

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

*Review of
Alleged Unauthorized
Commitments*

May 21, 2014
2013-00991-154

ACRONYMS AND ABBREVIATIONS

CMOP	Consolidated Mail Outpatient Pharmacy
eCMS	Electronic Contract Management System
FAR	Federal Acquisition Regulation
HCA	Head of Contracting Activity
MQAS	Management Quality Assurance Service
OALC	Office of Acquisition, Logistics, and Construction
OGC	Office of General Counsel
OIG	Office of Inspector General
PPV	Pharmaceutical Prime Vendor
VAAR	Veterans Affairs Acquisition Regulation
VACO	Veterans Affairs Central Office
VBA	Veterans Benefit Administration
VHA	Veterans Health Administration

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Report Highlights: Review of Alleged Unauthorized Commitments Within VA

Why We Did This Review

We initiated this review in response to allegations made to the VA Office of Inspector General Hotline Division. The complainant alleged that cardholders made unauthorized commitments and VA has not performed ratification actions on identified unauthorized commitments. Unauthorized commitments circumvent acquisition regulations and increase the risks of VA misusing taxpayer funds.

What We Found

We substantiated the allegations. Specifically, we estimated during FYs 2012 and 2013, VA made about 15,600 potential unauthorized commitments valued at approximately \$85.6 million, which require ratification actions. Unauthorized commitments occurred because of inadequate warrant information, insufficient verification of cardholder warrant limitations, and insufficient training.

In December 2012, VA institutionally ratified thousands of unauthorized commitments made with the Pharmaceutical Prime Vendor instead of performing individual ratification actions for each unauthorized commitment. VA lacked adequate controls to prevent cardholders from making a high volume of unauthorized commitments, which made it resource-intensive to perform ratification actions for each unauthorized commitment.

By deviating from ratification requirements, VA lacks reasonable assurance cardholders protected the Government's interests when goods and services were acquired. For

example, these actions do not provide assurance of obtaining fair and reasonable prices or that competition requirements were met. Further, the practice of institutional ratifications does not hold individuals accountable for this serious offense.

What We Recommended

We recommended the Executive in Charge, Office of Management and Chief Financial Officer, review FYs 2012 and 2013 purchase card transactions and submit identified unauthorized commitments for ratification. We also recommended the Principal Executive Director, Office of Acquisition, Logistics, and Construction, maintain an accurate database of warranted contracting officers and limit institutional ratifications.

Agency Comments

The Executive in Charge, Office of Management and Chief Financial Officer, and the Principal Executive Director, Office of Acquisition, Logistics, and Construction, concurred with the findings and recommendations. We consider the corrective action plans they submitted acceptable and will follow up on their implementation.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objectives We conducted this review to determine whether VA Government purchase cardholders made unauthorized commitments and whether VA performed ratification actions on identified unauthorized commitments.

Hotline Complaint The Office of Inspector General (OIG) Hotline Division received allegations that VA purchase cardholders made unauthorized commitments by making purchases exceeding \$3,000 without holding valid warrants, and that VA has not performed ratification actions on identified unauthorized commitments.

Unauthorized Commitments Unauthorized commitments are agreements that are not binding solely because the Government representative who made them lacked the authority to enter into that agreement on behalf of the Government. Unauthorized commitments include commitments made by individuals who do not have valid warrants or exceed the limitations of their warrant authority.

Ratifications The Federal Acquisition Regulation (FAR) allows ratification of unauthorized commitments in certain circumstances to protect the Government's interest. FAR also states that agencies may not use ratification procedures in a manner that encourages unauthorized commitments. Ratification is the act of approving an unauthorized commitment by an official who has the authority to do so. The Government is under no obligation to pay for goods or services ordered by individuals without proper authority unless an authorized contracting officer sanctions the commitment. If VA decides not to ratify and pay unauthorized commitments, vendors can pursue collections from the VA staff who made the unauthorized commitments.

Other Information During FY 2013, VA reported processing over 5.8 million purchase card transactions valued at \$3.5 billion. VA's Deputy Chief Financial Officer is responsible for the management of the Government Purchase Card Program. The Office of Finance, under the Office of Management, issues purchase cards, establishes spending limits, and confirms cardholders with spending limits above the micro-purchase threshold have a valid warrant. Management Quality Assurance Service (MQAS) performs reviews of VA facility purchase card practices. VA's Office of Acquisition and Logistics, under the Office of Acquisition, Logistics, and Construction (OALC), reviews and approves all warrant requests. Heads of Contracting Activities (HCA) are the approving authority for ratifying unauthorized commitments.

The following appendixes provide additional information:

- Appendix A provides background information
- Appendix B details the scope and methodology
- Appendix C explains the sampling methodology

RESULTS AND RECOMMENDATIONS

Finding **Cardholders Made Unauthorized Commitments and VA Did Not Perform Ratification Actions**

We substantiated the allegations that purchase cardholders made unauthorized commitments and VA has not performed ratification actions on identified unauthorized commitments. Specifically, we estimated that VA made about 15,600 potential unauthorized commitments, valued at approximately \$85.6 million of the nearly \$1.8 billion transactions over the micro-purchase threshold, made by cardholders during FYs 2012 and 2013. These unauthorized commitments require ratification actions.¹ Purchase cardholders lacking appropriate warrant authority made these unauthorized commitments.

This occurred because of the following reasons:

- Inadequate database of warrant information
- Insufficient verification of cardholder warrant authority limitations
- Insufficient cardholder and approving official training on unauthorized commitments

Since 1995, cardholders made thousands of unauthorized commitments, which resulted in VA violating the law by deviating from FAR ratification requirements. On two occasions, VA bundled thousands of unauthorized commitments made with the Pharmaceutical Prime Vendor (PPV) instead of following FAR requirements to perform ratification actions for individual unauthorized commitments. FAR requires agencies to review all records and documents for each identified unauthorized commitment when performing ratification actions. In addition, VA did not complete ratification actions for unauthorized commitments identified during MQAS reviews of purchase card transactions and the OIG's *Administrative Investigation of the FY 2011 Human Resources Conferences in Orlando, Florida* (Report No. 12-02525-291, September 30, 2012).

This occurred because VA lacked adequate controls to prevent cardholders from making a high volume of unauthorized commitments. This made it resource-intensive for staff to perform ratification actions for each

¹Our statistical sample projections of about 7,800 transactions valued at approximately \$42.8 million for FY 2012 are the lower limit of the 90 percent confidence interval. We calculated the 15,600 transactions valued at \$85.6 million for FYs 2012 and 2013 by multiplying the statistically projected 7,800 transactions and \$42.8 million estimated annual savings by 2 years. Appendix C provides additional statistical estimate details.

unauthorized commitment. In addition, VA did not have timeliness standards for completing ratification actions on identified unauthorized commitments.

As a result, VA lacks sufficient controls to ensure that cardholders have valid warrant authority to bind VA to agreements to obtain needed goods and services. By deviating from ratification requirements, VA lacks reasonable assurance cardholders protected the Government's interests when goods and services were acquired. For example, these actions do not provide assurance of obtaining fair and reasonable prices or that competition requirements were met. Further, the practice of institutional ratifications does not hold individuals accountable for this serious offense.

***Thousands of
Unauthorized
Commitments***

We estimated that VA made about 15,600 potential unauthorized commitments, valued at approximately \$85.6 million of the nearly \$1.8 billion transactions over the micro-purchase threshold made by cardholders, during FYs 2012 and 2013. VA took some corrective actions in FY 2013. Therefore, we did not project unauthorized commitments in future years. However, we will follow up in FY 2014 to gain assurance that the corrective actions taken are effective. Unauthorized commitments circumvent FAR and eliminate an important system of checks and balances in procuring goods and services. FAR provides contracting procedures designed to maximize competition and obtain needed goods and services at fair and reasonable prices.

***Cardholders
Without
Appropriate
Authority***

We estimated that 110 VA cardholders without appropriate warrant authority made approximately 7,800 unauthorized commitments. VA policies only allow contracting officers with a valid warrant, or individuals with delegated authority, to make purchases above the micro-purchase threshold. In addition, VA policies require the Deputy Senior Procurement Executive to issue contracting officers' Certificates of Appointments that describe their warrant authority and specify:

- Monetary spending limits
- Types of established contracts and blanket purchase agreements that contracting officers can use to make purchases
- Categories of purchases contracting officers can make, such as equipment, supplies, or services

Our statistical sample of 106 purchase card transactions identified 14 unauthorized commitments. Specifically, we identified nine purchase card transactions made by VA Central Office (VACO) cardholders, four purchase card transactions made by Veterans Benefit Administration (VBA) cardholders, and one purchase card transaction made by a Veterans Health Administration (VHA) cardholder. However, the following examples

highlight how additional unauthorized commitments accumulate over time without early detection.

- A VBA unwarranted cardholder made a purchase card transaction on October 20, 2011, that we selected as part of our sample. We determined the purchase was an unauthorized commitment, valued at more than \$31,000. The same VBA cardholder made two earlier purchases totaling about \$13,000 on October 4, 2011, and October 11, 2011, respectively. The two additional purchases were also unauthorized commitments because the cardholder did not possess a valid warrant.
- A VACO cardholder made a purchase card transaction on January 10, 2012, that we selected as part of our sample. We determined the nearly \$39,000 purchase was an unauthorized commitment because the cardholder's warrant expired on December 31, 2011. The same VACO cardholder made 37 additional purchases between January 3, 2012, and May 23, 2012, totaling about \$709,000. The additional purchases were also unauthorized commitments because the cardholder did not possess a valid warrant during this period.

*Changes to
Warrant and
Purchase Card
Approval
Process*

OALC and VA's Office of Finance implemented changes to the warrant and purchase card approval process after identifying 2,000 purchase cards held by 425 unwarranted cardholders with spending limits above the micro-purchase threshold. In addition to these changes, OALC developed a database of warranted individuals and issued a memorandum in November 2012 requiring cardholders without warrant authority to cease using purchase cards for transactions over the \$3,000 micro-purchase threshold.

The Office of Finance also began performing weekly comparisons between OALC's database of warranted individuals with US Bank's list of purchase cardholders. Additionally, the Office of Finance reduced cardholders' spending limits to the micro-purchase threshold for all cardholders not appearing on OALC's database.

*Control
Changes
Insufficient*

Although recently implemented changes to the warrant and purchase card approval process strengthened purchasing controls and can help reduce the risk of unauthorized commitments, VA needs to take further action to address the following systemic problems:

- Inadequate warrant information
- Insufficient verification of cardholder warrant authority
- Insufficient training on unauthorized commitments

The Office of Management and Budget's Circular A-123 requires Federal program managers to develop and maintain effective controls that provide

reasonable assurance regarding prevention of, or prompt detection of unauthorized acquisitions.

*Inadequate
Warrant
Information*

VA lacks an adequate database of contracting officers' warrant information that OALC and the Office of Finance can use to verify warrant status for cardholders with spending limits above the micro-purchase threshold. In November 2012, OALC created a database of warranted individuals. According to VA's Deputy Senior Procurement Executive, the database was compiled using warrant information extracted from VA's Electronic Contract Management System (eCMS).

VA cannot rely on a database that was compiled using warrant information extracted from eCMS because facility coordinators are not required to enter warrant information or update eCMS for contracting officers who no longer work for the VA organization shown on their warrant certificate. In addition, previous OIG audits have repeatedly reported problems with facility staff not entering required information in eCMS.²

To improve the reliability and adequacy of its warrant database, OALC needs to record warrant information at the time of warrant approval. This would improve the reliability of OALC's warrant database because OALC's Deputy Senior Procurement Executive is the only official that can approve warrants. OALC must update its information when issuing new warrants, warrants expire, or contracting officers no longer work for the VA organization shown on their warrant certificate. The warrant database must include warrant effective and expiration dates, as well as specific description of warrant authority limitations.

*Insufficient
Verification of
Warrant
Authority*

VA facility approving officials did not verify that individuals had valid warrants before approving purchase cards with spending limits above the micro-purchase threshold. Approving officials and program coordinators are responsible for recommending individuals as cardholders and recommending single and monthly purchase limits that do not exceed the micro-purchase limit without appropriate warrant authority. In addition, approving officials are responsible for monitoring cardholder use of the Government purchase card to ensure purchases are legitimate.

VA relied on facility approving officials and program coordinators to meet these requirements. However, our estimate that VA cardholders made about 15,600 potential unauthorized commitments during FYs 2012 and 2013, demonstrates that facility approving officials and program coordinators did not consistently ensure that cardholders met these requirements. To

²*Audit of VHA Management and Acquisition of Prosthetic Limbs* (Report No. 11-02254-102, March 8, 2012), *Audit of VHA Veterans Integrated Service Network Contracts* (Report No. 10-01767-27), and *Audit of VA Veteran-Owned and Service-Disabled Veteran-Owned Small Business Programs* (Report No. 10-02436-234, July 25, 2011)

strengthen controls, Office of Finance needs to use OALC's database, once OALC determines the database is reliable, to verify individuals' purchase card spending limits do not exceed their warrant authority limits before purchase cards are issued to them.

*Insufficient
Unauthorized
Commitment
Training*

Purchase cardholders and approving officials did not receive sufficient training on unauthorized commitments. VA purchase card policies mandate employees to complete initial purchase card training before they receive a purchase card and refresher training every 2 years they hold a purchase card. However, VA's mandatory training for purchase cardholders does not adequately explain what constitutes an unauthorized commitment and the resulting consequences for the cardholder. For example, the training does not clearly explain that unauthorized commitments include purchases above the micro-purchase threshold made by a cardholder without a warrant. In addition, the training does not explain that purchases made by a cardholder outside the limits of their warrant authority are unauthorized commitments or the potential personal liability associated with exceeding written authority.

VA has a training course that provides a more comprehensive understanding of what constitutes an unauthorized commitment and the resulting consequences for the cardholder. However, this was not a mandatory training course for purchase cardholders or their approving officials until December 2013, when VA updated its financial policy to mandate the training. Requiring recurring unauthorized commitment training for purchase cardholders and their approving officials will help reduce future unauthorized commitments.

*Effect of
Unauthorized
Commitment*

As a result, VA lacks sufficient controls to ensure that cardholders have valid warrant authority to bind VA to agreements to obtain needed goods and services.

*VA Violated
the Law by
Deviating
From
Ratification
Requirements*

Since 1995, inadequate VA controls allowed cardholders to make thousands of unauthorized commitments, which resulted in VA violating the law by deviating from FAR ratification requirements. FAR requires agencies to review all records and documents for each identified unauthorized commitment when performing ratification actions. VA institutionally ratified bundled unauthorized commitments rather than following the FAR requirements. In addition, VA did not complete ratification actions for unauthorized commitments identified during MQAS reviews of purchase card transactions and the OIG's Administrative Investigation of the FY 2011 Human Resources Conferences. Although aware they were making unauthorized commitments, VA did not implement needed controls to prevent future unauthorized commitments and avoid the need to complete ratification actions.

*Ratification
Requirements*

Individual ratification is the act of approving an unauthorized commitment by an official who has the authority to do so. Individual ratification also

emphasizes the seriousness of unauthorized commitments and helps to ensure VA holds employees accountable for making unauthorized commitments.

Institutional ratification occurs when the Government seeks and receives the benefits from an otherwise unauthorized contract commitment. However, officials with ratifying authority must know of the unlawful promise, and such knowledge is a key element of an institutional commitment claim.³

Contracting officers, including purchase cardholders within their level of authority, may commit VA to pay for supplies or services. VA is under no obligation to pay for the supplies or services ordered by individuals without proper authority unless an authorized official ratifies the action and a contracting officer with appropriate authority sanctions that commitment.

A VA employee who makes an unauthorized commitment must submit a request for ratification to a contracting officer and furnish the contracting officer with all records and documents concerning the commitment, including a complete written Statement of Facts. A Statement of Facts provides the reason the individual selected the proposed contract, other sources considered, and the estimated or agreed contract price. The statement also needs to include a citation of the available appropriation, whether the contractor has commenced performance, and the name of the individual responsible for the unauthorized commitment.

The contracting officer must evaluate the employee's request to ensure all information required by the Veterans Affairs Acquisition Regulation (VAAR) is included, and submit a request for ratification to a HCA. VAAR stipulates that HCAs must review all records and documents concerning each unauthorized commitment including a complete written Statement of Facts. HCAs either approve the request and ratify the unauthorized commitment or disapprove the request.

Prompt ratification actions are critical to protecting the Government's interest and holding employees accountable for making unauthorized commitments. VA policies state HCAs are responsible for counseling individuals who make unauthorized commitments and employees may be subject to disciplinary actions. For disapproved requests, VA may issue bills of collection to employees who made unauthorized commitments.

³ *Doe v. United States*, 58 Fed. Cl. 479, 486 (2003); *Perri v. United States*, 53 Fed. Cl. at 401-02; and *City of El Centro v. United States*, 922 F.2d 816, 821 (Fed. Cir. 1990).

*Office of
General
Counsel
Opinions*

In July 2012, VA's Deputy Assistant Secretary, Office of Acquisition and Logistics, received VA's Office of General Counsel's (OGC) opinion whether open-market orders placed under the PPV before November 10, 2011, were unauthorized commitments. OGC concluded tens of thousands of open-market orders placed under the PPV between 1995 and November 10, 2011, were unauthorized commitments. Under the PPV contract, VA could place open-market orders if the person placing the order had the authority and followed appropriate procurement procedures. OGC's July 2012 opinion also concluded that since VHA received and paid for the drugs ordered, a court would likely consider the unauthorized commitments as institutionally ratified. They concluded VA was likely without a remedy because VA had not performed timely ratifications actions for the PPV purchases.

In August 2013, VA's Deputy Assistant Secretary requested OGC's opinion on whether an unwarranted official obligating the Government above the micro-purchase threshold constitutes an unauthorized commitment requiring ratification. OGC's December 2013 opinion concluded that depending on the circumstances of the purchase, if an unwarranted official obligates the Government above the micro-purchase threshold, this would be an unauthorized commitment and ratification would be appropriate. This opinion emphasizes the need to review relevant records, documents, and Statements of Fact concerning individual unauthorized commitments to determine if ratification is the most appropriate action.

*Institutionally
Ratified
Thousands of
Unauthorized
Commitments*

In February and June 2012, the House Committee on Veterans' Affairs held two hearings concerning unauthorized purchases made with the PPV. At the hearings, VA executives provided testimony regarding thousands of unauthorized open market purchases made with the PPV. After the hearings, and based upon OGC's opinion that a court would likely consider the unauthorized commitments as institutionally ratified, VA institutionally ratified thousands of bundled unauthorized commitments made with the PPV.

After discovering the unauthorized commitments made with the PPV prior to November 10, 2011, VHA instructed pharmaceutical staff to cease making improper purchases of open market items through the PPV. Despite VHA's instructions, VHA staff continued to make additional unauthorized commitments from November 10, 2011, through August 9, 2012. VHA facility pharmaceutical staff reportedly made approximately 9,700 additional unauthorized commitments with the PPV totaling almost \$3.9 million.

On September 27, 2012, VHA requested VA's Deputy Senior Procurement Executive approval to deviate from required ratification reviews, proposing a consolidated approach for HCA approval and ratification of the unauthorized commitments. The request stated it is not possible to require individual

memos from each ordering officer that contains the ratification information required by VAAR.

VHA's request for HCA approval to ratify the unauthorized commitments stated there was a *bona fide* requirement for the purchases and the Government received benefits from the purchases. However, VHA did not address whether the HCA met the requirement set by relevant court cases, that officials with ratifying authority must know of the unlawful promise at the time of the unauthorized commitment, not at a later date as was the case with VA, and such knowledge is a key element of an institutional commitment claim. In addition, VHA considered the vendor charges fair and reasonable at 9.3 percent above Wholesale Acquisition Cost.⁴ In November 2012, the Deputy Senior Procurement Executive approved the deviation, and in December 2012, VHA institutionally ratified the nearly 9,700 unauthorized commitments.

While VHA considered vendor charges fair and reasonable in its request to deviate from FAR requirements, OIG took exception with VA's assessment of fair and reasonable prices in its September 2012 review of PPV purchases. Specifically, OIG's *Review of Open Market Purchases Under VA's Pharmaceutical Prime Vendor Contract Number V797P-1020 Awarded to McKesson Corporation* (Report No. 12-01012-298, September 28, 2012), reported that between January 12 and February 29, 2012, VHA considered the prices paid at 6.2 percent above the Wholesale Acquisition Cost fair and reasonable for more than 3,000 unauthorized commitments made with the PPV. OIG stated evidence of pre-award reviews of proposals found vendors were offering significant discounts off the Wholesale Acquisition Cost.

VA inappropriately relied on institutional ratification as an easy means to ratify large numbers of unauthorized commitments rather than implementing controls that would prevent or minimize VA staff from making recurring unauthorized commitments. When VA bundles unauthorized commitments to perform institutional ratification, it compromises a thorough review of each transaction for compliance with legal requirements. It also precludes VA from ensuring fair and reasonable pricing and holding individuals accountable when appropriate.

⁴The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Public Law 108-173) defines Wholesale Acquisition cost as the manufacturer's list price of the drug or biological to wholesaler or direct purchases in the United States, not including prompt pay or other discounts, rebates or reductions in price for the most recent month for which the information is available, as reported in wholesale price guides.

*MQAS
Recommended
Ratification
Actions Not
Completed*

VA did not promptly complete ratification actions for unauthorized commitments identified during MQAS' purchase card reviews, its own oversight function. From FY 2010 through 2012, MQAS identified 156 unauthorized commitments totaling just over \$500,000 that required ratification actions. The unauthorized commitments included purchases above the micro-purchase threshold made by unwarranted cardholders and split purchases that when totaled, exceeded the micro-purchase limit.

As of August 2013, VA facilities had not completed ratification actions on 95 of 156 of the unauthorized commitments, which are valued at just over \$300,000. Of the 95 unauthorized commitments, 14 were pending ratification since FY 2010, 30 since FY 2011, and 51 since FY 2012. When VA does not promptly complete ratification actions for identified unauthorized commitments, MQAS' purchase card reviews are ineffective. In addition, delaying ratification actions decreases VA's opportunity to prevent additional unauthorized commitments from occurring and to hold individuals accountable for making purchases without appropriate authority.

*Additional
Unauthorized
Commitments
Not Ratified*

In its 2012 administrative investigation report, the OIG found that a VA employee made unauthorized commitments totaling over \$100,000 for Human Resources conference expenses. OIG recommended that VA accomplish a special review of purchase card transactions made in support of VA Learning University conferences. In a September 2012 memorandum, the Inspector General requested the VA Deputy Secretary order a review be conducted to determine if any other VA personnel are committing Government funds in support of conferences without appropriate authority to do so. The memorandum also requested VA to determine if ratification actions were required for the identified unauthorized commitments. Appendix D provides a copy of the memorandum.

In response, VA determined six cardholders made potentially \$5.4 million of the unauthorized commitments between October 2009 and September 2012. In January 2013, OALC's HCA reported that VA could not ratify \$5.2 million of the transactions because of insufficient documentation to assess compliance with FAR and VAAR. VA's Human Resources and Administration reported taking disciplinary action against these six cardholders.

*Reasons for
Deviating
From FAR
Ratification
Requirements*

VA's lack of adequate controls to prevent unauthorized commitments from occurring resulted in VA staff not performing ratification actions for each unauthorized commitment in accordance with FAR requirements. Instead, VA deviated from these requirements by institutionally ratifying thousands of unauthorized commitments or not pursuing ratification actions on individual unauthorized commitments. Until VA establishes adequate controls, VA cardholders will continue to make a high volume of unauthorized commitments.

VA needs to establish controls that prevent unauthorized commitments or detect them soon after they occur, rather than months or years after many occurrences. This will prevent cardholders from making a high volume of unauthorized commitments and enable staff to perform ratification actions on an individual basis. For example, from October 31, 2011, through August 18, 2012, one of our sampled cardholders, who had a \$100,000 warrant authority, made 18 unauthorized commitments totaling about \$4.6 million. The 18 unauthorized commitments ranged from about \$116,000 to nearly \$354,000. These unauthorized commitments occurred over a period of nearly 10 months without being detected. VA could have prevented or reduced the number of unauthorized commitments with earlier detection.

In addition, VA does not have timeliness standards for completing ratification actions on identified unauthorized commitments. MQAS policies require routine follow-up with facility directors on the status of ratification actions. If the facilities do not respond within 30 calendar days of initial contact, the issue is ultimately elevated to the MQAS Director for further direction and action. However, MQAS' follow up procedures were ineffective. As a result, VA did not ratify 95 unauthorized commitments made during FYs 2010 through 2012. The value of these unauthorized commitments is just under \$300,000.

***Effect of
Deviating from
FAR
Ratification
Requirements***

By deviating from FAR ratification requirements to review all records and documents for each unauthorized commitment, VA lacks reasonable assurance that cardholders protected the Government's interests by obtaining goods and services at fair and reasonable prices or that those individuals are held accountable for this serious offense. Due to the volume of our estimated unauthorized commitments, VA needs to conduct a special review to identify FYs 2012 and 2013 purchase card transactions made by cardholders without appropriate warrant authority. VA should also perform ratification actions and consider holding cardholders and their approving officials accountable for unauthorized commitments. By taking these actions, VA will ensure efficient stewardship of taxpayer funds.

Conclusion

We substantiated the allegation that VA purchase cardholders made unauthorized commitments and VA violated the law by not performing ratification actions in compliance with FAR and VAAR. VA's unauthorized commitments circumvented FAR and VAAR and eliminated an important system of checks and balances designed to maximize competition and obtain needed goods and services at the lowest possible prices. By identifying unauthorized commitments made by purchase cardholders, performing individual ratification actions, and taking steps to prevent future unauthorized commitments, VA can ensure better stewardship of funds needed to provide services to veterans.

Recommendations

1. We recommended the Executive in Charge, Office of Management and Chief Financial Officer, review FYs 2012 and 2013 purchase card transactions above the micro-purchase threshold and submit identified unauthorized commitments to Heads of Contracting Activities for ratification actions.
2. We recommended the Executive in Charge, Office of Management and Chief Financial Officer, establish policies and procedures to perform recurring reviews of purchase card transactions above the micro-purchase threshold to identify transactions made by cardholders without appropriate warrant authority.
3. We recommended the Executive in Charge, Office of Management and Chief Financial Officer, revise policies and procedures to verify that purchase card spending limits do not exceed warrant authority limits before issuing individuals purchase cards with spending limits above the micro-purchase threshold.
4. We recommended the Executive in Charge, Office of Management and Chief Financial Officer, require recurring unauthorized commitment training for purchase cardholders and their approving officials.
5. We recommended the Executive in Charge, Office of Management and Chief Financial Officer, ensure the Management Quality Assurance Service follow-up on the status of ratification of identified unauthorized commitments.
6. We recommended the Principal Executive Director, Office of Acquisition, Logistics, and Construction, direct Heads of Contracting Activities to perform individual ratification actions for unauthorized commitments identified by the Executive in Charge, Office of Management and Chief Financial Officer's review of FYs 2012 and 2013 purchase card transactions above the micro-purchase threshold.
7. We recommended the Principal Executive Director, Office of Acquisition, Logistics, and Construction, create and maintain an accurate database of warranted VA contracting officers that includes warrant effective and expiration dates, and specific warrant authority limitations.
8. We recommended the Principal Executive Director, Office of Acquisition, Logistics, and Construction, establish policies and procedures requiring Heads of Contracting Activities to complete ratification actions within a specified time period after the identification of unauthorized commitments.

9. We recommended the Principal Executive Director, Office of Acquisition, Logistics, and Construction, limit institutional ratifications by ensuring every unauthorized commitment meets the ratification review requirements.

**Office of
Management
Comments**

The Executive in Charge, Office of Management and Chief Financial Officer, concurred with the findings, recommendations, and comments on the projection of potential unauthorized commitments. The Executive in Charge requested two changes to the report regarding the purchase card approval process and training provided to cardholders. The Executive in Charge also stated that the Office of Management began a review of FY 2013 purchase card transactions above the micro-purchase threshold. The preliminary results narrowed the universe of possible unauthorized commitments for FY 2013 to transactions totaling \$6.4 million. The Executive in Charge noted this potential universe is significantly less than the \$42.8 million projected in the report.

For Recommendation 1, Office of Management is currently exploring a combination of data mining and statistical sampling techniques to identify FYs 2012 and 2013 unauthorized commitments. Office of Management will complete this review and submit unauthorized commitments to HCAs by April 2015. For Recommendation 2, Office of Management will update VA's Financial Policy *Government Purchase Card Program* to establish policies and procedures to perform recurring reviews of purchase card transactions to identify cardholders without appropriate warrant authority by May 2014.

The Executive in Charge stated Recommendations 3 and 4 were accomplished with the last revision of VA's Financial Policy, *Government Purchase Card Program*, dated December 2013, and requested closure of these recommendations. For Recommendation 5, Office of Management will develop new procedures to elevate unauthorized commitments that have not been ratified within 3 months of OALC's specified period for completing ratification actions. These procedures will be developed after OALC establishes the OIG recommended policies and procedures.

**OALC
Management
Comments**

The Principal Executive Director, Office of Acquisition, Logistics, and Construction, concurred with the Findings and Recommendations 6, 7, and 9, and partially concurred with Recommendation 8. The Principal Executive Director agreed with establishing policies and procedures to complete ratification actions within a specified period after identifying unauthorized commitments, but disagreed with requiring HCAs to recommend disciplinary action for purchase cardholders and their approving officials. The Principal Executive Director stated disciplinary action is at the discretion of the supervisor.

OALC will issue a memorandum directing HCAs to perform individual ratification actions for unauthorized commitments identified by the Office of Management's review of FYs 2012 and 2013 purchase card transactions above the micro-purchase threshold. In January 2014, OALC transitioned to an interim warrant management system and will transition to a Federal-wide system as directed by the Office of Management and Budget. OALC will develop policies that require HCAs to perform ratifications within a specified period after the identification of unauthorized commitment and limits institutional ratifications by ensuring every unauthorized commitments meets ratification review requirements. These corrective actions will be completed by September 30, 2014.

OIG Response

The Executive in Charge's and Principal Executive Director's comments and corrective action plans are responsive to the intent of the recommendations. We revised the report to address the Executive in Charge's requested changes regarding the purchase card approval process and training provided to cardholders. Based on Office of Management official's explanation of its review of FY 2013 purchase card transactions, we maintain our position that VBA's \$6.4 million universe of possible unauthorized commitments is understated.

Office of Management's review did not include identifying unauthorized commitments made by cardholders who exceeded their warrant authority, which our audit found were the highest dollar unauthorized commitments. For example, one cardholder who had a \$100,000 warrant authority, made 18 unauthorized commitments totaling about \$4.6 million. In addition, Office of Management's review relied on OALC's database of warranted cardholders, which our audit found to be inadequate and unreliable, because the database included cardholders who no longer had valid warrant authority.

We reviewed Office of Management's revisions to VA's Financial Policy, *Government Purchase Card Program*, and determined the revisions met the intent of Recommendations 3 and 4. Therefore, we consider these recommendations closed. We also removed the section of Recommendation 8 related to disciplinary action for cardholders and approving officials to address the Principal Executive Director's statement that disciplinary action is at the discretion of the supervisor. We will monitor implementation of planned actions for the open recommendations and will close them when we receive sufficient evidence demonstrating progress in addressing the issues identified. Appendix F contains the full text of the Executive in Charge, Office of Management and Chief Financial Officer's comments, and Appendix G contains the full text of the Principal Executive Director, Office of Acquisition, Logistics, and Construction's comments.

Appendix A Background

Allegation

On November 26, 2012, OIG received an allegation of gross waste and mismanagement resulting from the improper use of VA Government purchase cards. The allegation contended unwarranted purchase cardholders were using purchase cards to make purchases above \$3,000, which may have resulted in thousands of unauthorized commitments. The allegation further asserted that VA has not properly ratified identified unauthorized commitments.

FAR Definitions

FAR defines a micro-purchase as an acquisition for supplies or services, the aggregate amount not exceeding the \$3,000 micro-purchase threshold. A contract action is any oral or written action that results in the purchase, rent, or lease of supplies or equipment, services, or construction using appropriated dollars over the micro-purchase threshold or modification to these actions regardless of dollar value.

Congressional Hearings

Congress has expressed significant concern regarding VA's acquisition practices. In February 2012, the House Committee on Veterans' Affairs, held a hearing titled *Examining VA's Pharmaceutical Prime Vendor Contract*. During the hearing, VA reported it was working to ensure all contracting officers would meet Federal Acquisition Certifications by the end of FY 2012, and reorganizing VHA procurement staffs under a new management line that provides management and oversight dedicated to improving procurement operations. VA's Office of Acquisition and Logistics reportedly met Federal Acquisition Certification requirements for its contracting officers in October 2013.

Appendix B Scope and Methodology

Scope

We conducted our review from February 2013 through February 2014. The review evaluated an allegation that VA personnel made unauthorized commitments using Government purchase cards. We restricted our scope to reviewing transactions above the \$3,000 micro-purchase threshold. The transactions included purchases made by VACO, VBA, and VHA cardholders. The review did not include transactions made with other types of cards, such as those used to purchase official Government travel (Travel Cards) and to pay Fee Basis Program healthcare providers (Fee Cards).

We reviewed 930 purchase card transactions selected from a universe of about 112,000 purchase card transactions made during FY 2012 totaling approximately \$1.1 billion. We examined purchase card controls and VA's efforts to complete ratification actions in FYs 2012 and 2013. The review included site visits at VACO in Washington, DC.

Methodology

We examined Federal and VA Acquisition Regulations and applicable VA policies, procedures, directives, and handbooks. We interviewed management from VA's OALC and Office of Finance. For sampled transactions, we contacted purchase cardholders to obtain and examine warrant certificates, purchase orders, contracts, and invoices. Appendix C provides details on the statistical sampling methodology and projections.

Reliability of Computer-Processed Data

We used US Bank computer-generated VA purchase card data to select transactions above \$3,000 made by purchase cardholders during FY 2012. To assess the reliability of the purchase card data, we compared selected data elements, such as the purchase cardholder and vendor name, purchase card number, and purchase date and amount, to hard-copy purchase orders. We concluded the purchase card data was sufficiently reliable to accomplish the review objective.

Inspection and Evaluation Standards

We conducted our review in accordance with *Quality Standards for Inspection and Evaluation* published by the Council of the Inspectors General on Integrity and Efficiency. We planned and performed the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objective.

Appendix C Statistical Sampling Methodology

Approach To evaluate whether VA purchase cardholders made unauthorized commitments, we reviewed a representative sample of purchase card transactions over the \$3,000 micro-purchase threshold. We used statistical sampling to quantify the extent of unauthorized commitments and to estimate potential monetary benefits.

Universe The universe included about 112,000 purchase card transactions over the \$3,000 micro-purchase threshold totaling approximately \$1.1 billion made by VA purchase cardholders during FY 2012. We adjusted the universe by excluding 445 “payment-only” purchase card transactions valued at about \$7.9 million.

Sampling Design From the adjusted universe, we reviewed 930 transactions with a total value of about \$16.9 million. We stratified the universe of transactions into five strata.

- Strata 1-3 included 106 transactions that we sampled after further stratifying transactions into three stratum: \$3,000.01 to \$25,000.00, \$25,000.01 to \$150,000.00, and greater than \$150,000.00.
- Stratum 4 included 825 VHA Consolidated Mail Outpatient Pharmacy (CMOP) transactions.
- Stratum 5 included the only National Cemetery Administration purchase card transaction over the \$3,000 micro-purchase threshold.

Table 1 shows the five strata and details the sample transactions reviewed and the universe of transactions associated with each stratum.

Table 1. Purchase Card Transaction Reviews by Strata

Strata	Reviewed Transactions	Universe
1. VHA (Excluding CMOPs)	45	109,220
2. VBA	31	1,000
3. VACO	30	760
4. VHA CMOPs	824	825
5. National Cemetery Administration	0	1
Total Transactions:	930	111,806

Source: VA OIG statistical analysis

While reviewing the sampled transactions, we identified transactions that were erroneous vendor charges.⁵ Therefore, we adjusted the original universe of about 112,000 transactions to account for the estimated number of transactions that were erroneous vendor charges, which resulted in an adjusted universe of about 109,000 transactions.

Weights

We calculated population estimates in this report using weighted sample data. Sampling weights are computed by taking the product of the inverse of the probabilities of selection at each stage of sampling. We used WesVar to calculate population estimates and associated sampling errors. WesVar employs replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design.

Estimates and Margins of Error

We based our calculations of the margins of error on a 90 percent confidence interval. Margins of error and confidence intervals are indicators of estimates precision. For example, if we repeated this review with multiple samples, the confidence intervals would differ for each sample, but would include the true universe value 90 percent of the time. For example, we are 90 percent confident the universe of purchase card transactions that were unauthorized commitments ranged between the most conservative estimates of 7,800, up to 18,700. For each estimate, we used the lower limit of the 90 percent confidence interval. Table 2 shows the estimated unauthorized commitments made by purchase cardholders during FY 2012.

Table 2. FY 2012 Estimated Purchase Card Unauthorized Commitments
(\$ in millions)

Description	Estimated	Margin of Error	90% Confidence Interval		Sample
			Lower Limit	Upper Limit	
Transactions	13,200	5,400	7,800	18,700	14
Percent	12%	5%	7%	17%	
Cardholders	200	89	110	290	11
Percent	14%	6%	7%	20%	
Amounts	\$93.2	\$50.1	\$42.8	\$143.0	14
Percent	9%	3%	5%	12%	

Source: VA OIG statistical analysis

Note: Numbers rounded for report presentation.

⁵One of the VHA-CMOP transactions and the only National Cemetery Administration transaction were erroneous vendor charges. We did not review these transactions because the vendors reversed the charges.

Appendix D Inspector General Memorandum to VA Deputy Secretary Addressing Unauthorized Commitments

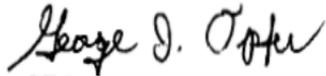
Department of Veterans Affairs

Memorandum

Date: September 20, 2012
From: Inspector General (50)
Subj: Implementation Actions Recommended to Address Unauthorized Commitments of Funds
To: Deputy Secretary of Veterans Affairs (00)

1. During our work on the Administrative Investigation of FY 2011 Human Resources Conferences in Orlando, FL, it came to our attention that a conference event planner lacked appropriate authority to act as a Contracting Officer and Contracting Officer's Representative. The individual used a Government purchase card for purchases above the micro-purchase threshold without warrant authority and authorized add-on goods and services in excess of the firm-fixed price hotel contract with Marriott. The resulting commitments of funds this individual made were unauthorized. (see attachment)
2. We also believe additional staff that support conference activities within VA lack appropriate authority and have made unauthorized commitments of funds. Although we did not review other conferences during our review, we received information that individuals lacking the appropriate authority placed hotel contract actions associated with additional conferences, such as an SES Onboarding session in Potomac, MD, in late August 2012 and a Workers Compensation conference scheduled for Dallas, TX, this week.
3. Given the seriousness of unauthorized commitments, we ask that you order a review be conducted to determine if any other VA personnel are committing Government funds in support of conferences without appropriate authority to do so. If there are individuals that do not have the proper authority, please identify any unauthorized commitments of funds made through either contract actions or use of Government purchase cards and determine if ratifications are required. Ratifications can only be done when specific conditions are met. The basic tenets of the ratification process include:
 - Benefit was received by the Government.
 - Funds were available at the time the unauthorized commitment was made.
 - Contracting Officer determines the price to be fair and reasonable.
 - The Contracting Officer recommends payment and Legal Counsel concurs.

4. We would appreciate receiving the results of your review, along with details of the corrective actions planned and taken to prevent future occurrences. If you or your staff wish to discuss this issue, please contact Ms. Linda A. Halliday, Assistant Inspector General for Audits and Evaluations, at (202) 461-4725.



GEORGE J. OPFER

Attachment

Appendix E Potential Monetary Benefits in Accordance With Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1 and 6	Review FYs 2012 and 2013 purchase card transactions above the micro-purchase threshold to identify unauthorized commitments and perform ratification actions.	\$0	\$85,600,000
Total:		\$0	\$85,600,000

Note: We calculated the \$85.6 million by multiplying the statistically projected \$42.8 million estimated annual savings by 2 years (\$42.8 x 2 years = \$85.6 million). Our statistical sample projection of \$42.8 million is the lower limit of the 90 percent confidence interval, which ranged from \$42.8 to \$143 million, and represents the most conservative estimate. In FY 2013, VA took some corrective actions including reducing cardholders' spending limits to the micro-purchase threshold. Therefore, we did not project unauthorized commitments in future years. However, to ensure management of future purchases can be effectively monitored, VA needs to strengthen the reliability of its contracting officer warrant database. We will follow up in FY 2014 to gain assurance that the corrective actions taken are effective.

Appendix F Executive in Charge, Office of Management, and Chief Financial Officer

Department of Veterans Affairs

Memorandum

Date: April 25, 2014

From: Executive in Charge, Office of Management, and Chief Financial Officer (004)

Subj: VA Office of Inspector General (OIG) Draft Report, Review of Alleged Unauthorized Commitments

To: Assistant Inspector General for Audits and Evaluations (52)

1. I appreciate the opportunity to respond to the draft OIG report, "Review of Alleged Unauthorized Commitments." I concur with the report's findings; however, I would like to request two changes. First, the Office of Management (OM) provided all requested documentation to the audit team as evidence that OM performs a weekly comparison between the Office of Acquisition, Logistics, and Construction's (OALC) database of warranted individuals with U.S. Bank's list of purchase cardholders. We believe including 'reportedly' in the report indicates that OIG disagrees that this action is occurring (page 4, second full paragraph). Second, the report indicates that the unauthorized commitment training course available is not mandatory for purchase cardholders or their approving officials (page 6, second full paragraph). However, as of December 2013, OM updated the financial policy to make the course mandatory and provided the updated policy to the OIG.

2. I concur with comments on the projection of potential unauthorized commitments. By January 1, 2013, OM had removed the ability to make purchases above the micro-purchase threshold from 353 cardholders. In response to OIG's recommendation that OM review FYs 2012 and 2013 purchase card transactions above the micro-purchase threshold, we began our review focusing on FY 2013. Although preliminary, we have narrowed the universe of possible unauthorized commitments for FY 2013 to 752 transactions, totaling \$6.4 million. The \$6.4 million is a worst-case scenario, meaning that further review may determine that some of these transactions were, in fact, appropriate and not unauthorized commitments. This potential universe for FY 2013 is significantly less than the \$42.8 million project in the report. The reduction in potential unauthorized commitments is a result of changes in internal controls made by OM and OALC in October to December 2012.

3. I concur with the recommendations made to the Executive in Charge, OM and Chief Financial Officer.

4. Due to the workload associated with recommendation 1, OM began efforts to implement this recommendation in February 2014, prior to the draft report being issued. Based on additional communication with the OIG, OM is currently exploring a combination of data mining and statistical sampling techniques to be responsive while still ensuring that the work can be completed in one year. OM will complete this review and submit unauthorized commitments to Heads of Contracting Activities by April 2015.

Page 2.

Subj: OIG Draft Report, Review of Alleged Unauthorized Commitments

5. Regarding recommendation 2, OM is currently updating VA's Financial Policy "Government Purchase Card Program," Volume XVI, Chapter 1, to establish policies and procedures to perform recurring reviews of purchase card transactions above the micro-purchase threshold, identifying transaction made by cardholders without appropriate warrant authority. This action will be completed by May 2014.
6. In response to recommendations 3 and 4, these actions were accomplished with the last revision of VA's Financial Policy "Government Purchase Card Program, Volume XVI, Chapter1, dated December 2013. A copy of the updated policy was provided to the OIG in December 2013. We request closure of these recommendations.
7. Regarding recommendation 5, OM will develop new procedures to elevate unauthorized commitments that have not been ratified pending implementation of recommendation 8 by the Principal Executive Director, OALC, within three months of OALC establishing policies and procedures. To ensure alignment, we are unable to provide the date/month this will be accomplished until OALC establishes the recommended policies and procedures.
8. If you have any questions, please call me or have a member of your staff contact Laurie Park, Acting Deputy Assistant Secretary for Finance, at 202-461-6180.



Helen Tierney

Appendix G Principal Executive Director, Office of Acquisition, Logistics, and Construction

Department of Veterans Affairs

Memorandum

Date: April 30, 2014

From: Principal Executive Director, Office of Acquisition, Logistics, and Construction (003)

Subj: OIG Draft Report, Review of Alleged Unauthorized Commitments Project Number 2013-00991-R3-0065 (VAIQ 7457478)

To: Inspector General for Audits and Evaluations (52AT)

1. The Office of Acquisition, Logistics, and Construction (OALC) has reviewed the subject report and concurs with the report findings with the exception of Recommendation #8.

2. OALC has no technical comments that contribute to the report, but provides the following corrective actions for the recommendations listed below. I anticipate that each corrective action listed below will be completed on or before the end of this fiscal year.

a. **OIG Recommendation 6:** We recommend the Principal Executive Director, Office of Acquisition, Logistics, and Construction, direct Heads of Contracting Activities to perform individual ratification actions for unauthorized commitments identified by the Executive in Charge, Office of Management, and Chief Financial Officer's review of fiscal year (FY) 2012 and 2013 purchase card transactions above the micro-purchase threshold.

OALC Response: OALC will issue a memorandum directing the Heads of Contracting Activities (HCAs) to perform individual ratification actions for unauthorized commitments identified by the Office of Management, and Chief Financial Officer's review of FY 2012 and 2013 purchase card transactions above the micro-purchase threshold. OALC will also develop policy that requires HCAs to implement guidance ensuring individual ratifications are performed for unauthorized commitments.

b. **OIG Recommendation 7:** We recommend the Principal Executive Director, Office of Acquisition, Logistics, and Construction, create and maintain an accurate database of warranted VA contracting officers that includes warrant effective and expiration dates, and specific warrant authority limitations.

OALC Response: In January 2014, OALC transitioned to an interim warrant management system call eCERT, in an effort to create and maintain an accurate database of warranted VA contracting officers. As directed by Office

Page 2.

OIG Draft Report, Review of Alleged Unauthorized Commitments Project Number 2013-00991-R3-0065 (VAIQ 7457478)

of Management and Budget, the Department will transition to the Federal-wide system under development.

c. **OIG Recommendation 8:** We recommend the Principal Executive Director, Office of Acquisition, Logistics, and Construction, establish policies and procedures requiring Heads of Contracting Activities to complete ratification actions within a specified time period after the identification of unauthorized commitments.

OALC Response: OALC will develop a policy that requires HCAs to implement guidance ensuring ratification action are completed within a specified time period after the identification of unauthorized commitments. However, recommending disciplinary actions for individuals outside the HCA's administrative authority is inappropriate. Disciplinary action in those cases is at the discretion of the supervisor. Department of Veterans Affairs Handbook 5021/15 Part I Appendix A, Offense #41, page I-A-9 (attached) addresses the misuse of Government purchase cards.

d. **OIG Recommendation 9:** We recommend the Principal Executive Director, Office of Acquisition, Logistics, and Construction, limit institutional ratifications by ensuring every unauthorized commitment meets the ratification review requirement.

OALC Response: OALC will develop policy that limits institutional ratification by ensuring every unauthorized commitment meets the ratification review requirement and establish guidance on the use of *quantum meruit* and *quantum valebant*.

3. Should you have any questions regarding this submission, please contact Ms. Annette Powe at (202) 632-5454 or email at annette.powe@va.gov.



Glenn D. Haggstrom

Attachment

JULY 19, 2013

VA HANDBOOK 5021/15
PART I
APPENDIX A

NATURE OF OFFENSE	1ST OFFENSE	2ND OFFENSE	3RD OFFENSE
	Minimum/ Maximum	Minimum/ Maximum	Minimum/ Maximum
Offenses Prescribed in Statute			
41. Failure to adhere to the rules governing the use of Government charge cards (purchase, travel, or fleet) and convenience checks.	Admonishment Removal	7 days Removal	14 days Removal
42. Prohibited personnel practice (5 U.S.C. 2302).	Reprimand Removal	14 days Removal	Removal
43. Willfully using or authorizing the use of Government passenger motor vehicle or aircraft for other than official purposes (31 U.S.C. 1349(b)).	30 days Removal	Removal	
44. Finding by MSPB of refusal to comply with MSPB order or of violation of statute causing issuance of Special Counsel complaint ((5 U.S.C. 1204(a)(2) and 1212(a)).	Reprimand Removal	7 days Removal	14 days Removal
NOTE: Penalty may need to be coordinated with Office of Special Counsel.			
45. Prohibited Political Activity:			
a. Violation of prohibition against the solicitation of political contributions (5 U.S.C. 7323).	Removal		
b. Violation of prohibition against influencing elections (5 U.S.C. 7324).	30 days Removal	Removal	
NOTE: Actions based on Hatch Act violations will be initiated by the Office of Special Counsel.			
46. Soliciting contributions for a gift for a superior; making a donation as a gift to a superior; accepting a gift from an employee receiving less pay (5 U.S.C. 7351).	Reprimand Removal	14 days Removal	Removal
47. Directing, expecting, or rendering services not covered by appropriations (5 U.S.C. 3103).	Removal		
48. Failure to deposit into the Treasury money accruing from lapsed salaries or from unused appropriations for salaries (5 U.S.C. 5501).	Removal		

I-A-9

Appendix H Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Kent Wrathall, Director Melissa Colyn Marci Davis Earl Key Annie Yue Li Jessica Rodriguez Nelvy Viguera Butler
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Appendix I Report Distribution

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Assistant Secretaries
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