



United States
General Accounting Office
Washington, D.C. 20548

Office of Special Investigations

B-281396

October 30, 1998

The Honorable Terry Everett
Chairman, Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
House of Representatives

Subject: Department of Veterans Affairs: Alleged Improper Personnel Selection

Dear Mr. Chairman:

This letter contains the results of our investigation into allegations of an improper personnel selection in July 1994 by the Department of Veterans Affairs (VA) at the Harry S Truman Memorial Veterans Hospital (Hospital) in Columbia, Missouri. In February 1995, the VA Office of Inspector General (OIG) received allegations that the selection of the son of the recently retired Hospital Director to be the Hospital's Chief of Human Resources was improper. Instead of conducting its own investigation, the OIG referred the allegations to Hospital management. As a result, Hospital management investigated the matter and reported that nothing improper had occurred. The OIG reviewed the resulting investigative report and concurred. On July 6, 1998, you requested that we conduct an independent inquiry into the alleged improper selection.

RESULTS IN BRIEF

We determined that the selection of the retired Hospital Director's son to be the Hospital's Chief of Human Resources complied with VA personnel and anti-nepotism policies and procedures.

During our investigation, both former and current Hospital managers and Human Resources personnel voiced their perceptions that the selection process had been flawed, steering the selection to the retired Hospital Director's son. However, these individuals could not identify any VA policy or procedure that had been violated.

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EVENTS LEADING TO SELECTION OF HOSPITAL'S CHIEF OF HUMAN RESOURCES

Request to Fill Vacancy

The Chief of Human Resources position at the Hospital became vacant on January 3, 1994; and the Assistant Chief of Human Resources was designated to be the Acting Chief. On May 9, 1994, the Hospital Director initiated a request to fill the vacancy. According to the Hospital Director, he delayed filling the vacancy to save money and full-time employee equivalents.

Hospital Director's Retirement

On May 17, 1994, 9 days after submitting the request to fill the vacancy, the Hospital Director submitted his request for immediate retirement. He had to submit this request by May 24 to ensure that he was eligible for a \$25,000 buy-out incentive bonus.

The Hospital Director stated that when he requested the buy-out, he asked to remain as Hospital Director until September when a new Hospital Director would be in place. He added that he believed his request for an extension was denied.¹

Regional Director's Recommendation for Acting Hospital Director

On or about June 1, 1994, the Associate Director at the Iowa City VA Medical Center was notified that the Regional Director had detailed him to be the Acting Director at the Harry S Truman Memorial Veterans Hospital. As Associate Director at the Iowa City VA facility, he supervised the Hospital Director's son, who was the Chief of Human Resources. The Iowa City Associate Director reported to the Hospital on June 13, 1994, as Acting Director.

The Regional Director told us that he recommended the Associate Director from Iowa City as Acting Hospital Director because (1) it was traditional to place an Associate Director in an Acting Director position rather than to temporarily assign another Director, (2) the Iowa City Associate Director knew the environment at the Hospital, and (3) Hospital personnel were comfortable with

¹According to the former Acting Chief of Human Resources, he and the Hospital Director both knew that the Associate Director was leaving in June 1994 for a promotion in Colorado. Therefore, he asked the Hospital Director if he wanted to request an extension, as a provision existed to allow him to take the buy-out offer and stay past the retirement deadline. He said that the Hospital Director stated "no" and did not request an extension.

the Associate Director. He had no other specific recollection of details concerning this recommendation.

Acting Hospital Director's Decision to Fill the Position

On July 1, 1994, 19 days after the Acting Hospital Director assumed his role at the Hospital, he recommended the Hospital Director's son for the Chief of Human Resources position, sending the name to the Regional Director² for approval.

The Acting Hospital Director told us that he was aware of the Chief of Human Resources vacancy before leaving Iowa City for the Acting Hospital Director assignment. He had supervised the Hospital Director's son, who was the Chief of Human Resources at Iowa City, and knew that he had applied for the position. He further stated that shortly after being notified that he would become the Acting Hospital Director, he had had a conversation with the Hospital Director's son,³ telling him that "you might as well pack your bags" and that as far as he was concerned, he would recommend him if he could. However, according to the Acting Hospital Director, they both knew that he could not guarantee the reassignment as he needed to assess all the candidates for the position. The Acting Hospital Director told us that he had made these statements to the Hospital Director's son because (1) he knew that he would be responsible for recommending one of the candidates for the position; (2) he felt that the Hospital Director's son was an excellent Chief of Human Resources at Iowa City and he knew he would make an excellent Chief at the Hospital; (3) the Hospital position was a reassignment to a like and similar hospital, not a promotion;⁴ and (4)⁵ he knew that the Hospital Director's son wanted to return home to Columbia, Missouri.⁵

²The Regional Director retired effective July 3, 1994, after concurring with the recommendation.

³The Hospital Director's son told us that he had had no conversations with the Acting Hospital Director concerning the vacancy.

⁴The Hospital Director's son was a GS-13 at VA's Iowa City facility, and the Hospital's Chief of Human Resources was a GS-13 position. We found no attempt within VA to upgrade this position to a GS-14 after the vacancy occurred or during the selection process.

⁵According to the Hospital Director's son and the real estate agent who handled the purchase of his home, the contract to purchase the house was not signed until after the selection of the Hospital Director's son, which occurred on July 12, 1994.

The Acting Hospital Director stated that he did not know why the Chief of Human Resources vacancy had been open for so long. He told us that he did not discuss his decision to fill the vacancy with anyone within the VA.⁶ He emphasized that the Chief of Human Resources position at the Hospital was vacant; he had received a candidate eligibility list; he wanted the son of the Hospital Director to have the job, provided he was the most qualified; and it was his job as Acting Hospital Director to recommend one of the candidates.

PROCESS FOR SELECTING THE CHIEF OF HUMAN RESOURCES

As a result of the Hospital Director's May 9, 1994, request to initiate action on the vacancy, a Centralized Staffing System (CSS) Register containing the names of 18 eligible candidates was issued on June 14, 1994. The CSS Register contained the following four candidate categories and corresponding number of candidates:

- VA Promotion Candidates (9)
- VA Reassignment Candidates (6)
- VA Repromotion Candidates (2)
- Non-VA Competitive Candidate Reinstatement Eligible (1)

The Acting Hospital Director reviewed the register, deciding to consider only the six VA reassignment candidates. After doing this, he asked the Associate Director for Nursing, the Acting Associate Director, and the Chief of Staff to review the list of six candidates and give him their recommendations. These individuals reviewed the candidate applications and/or contacted VA personnel at the candidates' facilities. They then gave their recommendations to the Acting Hospital Director. The Associate Director for Nursing and the Acting Associate Director recommended the Hospital Director's son. The Chief of Staff suggested two candidates, the Hospital Director's son and another candidate, without ranking them in any order. No candidates were interviewed.

Applicable VA policy stated that management had the right to fill vacancies from any one or more of the following recruitment sources: reassignment, reinstatement, appointment, transfer, or promotion. Interviews were not mandatory if a decision was made to recommend a candidate based on

⁶When he arrived at the Hospital on June 13, 1994, the Acting Hospital Director did not request or receive any formal briefings from the Hospital Director, the former Associate Director, the Acting Associate Director, the Chief of Staff, the Associate Director of Nursing, or the Acting Chief of Human Resources. He made no inquiries concerning personnel vacancies and was not aware that the Hospital Director had delayed filling the Chief of Human Resources position to save money.

information provided. However, if interviews were conducted, all candidates were to be given the same opportunity to be interviewed.

The Acting Hospital Director stated that he decided to consider only the reassignment candidates for a number of reasons: he knew that the Hospital Director's son was outstanding and wanted to recommend him for the position if he was determined to be the most qualified candidate, VA rules allowed the official making the recommendation to limit the list for consideration, and he wanted to narrow the field. He felt no obligation to talk to other candidates, so he did not interview any of them. He added that he could have considered others. However, he had gone into the Acting Hospital Director's position knowing he would nominate the Hospital Director's son unless others in the reassignment category were outstanding; the position was a reassignment not a promotion; and according to him, it was generally preferable to choose a reassignment rather than a promotion candidate. Further, the management team's recommendations confirmed what he already knew.

Applicable VA policy prohibits employees from appointing, employing, promoting, advancing, or advocating any relative for appointment, employment, promotion, or advancement to or for any position in VA. However, the Acting Hospital Director stated that no one had asked him to, told him to, or suggested that he recommend the Hospital Director's son for the position. The only conversation he had concerning the recommendation of the Hospital Director's son was with the Regional Director of Operations. After receiving the management staff's feedback, he was concerned that the Regional Director would not let him recommend the Hospital Director's son for the position. Therefore, he expressed his concerns to the Regional Director of Operations who assured him that the Regional Director would have no problems with his recommendation. It was the Acting Hospital Director's responsibility to forward his formal recommendation for the Chief of Human Resources to the Regional Director, who would make the selection.

SCOPE AND METHODOLOGY

We conducted our investigation from July 1998 to September 1998 at the Harry S Truman Memorial Veterans Hospital; the VA Medical Center in Altoona, Pennsylvania; and VA headquarters in Washington, D.C. We interviewed both former and current VA managers and Human Resource personnel involved with the selection process. We reviewed Hospital management's March 1995 report on its investigation of the allegations and a VA OIG 1995 Special Inquiry report. We also reviewed Veterans Health Service & Research Administration Supplement, MP-5, Part I, Chapter 335, Internal Placement and Promotion Policies; Hospital Recruitment, Placement, Promotion and Details; General Administration policies; and related documents. We reviewed related files at the Hospital and documentation provided by individuals interviewed. In addition, we

interviewed the realtor who handled the purchase of a new residence in Columbia, Missouri, for the Hospital Director's son.

We will send copies of this letter to the VA OIG and will make copies available to others on request. If you have any questions or need additional information, please contact Assistant Director Robert Lippencott at (312) 220-7600.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Eljay B. Bowron", with a long horizontal flourish extending to the right.

Eljay B. Bowron
Assistant Comptroller General
for Special Investigations

(600488)

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