



U.S. OFFICE OF SPECIAL COUNSEL

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February 12, 2009

The President  
The White House  
Washington, D.C. 20500

Re: OSC File Nos. DI-07-2657 and DI-08-0595

Dear Mr. President:

The Office of Special Counsel received disclosures from Fernand Verrier and an anonymous whistleblower at the U.S. Department of Health and Human Services, Indian Health Service (IHS), Rockville, Maryland. Mr. Verrier and the anonymous whistleblower alleged that employees at the IHS Rockville Headquarters could not locate nearly \$1.9 million of government property. The anonymous whistleblower also alleged that annual property inventories were not conducted, and that Personal Custody Property Records were not used.

The whistleblowers' allegations were referred to the Honorable Michael O. Leavitt, former Secretary of Health and Human Services, to conduct an investigation pursuant to 5 U.S.C. § 1213(c) and (d). Secretary Leavitt tasked the Office of Inspector General with conducting the investigation. We received a report dated June 18, 2008, and a supplemental response addressing corrective actions on October 30, 2008. The agency confirmed that equipment was missing due to weaknesses in property management and unclear policies. While the agency concluded that no criminal violations were present, it found eight violations or apparent violations of agency policies. The agency plans to implement new policies and hold employees personally responsible for their assigned equipment.

As discussed in the enclosed Analysis of Disclosures, the agency investigation substantiated the whistleblowers' allegations. Mr. Verrier commented on the agency's report. The anonymous whistleblower declined to provide comments on the report. As required by law, 5 U.S.C. § 1213(e)(3), I am now transmitting to you the agency's report and Mr. Verrier's comments.

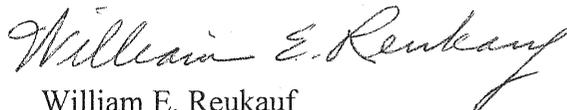
I have reviewed the original disclosures and the agency's report. Based on that review, I have determined that the agency's report contains all of the information required by statute. However, due to the lack of accountability, I cannot find the report reasonable.

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As required by law, 5 U.S.C. § 1213(e)(3), I have sent a copy of the report and Mr. Verrier's comments to the Chairmen and Ranking Members of the House Committee on Natural Resources, the House Committee on Energy and Commerce, and the Senate Committee on Health, Education, Labor, & Pensions, and the Chairman and Vice-Chairman of the Senate Committee on Indian Affairs. I have also filed copies of the agency report and Mr. Verrier's comments in our public file and closed the matter.

Respectfully,

A handwritten signature in cursive script that reads "William E. Reukauf". The signature is written in dark ink and is positioned above the printed name and title.

William E. Reukauf  
Acting Special Counsel

Enclosures