

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Department of Veterans Affairs

*Review of  
Alleged Mismanagement of  
the Office of Public and  
Intergovernmental Affairs  
Outreach Contracts*

November 20, 2014  
13-01545-11

## ACRONYMS

FAR	Federal Acquisition Regulation
FY	Fiscal Year
OIG	Office of Inspector General
OPIA	Office of Public and Intergovernmental Affairs
VA	Department of Veterans Affairs

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# Report Highlights: Review of Alleged Mismanagement of VA's OPIA Outreach Contracts

## Why We Did This Review

We evaluated the merits of Hotline complaints that VA's Office of Public and Intergovernmental Affairs (OPIA) awarded an outreach contract to Woodpile Studios, Inc. (Woodpile), alleging that it yielded no apparent increase in the use of VA healthcare, benefits, or services by veterans and then planned to solicit new outreach contracts without evaluating the effectiveness of the prior contract.

## What We Found

We substantiated the allegations regarding OPIA mismanagement of its outreach contracts. We confirmed that in July 2010, OPIA awarded a contract to Woodpile to provide support for outreach campaigns at an initial cost of \$5.2 million. However, OPIA could not demonstrate that contract activities resulted in increased awareness of and access to VA healthcare, benefits, and services for veterans. We also confirmed that OPIA solicited significant new outreach service contracts without evaluating the effectiveness of the previous contract.

OPIA management stated that leadership turnover contributed to ineffective oversight of the outreach contract management and solicitations. Consequently, Woodpile contractors performed functions that were inherently Governmental. Questionable use of a labor-hour order instead of a performance-based contract contributed to invoices for activities that did not clearly link to accomplishment of VA outreach goals. By awarding new contracts without first evaluating the performance of the prior

Woodpile contract, OPIA continued to expend funds on questionable outreach activities. OPIA also lacked performance metrics to fully assess improvements in access to VA benefits and services for veterans.

## What We Recommended

We recommended that the Assistant Secretary for the Office of Public and Intergovernmental Affairs ensure effective oversight of outreach contract management and prevent contractors from performing inherently Governmental tasks. The Assistant Secretary should also implement metrics to ensure the outreach campaigns improve veteran awareness and access to VA services.

## Agency Comments

The Acting Assistant Secretary for the Office of Public and Intergovernmental Affairs concurred with our report recommendations and summarized corrective actions for our consideration. We will monitor implementation of the corrective action plans.

A handwritten signature in black ink, appearing to read "Linda A. Halliday".

LINDA A. HALLIDAY  
Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

### **Objective**

The VA Office of Inspector General evaluated the merits of allegations received through the OIG Hotline that VA's Office of Public and Intergovernmental Affairs (OPIA) did not effectively manage certain OPIA contracts supporting outreach programs and activities for veterans.

### **Background**

According to section 6303, title 38, United States Code, "Outreach Activities," VA is required to conduct outreach programs to help ensure veterans are provided with timely benefits and services so they can achieve rapid social and economic readjustment to civilian life. VA established the National Veterans Outreach office within OPIA to fulfill the requirements of this statute. Accordingly, this office coordinates outreach program activities and communications to increase veterans' awareness of and access to VA healthcare, benefits, and services.

In June 2010, OPIA began a multi-phased plan to implement an integrated rebranding and communications campaign, including outsourcing for media, outreach, events, media relations, and digital strategies. The implementation plan included the following phases—strategic communications, planning, execution, and evaluation. OPIA supported this effort by awarding a contract in fiscal year (FY) 2010 and another in FY 2012 to provide the necessary resources to accomplish the outreach goals of increased use of VA benefits and services by veterans.

### **Allegations**

An anonymous complainant alleged OPIA contracted with Woodpile Studios, Inc. (Woodpile) to conduct costly outreach and awareness campaigns for veterans, but those services yielded no apparent increase in the use of VA healthcare, benefits, or services by veterans. The complainant further alleged that OPIA planned to award significant new outreach contracts to assist veterans without evaluating the effectiveness of the previous Woodpile contracts.

### **Other Information**

- Appendix A provides additional background information pertinent to our review.
- Appendix B provides details on the scope and methodology for our review.
- Appendix C provides potential monetary benefits.
- Appendix D provides comments by the Assistant Secretary for OPIA on a draft of this report.

## RESULTS AND RECOMMENDATIONS

### Finding **OPIA Inadequately Managed and Solicited Outreach Contracts**

We substantiated allegations of OPIA mismanagement of its outreach contracts. We confirmed that in July 2010 OPIA awarded a contract to Woodpile to provide support for outreach campaigns at an initial cost of \$5.2 million, with potential performance requirements through July 2013. However, OPIA could not demonstrate that contract activities resulted in increased awareness and access to VA healthcare, benefits, and services. Further, we confirmed that OPIA solicited significant new outreach services contracts in FY 2012 without evaluating the effectiveness of the previous contract. OPIA awarded a follow-on outreach contract to the Advertising Council, commonly known as the Ad Council, in August 2012 and planned to award others.

OPIA management stated that leadership turnover contributed to ineffective oversight of the outreach contract management and solicitations. Given the ineffective oversight and program management, Woodpile contractors performed functions that were inherently Governmental. Questionable use of a labor-hour order instead of a performance-based contract contributed to invoices for activities that did not clearly link to accomplishment of VA outreach goals. By soliciting and awarding new contracts without first evaluating the performance of the prior Woodpile contract, OPIA continued to expend funds without reasonable assurance that outreach activities would meet planned goals. OPIA also lacked performance metrics to fully assess and monitor the outreach campaigns to ensure increases in access to VA benefits and services for veterans as intended.

***Outreach  
Contract  
Yielded  
Questionable  
Benefits***

We substantiated the allegations that OPIA contracted Woodpile to conduct outreach and awareness campaigns for veterans, but OPIA lacked support to demonstrate that those services yielded any increases in the use of VA healthcare, benefits, or services by veterans. In 2010, OPIA began a multi-phase plan to develop an integrated rebranding and communications campaign. The implementation plan included strategic communications, planning, execution, and evaluation phases. VA engaged Woodpile to provide advisory and creative assistance services to OPIA during the strategic communications phase. The contractor also supported the planning and execution phases of the plan.

Woodpile embarked upon a significant media ad campaign that consisted of two television spots aired between October 2010 and January 2011. Advertisements were broadcast during major televised events such as the Super Bowl and Country Music Awards. The 30-second ads, which targeted

returning veterans from Iraq and Afghanistan, ran both nationally and locally in six markets with heavily concentrated veteran populations.

The services that Woodpile provided were done under a time and materials contract using broad task order objectives to define the specific work requirements from FY 2010 to FY 2013. This contract lacked specific deliverables and billings were based on a level of effort by labor category. For example, the deliverables included broad activities such as copywriting, graphics support, and strategic consultation to be performed as needed with no required outputs. The initial task order was valued at \$5,225,695 and included two option years that were exercised in FY 2012 and FY 2013. Although we requested performance assessments or other documented analysis to show the impact of the contractor's outreach activities, OPIA could not demonstrate that Woodpile's services resulted in significant improvements in awareness and access to VA healthcare, benefits, and services.

**Significant  
Contract  
Modifications  
Without  
Recompetition**

Subsequent to the initial task order, VA increased the Woodpile contract by \$5 million to cover the advertising costs incurred in FY 2011. These contract changes were significant, doubling the contract value to about \$10,266,488. According to the Government Accountability Office's interpretation of the Federal Acquisition Regulation's (FAR) "cardinal change" rule in contracting, agencies are required to compete significant new contract requirements and may not simply modify an existing contract to fit new needs. FAR 52.243-3(a) states the contracting officer may make changes, but only within the general scope of the contract. Further, FAR 16.504(a)(4)(iii) requires that solicitations for task order contracts include a Statement of Work that reasonably describes the general scope, nature, complexity, and purpose of the supplies or services in a manner that will enable a prospective offeror to decide whether to submit an offer. See Appendix C for Potential Monetary Benefits related to funds spent on constructive contract changes without solicitations as required by the FAR.

Despite Federal acquisition requirements to the contrary, VA significantly modified the existing Woodpile contract and did not perform a solicitation for additional advertising services to ensure that such costs were competitive and in the best interest of the Government. Contracting officials advised that since the terms of the original statement of work were broad and imprecise, a contract modification was appropriate for additional advertising services and there was no need to re-compete the contract. In a Memorandum for Record dated September 29, 2010, the Contracting Officer documented her determination that the modification was within scope. However, given the Contracting Officer's vague justification for approving such changes, it was questionable whether the contract modification was in the best interest of the Government.

***New Contracts Solicited Without Evaluating Prior Contract Effectiveness***

We also substantiated the allegation that OPIA solicited significant new outreach services contracts without evaluating effectiveness of the previous Woodpile contract. FAR 16.601, states that appropriate surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used. Program offices can both monitor performance through the measurement of cost, schedule, and performance metrics provided in the contract and perform value analysis of the services provided. Despite not evaluating the impact of the Woodpile contract, in August 2012, OPIA awarded a \$4 million contract to the Ad Council to develop creative advertising services. OPIA also planned to award other significant contracts for commercials, radio spots, and billboards in support of its “VA Access” campaign. By soliciting and awarding a new contract without first evaluating the performance of the prior Woodpile contract, OPIA continued to expend funds on outreach programs that had the potential not to be in VA’s best interest.

***Inadequate Oversight Resulted in Inappropriate Contractor Activities***

OPIA management indicated that the National Veterans Outreach program office had experienced significant employee turnover that contributed to ineffective oversight of the Woodpile contract from FY 2010 to FY 2013. For example, an OPIA program official stated that the vacant Assistant Secretary and Director for the National Outreach Office positions disrupted program continuity and the staff needed to effectively monitor the outreach services contracts were not put in place. The Assistant Secretary and the Director positions remained vacant during the second year of the Woodpile contract and during the solicitation of another outreach contract, limiting OPIA in providing clear direction and oversight of contractor activities.

Amid the lack of oversight, Woodpile billed VA for more than \$5 million for services over a three-year period from FY 2010 to FY 2013. A number of the services had no clear connection to OPIA’s strategic outreach activities. For example, during this period, the contractor provided substantial labor hours to the Office of Information and Technology to redesign its Web pages, customer satisfaction surveys, advertisement logos, and artwork.

The lack of VA oversight also allowed Woodpile to perform services that included inherently Governmental tasks. For example, a Woodpile executive assumed the role of the VA program manager for the Ad Council contract award. Subsequently, the executive identified herself as the Ad Council project lead, responsible for managing the project’s direction. The Woodpile executive also compiled VA’s Biennial Report to Congress, coordinating input from all three administrations, VA Central Office, and program offices.

Allowing contractors to manage Governmental functions gives the appearance that a contractor is a VA employee and performing work under a “Personal Services Contract.” According to FAR 37.104, “Personal Services Contracts” are illegal unless an agency has specific authority to enter into such agreements. Additionally, FAR section 37.114 requires agencies to

provide special management attention to contractors that provide advice, opinions, recommendations, ideas, reports, analyses, or other work products, as they have the potential for influencing the authority, accountability, and responsibilities of Government officials. In November 2010, the Office of Management and Budget issued an Office of Federal Procurement Policy memo that emphasizes the need for enhanced oversight of professional and management support services contracts that can affect the Government's decision-making authority for inherently Governmental functions. While performing "Personal Services Contracts," contractors could direct Government dollars, programs, and operations in a way that would benefit the contractor at the expense of veterans the Government seeks to assist.

**Contract Type  
Contributed to  
Questionable  
Invoices**

OPIA's questionable use of a labor-hour order instead of a performance-based contract and not clearly defining contract deliverables contributed to invoices for activities that did not clearly link to accomplishment of VA outreach goals. The FAR requires that agencies use fixed-price orders for the acquisition of commercial services to the maximum extent practicable. It states a labor-hour order, a type of time and materials contract, may be used only when it is not possible at the time of placing the order to estimate accurately the extent or duration of the work, or to anticipate costs with any reasonable degree of confidence.

In response to our inquiries, OPIA provided unclear rationale without supporting documentation to justify using a labor-hour order to obtain outreach services. Specifically, VA provided us an Advisory and Assistance Contracts Justification document, dated January 11, 2010, that stated "OPIA does not currently have the expertise and/or staff to perform the required tasks of a rebranding campaign. OPIA officials indicated that enlisting a contractor would be in the best interest of the Department and Veterans." OPIA officials also stated, "that an experienced contractor would be able to provide the expertise, analysis, and insight to support this transformation effort," which was to increase usage of VA services through a national messaging campaign. The justification document further stated the Assistant Secretary and two other officials would evaluate the final product and monitor progress throughout the contract.

We examined the Determination and Finding for the contract, which FAR 12.207(b) requires to ensure sufficient facts and rationale are provided to justify that a fixed-price contract is not suitable. According to the FAR, the Determination and Finding should include a description of the market research conducted and address the requirement to structure the contract to maximize the use of fixed pricing on the current and future acquisitions for the same or similar requirements. While VA met the FAR requirement to provide the Determination and Finding, the document lacked sufficient detail to justify the labor-hour contract and give reasonable assurance that VA could maximize the use of fixed pricing on future acquisitions for the same requirement. Additionally, the contract lacked performance metrics and

there was no requirement to align labor billing with tangible end products or work assignments. In the delivery schedule, the contractor was required to submit invoices monthly based only on the level of effort per labor category and contract objective.

GAO has reported that developing clear statements of work can reduce the government's risk of paying for more services than needed. GAO has emphasized the importance of conducting comprehensive cost analysis to provide knowledge about how much is being spent for goods and services and where opportunities exist to save money and improve performance. Further, the Office of Management and Budget has historically defined strategic sourcing as a structured process based on cost analysis to make business decisions about acquiring commodities and services more efficiently and effectively. Without tracking costs by work product and specific service, VA cannot collect the data necessary to make informed decisions about future acquisitions.

Further, broad, imprecise statements of work prevented an objective assessment of contractor performance or value analysis of the services provided. Because the contract objectives were so broad, VA could not determine from invoicing how the services provided were supporting VA's goals of increasing Veteran awareness and usage of VA benefits. While the Contracting Officer Representative approved all contractor billings for payment, our review of vendor invoices from FY 2010 to FY 2013 showed they lacked the information needed to directly align labor items with VA's outreach support goals. For instance, the status reports often attributed labor costs to "collateral" services, such as creating standard user interfaces for VA Web applications or providing general support for other internal program offices outside of OPIA. However, there was no breakdown of hours per deliverable on file. Although the contracting office requested a breakdown of labor for the last invoice, the services were still bundled and not aligned by specific deliverables.

In general, we found the Woodpile time and materials contract to be open-ended, with no direct link between resource inputs and tangible program outcomes. Without tying contractor resource hours to specific products and services, VA cannot determine the true baseline costs of its outreach efforts or provide assurance that OPIA is efficiently expending funds on the Woodpile contract. FAR 16.601, "Time and Materials Contracts," states that time and materials contracts provide no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, appropriate Government surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used. Without well-defined contract deliverables, OPIA missed an opportunity to provide effective outreach activities in 2011 and 2012 that could have increased veterans' awareness and access to VA healthcare, benefits, and services. Furthermore, OPIA lacks reasonable

assurance that contractor billings are consistent and necessary under the terms of the contract.

**Lacked  
Performance  
Measures To  
Ensure  
Outreach  
Goals Were  
Met**

OPIA lacked metrics to evaluate the effectiveness of Woodpile's communications support and outreach efforts. The Government Performance and Results Act of 1993 and the Government Performance and Results Modernization Act of 2010 mandate the evaluation of Federal programs as part of agencies' strategic planning. The vacant Assistant Secretary and Director for the National Outreach Office positions ultimately delayed the development of metrics to monitor outreach services.

While the task order required Woodpile to deliver, as needed, a set of tools and metrics to assess the effectiveness of communication products, the contractor never provided them. In response to our inquiries, OPIA provided a Woodpile memorandum that cited quick timelines and an inability to coordinate with other VA program offices as limiting factors in capturing advertisement performance metrics. Further, the contractor stated that VA's overlapping media events prevented Woodpile from determining impacts from any of its single advertising events. However, the open-ended nature of the task order allowed Woodpile to bill VA for advertising services upon completion of a single media event campaign.

Lacking metrics to evaluate the effectiveness of the prior Woodpile contract as part of its current solicitation approach, OPIA continued to award subsequent contracts when it lacked reasonable assurance that these contracts would be in the best interest of the Government. Without appropriate metrics, VA cannot objectively measure the success of its outreach campaigns for veterans. OPIA should develop metrics to demonstrate how outreach campaigns have contributed to the realization of overall OPIA program goals. As of November 2013, VA's National Outreach Office was in the early stages of developing performance metrics to measure the success of its individual program efforts.

**Conclusion**

We substantiated the allegation that OPIA awarded a contract to Woodpile in July 2010, with potential performance requirements through July 2013, to conduct costly outreach campaigns, advisory, and creative services that did not yield an apparent increase in veterans' awareness of or use of VA healthcare, benefits, and services. We also affirmed that OPIA planned and solicited significant new outreach service contracts without evaluating the effectiveness of previous contracts. A lack of oversight led to Woodpile contractors performing some inherently Governmental functions. Use of a labor-hour order instead of a performance-based contract also contributed to questionable contractor invoices. Ultimately, Woodpile billed OPIA in excess of \$5 million, from FY 2010 to FY 2013, for generic labor services that lacked a specific connection to VA's strategic outreach objectives. The statement of work was too vague to determine whether the additional costs

for advertising represented an acceptable use of funds under the contract or a cardinal change.

To improve performance, OPIA needs to provide effective oversight of outreach services contracts to ensure contractor activities and invoicing directly support task order requirements and overall program goals. OPIA also needs to establish metrics to determine whether outreach campaigns are improving awareness and access to VA services for veterans as intended. Without developing and evaluating appropriate outreach metrics, VA cannot objectively determine the success of its veteran outreach campaigns.

### **Recommendations**

1. We recommended the Assistant Secretary for the Office of Public and Intergovernmental Affairs limit future use of time and materials contracts to those instances where the extent or duration of the work cannot be anticipated with any reasonable degree of confidence.
2. We recommended the Assistant Secretary for the Office of Public and Intergovernmental Affairs ensure that significant new contract requirements are solicited in lieu of merely modifying existing contracts to meet new needs.
3. We recommended the Assistant Secretary for the Office of Public and Intergovernmental Affairs ensure that contractor billings are approved based on sufficient documentation to demonstrate that contractors are meeting performance-based requirements.
4. We recommended the Assistant Secretary for the Office of Public and Intergovernmental Affairs implement improved oversight of contractor activities to ensure they are appropriate to meet contract terms and do not include inherently Governmental functions.
5. We recommended the Assistant Secretary for the Office of Public and Intergovernmental Affairs develop and implement program performance metrics to determine whether outreach and awareness campaigns are improving veterans' awareness of and access to VA services and benefits.

### **Management Comments**

The Acting Assistant Secretary for the Office of Public and Intergovernmental Affairs concurred with our report recommendations and summarized corrective actions for our consideration. The Acting Assistant Secretary acknowledged that the Office of Public and Intergovernmental Affairs had experienced significant turnover that adversely impacted the organization's ability to provide effective oversight of an outreach contract. Consequently, the Office has established additional contract oversight controls and assumed full responsibility of the oversight process. The Acting

Assistant Secretary stated that contracts now include reportable metrics to demonstrate how well the Office of Public and Intergovernmental Affairs is informing veterans of their earned benefits and providing assistance for accessing veteran services. We have included the Acting Assistant Secretary's comments in their entirety at Appendix D.

***OIG Response***

The Acting Assistant Secretary for the Office of Public and Intergovernmental Affairs' comments and summary actions are responsive to our recommendations. We will monitor the corrective actions and close the recommendations after we receive evidence they have been implemented to sufficiently address the issues we identified.

## Appendix A Background

### *Project History*

In accordance with section 6303, title 38, United States Code, "Outreach Activities," VA is required to conduct outreach programs to ensure veterans are provided with timely benefits and services so they can achieve a rapid readjustment to civilian life. In addition, this statute charges VA with the duty to seek out eligible veterans and their dependents and provide them with such services. VA created the National Veterans Outreach office within OPIA to fulfill the requirements of the statute. Accordingly, this office coordinates outreach program activities and communications to increase veterans' awareness of VA healthcare, benefits, and services.

In 2010, media and Government Accountability Office reports noted that VA was failing to meet its legal obligation of providing adequate outreach services to improve veteran awareness and usage of VA services and benefits. In June 2010, OPIA began a multi-phased plan to develop an integrated rebranding and communications campaign that included paid media, outreach events, media relations, and digital strategies. The implementation plan included the following phases—strategic communications, planning, execution, and evaluation. To improve veterans' outreach programs, VA set aside \$30 million for a National Outreach Campaign. Several contracts supported this effort to provide the resources needed to accomplish OPIA's outreach goals and increase use of VA services and benefits by veterans. In July 2010, OPIA awarded a contract to Woodpile Studios, Inc. (Woodpile) to provide support for outreach campaigns at an initial cost of \$5.2 million with potential performance requirements through July 2013. Further, in August 2012, OPIA awarded a \$4 million contract to the Ad Council to develop creative advertising services. As of September 2013, OPIA had expended less than half of the \$30 million for outreach services.

## Appendix B Scope and Methodology

We conducted our fieldwork for this review at VA's Office of Public and Intergovernmental Affairs in Washington, DC, from March to November 2013. Our review determined the merits of Hotline complaints alleging that VA's Office of Public and Intergovernmental Affairs (OPIA) did not effectively manage certain OPIA contracts supporting outreach programs and activities for veterans. We focused our review on an OPIA contract awarded in July 2010 to support the National Outreach Campaign so we could determine the extent and effectiveness of support services offered and total expenditures to date. We reviewed the Ad Council contract awarded in August 2012. Further, we reviewed solicitations related to the development of a "GovDelivery" web application, advertising on Facebook, and campaigns supporting program message development and communications support.

To accomplish this review, we interviewed VA program officials and staff and reviewed supporting contracts and solicitation documents, monthly status reports, and outreach project documentation. We researched applicable Federal statutory requirements, reviewed the OPIA contract oversight process, and evaluated contract invoices and deliverables. Additionally, we evaluated OPIA's process for ensuring compliance with Federal and VA procurement policies.

### **Data Reliability**

We did not rely on computer-processed data to address our review objective. Accordingly, we did not assess the reliability of computer-processed data.

### **Government Standards**

We conducted our review in accordance with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

**Appendix C Potential Monetary Benefits in Accordance With Inspector General Act Amendments**

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
2	Money spent on constructive contract changes without solicitation.	\$0	\$5,000,000
<b>Total:</b>		<b>\$0</b>	<b>\$5,000,000</b>

## Appendix D Assistant Secretary for Office of Public and Intergovernmental Affairs Comments



DEPARTMENT OF VETERANS AFFAIRS  
OFFICE OF THE ASSISTANT SECRETARY FOR  
PUBLIC AND INTERGOVERNMENTAL AFFAIRS  
WASHINGTON DC 20420

Dear Mr. Bowman,

This letter is in response to the Office of Inspector General (OIG) review of a 2010 outreach contract and related actions. The Office of Public and Intergovernmental Affairs (OPIA) concurs with OIG's findings and recommendations in the report. In the attached, OPIA highlights some of the corrective actions already taken to demonstrate our commitment to a more rigorous and effective contract management and oversight process.

Between 2010 and 2012, OPIA experienced significant turnover at the senior-leader level, which adversely impacted the organization's ability to maintain effective oversight of the 2010 outreach contract. The present leadership team, in place since 2012, has established oversight controls for contracts going forward and has assumed full responsibility for the oversight process. Since 2012, where appropriate, OPIA's contracts have included reportable performance metrics that demonstrate how we are informing Veterans of their earned care and benefits as well as providing them a path to access them. We also conduct regularly scheduled meetings with contractors to review timeliness and quality of work and routinely communicate with contracting officers.

OPIA takes seriously our mission to inform Veterans about VA benefits and services. While OPIA's outreach responsibilities are mandated by statute through our office of National Veterans Outreach (NVO), we also view outreach to Veterans as a moral and ethical obligation to help Veterans—our primary customers—and their families understand the VA benefits and services for which they may be eligible. In an effort to be good stewards of funding resources, OPIA regularly reviews our practices and procedures to ensure we follow applicable rules and regulations at all times.

OPIA appreciate the recommendations contained in this OIG review and commits to their full implementation. I am confident current leadership has learned from the past. Our renewed focus has, and will continue, to result in more effective supervisory oversight, training, certification, and utilization of performance metrics in our outreach campaigns.

Do not hesitate to contact me if any members of our OPIA staff or I can be of further assistance.

Joshua Taylor  
  
Acting Assistant Secretary  
Office of Public and Intergovernmental Affairs

2 Attachments

**Office of Public and Intergovernmental Affairs  
Response to Draft OIG Report  
“Review of Alleged Mismanagement of OPIA Outreach Contracts”**

**Section I – OIG Findings and OPIA’s Responses:**

**OIG Finding:** 2010 outreach contract yielded questionable benefits.

**OPIA Response:** Concur with comment. The Office of National Veterans Outreach (NVO) could not validate there was adequate utilization of VA services as a result of the 2010 outreach contract. However, there were significant enhancements to the VA homepage, [www.va.gov](http://www.va.gov), in terms of improving visitor usability, navigation to useful benefits and services sites and in branding and appearance. For example, in FY 2014, the va.gov website garnered 438 million page views, an average of more than 1.2 million per day. More than 92.6 million users visited the va.gov website, which averages about 253,700 per day. Significantly, traffic to the va.gov website has more than doubled. In October 2013, web traffic to the site was 22.4 million; in the last month, August 2014, it was 47.7 million.

The contractor researched, planned and produced a graphics standard guide that remains in use throughout VA today; and the advertising campaign in late 2010 and early 2011, focused on informing recently returned Iraq and Afghanistan Veterans, aired in major U.S. markets. All contracts executed since 2012 include recommendations listed in this report to better track Veteran action to apply for benefits.

**OIG Finding:** Significant contract modifications without re-competition.

**OPIA Response:** Concur with comment. None of the OPIA staffers currently assigned to National Veterans Office, including the Director, were assigned to OPIA at the time the 2010 outreach contract was awarded or when modifications to the base contract were made. Since 2012, all Contract Office Representatives regularly communicate with their respective contracting officer. This communication keeps the contracting officer informed of execution progress while identifying when it’s appropriate to process a contract modification. The objective is to fully comply with all contracting regulations.

**OIG Finding:** New contracts solicited without evaluating prior 2010 contract.

**OPIA Response:** Concur with comment. NVO has awarded four (4) outreach contracts since 2012. In each of those contracts, language is included that requires regular reporting, project status and performance metrics, where appropriate. These actions are routinely tracked and monitored by Contracting Officer’s Representatives (CORs), the NVO Director and OPIA’s senior leadership. Additionally, today there is more effective communication and coordination between the COR, Contracting Officer (CO) and Program Manager of the respective companies.

**OIG Finding:** Inadequate oversight resulted in inappropriate contractor activities.

**OPIA Response:** Concur with comment. Since his arrival in August 2012, the NVO Director has provided constant program management and oversight of all outreach contracts. Additionally, the NVO Director and CORs routinely provide updates to OPIA’s senior leadership to track effectiveness of contract deliverables.

**OIG Finding:** Contract type contributed to questionable invoices.

**OPIA Response:** Concur. Unlike the 2010 outreach contract in question, each of the four (4) subsequent NVO contracts since 2012 currently in place were procured in close coordination with Office of Acquisition

Operations (OAO) and the respective COs in Fredrick, Md. The types of contracts we are now utilizing were approved by OAO. The assigned CORs in OPIA are responsible for closely scrutinizing all invoices to verify they align with verified work contained in the contract.

**OIG Finding:** Lack of performance measures to ensure outreach goals were met.

**OPIA Response:** Concur with comment. As indicated on page 7 of the OIG report, NVO has included performance measures and metrics in specified contracts since 2012.

## **Section II – OIG Recommendations and OPIA's Responses:**

**OIG Recommendation:** Limit future use of time and materials contracts.

**OPIA Response:** Concur. OPIA is committed to working with OAO for guidance and recommendations on how OPIA can leverage existing contract vehicles to best support our mission. For example, as discussed in the report under this finding, three of OPIA's four outreach contracts are now firm-fixed price contract vehicles and one is a hybrid firm-fixed price/time and materials contract. As Statements of Work (SOW) and Performance Work Statements (PWS) are being developed, NVO's Contracting Officers Representatives work closely with OAO contracting officers and OGC to carefully review proposed wording and to ensure we select the type of contract vehicle that yields clear benefits for Veterans.

**OIG Recommendation:** Solicit new contracts for significant new work in lieu of modifying existing contracts to meet new needs.

**OPIA Response:** Concur. The contracts executed by OPIA in September 2012 and 2013 reflect this recommendation.

**OIG Recommendation:** Approve billings based on sufficient documentation to demonstrate contractors are meeting performance based requirements.

**OPIA Response:** Concur. Every COR in OPIA now engages regularly with program managers to cross-walk deliverables and to discuss task order requirements. In consultation with OAO contracting officers, documented performance metrics have been in place for three out of four OPIA contracts since 2012 and these are assessed at routine intervals to ensure compliance. The one contract is a "time and materials" contract and includes no marketing or advertising deliverables.

**OIG Recommendation:** Improved oversight of contractor activities to ensure they are appropriate to meet contract terms and do not include inherently governmental functions.

**OPIA Response:** Concur. Each COR currently working in NVO communicates routinely with OAO contracting officers to help ensure problems of the past identified in this report are not repeated. In addition, no OPIA contractors work on site any longer. The one contract with a time and materials task is closely monitored by the COR and the NVO Director and regular updates are provided to OAO contracting officers. All appropriate documentation is now maintained and accounted for.

**OIG Recommendation:** Develop and implement program performance metrics to determine whether outreach and awareness campaigns are improving veterans' awareness and access to VA services and benefits.

**OPIA Response:** Concur. In coordination with OAO contracting officers, performance-based metrics were included in the Statement of Work (SOW) and are reflected in the contracts as "deliverables" where appropriate in current NVO contracts going back to 2012. For example, the marketing and web development contract now being executed by NVO provided extensive analysis of a regional advertising campaign conducted in the fall of 2013. The results of this campaign: nearly 600,000 Veterans visited the updated VA website ([www.va.gov/explore](http://www.va.gov/explore)), 124,000 Veterans signed up to receive VA email related to

benefits and services, and 96,000 Veterans selected the application link for the process of applying for their VA benefits. Additionally, a separate NVO contractor has conducted two major surveys and an on-line focus group to determine Veteran and family member awareness of VA benefits and services. This research, which will be done at different intervals, along with a post-execution survey and marketing analysis, will meet applicable contract criteria for performance metrics.

## **Appendix E Office of Inspector General Contact and Staff Acknowledgments**

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OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Michael Bowman, Director Carol Buzolich Michael Miller Richard Purifoy Felita Traynham
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## **Appendix F Report Distribution**

### **VA Distribution**

Office of the Secretary  
Veterans Health Administration  
Veterans Benefits Administration  
National Cemetery Administration  
Assistant Secretaries  
Office of General Counsel

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