

**Memorandum to the File
Case Closure**

**Alleged Conflict of Interest and Research Program Irregularities
Tennessee Valley Healthcare System, Nashville Campus, Tennessee
(2011-02312-IQ-0108)**

The VA Office of Inspector General Administrative Investigations Division initiated an investigation into allegations that (b) (7)(C) Tennessee Valley Healthcare System, Nashville, Tennessee, who also worked for (b) (7)(C) engaged in a conflict of interest when he signed Memorandums of Understandings (MOU) between VA and (b) (7)(C) and engaged in research program irregularities. To assess these allegations, (b) (7)(C) we interviewed (b) (7)(C) and other VA employees. We also reviewed personnel, email, research, grant, and other relevant records, as well as Federal laws, regulations, and VA policy. We did not investigate these allegations to where we could substantiate or not substantiate them. Instead, the Veterans Affairs Network Systems (VANS) conducted an internal inquiry, and they determined that the allegations were not substantiated. We therefore did not expend any further resources.

Federal law prohibits an employee of the executive branch from participating personally and substantially through decision, approval, or recommendation in a particular matter in which, to his knowledge, he, his general partner, organization in which he serves as officer, director, general partner, or employee has a financial interest. 18 USC § 208. Standards of Ethical Conduct for Employees of the Executive Branch state that where an employee knows that a particular matter involving specific parties is likely to have a direct and predictable effect on the financial interest of a person with whom he has a covered relationship, and where the employee determines that the circumstances would cause a reasonable person with knowledge of the relevant facts to question his impartiality in the matter, the employee should not participate in the matter unless he has informed the agency designee of the appearance problem and received authorization from the agency designee. An employee has a covered relationship with a person with whom the employee has or seeks a business, contractual, or other financial relationship that involves other than a routine consumer transaction. 5 CFR § 2635.502(a).

Allegations Pertaining to a Conflict of Interest

We neither substantiated nor unsubstantiated the allegation that (b) (7)(C) created a conflict of interest by authorizing the MOUs of VA employees. VANS conducted an internal inquiry, and they did not substantiate the allegation.

(b) (7)(C) told us that he had a contract with (b) (7)(C) since 1992; however, he was unable to produce the contract. Personnel records, dated June 10, 2008, reflected that (b) (7)(C) held a dual appointment with VA and (b) (7)(C). Records further showed that (b) (7)(C) signature appeared in the (b) (7)(C) block as well as the (b) (7)(C) block on his MOU with (b) (7)(C); however, the (b) (7)(C) Department Chair section did not contain a signature.

(b) financial records, dated June 29, 1999, reflected that (b) (7)(C) did not receive a (b) salary; however, (b) (7)(C) told us that he received a (b) benefits package valued at (7) \$4,800 annually for the past 20 years. He said that his dual appointment allowed him access to (b) research labs, the ability to utilize library and athletic facilities, and the ability to purchase reduced price sport event tickets. He further said that he assumed he had the authority to approve MOUs, because he said that no one from Regional Counsel approached him about the matter.

(b) (7)(C) Office of General Counsel, told us that, "An employee who has a conflict should always recuse himself to avoid violating the law. Assuming the MOU affects the finances of the affiliate, another authorizing official, preferably one higher in or outside of (b) (7)(C) chain of command should make the decision." (b) (7)(C) told us that the Office of Research and Development decided that when the person holding the (b) (7) position was a member of the Research and Development Committee (RDC), it was a conflict of interest. He said that his position then became more of an executive secretary to the RDC. (b) (7)(C) told us that, "VA employees, as VA employees, do not have authority to delegate or direct work for the (b) (7)(C)"

Allegations Pertaining to Research Program Irregularities

We neither substantiated nor unsubstantiated the allegation that (b) (7)(C) engaged in research program irregularities when he authorized improperly reviewed research studies. VANS conducted an internal inquiry, and they did not substantiate the allegation.

(b) (7)(C) allegedly signed MOUs for research studies that did not go through the proper approval process. The process required RDC approval as the parent committee and then by various subcommittees. The RDC was allegedly also involved in the finalization process to determine grant eligibility. Research records reflected multiple research studies that were not reviewed by VA Regional Counsel, the Medical Center Director, or the RDC. These research studies were allegedly authorized by (b) (7)(C) also allegedly improperly authorized MOUs for currently active research grants involving human subjects which did not go through the proper RDC and subcommittee review and approval process.

(b) (7)(C) told us that if a study involved human research subjects, the grant proposal needed to be very comprehensive and detailed and that there were instances when research grant work was done without the required approval protocol. He said that these grants sometimes "slip[ped] through" the approval process and that people sometimes made mistakes and forgot to list the proper performance site. He further said that he was aware of an instance in which improperly reviewed research work was conducted. He said that he authorized an MOU for (b) (7)(C) on July 6, 2010 and that (b) (7)(C) conducted research that was not properly reviewed by the RDC. Research records reflected that (b) (7)(C) signed the MOU but that it lacked the signature of the (b) Department Chair, (b) (7)(C)

(b) (7)(C) told us that the improperly authorized grants "should be taken back through the review process if they have not been properly approved. I would defer to VHA[Office of Research Oversight] but think that improperly approved VA research should be shut [down] consistent with patient safety. If the research doesn't further the VA mission, we shouldn't be expending VA resources."

(b) (7)(C) also allegedly improperly directed VA resources and salary support to (b) (7)(C) research when he authorized MOUs of VA employees who held dual appointments with (b) (7)(C). Allegedly, the research did not go through the proper review process and research funds did not reimburse VA for the use of VA facilities and resources. Further, VA was allegedly not properly listed as a performance site which caused an over inflation to the indirect cost rate for (b) (7)(C) that they received from NIH for the research. Research records reflected a potential \$4.15 million in improperly allocated funds given to (b) (7)(C).

Conclusion:

We neither substantiated nor unsubstantiated the allegations pertaining to conflict of interest or research program irregularities. We made a criminal referral for conflict of interest (18 USC § 208) to OIG Criminal Investigation Division and a referral for research program irregularities to OIG Office of Healthcare Inspections. Both declined. OIG Hotline referred the allegations to VANS who then conducted an internal inquiry. VANS completed their inquiry and reported that they did not substantiate the allegations. We are therefore closing this investigation without issuing a formal report or memorandum.

Prepared By:

(b) (7)(C)

2/23/12
Date

Approved By:

(b) (7)(C)

2/23/12
Date