



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Special Reviews

OFFICE OF HUMAN RESOURCES AND
ADMINISTRATION; VETERANS BENEFITS
ADMINISTRATION

Review of SES
Reassignments in the
Veterans Benefits
Administration

MANAGEMENT ADVISORY
MEMORANDUM

MEMO # 21-01526-48

DECEMBER 15, 2021



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DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL
WASHINGTON, DC 20001



December 15, 2021¹

MANAGEMENT ADVISORY MEMORANDUM

TO: Gina Grosso, Assistant Secretary for Human Resources and Administration/Operations, Security and Preparedness (HRA/OSP) Department of Veterans Affairs (VA) (006)

CC: Thomas Murphy, Acting Under Secretary for Benefits Veterans Benefits Administration (VBA) (020)

FROM: Katherine Smith, Assistant Inspector General VA Office of Inspector General's (OIG) Office of Special Reviews (56)

SUBJECT: Review of SES Reassignments in the Veterans Benefits Administration

Concerns about the proper use and justification of relocation payments for VA Senior Executive Service (SES) employees have been long-standing.² Relocation payments are of two types: relocation *incentives* are cash bonus payments offered to recruit candidates to a position, while relocation *allowances* reimburse federal employees for expenses incurred in changing duty stations. VA is required to submit semiannual reports to Congress on SES reassignments given past concerns about possible abuses.³ At the request of the minority staff of the Subcommittees on Oversight and Investigations and Disability Assistance & Memorial Affairs of the House Committee on Veterans' Affairs in February 2021, the OIG reviewed the circumstances concerning the reassignments of two executive directors in VBA during 2020. The examination included whether VBA officials followed VA's procedures for determining whether the reassigned employees were eligible for the relocation allowances they received.

The OIG found that VA's payments of permanent change of station (PCS)/relocation allowances for these two employees were calculated properly and in accordance with existing federal law and VA policy. However, the OIG observed certain inconsistencies in VA's internal guidance and policies regarding the approval of relocation allowances, as well as inaccuracies in the approval documentation for the two instances it reviewed. This memorandum is meant to convey

¹ This memo was sent to VA for comment on September 1, 2021. That response, dated October 26, 2021, can be found in appendix A.

² See, e.g., VA OIG, [Audit of Recruitment, Relocation, and Retention Incentives](#), Report No. 14-04578-371, January 5, 2017; VA OIG, [Administrative Investigation: Inappropriate Use of Position and Misuse of Relocation Program and Incentives](#), Report No. 15-02997-526, September 28, 2015.

³ Department of Veterans Affairs Senior Executive Accountability Act of 2018 § 2, 38 U.S.C. § 727(b). The law was enacted, at least in part, in response to the OIG's findings in its 2015 report. H.R. Rep. No. 115-248, at 2 (2017).

information to help VA determine if additional actions are warranted. The OIG is taking no additional steps at this time, including any further reporting on the examination of the two executive directors' circumstances, given that no wrongdoing or violation of law or policy was identified in connection with their relocation allowances.

Comparison of Requirements for Justification of Relocation Allowances and Relocation Incentives

The Federal Travel Regulation permits federal agencies to reimburse federal employees for relocation expenses if the agency determines that “an employee’s permanent change of station is in the best interest of the government,” as defined in the agency’s internal policies.⁴ The VA Office of Human Resources and Administration (HRA) published its policy guidance for relocation allowances in the Human Resources Management Letter 05-18-08 (HRM letter).⁵ This guidance is used by VA components, including VBA, to direct the review and approval of individual relocation allowances.⁶ The HRM letter states that relocation allowances may be offered “to limit the economic stress of relocating to a new duty location . . . [and] must be in the best interest of the Government.”⁷

Although the OIG’s examination only concerned relocation *allowances*, it is necessary to also lay out VA’s guidance associated with relocation *incentives* because VA’s HRM letter appears to confuse the two.

Relocation *incentives* are cash bonus payments that federal agencies, including VA, are permitted to offer “if the agency is likely to have difficulty recruiting candidates with the competencies required for the position (or group of positions) in the absence of a relocation incentive.”⁸ The governing regulation and VA policy address relocation *incentives* and require the approving official to determine that the position is likely to be “difficult to fill in the absence of an incentive” after considering the following eight factors:

1. The availability and quality of candidates possessing the competencies required for the position including the success of efforts within the previous six months to recruit candidates for similar positions using indicators such as job acceptance rates, the proportion of positions filled, and the length of time to fill similar positions

⁴ 41 C.F.R. §§ 302-2.100(b), 2.101(a).

⁵ Human Resources Management Letter 05-18-08, *Interim Guidance Approval Procedures for Recruitment and Relocation Incentives and PCS/Relocation Allowances*, August 28, 2018. For citation purposes, this letter will be referred to as simply HRML 05-18-08.

⁶ The OIG’s examination of congressional concerns was limited to VBA and did not consider the application of standards for relocation allowances by other parts of VA or its administrations and program offices.

⁷ HRML 05-18-08, at para. 2.

⁸ 5 C.F.R. § 575.206(b). See also VA Handbook 5007/58, *Pay Administration*, June 22, 2020, part VI, chap. 2.

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2. The salaries typically paid outside the Federal Government for similar positions
 3. Turnover within the previous six months in similar positions
 4. Employment trends and labor-market factors that may affect the ability to recruit candidates for the position or similar positions
 5. Special or unique competencies required for the position
 6. Efforts to use other non-pay authorities such as special training and work scheduling flexibilities to resolve difficulties alone or in combination with a recruitment incentive
 7. The desirability of the duties, work or organizational environment, or geographic location of the position
 8. Other supporting factors, such as historical information on the occupations or types of positions VA has had trouble in filling with high quality candidates or geographic areas that traditionally have been considered less desirable⁹

These eight factors are not used in the Federal Travel Regulation, which governs relocation *allowances*, but were nonetheless incorporated by VA nearly verbatim into the HRM letter with respect to relocation *allowances*. For relocation *allowances*, the HRM letter states that a “best interest of the government” determination may be reached if support is provided for “one or more of the eight key factors.”¹⁰ The HRM letter also mandates the submission of a written justification for the allowance.¹¹ In contrast, for relocation *incentives*, VA policy requires that “recommending officials must consider and fully document how each of the [eight] factors contribute to the determination that an incentive is needed.”¹²

Current Procedures for Approving Relocation Allowances Do Not Appear to Implement the “Best Interest” Standard Required by the Federal Travel Regulation

It appears that the HRM letter may be conflating the requirements for relocation *allowances* with those for relocation *incentives*. The eight key factors do not appear in the Federal Travel Regulation addressing *allowances*. Rather, they are defined in different federal regulations that establish the “difficult to fill” standard for relocation *incentives* and in VA Handbook 5007/58.¹³ As a result, the eight factors relate to a determination made in advance of posting a job

⁹ VA Handbook 5007/58 at VI-9. These eight factors are based on those listed in 5 C.F.R. § 575.206(b).

¹⁰ HRML 05-18-08, at para. 3(a).

¹¹ HRML 05-18-08, at para. 3(a).

¹² VA Handbook 5007/58.

¹³ 5 C.F.R. § 575.206(b).

announcement that relocation *incentives* are justified if the position is likely to be difficult to fill.¹⁴ This requires a consideration of labor market trends and market forces, which are reflected in the eight factors, such as “salaries typically paid outside the [government] for similar positions” and the “desirability of the . . . geographic location of the position.”¹⁵ The HRM letter also adds, as a supporting factor, “comparative historical data regarding the types of positions where VA has experienced *difficulty in filling* with high quality candidates [emphasis added].”¹⁶ In contrast, the governing Federal Travel Regulation applies only a “best interest of the government” standard for relocation *allowances*—not difficult to fill—and it requires that it be considered with respect to the particular employee’s permanent change of station and not the position generally.¹⁷

The confusion regarding the different standards for allowances and incentives is similarly reflected in the PCS justification form used by VBA for relocation *allowances*. The form, which is titled, “Request for Relocation Expenses (PCS),” lists the eight key factors for relocation *incentives* and requires the signatories to certify that “the justification accurately describes the factors demonstrating *the difficulty in filling the position* and the relocation is in the best interest of the government.[emphasis added]” A reference to “difficulty in filling the position” (or any similar language) does not appear in the Federal Travel Regulation, which, as noted above, imposes only the “best interest of the government” standard for relocation allowances.¹⁸

Small Sample of VBA’s Written Justifications for Relocation Allowances Appeared to Be Incomplete and Inaccurate

The OIG also observed deficiencies in the written PCS justification forms that were submitted by VBA in support of the approval of the relocation allowances of the two executives. Specifically, these PCS justification forms appeared to have been completed using boilerplate text and did not document the specific details pertaining to these executives’ reassignments.

For example, with respect to factor eight—other supporting factors—both forms contained the following language, which varied only with respect to the bracketed text:

¹⁴ 5 C.F.R. § 575.206(b); VA Handbook 5007/58.

¹⁵ 5 C.F.R. § 575.206(b).

¹⁶ HRML 05-18-08, at para. 3(a).

¹⁷ 41 C.F.R. § 302-2.101(a). The HRM letter states that “when filling a vacant position and offering PCS/relocation allowances, the Hiring Manager must prepare a written justification and obtain approval, prior to initiating recruitment efforts.” HRML 05-18-08, at para. 3(a). This appears to be inconsistent with the employee-specific determination contemplated by the Federal Travel Regulation and, instead, mirrors VA policy regarding relocation incentives, which states that incentives must be authorized prior to posting the vacancy announcement and that “justifications of incentives will not contain employee-specific information.” VA Handbook 5007/58, at VI-9.

¹⁸ The OIG also notes that the HRM letter requires PCS justification forms to include the estimated cost of the relocation. HRML 05-18-08, at para. 3(a). This requirement does not appear in the Federal Travel Regulation, and the justification forms reviewed by the OIG did not contain such estimates.

An extended vacancy for this position will impact the critical mission of VBA's regional [office/offices] in [city], to include claims processing and modernization efforts outlined in the VA Strategic Plan. Historically, offering relocation incentives for critical senior executive positions has resulted in VBA [recruiting and] retaining its most valuable and experienced leaders.

Not only did VBA use language that was nearly identical in both forms, but this statement also expressly (and incorrectly) refers to relocation *incentives* instead of the relocation *allowances* for which approval was sought in these two instances. Also, the statements for factors three, five, and six are exactly the same, and the responses for the rest of the factors vary only to the extent that they provide data specific to the different offices and regions to which the executives were being reassigned.

In addition, one of the executives was relocated pursuant to a settlement agreement between the executive and VA regarding an unrelated employment dispute. However, this information was not included anywhere in the PCS justification form.

Conclusion

The OIG found nothing improper in the two executives' receiving relocation allowances in connection with their reassignments. However, guidance provided by VA in the HRM letter does not appear to properly implement the Federal Travel Regulation, which establishes the "best interest of the government" standard when considering paying an individual employee's relocation allowance after a position has been filled through reassignment. Instead, the HRM letter applied criteria to relocation allowances that are defined in other federal regulations and VA policy about the appropriateness of offering relocation incentives for a position in advance of filling it. The HRM letter should have more accurately articulated the criteria, procedures, and documentation required for approval of relocation allowances.

Requested Action

The OIG requests that HRA inform the OIG of what action, if any, is taken to revise the guidance and processes for approving relocation allowances and related documentation. This includes revisions to the HRM letter or other guidance.

VA Response

Appendix A provides the response of the assistant secretary for HRA/OSP. The assistant secretary indicated that HRA plans to rescind the HRM letter (HRML 05-18-08) and issue a bulletin by the end of 2021 that accurately describes VA policy, criteria, procedures, and documentation required for incentives and relocation allowances. The assistant secretary also noted that they have recently revised Handbook 5007 and are reviewing Handbook 5005. These

handbooks (including recent revisions) do not currently address payment of relocation *allowances* for the management-directed reassignments that were the subject of this review.

Appendix A: Management Comments—Assistant Secretary for HRA/OSP

Department of Veterans Affairs Memorandum

Date: October 26, 2021

From: Assistant Secretary for Human Resources and Administration/Operations, Security and Preparedness (006)

Subj: Draft OIG Management Advisory Memorandum, Review of SES Reassignments in the Veterans Benefits Administration (Project No. 2021-01526-SR-0011)

To: Deputy Assistant Inspector General, Office of Special Reviews (56)

1. Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) draft Management Advisory Memorandum, Review of SES Reassignments in the Veterans Benefits Administration.
2. Based upon OIG's request, the Office of Human Resources and Administration / Operations, Security and Preparedness (HRA/OSP) is informing the OIG of what actions are being taken to revise the guidance and processes for approving relocation allowances and related documentation. We have revised and reissued Department of Veterans Affairs (VA) Handbook 5007 and we are reviewing VA Handbook 5005. We have carefully looked at Human Resources Management Letter (HRML) 05-18-08 and will rescind that 2018 HRML and issue a Bulletin that accurately describes VA policy, criteria, procedures, and documentation required for incentives and relocation allowances. Our goal is to rescind the 2018 HRML and issue a Bulletin by the end of the calendar year.
3. Ensuring that the Department has clear, accurate human resources policies and guidance is a priority for HRA/OSP. We will continue to work with OIG and other stakeholders to make improvements that ensure the Department can fill positions with clear guidance and processes.
4. Should you have any questions, please contact Ms. Tracey Therit, VA Chief Human Capital Officer, at Tracey.Therit@va.gov.

(Original signed by:)

Gina M. Grosso

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