

# Department of Veterans Affairs

# Memorandum

Date: May 20, 2013

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation, Violation of VA Policy, Oklahoma City VA Medical Center, Oklahoma City, OK (2012-03735-IQ-0002)

To: South Central VA Health Care Network Director (10N16)

1. VA Office of Inspector General Administrative Investigations Division investigated an allegation that Mr. Adam Walmus, currently the Director of the Michael E. DeBakey VA Medical Center, Houston, TX, and formerly the Acting Director of the Oklahoma City VA Medical Center, Oklahoma City, OK, violated VA policy when he authorized recruitment incentives for VA employees after the employees' effective start date. Mr. Walmus also allegedly advised staff not to date personnel actions in order to prevent the identification of problems in future audits, and that he transferred that practice from Houston VAMC to OKC. To assess the allegation, we interviewed Mr. Walmus; Mr. Francisco Vazquez, Acting Associate Director, Houston VAMC; Mr. Kyle Inhofe, Chief of Human Resources (HR) & Development Service, Oklahoma City VAMC; Mr. Mark Muhammad, HR Manager, Houston VAMC; and other VA employees. We also reviewed personnel and email records, as well as Federal laws, regulations, and VA policy. We investigated and did not substantiate another allegation, and it will not be discussed further in this memorandum.

2. We found that Mr. Walmus did not exercise sound judgment and due diligence when he directed subordinate employees to retroactively process nurse recruitment incentive requests and when he did not date the requests he approved after the employees entered on duty. Although Mr. Walmus performed the alleged actions, our investigation showed that there were mitigating circumstances surrounding his decisions. When he arrived at the medical center, he was tasked with fixing its "toxic environment," and he did not want to cause further discord by not approving recruitment incentive commitments. Further, we found that this was not his regular practice but that he approved late recruitment incentive requests at the medical center as a stopgap measure until he repaired their dysfunctional recruitment incentive processes. We suggest that Mr. Walmus take refresher training on VA policy concerning recruitment and retention incentive programs to ensure he is fully aware of his approving official responsibilities. We also suggest that you study the effectiveness of recruitment bonuses in stabilizing staffing needs and whether enhancements to applicable checks and balances would prevent improperly processed recruitment incentive approvals in the future. **No response is necessary.**

3. Federal law states that under regulations of the specific office, a recruitment bonus under this section may be paid to an eligible individual before that individual enters on duty. 5 USC § 5753(d)(4). VA policy states that an official higher than the recommending official must approve recruitment incentives before an employee enters on duty, must carefully review and follow the mandatory procedures before proceeding with an

incentive, that an incentive will not be approved retroactively after entry on duty, and prohibits delegating the authority. VA Handbook 5007/30 Part VI, Chapter 1, 2a, and 2e (December 6, 2007).

4. VA policy requires that a Recruitment or Relocation Service Agreement (RSA) determination to pay a recruitment incentive must be made before an employee enters on duty and that the RSA must specify that if the employee does not successfully complete the training or probationary period before the service period commences, VA is not obligated to pay any portion of the recruitment incentive to the employee. VA Handbook 5007/20, Part VI, Chapter 2, Paragraph 10(d) (October 13, 2005). VA policy also states that the RSA, signed by the employee and the requesting official, must be included in the request for approval of an incentive and that after approval of the request, the signed and dated RSA will be filed on the left (temporary) side of the employee's personnel folder until the completion of the required service. VA Handbook 5007/20, Part VI, Chapter 2, Paragraph 10(j) (October 13, 2005).

### *Background*

5. Personnel records reflected that Mr. Walms served as Director of the Jack C. Montgomery VA Medical Center, Muskogee, OK, from September 2005 to August 2009. Since August 2009, he served as the Director of the Michael C. DeBakey VA Medical Center, Houston, TX. Mr. Walms told us and a VISN 16 memo reflected that from May 2012 to September 2012 he was the Acting Director of the Oklahoma City VA Medical Center. He said that he oversaw all hiring at the medical center; however, he said that he was not involved in any specific individual actions. He also said that as the Acting Director he was asked to resolve union and management conflicts, advance the facility, and improve employee morale and media relations. He said the facility allegedly administered harsh employee disciplinary actions and fostered discrimination against women and minorities in the past.

6. An internet website [www.linkedin.com/pub/david-wood/5/153/2ab](http://www.linkedin.com/pub/david-wood/5/153/2ab) reflected that Mr. David Wood was the Director of the Oklahoma City VA Medical Center from July 2006 to July 2012, and VA's intranet reflected that he was currently the Director of the Boise VA Medical Center. VA and Union reports reflected that, during his tenure at Oklahoma City, the medical center environment was overtly hostile and facilitated an ongoing struggle between labor and management. In September 2011, a Joint Intervention Team (JIT) comprised of AFGE National Veterans Affairs Council (NVAC) representatives, a VA Deputy Assistant Secretary (DAS), VA Labor-management Relations and a VHA Human Resources (HR) Consultant completed a study and submitted a report to VA senior leaders. The report described the climate at the medical center as "a toxic environment" and said officials did not exercise sufficient oversight. A September 2011 union rebuttal blamed medical center management and called for removal of Mr. Wood, Mr. Inhofe, and an HR Specialist. Mr. Walms told us that, with orders to resolve the issues at the medical center, he arrived there in May 2012 charged with reinstating balanced leadership. He told us that medical center management was "far harsher" on employees than managers and that they were more apt to discipline minorities than non-minorities. He said that medical center processes were "broken."

## *Nurse Recruitment Incentives*

7. Mr. Inhofe told us that VA and 10 large medical facilities in the Oklahoma City region competed for employees, presenting nurse recruitment challenges for VA. Mr. Walmus told us that there was a nursing position hiring freeze when he arrived at the medical center and that they were among the system's worst in nurse recruitment and retention. He said the medical center needed nurses to care for patients and his goal was to hire them. Mr. Walmus and Mr. Inhofe told us that Mr. Wood authorized recruitment incentives, and an August 2011 memorandum reflected that these incentives were permitted for newly hired nurses for 2011 and 2012. The memorandum also justified the need to fill 21 vacant night and weekend shift nursing staff vacancies, identified Oklahoma City as a 1B complexity facility, and noted over 100 comparable private hospital vacancies offering up to \$10,000 sign-on bonuses. The memorandum reflected a high VA nursing turnover rate and that without the incentives, their salaries' were not competitive. HR records reflected that 12 newly hired nurses were given recruitment incentives of 10 to 25 percent of their salary during Mr. Walmus' tenure.

8. Mr. Walmus told us that either the Nurse Executive or Associate Director told him when newly hired nurses were offered recruitment incentives and that he would then approve these incentives. Mr. Inhofe told us that the job announcements mentioned a recruitment incentive and applicants, after selected, negotiated with (b) (7)(C) (b) (7)(C) for their incentive. (b) (7)(C) also told us that the recruiters offered and the officials approved the incentives.

9. An analysis of records associated with the 12 nurses hired at the medical center between March and August 2012, reflected that 100 percent of new nurse recruits received incentives of either 10 or 25 percent of their starting salary, bi-weekly or lump sum, in amounts from \$2,799.00 to \$14,962.00. Each recruitment package included the required written request for approval and RSA; however, Mr. Walmus signed only seven of the RSAs and, of those, only dated two. VA policy requires that the approving official sign the documentation and prohibits delegating that authority; however, we found that someone other than Mr. Walmus signed four of the requests for approval and five of the RSAs. Further, we found that all of the requests that Mr. Walmus signed or were signed by a designee were undated, and we found that all but two of the RSAs that Mr. Walmus signed were undated. In all but one case, the nurse recruits signed and dated the RSAs as required, prior to the start of their VA employment. Individual recruitment files reflected the following:

- (b) (7)(C) Employed July 15, 2012, Mr. Mark Huycke, Chief of Staff at the Oklahoma City VA Medical Center, signed both the RSA and the Request for Recruitment Incentive for Mr. Walmus, but he did not date either.
- (b) (7)(C) Employed on August 26, 2012, Mr. Huycke signed the RSA and Request for Recruitment Incentive for Mr. Walmus, but he did not date either.

- (b) (7)(C) [REDACTED] Employed on July 15, 2012, Mr. Walmus signed the RSA and the Request for Recruitment Incentive, but he did not date either.
- (b) (7)(C) [REDACTED] Employed on August 26, 2012, Mr. Huycke signed the RSA and the Request for Recruitment Incentive for Mr. Walmus, but he did not date either.
- (b) (7)(C) [REDACTED] Employed on June 17, 2012, Mr. Walmus signed and dated the RSA on June 25, 2012; he signed the Request for Recruitment Incentive, but he did not date it.
- (b) (7)(C) [REDACTED] Employed on July 15, 2012, Mr. Walmus signed the RSA and the Request for Recruitment Incentive, but he did not date either. Bonus: \$2,799
- (b) (7)(C) [REDACTED] Employed on duty July 15, 2012, Mr. Huycke signed the RSA and the Request for Recruitment Incentive for Mr. Walmus, but he did not date either. Bonus: \$5,479
- (b) (7)(C) [REDACTED] Employed on June 17, 2012, Mr. Walmus signed the RSA and the Request for Recruitment Incentive, but did not date either. Bonus: \$13,382
- (b) (7)(C) [REDACTED] Entered on duty April 8, 2012- A designee for Mr. Walmus signed the RSA and Mr. Walmus signed the Request for Recruitment Incentive, but neither form was dated. Bonus: \$14,962
- (b) (7)(C) [REDACTED] Entered on Duty June 17, 2012- Mr. Walmus signed the RSA, dated it June 25, 2012, and he signed the Request for Recruitment Incentive but did not date that form. Bonus: \$14,646
- (b) (7)(C) [REDACTED] Entered on Duty March 11, 2012- Mr. Walmus signed the RSA and the Request for Recruitment Incentive, but he did not date either. Bonus: \$13,382
- (b) (7)(C) [REDACTED] Entered on Duty July 29, 2012- Mr. Walmus signed the RSA and the Request for Recruitment Incentive, but he did not date either. Bonus: \$10,538

10. Mr. Walmus told us that he tried to make sure that all the approvals he signed were correct. He said that he approved undated requests retroactively but that his actions were not willful or intentional, signing them only to honor previous recruitment incentive commitments made by Mr. Wood as a matter of ethics. He also said that had he not approved pending recruitment incentives, he believed that the union would file grievances, which would exacerbate longstanding issues that he was there to resolve.

11. Mr. Inhofe said that he knowingly instructed subordinates to process late recruitment incentives and that he believed Mr. Walmus approved the retroactive recruitment incentives only to take care of late paperwork. He said that the issue arose when he first noticed recruitment packages arriving late and that he spoke to Mr. Walmus about how to improve the recruitment incentive process. They agreed to approve the late request packages and not date them to deal with the existing problem and manage a faulty system until they instituted improvements. He said that they did not circumvent VA policy for no reason. Mr. Inhofe told us that he subsequently spoke with employees of Nursing Services to install working measures to ensure future recruitment paperwork was processed in a timelier manner.

#### *Houston VAMC Recruitment Incentive Processes*

12. Mr. Walmus denied the allegation that he transferred the practice of not dating recruitment incentive approvals from Houston VA Medical Center to the Oklahoma City VA Medical Center. He said that when confronted with the problem of late processing at Oklahoma City, he consulted with Mr. Inhofe and Mr. Mark Muhammad, HR Manager at Houston VA Medical Center, and they told him that he "should" approve recruitment incentives, before employees entered on duty. Mr. Muhammad told us that he never faced that problem in Houston, because approval requests there were always processed properly and timely when Mr. Walmus signed them. Mr. Muhammad also said that since regulations required processing of recruitment packages before an employee entered on duty, he never processed one retroactively.

#### *Conclusion*

13. We found that Mr. Walmus did not exercise sound judgment and due diligence when he directed subordinate employees to retroactively process nurse recruitment incentive requests and when he did not date the requests he approved after the employees entered on duty. Although Mr. Walmus performed the alleged actions, our investigation showed that there were mitigating circumstances surrounding his decisions. When he arrived at the medical center, he was tasked with fixing its "toxic environment," and he did not want to cause further discord by not approving recruitment incentive commitments. Further, we found that this was not his regular practice but that he approved late recruitment incentive requests at the medical center as a stopgap measure until he repaired their dysfunctional recruitment incentive processes. We suggest that Mr. Walmus take refresher training on VA policy concerning recruitment and retention incentive programs to ensure he is fully aware of his approving official responsibilities. We also suggest that you study the effectiveness of recruitment bonuses in stabilizing staffing needs and whether enhancements to applicable checks and balances would prevent improperly processed recruitment incentive approvals in the future.

14. We are providing this memorandum to you for your information and official use and whatever action you deem appropriate. **No response is necessary.** It is subject to the provisions of the Privacy Act of 1974 (5 USC § 552a). You may discuss the contents of this memorandum with Mr. Walmus, within the bounds of the Privacy Act; however, it may not be released to him. If you have any questions, please call (b) (7)(C)

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**WARNING**  
**5 USC § 552A, PRIVACY ACT STATEMENT**

**This memorandum contains information subject to the provisions of the Privacy Act of 1974 (5 USC § 552a). Such information may be disclosed only as authorized by this statute. Questions concerning release of this memorandum should be coordinated with the Department of Veterans Affairs, Office of Inspector General. The contents of this memorandum must be safeguarded from unauthorized disclosure and may be shared within the Department of Veterans Affairs on a need-to-know basis only.**