *Interview Disposition Form, Formal Interview Scheduled Day of Event*, which were to be filled out by employers for each interview they conducted, we found only 227 of these forms completed.

VESO-C told us that on the morning of the second day of the hiring fair VESO-C heard others saying that VA's Chief of Staff announced to the news media that 2,000 jobs offers were going to be made during the hiring fair. VESO-C said that shortly after hearing that, "the heat started building up" and "the numbers were being questioned." VESO-C further said that Ms. Santiago was overheard telling Ms. Nix that based on the lower than expected number of job offers reported the first day, they would not meet the goal of 2,000 job offers and that Ms. Nix needed to "fix it." At that point, VESO-C said that Ms. Nix was seen rummaging through a trash receptacle, pulling out papers, and after about 5 minutes of searching, gave the papers she found to her staff. VESO-C said that the number of job offers then increased considerably in reports produced by Serco and VESO at 1:00 p.m. that day, even though the activity in the interview area had not. Serco records reflected that on June 27, 2012, the second day of the hiring fair, Serco reported 157 interviews completed and 69 tentative selections made at 11:00 a.m.; however, records also reflected at 1:00 p.m., 2 hours later, these numbers significantly increased to 1,535 interviews completed and 432 tentative selections made.

VA's Chief of Staff told us that he "probably" conveyed a message to Ms. Santiago that he was "surprised" at the low number of veterans at the fair. However, he said that he did not think that he gave Ms. Santiago any "indication that [he] wanted something done to make the numbers look better" or that there was any "type of pressure to fabricate or make things happen."

In a July 2, 2012, email, Ms. Nix told her staff to "contact high priority employers to validate tentative selection numbers and position[s]." She said, "Kelly, Acro, and

Reliance are HOT, the others on the list would be nice.” In a July 5, 2012, reply, a DAI employee told Ms. Nix that they received no responses from Kelly, Acro, Reliance One, and others.

We found many discrepancies in the metrics gathered during and after the hiring fair. As an example, the numbers for one employer, *Happy’s Pizza* (HP), changed from 76 to 79 to 75 to 91 and back to 75 between June 28 and July 5, 2012. We counted the “tentative selections” marked on HP’s hiring fair tracking sheets, and we found that there were 108 checked. In a July 5, 2012, email, a DAI employee reported to Ms. Nix that the HP tentative selections needed to be subtracted from the total, as HP accidentally reported candidates designated as “pending further review” as “tentative selection.” (In subsequent reports, Serco removed HP from their totals.)

In a July 10, 2012, email, Ms. Nix asked her staff how they were questioning employers for the updated hiring information. She told her staff, “When we call the employer, are we starting with the information we have in the CMS as a baseline? For example, when we call Kelly, do we say, you marked 402 tentative selections, how many of [those] have received offers?” She then directed a Serco employee to “come up with a process to collect, track and report on the gross hiring data since employers are not going to provide it by Veteran.”

In an August 2, 2012, email, Ms. Nix told her staff, “We need to be prepared to explain why private sector employers aren’t hiring (or reporting their hires) of more Veterans.” Responding to this, a DAI manager told Ms. Nix:

We will continue to conduct follow-up with the private sector employers and report out. And as was outlined at the outset of this event, we aren’t, nor could we be accountable for employers hiring Veterans. Employers have their own processes for hiring staff, etc. I think the fact that 62 employers are continuing to communicate with us is remarkable! It is important to note that most private sector employers asked Veterans to apply via a company website. Many have no way of tracking whether or not the applications they receive online are the same as those who attended the hiring fair. Additionally, many Veterans may not have followed up and applied online. Suggest reaching out to the Chamber of Commerce and asking about what types of data they are receiving from participating employers may help provide a helpful comparison. Focusing on including only federal agencies would help with accountability in future events in addition to precisely targeting the mission of EO 13518.

Ms. Nix replied, “Concur with all your thoughts below. The nugget is that 62 are still communicating with us. *Perhaps we can get them to share how many Veterans they have hired since Detroit and tell them not to worry about directly mapping it to the fair :)*” (Emphasis added.)

VESO-B told us that while preparing a briefing for the House Veterans Affairs Committee (HVAC), Ms. Santiago asked VESO-B for the number of veterans hired for the VA for Vets program since its inception. VESO-B said that for the hiring fair, the numbers reflected 24,000 available jobs, 260 private and federal employers, 7,600 veterans attended, about 5,700 interviewed, and 1,300 tentative selections. Ms. Santiago wanted VESO-B to instead reflect the tentative selections as veterans being “provided” a job. When VESO-B told Ms. Santiago that they could only verify 19 veterans were “actually provided a job,” she became very agitated.

Analysis of Serco’s Event Management System (EMS)

Serco created EMS at a cost to VA of \$509,884 to support not only the hiring fair but to also support future VA for Vets sponsored events, and they debuted it at the Detroit hiring fair. Although it was a subcomponent of CMS, it was a stand-alone system that did not automatically populate CMS with data. The data entry team using the EMS system had the capability of scheduling events and services and assisting in managing veterans’ activities during the event. Ms. [REDACTED], Serco’s [REDACTED], managed EMS’s development and programing along with three developers/programmers comprised of two Serco employees and an Appian Corporation (Appian) contractor. Ms. [REDACTED] told us that EMS used an Appian business process management platform which allowed for custom design according to the needs of the project and that Appian and Serco employees created different functions in EMS, to include scheduling, disposition, and status of interviews. EMS was to be the “system of record” for the results of interviews and other services offered at the hiring fair. (b)(7)(c)

In reference to EMS, VESO-C told us that “I never got to see the product.” VESO-C asked for a report template of CMS’s captured data elements, which were there, but VESO-C was not satisfied with the system deliverables. However, VESO-C told us that Ms. Santiago already “blessed it and said it was okay.” Mr. [REDACTED], VA Office of Information and Technology (OI&T) [REDACTED] for VA for Vets, was responsible for approving the high-tech solutions provided by Serco to VA under their contract. Mr. [REDACTED] told us that he did not know anything about the EMS requirement and that he was not involved in any inspection or testing of EMS prior to VESO accepting and paying for it. He said that he was only aware of the CMS deliverables and that when he gave his concurrence for payment, in a July 26, 2012, email, he did not realize that EMS was a separate system from CMS. Serco’s monthly status reports contained vague language concerning EMS, and their July 2012 report, after the hiring fair, reflected that Serco was still gathering requirements and planning for EMS.

Ms. [REDACTED] told us that EMS required three key mandatory fields as unique identifiers to set up a new record or to retrieve an existing record, that being a veteran’s first name, last name, and email address. She said that when registering for the hiring fair, if a veteran had an existing VA for Vets account, then certain pre-loaded information about the veteran would appear when those key fields were entered, which included the

veteran's military service, rank, and demographic information. She further said that if a veteran did not have an existing VA for Vets account at the time of the fair, the data entry team created a registration record and entered in all the needed information.

Mr. [REDACTED], the Serco employee [REDACTED], told us that for the purpose of reporting statistics during the fair, he chose to use email addresses as the unique identifier for each veteran. In our review of EMS, we found that certain fields were mandatory, to include the first name, last name, email address, interview dates, interview times, and agency/company name. However, Serco did not create drop down boxes of pre-populated data for these important fields, which were needed for reporting metrics. Instead, Serco left them as free form text fields, and the data entry team could type in those fields whatever they thought was appropriate.

(b)(7)(c)

In one example, the instructions for entering data into an interview date field was to "use the following format XX/XX/XXXX when entering the date," which would reflect the date as 06/26/2012. However, we found that for one company, the data entry team entered dates in the free form text field as: 06/027/2012, 06/262012, 26-Jun-12,)6/26/2012

In another example, the instructions for entering data into an interview time field was to "use the following format XX:XX (am/pm) when entering the time," which would reflect the time as being 10:00 am or 10:00 pm. However, we found that for one company, the data entry team entered interview times in the free form text field as: 11, 9:00 AM, 11:00 a.m., 3:15, 1:00 PM, 1:00pm, n/a.

In yet another example, we found no instructions on how to consistently identify an employer and found name variations typed into the free form text fields. For Serco, Two Men & a Truck, and College Hunks Hauling Junk, we found:

- Serco; Serco Inc; Serco Inc.
- Two Men & /a Truck; Two Men & 2 Truck; Two Men & A Truck; Two Men & a Truck; Two Men and a Truck; Two Men and aTruck; Two men& a truck
- College honly hauling junr; College Hunks Hauling Junk; College hunks Harling; College hunks harling juna; College Hunks Hauling; college hunks hauling juna; College Hunks Hauling Junk; college hunlers; Collegehunks Hauling Junk; Collegehunkshauling

Ms. [REDACTED] told us that she believed that systems using drop down boxes were more costly than free form text fields and that she did not collaborate with Mr. [REDACTED] during the fair to discuss any possible issues or problems with the data collection. Mr. [REDACTED] told us that he did not know if the EMS developers considered creating drop down boxes for the system but that if there had been drop down boxes, it would have made his life a

“whole lot easier.” He said that using free form text fields, instead of drop down boxes, was a hindrance in the collection of accurate data; having 10 different spellings of company names caused problems; and “it definitely didn’t make reporting any easier, correct, because all it does is increase the chance of errors and typos.” He said that drop down boxes were considered after the hiring fair as part of their lessons learned.

We found other EMS issues that hindered the collection of precise and accurate data. In EMS, there was no way to edit a registration record. For example, if the data entry team made a typing error in a name or email address, they could not edit the entry and needed to create a new record. This led to the creation of duplicate records. Further, once an appointment was scheduled, such as a training session, the system would not allow it to be deleted or changed, so if a veteran wanted to make a change, the team had to schedule another one, creating multiple entries for the same veteran for the same time.

In a review of EMS data, we found multiple entries with the same email address and last name. (Two of the mandatory fields needed for EMS entry.) We found multiple veterans with duplicate entries for interview dates and times with the same company. We also found one veteran with 22 entries. For example, the data associated with this veteran reflected the following:

- Entered into EMS twice for an interview with Serco on 06/26/2012 at 10:00;
- Entered into EMS four times for an interview with Acro on 06/27/2012 at 11:00;
- Entered twice for an interview with Chase Bank on 06/27/2012 at 3:00;
- Entered twice for Kelly with no date and time;
- Entered thrice for Kelly with no date at 11:00;
- Entered once for The Horning Agency on 06/27/2012 at 11:00;
- Entered once for The Horning Agency on 06/27/2012 at 11:00;
- Entered twice for the Department of Veterans on 06/27/2012 with no time;
- Entered once for Labor Ready on 06/27/2012 with no time; and,
- Entered four times for True Blue (Labor Ready subdivision) on 06/27/2012 with no time.

In the Veteran Registration screen, even though the email address field was mandatory, the instructions stated, “If the veteran does not have an e-mail address enter none.” However, we found this posed a problem for reporting accuracy, since email addresses

were used as the unique identifier for each veteran, and unidentified persons created fraudulent email addresses in order to enter a veteran into EMS, such as:

- FirstnameLastname@serco-va.com
- Vet000000@serco.com
- Noemail-Lastname.Firstname@serco-va.com
- DetroitVets998883@serco-va.com
- Firstname.Lastname@ymail.com
- Firstname.Lastname@gmail.com

As a further example, HP's tracking sheets reflected 108 entries marked as "tentative selection," but only 4 contained an email address associated with a name. However, in a July 1, 2012, email Mr. [REDACTED] sent to Ms. Nix, an attached spreadsheet reflected 79 names and email addresses associated with HP. Further, in an attempt to verify whether these were valid or fraudulent email addresses, we received notification that over 25 of these email addresses or domain names (address for a computer network) did not exist. (b)(7)(c)

Interview Tracker Walk-in Informal Interview Sheets

The Interview Tracker Walk-in Informal Interview (ITWII) sheets were used to track the number of informal interviews completed. Mandatory fields on these sheets included agency or company, hiring manager, and interviewee information. Under the interviewee section, there were additional fields to enter a veteran's first and last name, telephone number, email address, interview date and time, job announcement or position number, position title, grade/series, and disposition/status. The disposition/status section allowed for four different selections: tentative selection; pending additional screening; pending additional interview; and not selected. The only fields that were designated as mandatory on the forms were the first name, last name, email address, and position title of each veteran. The disposition/status field was not considered mandatory even though the tentative selection was a key for reporting purposes.

Mr. [REDACTED] told us that if an employer did not provide adequate information on the ITWII sheets for the data entry team to locate the record in EMS or enter new unique veteran information from the form in EMS, the data entry team highlighted those rows on the sheets and forwarded them to him. He said that when he gathered EMS data for the determined reporting periods during the hiring fair; he manually counted the dispositions of the highlighted rows on the forms and then added those raw numbers to his totals; but he did not add the other information from the highlighted rows, such as veteran names, to the EMS database. To the contrary, Ms. [REDACTED] told us that the ITWII sheets with

the highlighted rows were not entered into EMS, so they should not have been part of the total numbers reported. She said that one of her responsibilities at the fair was to manage the interview area and work with the staff in distributing and collecting the completed ITWII sheets.

We found that some employers did not complete the ITWII sheets properly. For example, the sheets filled out by a hiring manager for the U.S. Department of Justice Federal Bureau of Prisons reflected that the representative interviewed 33 veterans on the same date at the exact same time. Another employer wrote on their incomplete ITWII sheets that “all of our hiring is done via our website and by individual programs.”

In a review of data collected in EMS throughout the hiring fair and used to report metrics at the fair in late June 2012, and Serco’s data cleansing, manual scrubbing, corrections of duplicate entries, and piles of interview tracker sheets found after the hiring fair and entered into the system, we found that the EMS data was so tainted that we could not duplicate the metrics reported by Serco to VESO and then from VESO to VA Senior Leadership in late June/early July 2012. Further, Mr. [REDACTED] told us that he did not rely solely on data entered into EMS from the ITWII sheets, as he calculated data outside of EMS to arrive at his reported metrics. (b)(7)(c)

Mr. [REDACTED] told us that in looking to the future, he would much prefer a more automated way to actually report statistics and not rely on a spreadsheet that was linked to a database, as in this case. However, he said that this way of reporting, from linked spreadsheets to a database, was better than the manual tally sheets that he used at the January 2012 Veterans Career Fair and Expo in Washington, DC.

Federal Acquisition Regulations (FAR) state that VA may debar a contractor, based upon a preponderance of the evidence, if the contractor violated the terms of a Government contract or subcontract so serious as to justify debarment, such as willful failure to perform in accordance with the terms of one or more contracts, or a history of failure to perform, or of unsatisfactory performance of, one or more contracts. FAR Subpart 9.4. VA Acquisition Regulations (VAAR) state that any individual may submit a recommendation to debar a contractor to the Deputy Senior Procurement Executive (DSPE) and that the DSPE will refer the matter to the VA Debarment and Suspension Committee. VAAR Subpart 809.406.

Post Detroit Hiring Fair Veteran Survey

SurveyMonkey® is a web-based survey tool that provides online questionnaires and individually designed surveys. As a follow-up, Serco sent the SurveyMonkey® tool, via email, to veterans who supposedly attended the fair. It contained the following questions:

1. How many organizations did you apply to during or after the fair?

2. How many interviews did you participate in during or after the fair?
3. How many TENTATIVE job offers have you received?
4. How many FINAL job offers have you received?
5. Are you employed in a new job as a result of the event? YES or NO
6. Please provide any additional feedback or suggestions for future events.

In an October 1, 2012, email, a DAI employee told Mr. [REDACTED], that metric information he (b)(7)(c) sought could not be provided, as the SurveyMonkey® survey “was conducted anonymously.” Mr. [REDACTED] responded that Ms. Nix said that the “survey results were being tracked by the email address,” and about 2 hours later, a Serco employee sent Mr. [REDACTED] and Ms. Nix the survey results matched with the email addresses of veterans who responded to the survey. Serco records reflected that a Serco employee then created an Excel® spreadsheet, *Detroit Hiring Fair Veteran Survey with Email.xlsx*, containing names and email addresses associated with veterans who registered online for the hiring fair matched to the email addresses of survey respondents, which identified each veteran by name. Another Serco employee then forwarded that spreadsheet to Mr. [REDACTED] and Ms. Nix via email.

In a review of the survey and responses, we found that Serco sent it to 7,373 veterans, even though Serco reported only 5,478 veterans attended the hiring fair. In an October 5, 2012, email to a DAI employee, with a copy sent to Ms. [REDACTED], Mr. [REDACTED], and other Serco employees, Ms. Nix wrote, “I need to know what was the basis for sending emails to more than 7,000 Veterans for the post Detroit survey when we only had roughly 5,600 register[ed].” In a follow up email, Ms. Nix wrote, “Only Veterans who actually come to the event should get a post event survey...All of us need to do a better job of making sure our data, numbers, lists are consistent and match with what has already been reported and communicated to our customer.” Ms. [REDACTED] and Mr. [REDACTED] told us that they could not recall how they responded to Ms. Nix’s October 5, 2012, email. Mr. [REDACTED] said that he could only speculate, since he was not responsible for the implementation of the survey, and that possibly the 7,373 represented the veterans who completed the online registration and not the veterans who actually attended the fair.

Survey records reflected that 401 veterans responded to the survey, and Serco reported that 195 of those veterans received final job offers with 37 veterans actually receiving a new job as a result of the hiring fair. In analyzing the survey results, we found that one veteran responded that she received 104 final job offers. Another reported that he received 6 final job offers, but in his comments, he said, “I think the hiring fair was a joke!! I considered it to be a waste and misuse of government funds.” In comparing the 37 veterans who supposedly received a new job as a result of the hiring fair with veteran names contained in hiring fair records, we found that only 20 were listed as having a job

interview at the fair; 12 registered online for the fair but did not attend; 4 registered both online and at the fair, but were not interviewed at the fair; and one veteran registered at the fair, using a different email address but was not interviewed. Since the survey was created to capture anonymous responses coupled with the fact that Serco failed to ask for the name of the agency or company hiring the veteran, a crucial question, the validation of the numbers that Serco claimed are questionable; therefore impossible to determine with any reasonable certainty of accuracy.

In an October 18, 2012, email to Mr. [REDACTED], Ms. Nix asked for the compiled responses of the Detroit Hiring Fair Survey Summary for a meeting the following day with VA. Mr. [REDACTED] replied with the report reflecting that there were 195 final job offers and 37 newly employed veterans as a result of the fair, along with the actual email address and comments field associated with each of these veterans. Mr. [REDACTED] told us that he did not generate the report but that he took information from an email he received and attached it to his reply. He said that he did not specifically look at the report or the information attached to the report as that was not his responsibility. He also said that he did not look at the data in detail until we requested this information for our investigation. Mr. [REDACTED] later told us that after looking at the veterans' responses, especially the one veteran who claimed she received 104 final job offers, and then showing all of the information to another Serco employee, he said that they were "kind of blown away." He also said that he did not believe that Serco told VA of the possible number discrepancies. (b)(7)(c)

VA OIG Forensic Document Examination

In a preliminary non-destructive physical examination of a sampling of the ITWII sheets, the original documents were examined using a Video Spectral Comparator which allows the handwritten ink entries to be viewed under various wavelengths of light to include infrared and ultraviolet. Differences were noted in some of the handwritten ink entries in the Interviewee Information and the Disposition/Status portion of the forms. Specifically, the reflective and absorption properties of the inks in these areas were different. This occurs when inks with different chemical compositions are used to produce the handwritten entries (e.g. two pens with different ink). This type of difference is not expected in contemporaneously written documents.

A comprehensive analysis of specific ITWII sheets resulted in the following conclusions:

- Based on visual, microscopic, and instrumental examinations, there was evidence that different inks were used for Interviewee Information entries than for the Disposition/Status entries on identified exhibits. In other words, a different ink was used to write the name and identifying information of the veteran than the ink that was used to check the status of the interview, such as "tentative selection."
- It could not be determined whether or not Ms. Nix wrote any of the questioned material on identified exhibits.

- A comparative examination of identified exhibits resulted in evidence of multiple writers.
- Portions of the questioned writing cannot be compared because they differ in text and style (e.g., handwriting versus hand printing); however, this does not preclude the possibility that the same writer may have written more of the questioned entries than have been described in this report.

Ms. Santiago's Mismanagement of VESO Employees

Numerous VESO employees told us that there were periods of time that either they were idle and had no work to do or that they knew of other VESO employees that were idle. One employee told us that he “created” his own work and that due to having “numerous bosses...trying to get traction...trying to get a direction,” his main task was to “go sit in the corner.” He said that he was idle “a lot of times” and that about 30 minutes into his workday, he had nothing to do. Another told us that although she had enough work to keep herself busy, she knew of five or six other employees that were idle. She said that Ms. Santiago was responsible for these employees having no work, because if she “didn’t like you, she didn’t bother with you.” She also said that she knew of employees that left VA, due to their “frustration of not having anything to do.” Another employee told us that when she worked at the Serco contractor site in Dumfries, VA, she was idle for about 30 percent of her workday “with a whole lot of nothing going on.”

One VESO employee told us that he was idle 60 percent of the time 3 days a week; his supervisor knew that he did not have enough work to keep busy; and believed that his supervisor told Mr. Dennis May, former VESO Deputy Director and current Acting VESO Director, and Ms. Santiago of his lack of work. Another told us that she never received a position description for the position she held and that she received little or no communication from her supervisor as to her duties. She said that it was hard for her to establish “work flow” processes, because no one knew their mission or the expected outcomes. She said that she also found it difficult to produce the required reports for work activities, due to “the lack of supervisory direction” given. Another employee told us that he saw VESO employees being idle and that he heard one employee say several times that there was not enough work to keep her busy.

Ms. Santiago's Disrespectful and Abusive Management Style

Numerous VESO and VA contractor employees told us that Ms. Santiago frequently used obscene and disrespectful language towards or about VA employees, VA contractor employees, and VA Senior Leadership. Mr. May told us that Ms. Santiago routinely used “salty” language in front of others, such as “I don’t f—ing believe this.” Ms. Nix told us that Ms. Santiago raised her voice at times, could be very intense and authoritative, and that about four times a year, Ms. Santiago engaged her in “escalated conversations” in

which Ms. Santiago used profane language for emphasis. Other VESO employees told us that Ms. Santiago frequently used obscene and disrespectful language. They said:

- Ms. Santiago frequently used profanity, such as “f__king, G__ damn it, and bulls__t” during telephone conference calls and meetings.
- Ms. Santiago’s use of profanity towards individuals was more of who “she was and just the way she expressed herself,” and “was standard operating business.” Her bullying and intimidation was “part of her techniques.”
- Staff sitting outside of Ms. Santiago’s office described her behavior as abusive and hostile. They heard her yell at staff, and it made them feel uncomfortable, and her staff felt embarrassed and humiliated when Ms. Santiago screamed at them.
- Her staff was afraid to speak out and did not know who to trust.

VESO-A told us that when VESO-A attempted to have a conversation with Ms. Santiago concerning the reorganization structure for VESO, Ms. Santiago told VESO-A, “I don’t have time for this. I have to get f__king veterans hired.” VESO-A also said that there were times that Ms. Santiago became agitated and slammed doors and that Ms. Santiago said many times that one of her (Ms. Santiago’s) supervisors did not have a clue and was an “idiot.” VESO-B told us that on one occasion when VESO-B attempted to have a conversation with Ms. Santiago to discuss VESO’s mission and measurable outcomes, Ms. Santiago looked directly at VESO-B and said, “I don’t give a s__t what you think.” VESO-B also said that Ms. Santiago said that one of her (Ms. Santiago’s) supervisors did not know “what he was doing or talking about.”

Email records reflected an email chain in which Ms. Santiago expressed her feelings about another HR&A senior official. In a September 26, 2012, email Ms. Santiago told the official that the official was “mistaken” in reference to a hiring issue. Ms. Santiago then forwarded the email to Mr. May, and referred to the senior official as an “Idiot.” Mr. May told us that he believed Ms. Santiago’s comment was her referring to the senior official’s opinion.

The Acting HR&A Assistant Secretary characterized Ms. Santiago as feisty and someone who spoke her mind. He told us that Ms. Santiago was aggressive and that if she had a weakness, dealing with conflict appropriately was one of them. He said that he heard, through hearsay, that Ms. Santiago had a reputation for being hot tempered, difficult to work with, and that a couple of VA employees either left or sought to leave because they did not want to work for her. He said that he also heard that Ms. Santiago created a hostile work environment that involved a contractor employee. He told us that although Ms. Santiago was a direct report to him, his interactions with her “dealt with issues having to do with her budget and the logistics of her operation” and that Mr. Sepulveda was the individual who gave her “operational marching orders.” He said that he did not

have many occasions to see her interact with her staff, but on the occasions that she lost her temper in his presence, he counseled her on “her demeanor.”

A contractor employee told us that in the fall of 2011, Ms. Santiago became agitated with the employee and jabbed the employee’s arm with her finger to the point that it was painful. The employee said that Ms. Santiago’s physical assault on the employee was inappropriate and made the employee very uncomfortable. The employee thought about filing a police report for aggravated assault but that the employee “didn’t think anything good would come of it.” The employee also said there was a concern that filing a complaint against Ms. Santiago might be disruptive to the workforce and the contractor might lose their VA contract as a result. The employee told us that the assault made the employee feel as though the employee’s “professional reputation was sullied;” it felt intrusive and invasive; and the employee was shocked that someone “actually physically hurt” and had “power over” the employee. The contractor employee’s supervisor told us that the employee was placed in an untenable position; was caught between the former HR&A Assistant Secretary and Ms. Santiago; and it was a hostile situation in which the employee was placed in the line of fire.

Appearance of a Conflict of Interest

Standards of Ethical Conduct for Employees of the Executive Branch require employees to act impartially and not give preferential treatment to any individual, and to avoid any actions creating the appearance that they are violating the law or ethical standards. 5 CFR § 2635.101 (b) (8) and (14). Federal acquisition regulations state that Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. It also states that transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct and that the general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships. 48 CFR § 3.101-1.

Ms. Nix told us that she first met Ms. Santiago in August 2010 when she made her oral presentation to the Source Selection Board for the VA for Vets contract, of which Ms. Santiago was a member. She said that she worked long hours in the VESO office and that in November 2011, she began riding home from work with Ms. Santiago, since they lived only 3–4 miles from one another. Ms. Nix said that she eventually began riding to work in the mornings with Ms. Santiago; however, she said that Ms. Santiago bore all costs associated with their commute. Further, she said that she formed a relationship with Ms. Santiago, as they worked alongside one another 4–5 days a week at VA Central Office (VACO), often late into the evening. Several VESO employees told us that Ms. Santiago’s personal relationship with Ms. Nix got too close; Ms. Santiago relied heavily on Ms. Nix instead of her VESO staff; Ms. Nix handled high-level tasks and was often times viewed by VESO staff as Ms. Santiago’s Deputy; and one said that

Ms. Santiago allowed Ms. Nix to perform tasks that were inherently governmental, such as giving direction to Federal employees as to their job requirements.

VESO employees gave us the following comments concerning the close relationship between Ms. Santiago and Ms. Nix:

- Ms. Nix had direct access to Ms. Santiago
- Ms. Nix recommended VESO staff reassignments and Ms. Santiago complied
- Ms. Santiago and Ms. Nix were overheard making dinner plans for after work
- Ms. Santiago and Ms. Nix were “too close” and Ms. Santiago needed to maintain “boundaries and barriers” with contractors

Ms. Nix told us that she and Ms. Santiago often went to coffee shops near the VESO office and that she, Ms. Santiago, and their spouses went out to dinner together on at least three occasions. She said that in November 2011 the four of them together attended a formal gala sponsored by the U. S. Chamber of Commerce. Ms. Nix further said that over time, their familiarity with one another grew, they shared personal email addresses, and Ms. Nix sent business documents to Ms. Santiago’s personal email address. Although we do not know if proprietary information was shared via personal emails, it was inappropriate for a VA employee and VA contractor employee to conduct VA business via their personal email accounts. VA policy requires VA and contractor employees to preserve specific records, to include email, and that these records must be properly stored, preserved, available, and disposed of in accordance with authorized record control schedules. VA Handbook 6301, Paragraph 2 (April 24, 1997).

A contractor employee told us that Ms. Nix told her that Ms. Nix worked at Ms. Santiago’s residence one weekend, and another contractor employee told her that Ms. Santiago would go “out with contractors for drinks after work.” Email records reflected a familiarity and friendliness between Ms. Santiago, Ms. Nix, and another contractor employee. For example:

- In an August 16, 2011, email, Ms. Santiago told Ms. Nix, “shoot me.” Ms. Nix replied, “No S_ _ T. I talked to [Name]. We think we know what sparked [Name’s] questions re OPM. May I call?” Ms. Santiago responded, “Yes-home #-Mary”
- In an October 7, 2011, email, Ms. Santiago told Ms. Nix and another contractor employee, “I really enjoyed my day with you two crazy chicks. Now let’s start planning the Sugar House [spa] event. Ms. Nix replied, “I agree. I’m thinking we are going to be in dire need of a spa day on Friday Nov 18!” Ms. Santiago replied, “Perfect!!!!...”

- In an October 14, 2011, email, a contractor employee told Ms. Santiago, “Congratulations!!!!!! This success...this reality...wouldn’t have happened without your vision and leadership...what a tribute to our veterans.” Ms. Santiago replied, “[Name]...we did it!!!! You, me and Kitty got this through in spite of the madness. Now let’s schedule that sugar hill spa day to celebrate!”
- In a November 9, 2011, email, Ms. Santiago told Ms. Nix and another contractor employee, “Tomorrow is our celebration night! Then we have to do a spa day.”
- In a November 13, 2011, email, Subject: Prom Night, with attached photographs of Ms. Santiago, Ms. Nix, and their spouses at the US Chamber of Commerce gala, Ms. Nix told Ms. Santiago, “Perfect evening to celebrate lots of hard work.”
- In a December 19, 2011, email, Ms. Nix told Ms. Santiago, “I found a sitter for Wednesday night!!..Where should we go? Drinks and dinner or just drinks?” Ms. Santiago replied, “Dinner/drinks at willows?”
- In an August 13, 2012, email, Ms. Nix told Ms. Santiago, “I LOVE IT!!! That is so fun. Love the hot red. You had so much more fun this weekend in your cool new car than I did camping with a bunch of rednecks at Jelly Stone Park in Luray. Can you tell I am jealous!” Ms. Santiago replied, “At least we had the color “red” in common.”
- In an August 15, 2012, email, Ms. Santiago asked Ms. Nix, “Lunch?” Ms. Nix replied, “Would love to. What time works for you?”
- In an August 24, 2012, email, Ms. Santiago told Ms. Nix, “Drink in hand thinking it is so time to move on[.]” Ms. Nix replied, “...just thinking same thing...but F if I’m going to let some DF mess up the IG stuff...cheers from afar...regards kitty.”

Conclusion

We concluded that Ms. Santiago failed to represent VA’s Core Values of ICARE and engaged in conduct prejudicial to the Government when she knowingly misrepresented the results of the hiring fair to VA Senior Leadership. We also found that Ms. Nix, as a Serco contract employee with oversight of the hiring fair, was complicit in this intentional misrepresentation. Both Ms. Santiago and Ms. Nix knew that a substantial percentage of the reported tentative selections were not valid, yet they chose to instead provide VA Senior Leadership faulty metrics associated with the hiring fair to falsely reflect that the hiring fair was a success. In May 2012, they told VA’s Secretary that they expected 5,000 interviews conducted and 1,500 jobs offered at the hiring fair, and their reported results closely aligned with those expected numbers by reflecting that there were 5,734 interviews and 1,321 tentative job offers.

In an email sent to Ms. Santiago the day before the hiring fair commenced, she learned that VA's Secretary wanted "numbers updates" daily, and she told her staff that "numbers will be important." During the hiring fair, VA's Chief of Staff reportedly asserted a goal of 2,000 job offers while at the hiring fair and told Ms. Santiago that he was surprised at the low turnout. As a result, Ms. Santiago changed what defined an interview; Ms. Nix rummaged through the trash for previously discarded papers; and 2 hours later, the number of interviews and tentative selections jumped significantly. In further efforts to increase their numbers, fraudulent email accounts were created to enter veterans from incomplete ITWII sheets into EMS; Mr. [REDACTED] manually counted other incomplete entries, adding raw numbers into the totals outside of EMS; and Ms. Santiago and Ms. Nix included over 500 tentative selections that they knew or should have known were invalid. Furthermore, Ms. Santiago asked a member of her staff, at a time when they could only verify 19 veterans were hired, to misrepresent in a briefing to the HVAC that the reported 1,300 tentative selections were actually jobs given to veterans. (b)(7)(c)

Our forensic analysis of selected ITWII sheets reflected that in some cases a different ink was used to write identifying information than used to check the disposition/status, such as "tentative selection." Although we could not identify who checked the selection or if it was checked before or after the other information was written, it was evident that two different ink pens were used at different times, most probably by different individuals, to falsely reflect that employers completed the ITWII sheets so that the information could be entered into EMS to again increase the lagging numbers.

After the hiring fair, in an effort to further boost their numbers, Ms. Nix told her staff that when they made follow up telephone calls to employers to ask how many veterans they hired since the hiring fair, her staff was to tell the employers that they did not need to directly connect any subsequent veterans hired to the hiring fair. A follow up survey sent to veterans, including veterans who did not attend the hiring fair, reflected that 37 reported that they received a "new job," but only 25 of the 37 actually attended the fair.

When first presented to VA's Secretary, Ms. Santiago estimated that the cost of the hiring fair would be \$814 per job offered. Based on hiring fair costs of about \$2,612,500 (hiring fair costs plus OPM's 4.5 percent service fee) with only 747 tentative selections (the total minus the 574 we found invalid), the cost was about \$3,500 per tentative selection, and the cost would be significantly higher for each veteran actually hired as a result of the fair, if that number could truly be determined. When comparing VESO's expenditures and returns with those of the U. S. Chamber of Commerce Foundation's *Hiring Our Heroes*, which held three hiring fairs at a total cost of \$20,000 and spent less than \$100 per placement, we found that VESO's return on investment was abysmal.

Ms. Nix and Serco, while under contract to VESO through an IA with OPM, were responsible for recording and reporting accurate hiring fair data; however, Serco provided, at a cost of \$509,884, an inept EMS system that was no more than a spreadsheet that did not or could not provide information relevant to VESO's needs.

Instead of creating dropdown menus with pre-populated data, Serco's development team left the system open for free form text fields with no standardization; thus, the data entry team input whatever they felt was appropriate, leading to many variations for dates, times, and company names. Further, to enter data on a veteran, the only required fields on the ITWII were a first name, last name, and email address; however, the most crucial data, a date, time, and disposition/status of an interview, were not required. After Serco's data cleansing, manual scrubbing, corrections of duplicate entries, and piles of interview tracker sheets entered into the system immediately after the fair, in conjunction with Mr. [REDACTED] calculating data outside of EMS, we found that the EMS data was so tainted that we could not duplicate the various metrics Serco reported for the hiring fair. We referred Serco Services, Inc., Ms. Katherine Nix, and Ms. Mary Santiago to VA's Suspension and Debarment Committee for possible action in accordance with FAR Subpart 9.4 and VAAR Subpart 809.406. (b)(7)(c)

We found that Ms. Santiago did not properly manage her workforce, as some VESO employees were not fully engaged during the workday, with one employee being idle 60 percent of the time 3 days a week and one had nothing to do 30 minutes into his workday. One was not given a position description, others were given inadequate guidance, and some employees left from the frustration associated with having no work to do. We further found that Ms. Santiago was unprofessional, disrespectful, and used profanity on a frequent basis. Further, a contractor employee told us, on one occasion, she was physically assaulted by Ms. Santiago. Ms. Santiago made working conditions within VESO extremely difficult and unpleasant for her staff and contractor employees on a daily basis, fostering an abusive environment, an erosion of morale, and unfettered bullying. The Acting HR&A Assistant Secretary told us that there were rumors that Ms. Santiago had a reputation for being hot tempered, difficult to work with, VA employees either left or wanted to leave because of her, and she created a hostile work environment. He said that on the occasions he saw her lose her temper, he counseled her on her improper conduct.

Further, we found that Ms. Santiago created an appearance of a conflict of interest by maintaining a less-than-arm's-length relationship with Ms. Nix. Ms. Nix said that the two socialized with one another afterhours, and employees told us that Ms. Santiago openly discussed Ms. Nix and her after-work social plans in front of employees. This led employees to reasonably believe that Ms. Santiago engaged in a conflict of interest given hers and Ms. Nix's Government-contractor employee relationship.

Finally, we found that Ms. Nix displayed a lack of candor while being interviewed under oath. She told us that the more than 400 tentative selections Kelly made to veterans were real jobs; however, while at the hiring fair, she confirmed for a VESO employee that they were "not real jobs" and that Ms. Santiago was aware that Kelly made no job offers. Kelly representatives confirmed for us that they did no interviews and made no job offers during the hiring fair.

Recommendation 1. We recommend that the Interim Chief of Staff confer with the Offices of Acquisition and Logistics (OAL) and General Counsel (OGC) to seek reimbursement of the \$509,884 paid to Serco due to their failure to perform in accordance with the terms of the contract to provide a system to capture and report accurate data to support VA's needs.

Recommendation 2. We recommend that the Interim Chief of Staff confer with OGC and HR Officials outside of VESO to ensure that VESO positions are evaluated to ensure that VESO has an effective, efficient, and fully engaged workforce.

Comments

The Interim Chief of Staff was responsive, and his comments are in Appendix A. We will follow up to ensure that the recommendations are implemented.



JAMES J. O'NEILL
Assistant Inspector General for
Investigations

Interim Chief of Staff Comments

**Department of
Veterans Affairs**

Memorandum

Date: June 6, 2013

From: Interim Chief of Staff (00A)

Subject: **Administrative Investigation, Conduct Prejudicial to the Government, VESO, HR&A, Washington, DC**

To: Assistant Inspector General for Investigations (50)

I have reviewed subject report. Below are comments submitted in response to the recommendations in the Office of Inspector General's report:

Recommendation 1. We recommend that the Interim Chief of Staff confer with OAL and OGC to seek reimbursement of the \$509,884 paid to Serco due to their failure to perform in accordance with the terms of the contract to provide a system to capture and report accurate data to support VA's needs.

Comment: I will confer with OAL and OGC to determine the best course of action with regard to possible reimbursement of funds paid to Serco.

Recommendation 2. We recommend that the Interim Chief of Staff confer with OGC and HR Officials outside of VESO to ensure that VESO positions are evaluated to ensure that VESO has an effective, efficient, and fully engaged workforce.

Comment: I will confer with OGC and HR Officials to conduct an evaluation of VESO to ensure an efficient and effective organization and workforce.

Thank you for the opportunity to review this draft report and comment.


Jose D. Riojas

OIG Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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