



Department of Veterans Affairs

Office of Inspector General

September 28, 2015

A Statement from the Deputy Inspector General

VA OIG Review of Anonymous Complaint Finds That Two VBA Senior Executives Inappropriately Used Their Positions for Personal and Financial Benefit, and That VBA Misused VA's Relocation Program

Washington, DC – The Chairman and Ranking Member of the House Committee on Veterans' Affairs and the Chairman and Ranking Member of the Senate Committee on Veterans' Affairs requested the VA Office of Inspector General (OIG) investigate allegations concerning financial benefits and preference given at VA. An anonymous complainant alleged that Ms. Diana Rubens, Philadelphia VA Regional Office (VARO) Director, improperly received \$288,206.77 in relocation expenses for transferring from the Veterans Benefits Administration (VBA) Headquarters to her current position at the VARO and retained her high-level Senior Executive Service (SES) salary, despite the position being two levels lower on VA's SES pay scale. We were also asked to conduct a broader review of VA's Permanent Change of Station (PCS) Relocation program. Our investigation substantiated the allegations. The OIG issued its report <http://www.va.gov/oig/pubs/VAOIG-15-02997-526.pdf> on September 28, 2015.

Ms. Rubens was reassigned from her position as Deputy Under Secretary for Field Operations to the position of Director, Philadelphia VARO, effective June 1, 2014. VA paid \$274,019.12 related to Ms. Rubens' PCS move. Relocation expenses paid for Ms. Rubens' move were generally allowable under Federal and VA policy; however, the OIG identified issues with the timeliness of VA's approval of Ms. Rubens' participation in the Appraised Value Offer program, as well as a 17-day extension for temporary quarters subsistence expense allowance. In addition, Ms. Rubens was reimbursed \$76.50 for alcoholic beverages, which is prohibited, and \$47 for meal and tip expenses that were not supported by required receipts. More importantly, the OIG concluded that Ms. Rubens inappropriately used her position of authority for personal and financial benefit when she participated personally and substantially in creating the Philadelphia VARO Director vacancy and then volunteering for the vacancy.

During the course of our investigation, we identified a second instance of a senior executive's inappropriate use of her position. Ms. Kimberly Graves was reassigned from her position as the Director of VBA's Eastern Area Office to the position of Director, St. Paul VARO, effective October 19, 2014. VA paid \$129,467.56 related to Ms. Graves' PCS move. OIG concluded that Ms. Graves also inappropriately used her position of authority for personal and financial benefit when she participated personally and substantially in creating the St. Paul VARO Director vacancy and then volunteering for the vacancy.

Both Ms. Rubens and Ms. Graves' reassignments resulted in a significant decrease in job responsibilities, yet both retained their annual salaries—\$181,497 and \$173,949, respectively. Based on Federal regulations, we determined that VA could not reduce their annual salaries upon reassignment despite the decrease in the scope of their responsibilities. However, a senior executive's annual salary can be reduced if the individual receives a less than fully

successful annual summary rating; fails to meet performance requirements for a critical element; or, as a disciplinary or adverse action resulting from conduct related activity.

The OIG also reviewed records related to 23 VBA reassignments of employees who were either promoted to SES positions or were moved to different SES positions in fiscal years (FYs) 2013, 2014, and 2015. Twenty-one of the 23 reassignments included salary increases. We determined that VBA management used moves of senior executives as a method to justify annual salary increases and used VA's PCS program to pay moving expenses for these employees. From FY 2010 to 2013, U.S. Office of Personnel Management guidelines precluded all SES employees from receiving annual pay increases. In FY 2012, the VA Secretary determined no VBA executives would receive performance awards based on concerns over the backlog of veterans' disability claims.

The OIG identified salary increases that did not consistently reflect changes in the positions' scope of responsibility and that when VBA filled vacant SES positions the selectees often received significant annual salary increases over what their predecessors were paid. For example, one VARO Director received a salary increase of \$30,417 or 22 percent more than his predecessor. Annual salary increases associated with these relocations totaled about \$321,000, and PCS relocation expenses paid were valued at about \$1.3 million. Additionally, VBA paid \$140,000 in unjustified relocation incentives. In total, VA spent just over \$1.8 million on the reassignments. The OIG does not question the need to reassign some staff to manage a national network of VAROs; however, we concluded that VBA misused VA's PCS program for the benefit of its SES workforce.

We provided 12 recommendations to VA to increase oversight of the Department's Permanent Change of Station program and to determine appropriate administrative actions to take, if any, against senior VBA officials.

The VA Deputy Secretary agreed to:

- Review and make improvements to request and approval processes related to VA's PCS Relocation program.
- Consult with the Office of General Counsel to determine whether bills of collection should be issued to VBA Senior Executives for improper relocation expense reimbursements and unjustified relocation incentives.
- Consult with the Office of General Counsel to determine what actions may be taken to hold the appropriate Senior Officials accountable for processing and approving payments of unjustified relocation incentive payments.
- Confer with the Office of Human Resources and Administration, the Office of Accountability Review, and the Office of General Counsel to determine the appropriate administrative action to take, if any, against several VBA Senior Executives.

The OIG's results demonstrate a need for VA to strengthen controls and oversight over the use of these funds to improve the financial stewardship of taxpayer's funds.



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