



THE SECRETARY OF VETERANS AFFAIRS

WASHINGTON

January 2, 2008

The Honorable Scott J. Bloch
U.S. Office of Special Counsel
1730 M Street, N.W., Suite 300
Washington, DC 20036-4505

Re: OSC File No. DI-07-0168

Dear Mr. Bloch:

In accordance with your letter dated April 24, 2007, the Department of Veterans Affairs (VA) has conducted an investigation, pursuant to 5 U.S.C. § 1213(c), into whistleblower disclosures alleged by a VA employee. This investigation was completed on November 8, 2007. In accordance with Office of Special Counsel (OSC) policy, the whistleblower, Jose N. Alfaro, who is employed at Long Beach VA Health Care System (VAHCS), was interviewed on November 1, 2007.

Mr. Alfaro has alleged that:

- a. Managers at the Long Beach VAHCS improperly authorized credit card purchases for door prizes, including gift cards worth over \$2,000 in total, that were used during a random drawing for VA employees at a "Celebration of Quality" event in December 2004. (As the investigation proceeded, similar expenditures for a December 2003 event were also reviewed); and
- b. He brought these purchases to the attention of the Chief Financial Officer and Director of the Long Beach VAHCS, but they summarily found no wrongdoing had occurred, and declined to act on his allegations.

Kenneth J. Clark, Network Director of Veterans Integrated Service Network 22 (VISN 22), ordered an investigation of Mr. Alfaro's allegations. The investigation was completed by Ronald J. Larson, Fiscal Officer, San Diego VA Medical Center (VAMC). Mr. Larson conducted his investigation under Mr. Clark's authority in accordance with VA Directive 0700, *Administrative Investigations*.

The investigator obtained purchase orders of all credit card purchases related to the "Celebration of Quality" events in December 2003 and December 2004. These documents reflect purchases of door prizes, specifically, gift cards, plants, and decorative centerpieces, totaling \$495.81 for the December 2003 "Celebration of Quality" event, and \$1,540.01 for the December 2004 event. The investigator concluded that these items were not permissible as awards or mementos under

The Honorable Scott J. Bloch

applicable VA policies, i.e., VA Handbook 5017, *Employee Recognition and Awards*, Part IV and OF Bulletin 03GA1.01; 2 c. (3)(b). These purchases were deemed inappropriate because the items did not meet the criteria for awards, nor could they be considered mementos, since applicable policy prohibits the distribution to employees of mementos with intrinsic value.

Specifically, the following purchase orders reflect impermissible expenditures on door prizes for these events: 600-P41033 (\$100.37); 600-P41174 (\$48.44); 600-P41286 (\$40.00); 600-P41287 (\$20.00); 600-P41288 (\$20.00); 600-P41289 (\$20.00); 600-P41290 (\$20.00); 600-P41291 (\$20.00); 600-P41292 (\$20.00); 600-P41293 (\$187.00); 600-5P1583 (\$173.90); 600-5P1670 (\$100.00); 600-5P1674 (\$80.00); 600-5P1675 (\$544.40); 600-5P1676 (\$450.00); 600-5P1677 (\$191.71).

However, the following purchase orders reflect expenditures permitted by VA policy: purchases of food: 600-P41312 (\$215.00); 600-P41519 (\$2,315.94); 600-5P1671 (\$238.00); 600-5P1761 (\$1,600.00), decorations (600-P41324) (\$264.13); 600-5P1539 (\$138.39); "post-it" type office supplies given to all employees (no intrinsic value), 600-5P1466 (\$490.00); and award plaques 600-5P1673 (\$596.09); 600-5P1793 (\$42.41). These permissible expenditures amounted to \$2,795.07 for the December 2003 event and \$2,614.89 for the December 2004 event.

Through the course of the investigation, sworn testimony was obtained from several Long Beach VAHCS employees in addition to Mr. Alfaro. Specifically, the investigators interviewed the Medical Center Director, the Associate Medical Center Director, the Chief Financial Officer, and the Program Assistant who made the purchases questioned by Mr. Alfaro. According to the testimony of the Program Assistant, at some point prior to the December 2004 event, she asked the Chief Financial Officer if the purchases of mementos were acceptable, and he responded affirmatively. However, the Chief Financial Officer testified that he had simply responded to an inquiry on whether or not mementos could be purchased. He stated that he did not specifically ask what was being purchased or how the items purchased would be used.

Mr. Alfaro stated in sworn testimony that he raised his concerns with the Medical Center Director, but after agreeing to get back to the Director, he never did. However, Mr. Alfaro also stated that he brought his concerns to both the Associate Medical Center Director and the Chief Financial Officer. The Chief Financial Officer still was convinced there was no wrongdoing. The Associate Medical Center Director testified that she

Page 3

The Honorable Scott J. Bloch

conducted her own investigation and, as a result, implemented newer and stricter guidelines on the purchase of mementos.

Based on the above findings, the investigator concluded that VA policy was violated by the purchases of the door prizes and failure to obtain the appropriate approval for an incentive awards ceremony with over 100 attendees.

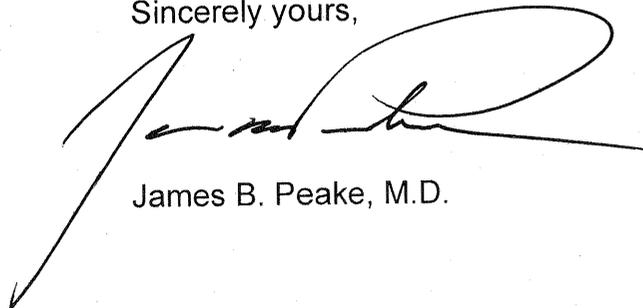
Consequently, the following actions are planned or have already taken place:

- a. The Chief Financial Officer will receive a verbal counseling regarding improper guidance given as to the proper use of appropriated funds.
- b. The Long Beach VAHCS will pursue, to the extent practical, reimbursement for the value of the door prizes distributed to certain employees who attended the "Celebration of Quality" events in December 2003 and December 2004.
- c. The Long Beach VAHCS Chief Financial Officer and all other personnel involved in planning incentive awards ceremonies, will receive additional training on VA policies governing permissible expenditures for such events, and applicable pre-approval procedures.

If you have any questions or require any additional information, please contact Richard A. Moses, Human Resources Consultant, Veterans Health Administration Human Resources Management Group at 603-624-4366, extension 6904.

Thank you for the opportunity to address this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Peake", with a large, stylized flourish at the end.

James B. Peake, M.D.