

**Department of
Veterans Affairs****Memorandum**

Date: April 19, 2012

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation – Travel Irregularities, Office of Human Resources and Administration, VA Central Office (2012-02448-IQ-0089)

To: VA Chief of Staff

1. While investigating another case, the VA Office of Inspector General Administrative Investigations Division discovered that the Office of Human Resources & Administration (HRA) held two offsite retreats for VA Central Office (VACO) employees within a 6-month period at the Rocky Gap Lodge & Golf Resort (RGLGR), Flintstone, MD. To determine whether there was an improper use of travel funds, we interviewed, via email, Mr. [REDACTED], [REDACTED], and reviewed travel records and documents related to the two retreats, as well as Federal regulations and VA policy.

2. We found that Mr. [REDACTED] improperly contracted with RGLGR when he permitted VA to pay \$37.60 per person for a meeting room, \$6 per person for a usage fee, and included the \$5 per day incidental payment due each attendee for the retreat. The contract and RGLGR's invoice itemized the cost of the retreat by attendee, and Federal regulations prohibit including conference administrative costs in an employee's per diem allowance for attending a conference. The meeting room and usage fees, while not improper, should have been separately invoiced items, as were the audio/visual equipment, and costs per person should not have included the \$5 per day in incidentals. For the May 2011 retreat, we found that one attendee unnecessarily traveled to the meeting site a day early, another received an improper mileage reimbursement, and three received meal per diem for which they were not entitled. (We will address the attendee's early arrival in another investigative report.) We also found that VA paid for a Mitre contractor employee to attend the retreat. For the November 2010 retreat, we found one attendee received an improper mileage reimbursement and 10 attendees received meal per diem for which they were not entitled.

3. Although we do not think it was improper for HRA management to hold an offsite conference, we question whether management was prudent in holding two retreats for VACO employees within a 6-month time period at a "mountain retreat with a host of luxury facilities" when strategic management meetings could have been held locally to avoid the expenditure of funds for meeting rooms and audio/visual equipment, as well as travel costs associated with lodging, meals, mileage reimbursement, and processing fees. We suggest that you remind HRA senior leaders and Mr. [REDACTED] of their responsibility to follow Federal travel regulations and to be prudent with travel funds. We also suggest that you determine whether it was proper for VA to pay the expenses associated with a contractor employee to attend the May 2011 retreat and seek

reimbursement as appropriate. Further, we suggest that you ensure that employees who received improper mileage reimbursement or per diem payments reimburse VA for those amounts. We are providing this memorandum to you for your information and official use and whatever action you deem appropriate. **No response is necessary.**

4. Federal travel regulations require agencies to pay only travel expenses that are essential to official business, employees to exercise prudence when incurring expenses on official travel, and prohibit the payment of excess costs resulting from circuitous routes or services unnecessary in the performance of official business. 41 CFR § 301-2.2 and -2.4. Federal travel regulations state that for travel of more than 24 hours, the employee is permitted 75 percent of the applicable Meal & Incidental Expenses (MIE) rate on the day of departure and the last day of travel; the MIE rate must be adjusted for meals furnished by the Government; but the total amount will not cause an employee to receive less than the amount allowed for incidental expenses. 41 CFR § 301-11.101 and -11.18. Regulations also state that when planning a conference, an agency must (a) minimize all conference costs, including administrative costs, conference attendees' travel costs, and conference attendees' time costs; (b) maximize the use of Government-owned or Government provided conference facilities as much as possible, and; (c) identify opportunities to reduce costs in selecting a particular conference location and facility. Id., at 301-74.1. Further, agencies are required to consider all direct and indirect conference costs paid by the Government, whether paid directly by or reimbursed by agencies to travelers or others associated with the conference, i.e. hire of rooms for official business, audiovisual and other equipment usage, computer and telephone access fees, light refreshments, ground transportation, and employees' time at the conference and on en route travel. Id., at 301-74.2.

5. Travel and conference records reflected that HRA held two management offsite retreats, one in November 2010 and one in May 2011 at RGLGR. RGLGR's internet website described the facility as "a mountain retreat with a host of luxury facilities...Jack Nicklaus Signature Golf Course, an onsite day spa, and access to spectacular Lake Habeeb." Below are photographic images downloaded from RGLGR's internet website.



6. Conference records reflected that the package prices for each retreat did not include activities, such as golf outings or alcoholic beverages; however, for the November 2010 retreat,

RGLGR provided a complimentary bartender for "cash bars." The agenda for the November 2010 retreat reflected that sessions ran from 8:00 a.m. to 4:00 p.m. the first day and 8:00 a.m. to 2:00 p.m. the second day, with 45 minutes for lunch each day. The agenda for the May 2011 retreat reflected that sessions ran from 1:00 p.m. to 4:45 p.m. the first day, 8:00 a.m. to 5:00 p.m. the second day, and 8:00 a.m. to 12:00 p.m. the third. An evaluation summary for the May 2011 retreat reflected that two attendees felt that "recreational time needed focus—one wanted an outdoor activity and another wanted more time." It also reflected that some attendees were unclear as to the objectives of the retreat.

7. Conference records reflected that 25 VACO employees, as well as Mr. [REDACTED] attended the November 2010 retreat to:

- Discuss lessons learned from FY10 Human Capital Investments Plans (HCIP) and incorporate into the FY11 strategic priorities development exercise
- Develop a shared understanding of VA HR's vision and mission
- Identify the strengths, weakness, opportunities and threats that impact the VA HR operating environment
- Identify ways to improve collaboration and integration across the organization
- Identify strategic priorities for FY11 and begin to develop a road map to guide the path forward
- Identify a shared understanding of the key leadership characteristics necessary to make VA HR and HCIP successful going forward
- Review the fundamentals of Adult Learning, Team Building, and Change Management and their direct application to ensuring success within the VA HR environment

8. Contract records also reflected that VA paid RGLGR \$9,541 for lodging, food, and meeting space, \$250 for "Banquets," and \$918 for audio/video equipment, or a total of \$10,709 for the November 2010 retreat. Records also reflected that VA paid \$312 for two employees who failed to attend. Mr. [REDACTED] told us, in an email, that the Banquets entry was a charge for extra space and banquet set-up, because the meeting room they had was not available for dinner that particular evening, requiring another room to be set up for their meal. He also said that the contract was per person, based on a list of employees provided, and that when there were "no shows," they were liable for the costs, since RGLGR "could not resell the rooms and the food and beverage was already bought and paid for by the venue."

9. Conference records reflected that 23 VACO employees, as well as a Mitre contractor employee, attended the May 2011 retreat to discuss opportunities that revolved around a number of themes impacting every day work:

- Since the arrival of HCIP funding, HRA managers have had a tougher time aligning their efforts with Covey's model of High Performing Organization – especially planning
- HR must transform to support VA's transformation
- New initiatives must be tied to the budget
- HRA needs a centralized knowledge management system
- A communications plan would enhance information sharing within HRA
- There is a need to provide greater assistance to the field

- A process to conduct a comprehensive review of HCIP initiatives for each office must be developed and applied
- The SERVE framework will be used to promote strategic thinking

10. Contract records reflected that HRA paid RGLGR \$10,058.40 for lodging, food, meeting space, copies and faxes, and audio/video equipment for the May 2011 retreat. Records also showed that HRA paid \$156 for an employee who failed to attend.

11. The U.S. General Services Administration (GSA) website reflected that for the Flintstone, MD, area, the daily per diem rate was \$77 for lodging and \$46 for meals, which included \$5 per day for incidentals, for both the November 2010 and May 2011 retreats. Federal regulations permit 75 percent of the \$46 MIE allowance, or \$34.50, for the first and last day of travel, so for each retreat, attendees were permitted a total of \$115 each in MIE. Mr. [REDACTED] told us that the total cost per person to attend each retreat came to \$312, breaking down as follows:

- Lodging at \$77 x 2 nights = \$154
- Park Usage Fee at \$3 per day x 2 = \$6
- Meals at \$82
- AM/PM Breaks at \$10.80 x 3 = \$32.40 (\$82 + \$32.40 = \$114.40 for meals)
- Room Rental = \$37.60
- Total = \$312 per person

12. Mr. [REDACTED] told us that RGLGR charged a per person package rate and that he asked them to separate the costs to ensure that the charges were within the Government per diem rates. He said that in doing so, the meeting room rental rate equated to \$37.60 per person for each program. However, Federal travel regulations prohibit including conference administrative costs in an employee's per diem allowance for attending a conference. 41 CFR § 301-74.13. He also said that HRA held the retreats offsite and away from VACO to ensure that attendees were focused on the content and not pulled away by other distractions. He told us that they chose RGLGR, because the Best Value Analysis revealed that the facility was the best value to the Government and provided exceptional meeting space, accommodations, and price. He did not know why there were two retreats held within 6 months of one another.

13. Travel records for the May 2011 retreat reflected that Dr. [REDACTED] traveled to the retreat site a day early. He told us that he needed the extra day, due to the 4-hour drive to the conference site. However, an online mapping website reflected that the drive time between his home and the site was less than 3 hours, and conference records reflected that the first meeting began at 1:00 p.m. the day after his arrival. Travel records also reflected that Ms. [REDACTED] sought reimbursement of \$287.64 for 564 miles roundtrip from her duty station; however, an online mapping website reflected that the distance from Ms. [REDACTED] duty station to the site was 258 miles roundtrip. GSA's website reflected that the mileage rate was \$.51 per mile, so, Ms. [REDACTED] was entitled to \$131.58, receiving an overpayment of \$156.06. Further, travel records reflected that three employees, one being Dr. [REDACTED] received meal per diem to which they were not entitled, since VA's contract with RGLGR included lodging and meals. One employee,

Ms. [REDACTED], received an improper payment of \$18, and another, Mr. [REDACTED] received an improper payment of \$41.

14. Travel records for the November 2010 retreat reflected that Ms. [REDACTED] sought reimbursement of \$149.75 for 400 miles roundtrip from Alexandria, VA, which was not her home or duty station. Personnel records reflected that Ms. [REDACTED] resided in Pennsylvania, and her duty station was in Washington, DC. We believe that this was an oversight by Ms. [REDACTED]. An online mapping website reflected that the distance from Alexandria, VA, to the site was 268 miles roundtrip. GSA's website reflected that the mileage rate was \$.50 per mile, so if Ms. [REDACTED] did indeed travel roundtrip from Alexandria, VA, she was entitled to \$134, receiving an overpayment of \$15.75.

15. We also found that numerous employees received meal per diem payments for which they were not entitled, since VA's contract with RGLGR included lodging and meals. Below is a list of the employees and amount of overpayment:

- Ms. [REDACTED] - \$18
- Ms. [REDACTED] - \$6.50
- Mr. [REDACTED] - \$18
- Ms. [REDACTED] - \$18
- Mr. [REDACTED] - \$18
- Ms. [REDACTED] - \$18
- Ms. [REDACTED] - \$18
- Mr. [REDACTED] - \$18
- Mr. [REDACTED] - \$59
- Ms. [REDACTED] - \$59

Conclusion

16. We found that Mr. [REDACTED] improperly contracted with RGLGR when he permitted VA to pay \$37.60 per person for a meeting room, \$6 per person for a usage fee, and included the \$5 per day incidental payment due each attendee for the retreat. The contract and RGLGR's invoice itemized the cost of the retreat by attendee, and Federal regulations prohibit including conference administrative costs in an employee's per diem allowance for attending a conference. The meeting room and usage fees, while not improper, should have been separately invoiced items, as were the audio/visual equipment. Further, costs per person should not have included the \$5 per day in incidentals. For the May 2011 retreat, we found one attendee unnecessarily traveled to the meeting site a day early, another received an improper mileage reimbursement, and three received meal per diem for which they were not entitled. (We will address Dr. [REDACTED] early arrival in another investigative report.) We also found that VA paid for a Mitre contractor employee to attend the retreat. For the November 2010 retreat, we found one attendee received an improper mileage reimbursement and 10 received meal per diem for which they were not entitled.

17. Although we do not think it was improper to hold an offsite management conference, we question whether management was prudent in holding two retreats for VACO

employees within a 6-month period at a "mountain retreat with a host of luxury facilities" when strategic management meetings could have been held locally to avoid the expenditure of funds for meeting rooms and audio/visual equipment, as well as travel costs associated with lodging, meals, mileage reimbursement, and processing fees. We suggest that you remind HRA senior leaders and Mr. [REDACTED] of their responsibility to follow Federal travel regulations and to be prudent with travel funds. We also suggest that you determine whether it was proper for VA to pay the expenses associated with the Mitre employee to attend the May 2011 retreat and seek reimbursement as appropriate. Further, we suggest that you ensure that employees who received improper mileage reimbursement or per diem payments reimburse VA.

18. We are providing this memorandum to you for your information and official use and whatever action you deem appropriate. It is subject to the provisions of the Privacy Act of 1974 (5 U.S.C. § 552a). You may discuss the contents of this memorandum with the individuals named in it, within the bounds of the Privacy Act; however, it may not be released to them. **No response is necessary.** If you have any questions, please contact [REDACTED]