

**BONUS BLUNDER: EXAMINING VA'S
IMPROPER DECISION TO AWARD SENIOR
EXECUTIVES MILLIONS IN INCENTIVES**

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TUESDAY, JUNE 4, 2024

COMMITTEE ON VETERANS' AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

The committee met, pursuant to notice, at 10:18 a.m., in room 360, Cannon House Office Building, Hon. Mike Bost (chairman of the committee) presiding.

Present: Representatives Bost, Rosendale, Franklin, Van Orden, Luttrell, Self, Takano, Brownley, Pappas, Ramirez, and Landsman.

OPENING STATEMENT OF MIKE BOST, CHAIRMAN

The CHAIRMAN. Good morning. The committee will come to order. Now, today I am looking forward to examining why U.S. Department of Veterans Affairs (VA) thought it was appropriate to give almost every senior executive and VA Health and Benefits Administration huge bonuses simply because they were senior executives.

Before we get started, I would like to address the subpoena resolution I was planning on calling up for this committee's consideration. The resolution would have authorized an issuance of a subpoena to secure the appearance at disposition of a VA employee directly responsible for ordering, conducting, or approving VA's internal investigation into the alleged anti-Semitism conduct of Ms. Shekeba Morrad.

As you may remember, Ms. Morrad is an attorney in the VA's Office of General Counsel (OGC) and who VA investigated after she posted a social media video mocking those who were asking for the return of hostages captured by Hamas.

Now, although I was happy to learn the VA was investigating the matter, I was concerned VA would conduct an inadequate investigation like it has for numerous other serious employee problems.

I was specifically concerned VA would not examine how Ms. Morrad's blatant anti-Semitism could influence her legal work, affecting veterans of Jewish faith. I also am concerned VA failed to determine whether Ms. Morrad's conduct made VA employees of Jewish faith feel unwelcome at work.

Because of these concerns, I requested VA provide all documents associated with the investigation so I could see if the VA was trying to sweep the issue under the rug. After over 4 months and nu-

merous requests and negotiations, VA finally agreed to provide the investigative documents in camera.

Unfortunately, the documents' contents affirm my concerns. Through the committee in camera review, the committee identified several troubling aspects of VA's supposed investigation. For example, the VA only interviewed one person, Ms. Morrad, before determining that there was no wrongdoing.

Even worse, the interview with Ms. Morrad was not documented in any way, which seems to violate VA's own regulation for conducting investigations. Additionally, VA's investigation did not examine whether Ms. Morrad's work produced or OGC practice group were negatively affected by her actions and beliefs.

Further, when VA examined whether Ms. Morad's actions were anti-Semitic, VA used Wikipedia to get the definition of anti-Semitic definition. Now, let me say that again. They used Wikipedia as part of the investigation. Using a website anyone can edit as a source is hardly reliable and makes me question what other corners were cut.

Considering these shortfalls and more, the committee has an obligation to perform oversight to see if any changes are needed to ensure VA only conducts adequate investigations and prevents anti-Semitism in all its forms moving forward.

As such, I request transcribed interviews with the VA employees who directed or conducted the investigation and approved the investigation's final report. These interviews would help the committee better understand the investigative process VA used and were there in the room for improvement.

Although the VA had previously refused to make the relevant employees available for interview, VA finally agreed to the interviews yesterday morning. I am glad to say that after 4 months of negotiation VA has decided to stop hindering Congress from investigating and will allow the committee to conduct its oversight duties.

However, like I said back in April, if the Secretary decides to reverse course and try to hinder my investigation I will not hesitate to call up another subpoena. Anti-Semitism has and continues to be on the rise around the country, and we have a sacred obligation, I believe, to combat it no matter what.

For my part as chairman of this committee, I will continue to do on behalf of my fellow Jewish veterans and their families and now I will continue to do that. I hope that once our investigation concludes that we can ensure that this administration will do the same.

Now, turning to the VA decision to give huge bonuses to senior executives. Last year I learned about VA's decision to provide these bonuses to senior executives, not because they were hard-working or because they were particularly good at servicing veterans, but just because they were already VA's highest paid top brass, making on average of more than \$200,000 each year.

Earlier this month, VA Office of the Inspector General published a report that made clear this was no mistake but a long-calculated plan. The report shows that Secretary McDonough purposefully delegated his authority to award critical skill incentive bonuses to several of his trusted deputies, all of which are political appointees.

After being delegated authority, his most senior leaders including Dr. Elnahal and Mr. Jacobs, started to make plans to give every one of their senior executives a bonus.

Now, I appreciate that everyone loves to give hard workers who earn an earned bonus, but 90 percent of VA employees were not given a penny. Yet, Dr. Elnahal and Mr. Jacobs decided to give each of their senior executives an extra \$50,000. If they had the pleasure of serving as bureaucrats in the VA's DC central office they even got an extra \$60,000.

There are VA nurses in my district in southern Illinois whose whole salary is less than \$60,000 a year, yet the Biden administration ignored the public servants who work and serve the veterans daily. Instead, the administration decided pushing paper in DC was a critical skill to VA mission that was worthy of maximum bonuses.

Do not be fooled. This money could have been spent on hard-working VA employees outside the Beltway who might have used it to, oh, let us say, send a son or daughter to college, not to buy a new Porsche.

The Office of Inspector General (OIG) report makes it clear that this was not some flash in the pan decision. Senior executives at central office took 6 months of paper pushing to ensure they got these bonuses with little to no justification.

Mr. Secretary, in September you called this decision a policy error. I call this behavior criminal. In fact, the Office of Inspector General agrees, referring nine VA senior leaders to the U.S. Attorneys' Office for the District of Columbia.

Unsurprisingly, the Biden administration U.S. Attorneys' Office has so far refused to even investigate the self-dealing bonuses.

Mr. Secretary, I specifically did not invite you to testify today. You basically invited yourself, but the ball is now in your court.

Now, I know that some of the bonuses have been clawed back, but as far as I can see the same leaders who allowed, planned, and made these poor decisions remain in power. With the VA's current leadership in place I am sure many veterans are wondering whether your leadership team is focused on selfless service or self-service. I am sure, I am wondering this.

Mr. Secretary, ultimately the responsibility for the failures falls on your shoulders. If the leaders below you fail and are not held accountable you must be held accountable.

Last week my team met with a senior VA official who is a selfless servant. He was shocked by VA's decision to pay its senior executives first, expressing that in the military leaders always eat last.

He told us that this situation had serious damage to VA employees' morale. VA employees feel betrayed and let down. Senior executives feel jerked around and left out to dry.

Ultimately, the employees expressed frustration that they do not see VA's culture being fixed under the current leadership.

Mr. Secretary, I look forward to hearing from you today about the how the Biden administration plans to hold its leaders and not just you accountable for their action. We have done a lot of work to change the culture at VA and attract veterans who want to serve veterans.

I know them and you know them. I would hate to see them throw that all away.

With that, I now recognize Ranking Member Takano for his opening comments.

OPENING STATEMENT OF MARK TAKANO, RANKING MEMBER

Mr. TAKANO. Well, thank you, Mr. Chairman.

Implementation of the The Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act as a whole is going well and more and more veterans are being connected with the care and benefits they have earned. On May 21st, VA announced it had granted 1 million PACT Act-related claims.

More than 880,000 veterans and survivors are now receiving new service-connected disability benefits. More than 5.4 million veterans have received free screenings for toxic exposure from VA.

I commend the Secretary and the Department for the overall swift, overall successful, and unprecedentedly swift implementation of the PACT Act which will help even more veterans access the care and benefits they have earned in the future.

The PACT Act authorized critical skill incentives, or CSIs, and I am concerned also about VA's initial missteps in awarding some of them. However, it is important to highlight that this represents a mere 0.3 percent of the total CSIs awarded under PACT Act authorities, underscoring the need for corrective measures without undermining the overall effectiveness of the program.

While the Department is successfully utilizing the CSI authority to retain employees with high demand skills, the Chief Financial Officer (CFO) brought to the Secretary's attention concerns about how these incentives are being used at the executive level.

The Secretary then notified Congress and asked the VA Office of Inspector General to investigate this matter. The OIG reported on how VA officials could have interpreted better and carried out the authority to grant CSIs.

This investigation also revealed that there were employees who recognized and questioned whether the issuance of these incentives was valid and raised concerns.

I am grateful to those VA leaders and employees who voiced their concerns and I am grateful to Secretary McDonough for heeding those warnings, course correcting, and self-reporting to the inspector general and promptly informing Congress once he became aware of the issues.

This is how the process should work. However, as the inspector general's investigation pointed out, there were missed opportunities for leaders to better vet the recommendations for critical skills incentives for central office executives. Many of those missed opportunities were consequences of VA's decentralized oversight functions related to governance and risk management.

As the inspector general noted, "The VA operations board and VA executive board should have reviewed the plan for the executive incentives to understand the risk before issuance."

I do look forward to VA reviewing its governance policies and clarifying roles and responsibilities for all involved in improving

critical skills incentives to ensure better compliance with statute in the future.

It is clear that VA must put in place strong internal controls to ensure congressional intent is followed when new authorities are being implemented. One of the deficiencies that the inspector general's investigation found was that the VA Office of General Counsel was not consulted early or adequately enough during the process to identify potential issues with how Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) planned to award CSIs to central office senior executives.

When the Office of General Counsel was engaged, VA and VBA leaders did not ask questions that would have necessarily raised flags for the attorneys responding to those inquiries. The general counsel's advice and guidance should be central to legislative implementation. Attorneys should be weighing in early and often as VA develops plans to carry out congressional mandates.

This investigation has made it abundantly clear that VA needs a Senate-confirmed general counsel. The nomination of Anjali Chaturvedi has been held up in the Senate for nearly 2 years. It is long past time for VA to have steady leadership in that role to advise the Department and develop processes and policies to ensure compliance with the law.

Now, I want to underscore why we authorize these critical skills incentives in the first place and why I will advocate for similar retention bonuses in the future. We simply must ensure that VA has the robust workforce it needs to care for our veterans. We also must ensure VA can be competitive in the health care talent marketplace so that they can both attract and keep employees.

Institutional knowledge is invaluable and irreplaceable and VA needs flexibility to compete with local markets and meet ever-changing needs across different clinical and high demand positions.

In the vast majority of instances when critical skills incentives have been used, they have been successful in retaining VA employees.

As I noted, the incentives at issue here represent less than half a percent of the total awards made through the PACT Act. 99.7 percent of the incentives that are not at issue today support occupations that face significant staffing shortages, as well as individuals who possess high demand skills.

Now, these are not only for clinicians but for high demand and hard-to-fill occupations like housekeepers, police, and human resource professionals. With the increase of new health care enrollments and new benefit claims following the PACT Act it is vital VA has the staff it needs to support veterans already using VA and those newly entering the system.

The PACT Act is not the first time Congress granted VA authorities to keep critical employees. The John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018 (MISSION) Act, the Choice Act, Isakson Row, and the VA Choice and Quality Employment Act all included staff retention tools. These authorities have been used successfully for years to bolster the VA workforce.

While the missteps VA made here are disappointing, I have faith that VA can and will use the critical skills incentives authorized in the PACT Act as Congress intends as they have done for years with the many other authorities we have granted.

I look forward to hearing from Secretary McDonough about how VA is aggressively implementing the inspector general's recommendations, and I hope to hear how the Secretary will ensure Congress, VA employees, and veterans have confidence in how the agency is remedying concerns arising from this investigation.

Thank you, Mr. Chairman, and I yield back.

The CHAIRMAN. Thank you, Ranking Member, and I thank you for your opening statement.

I want to first off by apologizing to everyone. Votes have been called, but this would be probably the best place to allow us to go and make those votes so we will stand in recess.

I do apologize to both panels and the witnesses that are here today. We will vote. Everyone knows, we have two votes. After the second vote we will reconvene within 10 minutes after the second vote. Thank you. We are in recess.

[Recess.]

The CHAIRMAN. We will come back to order.

At this time our first panel we have Hon. Michael J. Missal, inspector general of the U.S. Department of Veterans Affairs. Mr. Missal, can you come forward?

Before you sit down we will do the process of swearing you in. How about that?

[Witness sworn.]

The CHAIRMAN. Thank you. Let the record reflect the witness has answered in the affirmative.

Mr. Missal, you are recognized for your 5-minute opening statement.

STATEMENT OF MICHAEL MISSAL

Mr. MISSAL. Thank you. Chairman Bost, Ranking Member Takano, and committee members, on May 9th, the OIG published a report on VA's improper award of \$10.8 million in critical skill incentives to senior executives in the VA central office, or VACO.

The awards were granted to VHA and VBA senior executives at the maximum percentage allowed under the PACT Act, 25 percent of basic pay. Awards ranged from nearly \$39,000 to over \$100,000 with seven that exceeded \$100,000.

The PACT Act authorized VA to award CSIs to those staff who possessed a high-demand skill or skill that is at shortage. Unlike the vast majority of CSIs awarded to nonexecutive staff in shortage occupations, such as housekeepers and police, the CSIs for VACO senior executives were based on possessing high-demand skills.

The only justification provided by VHA to support the CSI awards to their 148 senior executives was a short, identical paragraph on a single form. This justification cited a much more competitive job market resulting in a high demand of skills possessed by their experienced executive leadership team. There was not much more to it.

VBA provided a bit more analysis on its form and in the supporting memo, compared its senior executives to private sector

Chief Executive Officers (CEO). The National Cemetery Administration declined to award CSIs to its senior executive because, as one leader stated, “They did not believe that they had a justifiable reason to do so.”

Our work found lapses in governance, judgment, due diligence, communications, and accountability at multiple levels of VA. We made two findings. First, that the award of CSIs to nearly all VACO senior executives in VHA and VBA was inconsistent the PACT Act and VA policy based on the following.

VHA and VBA improperly grouped all VACO senior executives together, contrary to VA’s own policy to narrowly define a group for incentive pay. The 148 VHA senior executives held 26 different occupational series and the 34 VBA executives held 6.

Next, the amounts awarded were determined without considering what was needed for retention. Further, VHA provided no market factors in support of its CSIs. VBA’s justification was based on flawed assumptions without analysis.

The second OIG finding was that VA’s internal controls were ineffective to prevent the improper awards. A series of failures and missed opportunities included first, VHA did not provide the Secretary with its plan to pay CSIs to virtually all of its VACO senior executives.

VHA had prepared a list of potential recipients and costs weeks before the Secretary asked for this information. VBA had provided the Secretary with the proposed costs of its award but did not identify that it was awarding CSIs to virtually all its VACO senior executives.

Second, the Office of Human Resources and Administration (HR&A) had to review the awards before issuance. Yet despite concerns raised by their own staff about the sufficiency of the justifications, HR&A leaders gave undue deference to VHA and VBA leaders and signed off on the awards without elevating or resolving staff concerns.

As the former head of HR&A told our team, “I was just a signature along the way.”

Third, the Office of General Counsel’s review missed opportunities to identify legal issues apparent before the CSI awards were made.

Fourth, because existing VA governance groups were not engaged the Office of Management and other key stakeholders were not included in the process for reviewing the proposed incentives.

Secretary McDonough took prompt action and canceled the payments to VACO senior executives when he learned of them and asked the OIG to investigate the CSI award process. VA concurred with the OIG report’s eight recommendations.

The OIG will monitor VA’s progress on implementing all corrective action plans and efforts to prevent such failings and future incentive pay processes.

Mr. Chairman and members of the committee, I am happy to answer any questions that you may have.

[THE PREPARED STATEMENT OF MICHAEL MISSAL APPEARS IN THE APPENDIX]

The CHAIRMAN. We would like to open up for questions at this time. I now recognize myself for 5 minutes.

Mr. Missal, the CSI scandal is not a case of a few bad apples. It is a complete organizational failure. Can you explain what went into your decision to recommend the Secretary consider taking administrative action if he finds it necessary?

Then the follow up on that is that is that recommendation something that you do lightly?

Mr. MISSAL. Answering the last question, it is not a recommendation that we do lightly. Under the Inspector General (IG) Act we do not have any authority to take any kind of disciplinary action or even to recommend specific disciplinary action. That is why in some of our reports if we see potential wrongdoing by individuals we may include a recommendation for the appropriate person to consider taking any action based on the work in our report.

The CHAIRMAN. Okay. How big of a role do you think office politics, not Republican and Democrat, office politics, played in the senior executive bonuses? Your report discussed Mr. Jacobs wanting to keep up with Dr. Elnahal's health administrative bonuses. Is that correct?

Mr. MISSAL. That is correct. It did look like looking at what others were doing played a really important role instead of saying what is the intent of Congress and is this meeting the intent of Congress?

Rather first, it was determined that the field executives for VHA were going to get a bonus. Then they started discussing giving VHA executives at VACO that same bonus. When VBA heard about it they said, well, if VHA is giving it maybe we should consider it. Next thing you know it was all done.

The CHAIRMAN. What are the three conditions, according to the PACT Act, that must be met for VA to award CSI bonuses?

Mr. MISSAL. You must possess a high-demand skill or a skill that is that shortage, one of the two of those.

Second, that skill has to be part of your duties and responsibilities.

Three, retaining that person or hiring that person serves a critical mission-related need for VA. You have three elements there.

The CHAIRMAN. Okay. How would you rate VA's ability to meet those criteria and how they propose moving forward with these bonuses?

Mr. MISSAL. They did not meet those criteria, and I will just add that is the legislation. VA then issued policies to implement the legislation.

Like, for instance, they said you can group individuals but you must group them narrowly according to what they do. If you are going to be using a high demand skill you have to show a market analysis of why this really does it.

VA grouped them. VHA and VBA grouped them improperly. They were way too wide. They did not provide any market analysis as to why these incentives should be paid.

The CHAIRMAN. Which probably, I think, you may have answered it already, but to my final question here, how did the VA justify every single health benefit administrator senior executive receive a bonus? Every one?

Mr. MISSAL. They gave the same explanation for each and every one. They had one explanation for all the VBA executives, one explanation for all the VHA.

That is taking all those people who have different roles and responsibilities, grouping them all together and saying we think they should get them because of this reason. Same thing on the other for another reason. Neither one of the explanations for why was adequate.

The CHAIRMAN. As far as communication between both the VA and VHA, there was actual email communications, kind of, putting this that they are basically talking together to decide how to do this. Is that correct?

Mr. MISSAL. That is correct.

The CHAIRMAN. Okay. All right. I have no other questions, and I will yield to the ranking member.

Mr. TAKANO. Thank you, Mr. Chairman.

Inspector General, thank you for being here today and thank you to you and your staff who are investigating the circumstances around these improper payments. While there were many missteps leading to the approval of these CSIs for central office executives, the lack of involvement from the VA Office of General Counsel seems central to many of the issues that arose throughout the processes of issuing these incentives.

What steps should VA take to require leaders to engage with the Office of Inspector General so to require leaders to engage with the Office of General Counsel in the beginning of the process to interpret and implement important legislation such as the PACT Act?

Mr. MISSAL. I would note that in this situation the VA policy did not require the Office of General Counsel to review it. For the then-acting deputy secretary saying that he wanted Office of General Counsel to review it, the Office of General Counsel likely would not have reviewed it.

This was a new authority and you would think you would want to look at it very carefully as you are implementing it, including having people with legal expertise review it.

They did review it. We found that they missed opportunities and did not give the proper advice here.

To answer your question on what can be done, one of our recommendations does call for OGC to be more involved in these kind of situations. We will follow up to make sure that is done.

Mr. TAKANO. You are saying that current policy did not require OGC to be involved from the beginning, but in light of what this situation has brought to the surface, there should be reforms there is what you are saying?

Mr. MISSAL. That is one of our recommendations——

Mr. TAKANO. One of your recommendations.

Mr. MISSAL [continuing]. to have OGC involved.

Mr. TAKANO. From your investigation it seems like the OGC was engaged at various points in the process for granting CSIs. They were not necessarily given the full scope of information or asked the right questions that would have raised red flags for attorneys about how leaders planned to award them.

My question is what steps can VA leaders take to ensure that their staff are providing the full scope of information and asking the right questions to OGC attorneys when engaging for advice?

Mr. MISSAL. VA leaders need to remind their staff that when engaging with OGC you need to provide them all the information. I will say that OGC, although they did not have everything, had enough information that should have identified the issues here and should have caused the OGC to ask more questions.

It is a two-way street. VA should be providing information but if OGC does not think they have everything or has other questions, then they need to respond back. That was not done in this situation.

Mr. TAKANO. OGC itself could have been more diligent is what you are saying here.

Mr. MISSAL. The information was there for OGC to identify the issues.

Mr. TAKANO. Well, Inspector General, while there were many of-fices required to review or approve the issuance of these CSIs your report noted that there was a lack of effective internal controls to effectively evaluate the approvals for the bonuses and ultimately stop the improper payments.

How should VA redesign its review and approval process for CSIs and other retention bonuses to ensure compliance with statute and legislative intent?

Mr. MISSAL. Our recommendations in the report do look just exactly to what you are talking about. We have four recommendations that we believe would be appropriate to redesign it so an issue like this does not occur again.

Mr. TAKANO. All right. Who should be conducting the final review to ensure a requested CSI is justified and complies with VA policy?

Mr. MISSAL. The way the process worked is you have a proposing official. It then is reviewed by the Office of Human Resources and Administration and then it goes to an approving official.

That approving official when he or she puts her signature on, they should have the information necessary to make that decision.

Mr. TAKANO. Who should be the ultimate approval authority for an employee to receive a CSI?

Mr. MISSAL. Under the statute the Secretary can delegate to whoever he believes is appropriate to do so. He did this in this situation so whoever the approving authority is as delegated should be signing off.

Mr. TAKANO. In this case it appears that there were some clear conflicts of interest, as some of the leaders that were charged with providing technical reviews of the CSI packages received these awards themselves.

What are some steps that VA should consider adding to the CSI approval process to ensure that there is not a bias or self-interest involved in determining who receives a bonus?

Mr. MISSAL. That is another recommendation that we have in the report to have the OGC ethics group look at this and make any changes as appropriate. We will follow up to make sure that is done.

Mr. TAKANO. Well, thank you for your testimony.

I yield back, Mr. Chairman.

The CHAIRMAN. Thank you, Ranking Member.

Mr. Rosendale.

Mr. ROSENDALE. Thank you very much, Mr. Chair, and thank you very much for holding this hearing.

Inspector General Missal, thank you for testifying today and for the work done by your agency that you lead. The OIG does important work to serve veterans and the public by conducting meaningful, independent oversight of the Department of Veterans Affairs.

Mr. Missal, the OIG report stated that Undersecretary Elnahal said at a conference that "The Veterans Integrated Service Network (VISN) directors and medical center directors would be receiving a critical skills incentive at 25 percent across the board."

This contrasted with a signed memorandum that previous day outlining the two-tiered approach, 25 percent for CSIs and for VISN directors and 20 percent for CSIs for medical center directors and not a flat 25 percent at all.

Then VHA human resources staff changed the memorandum to reflect the CSI of 25 percent across the board. Can you please elaborate on this further? Did the undersecretary misspeak at the conference result in a 5 percent increase for the medical center directors or was the initial signed memorandum incorrect?

Mr. MISSAL. The initial signed memorandum was 20 percent for medical center directors, 25 percent for VISN directors. He told us in testimony that he did not recall that and that he just announced the 25 percent for everybody.

Nobody on his staff that we could find told him that they already have this signed paper. Rather what they did is they created another document which then gave a 25 percent across the board for medical center directors and VISN directors.

Mr. ROSENDALE. First of all, I find that the memorandum was put out to award a flat fee like that without evaluation is improper anyway. Is not there supposed to be an evaluation on each person receiving a critical skill incentive to include, and I am reading from the language, "The employee possesses a high demand skill or skill that is in a shortage, such skill is directly related to the duties and responsibilities of the employee's position, and employment of an individual in such a position services a critical mission-related need of the Department."

Mr. MISSAL. That is correct. What VA policy did is they added to that to say in certain situations it may be appropriate to group employees. The policy went further to say they must be narrowly grouped to make sure they have the same job series and same position. All housekeepers, et cetera.

In this situation the executives both at VBA and VHA had very different job series and so, therefore, it was not appropriate to group them all together, to get to your point.

Mr. ROSENDALE. Sure. My other question is that this would be these bonuses, these critical skills incentives are supposed to be for retention and to make sure that we keep the finest quality employees here.

Yet when I look at the records it shows that VBA executives have a 2.4 percent turnover rate and 60 percent of VBA Senior Ex-

ecutive Services (SES) have worked at the VA for over 15 years. We are not losing employees. Is that correct?

Mr. MISSAL. That is what we found. We found there was no analysis as to whether or not it was necessary for these incentives for individuals or why they decided on 25 percent for each and every one.

Mr. ROSENDALE. Do you know who explicitly approved the updated memorandum in regards to what was referenced in the conference?

Mr. MISSAL. Dr. Elnahal signed it.

Mr. ROSENDALE. Okay. How much did this change in just that 5 percent? Do you know how much that change cost the taxpayers?

Mr. MISSAL. From my memory, I think that was an extra \$1 million. I may be a little off, but I believe it was \$1 million.

Mr. ROSENDALE. Okay. The report outlined examples of employees working behind the scenes pushing for bonuses that were the same employees who received a bonus. Ranking Member Takano already referenced the same thing.

Now could you give us just some basic information about what recommendations you are making to make sure that this situation does not arise again?

Mr. MISSAL. Yes. One of our recommendations is to make sure that the Office of General Counsel has rules within their ethics group to make sure anybody who could have a role in a policy that could benefit them financially is not involved and that they have a specifics on how to do that. That is one of our recommendations, and we will follow up to make sure it is done.

Mr. ROSENDALE. Very good, thank you very much.

Mr. Chairman, I would yield back.

The CHAIRMAN. Thank you.

Representative Brownley.

Ms. BROWNLEY. Thank you, Mr. Chairman.

To me I am trying to get to at the very, very, very beginning of this and how it sort of all happened. I am just wondering could the legislation have been written differently so that the interpretation of the legislation would have been are clear?

Mr. MISSAL. It is possible. The legislation gives a lot of authority and discretion to VA to determine things like what is a critical skill? What is high demand?

VA did issue policies to try to interpret some of that, like, for instance, for high demand they said we need market analysis, and that was not done in this situation. The legislation does give VA a lot of discretion.

Ms. BROWNLEY. I do not want to oversimplify this, but it just seems to me that the criteria was pretty clear in terms of who should or who should not, you know, receive a bonus and yet somehow the powers to be who were making these decisions seemed to be pretty unclear about that criteria.

It seems as though what your investigation comes up with is that there was really, and correct me if I am wrong, but there was really no malintent here or abuse of the process. It was just, you know, between the layers of decision-making there was, you know, the oversight was not there or the communication was not there somehow, some way. Is that still your conclusion?

Mr. MISSAL. Well—

Ms. BROWNLEY. It just seems to me that if I was the decision-maker and I was giving bonuses just across the board to everyone, understanding that these are taxpayer dollars, I would think, hmm, maybe I should be—you know, I should fine tune this a little bit. That this is not going to have a good look. That did not seem to be the case.

Mr. MISSAL. We did not see that at the decision-maker level. They wanted to get the 25 percent bonus. Then they tried to justify it. There were controls in place.

The Human Resources Office had to review them. They did review it. Staff within human resources had real concerns, identified the problems here, elevated it to then-head of the office who then essentially ignored the concerns and just moved forward.

The controls that were in place just did not work here. There were large failures there.

Ms. BROWNLEY. The general counsel, one of your recommendations is that, yes, you know, they play a larger oversight role in this process. It makes me wonder, you know, around other issues and other things that are happening in the VA and where the general counsel should play a role. Is this consistent in other areas where it is unclear what the role of the general counsel is?

Mr. MISSAL. We have seen that on occasion and that is why one of our recommendations is to make sure the right lawyer looks at it. In this situation you had more junior lawyers reviewing it who just missed the issues.

Our recommendation is to make sure for things that have reputational or financial risk, to make sure you have a senior lawyer looking at this to make sure things are done properly.

Ms. BROWNLEY. The idea of the Secretary having the ability to delegate these responsibilities. I understand that came directly from the legislation. Is that a good idea?

Mr. MISSAL. I think to have it as broadly used as it is, it would be really difficult for one person to sign off on everybody. You need somebody who is closer to the recipient to understand if they deserve this kind of award.

Ms. BROWNLEY. My staff, it is kind of clear is giving me some notes here, but so the head of HR that you mentioned ultimately did not heed the warnings of their staff that these bonuses may be improper. Who was that?

Mr. MISSAL. It was former Assistant Secretary Gina Grosso as well as her then deputy Jeffrey Mayo.

Ms. BROWNLEY. Is she still employed with the Department?

Mr. MISSAL. She is not.

Ms. BROWNLEY. She is not. Did she resign or—

Mr. MISSAL. I do not know the specific circumstances why she is no longer there.

Ms. BROWNLEY. She is no longer there after this became public information?

Mr. MISSAL. I believe she left at the end of last year.

Ms. BROWNLEY. At the end of last year. Thank you.

I yield back.

The CHAIRMAN. Representative Van Orden.

Mr. VAN ORDEN. Thank you, Mr. Chairman.

Thank you for coming today. I really appreciate it. I just want to run a couple things by you real quick here. What did Secretary Elnahal say to you specifically about how this took place? Did he get an email with the list of folks?

Mr. MISSAL. He did not recall. He said he got the email of the list of folks.

Mr. VAN ORDEN. Yes.

Mr. MISSAL. He then said he was on an airplane.

Mr. VAN ORDEN. Yes, very busy, chat across. Okay.

Mr. MISSAL. The email had three tabs.

Mr. VAN ORDEN. Yes.

Mr. MISSAL. The first tab had about 20 names, the other tab had the rest, and then the third tab was the total.

Mr. VAN ORDEN. Would this be the first tab?

Mr. MISSAL. I believe that is correct.

Mr. VAN ORDEN. It would be. I ask unanimous consent to enter that into the record. Would this be the other tab? Can we just by volume—

Mr. MISSAL. I think that looks—

Mr. VAN ORDEN. Yes, it is—

Mr. MISSAL. I cannot see it but that does look like it.

Mr. VAN ORDEN. I ask unanimous consent to enter this into the record. This is the one that—

The CHAIRMAN. Without objection.

Mr. VAN ORDEN. Thank you. Dr. Elnahal checked on this tab.

Mr. MISSAL. That is what he told us.

Mr. VAN ORDEN. He seemed to have missed this one, right?

Mr. MISSAL. He said he did not open it.

Mr. VAN ORDEN. Yes, Okay. What is the average retirement salary of a E-7 that has served their country in training, in peacetime, in combat over 20 years?

Mr. MISSAL. I do not know that information.

Mr. VAN ORDEN. I do. The answer is \$34,810. An E-7 that has served their country for over 20 years will receive a pension of \$34,810.

If I look at Tab 1 here, every single one of these bonuses exceeds that by at least \$13,000. If I look at this tab here, the one, and I go all the way down, right, every single one of these bonuses exceeds an E-7 who served their country in combat's retirement.

The lowest one you have got here is \$38,584. That E-7's retirement, male, female, does not matter who they are, \$34,810. Okay. Could you agree that something is wrong here?

Mr. MISSAL. Our report found lots of things that were wrong here.

Mr. VAN ORDEN. Okay. What I am going to do, I just want to make sure that this is cleared up because I spoke to Secretary Elnahal last night and today. I spoke to the Secretary today. You are not really the person I want to talk to. I want to talk to the Secretary personally and publicly.

I would like to also speak to Undersecretary Dr. Elnahal publicly, but he is not here.

I want to commend you for your work. You have done a good thing and I believe that your Department is putting the benefit—or excuse me, the welfare of veterans above their bureaucracy. This

is ironclad proof that the Veterans Affairs bureaucracy is putting themselves above our veterans.

With that, sir, again, thank you so much for your work and I will be standing by to speak to the Secretary when he is here.

Mr. MISSAL. Thank you.

Mr. VAN ORDEN. With that, Mr. Chairman, I yield back.

The CHAIRMAN. Okay. Ranking Member.

Mr. TAKANO. Mr. Chairman, I understand the point that the gentleman is making by entering information into the record, but I just want to make sure, Mr. Chairman, that the documents entered in the record are appropriately redacted to remove personal identifiable information.

The CHAIRMAN. We will make sure that they are, absolutely.

Mr. VAN ORDEN. Mr. Chairman, can I respond? I may?

The CHAIRMAN. Go ahead. Sorry.

Mr. VAN ORDEN. I would say this to the ranking member. Part of the reason this problem keeps happening is because we keep covering up people. We keep covering up their identification, sir.

This is publicly available information with every single person's name and Department that received these bonuses that far exceeds the retirement, annual retirement for a person at the rank of E-7 that served in combat. Unless this is illegal, I am asking to have this and this entered into the permanent record with these people's names. Time to end this, Mr. Takano.

The CHAIRMAN. The committee will use proper appropriate legal things that we have to cover up.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Luttrell. No. Okay.

Mr. Self.

Mr. SELF. Thank you, Mr. Chairman.

First of all, you recommended at the end of your executive summary administrative actions as the Secretary deemed necessary. You also told us that you will be following up. Does that include following up on whatever administrative actions the Secretary takes?

Mr. MISSAL. That is correct.

Mr. SELF. Okay, thank you. Earlier you were asked the question how much did that add to the bill here and you said about \$1 million. I submit to you and to this committee that is not really the issue. Dollars are the foundation of this issue, but we are discussing a leadership issue.

We also heard earlier, and I am not sure who said it, we are only talking about 0.3 percent are in this discussion. Again I say, that is not the heart of the matter. This is a leadership issue from the beginning.

Now, a question for you. We hear often that departments and agencies develop rules that are diametrically opposed to the will of Congress. Is that the case here or was it just either ignorance or ignoring the policies? Please characterize the policies of the VA versus what happened here for us.

Mr. MISSAL. I do not think the policies that VA established in this situation were inconsistent with the legislation. What happened here was certain people in VA did not follow those policies and thus the CSIs were awarded improperly.

Mr. SELF. Thank you. I suspected that would be your answer, so everybody listen to what he said. This is not VA policy. This is VA leadership.

There have been mentions of recouping, and I understand that there was a whole campaign to fight the recouping of these improper payments. I know that you say that it is not your job to follow the recouping. You do not know how it is going.

Do you see evidence that there is recouping going on in the VA?

Mr. MISSAL. We have heard that a significant amount of the funds that were paid out have been recouped, but as stated in the report, it was outside our scope so that was just information we got beside the work we were doing.

Mr. SELF. What does it take to make that inside your scope?

Mr. MISSAL. We could make a decision that we can follow up with it to ensure it is done.

Mr. SELF. They violated the policies, I would suggest that it is probably within your purview to do that because it is also in your recommendation. I would suggest that that is within your purview and I would ask that you do that.

I will echo Mr. van Orden. You are not the one I want to talk to. I appreciate that.

I yield back, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Luttrell, you do not want to be recognized? Okay.

I am going to follow up and then if any others have questions, I have got a couple here still.

Did the OIG review any evidence that VACO SESes continued to push out these bonuses after they were canceled by the Secretary?

Mr. MISSAL. I do not know if it was after they were canceled. There was a process that the Secretary provided where people could appeal it, but we do know that after the Secretary became aware of it and was concerned about it, that there was an effort by some within VHA to provide other justifications so that some of the senior executives at VHA could get a CSI. That effort did not go very far and nothing came of it.

The CHAIRMAN. Okay, this is a question that, if Dr. Elnahal and Jacobs worked for you, would you have confidence in them?

Mr. MISSAL. In this situation I would not have confidence in what they did. They were not on top of the issues as they should have been.

The CHAIRMAN. Thank you. Thank you.

Ranking Member, do you have anything else for this witness?

Mr. TAKANO. No, sir.

The CHAIRMAN. All right.

Thank you and we will go to the second panel.

Mr. MISSAL. Thank you.

The CHAIRMAN. Stay standing. The witness is now for our second panel we have Hon. Denis R. McDonough, Secretary of the U.S. Department of Veterans Affairs.

Mr. Secretary, if you would, can you please raise your right hand?

[Witness sworn.]

The CHAIRMAN. Thank you and let the record reflect the witness has answered in the affirmative.

Mr. Secretary, you are recognized for your opening statement.

STATEMENT OF DENIS MCDONOUGH

Secretary MCDONOUGH. Mr. Chairman, thanks so much for the opportunity to appear today I think we submitted a statement last night. I am happy to go straight to questions.

[THE PREPARED STATEMENT OF DENIS MCDONOUGH APPEARS IN THE APPENDIX]

The CHAIRMAN. Wonderful. We will go right to questions. I will recognize myself for 5 minutes.

Mr. Secretary, in your press conference last week you said despite the fact that Dr. Elnahal and Mr. Jacobs still have your confidence, but at our January hearing that examined the VA's HR sexual harassment scandal, you testified you lost confidence in former Assistant Secretary Grasso and asked her to resign. What is the difference?

Secretary MCDONOUGH. What I said at the time and the testimony here in this room and in February was that among the issues I was concerned about the performance of our assistant secretary included the CSIs issue.

I have also said and I have said this publicly and I have said as much to the inspector general, that even though I recognize that this was a series of massive mistakes, in fact, it was me who called you——

The CHAIRMAN. Yes, it was.

Secretary MCDONOUGH [continuing]. to tell you about it. It was me who asked the inspector general to investigate, and it was me who stopped and recouped now at this date about 92 percent of those payments.

That I continue to have confidence in our undersecretaries because of their strong performance and the performance of their team on the implementation of the many authorities that we have and because of the forthright way we have handled this scandal, naming it, owning it, learning from it, including appearing before you today.

The CHAIRMAN. Okay. That is going to lead to my second question. I think you answered part of it, but you asked Ms. Grasso to resign last year shortly after you became aware of her scandal.

It seems that she is the only one person being held accountable for this. What we the investigation looks like it was a calculated effort and so should no one else be held accountable?

Secretary MCDONOUGH. Yes. Look, I think it is a fair question so I thank you for it. As I said, I had a range of concerns about the assistant secretary's performance.

Second, this issue pursuant to the recommendations that you have just heard of from the inspector general is continuing to be reviewed by the Office of Accountability and Whistleblower Protection and by the ethics team at OGC.

Third, this entire process is an effort for us to get better at how we manage what we consider a sacred obligation to our veterans and the fiduciary responsibilities we have to the taxpayer. This hearing, the IG inspection, the entire effort is part of that accountability.

Third and last, ultimately these issues happened on my watch. As I testified to you in March, I should be held to account for them.

The CHAIRMAN. I think it was Representative Brownley asked about the legislation. Maybe it was not clear. With the VA's abuse of the CSI authority in record time, mind you, would you support congressional legislative control over VA from here on out when handing out CSIs? We should draft the language that is very, very, very clear so that this does not happen in the future?

Secretary McDONOUGH. Look, you know, I recognize that as part of the oversight effort and this is why among the first calls I made, as I understood this, was to you, Mr. Chairman. I said to you when I took this job that I had hoped we would not make mistakes.

I anticipated that we might and that you would learn about those from me. I think overwhelmingly I have been true to that with you.

If you all think that it is appropriate to take a hard look at how we administer these, we would like to work with you on that. That said, we are engaged in a very important effort as outlined in the recommendations from the inspector general to look closely at all of the CSIs. I hope that we could have an opportunity to talk to you about that.

The CHAIRMAN. Before I finish up here with my questioning, and I do appreciate you calling as soon as you did, but the committee is also waiting on some other responses. Like, I have got eight outstanding letters at this time. These are important topics, including the Atlanta situation with the police leadership down there and a sexual harassment charge.

Secretary McDONOUGH. Definitely.

The CHAIRMAN. Second Amendment rights, some of those things, and so I am needing to get those in.

Secretary McDONOUGH. I hear you.

The CHAIRMAN. Okay.

Secretary McDONOUGH. Yes. Like I said, you have got my commitment on that. I think we have responded to a lot of letters.

The CHAIRMAN. No, you have.

Secretary McDONOUGH. I get it, and we are going to endeavor every day to be better. We will continue to do the same.

The CHAIRMAN. We may have another round, but Ranking Member, you are recognized for questioning.

Mr. TAKANO. Mr. Chairman, thank you.

Mr. Secretary, I was glad to see that you issued a new directive in September that requires your approval for senior executive CSIs.

Secretary McDONOUGH. Correct.

Mr. TAKANO. Now, how will this process create better accountability for future CSI awards across the VA enterprise?

Secretary McDONOUGH. Well, in that instance basically any senior executive CSI has to come to me, but as is outlined in the testimony that the inspector general just made, we are also at his recommendation looking at the policies in place to ensure the use of CSIs in the future advances the core goal of the law in the first instance.

Making sure that there is appropriate justifications for who qualifies, ensuring that there is appropriate justifications for the market forces that we are up against, ensuring that the Office of

General Counsel is at the table involved in those decisions. Those are three examples of particular changes that we are building on.

We also have a body of other CSIs, including field CSIs, that will inform that policymaking. Each of these efforts are designed to ensure that we hold ourselves to account to you, to the Inspector General and his important report, and to the rest of the VA workforce who is impacted, obviously, by how this was handled and ultimately, most importantly, to veterans.

Mr. TAKANO. Thank you. This new process will require a delicate balance. I just want to know how you are designing this process so that there is enough oversight to ensure that you are awarding these incentives to the employees who really deserve them, while also streamlining approvals so that the incentive is issued in a timely manner to prevent the employee from seeking a job elsewhere?

Maybe you can see that tension there? Do you think you achieve that?

Secretary McDONOUGH. I think that we will achieve that. I think if one were to just look at the overall awarding of CSIs outside of this very specific, very badly handled set of CSIs for senior executives in headquarters. through April 30th of this year we have awarded 41,289 CSIs.

That is for a total spend of about \$340 million of incentive.

The average award is about \$8,319. Overwhelmingly, that was provided to housekeepers, to food service workers, to police, and to HR specialists.

Consequently, retention rates are the highest they have been in years, quit rates at the lowest they have been in years. We have demonstrated our ability to find that balance.

However, we have to make sure that we learned a lesson on this so that we invest those taxpayer resources carefully and that we advance the interests of the veteran, because at the end of the day that is what this is about is having the personnel onboard to carry out high-quality care and timely access to benefits for our veterans.

Mr. TAKANO. Well, thank you. I am just going to add that the human resources specialists, in my view, have been that sort of super critical area, that they have been a lynchpin of whether or not we are able to onboard people in a timely manner or we lose them. I mean, that is real critical and so I am glad to hear that this has been useful in retaining those employees.

Do you feel as though your agency not having a Senate-confirmed general counsel contributed to the misinterpretation of Congress's legislative intent?

Secretary McDONOUGH. In candor, I do not. I think that what—I hope that we are creating a atmosphere in VA where when somebody sees something that does not make sense that they speak up. I think that had happened in the case in September 13th when I received a call from the Financial Service Center through our chief financial officer who was home with COVID that day.

They blew the whistle because they saw these large payments going out of the Financial Service Center. That was speaking truth to power. That was calling out a challenge. That was an important internal check, one we rely on the regular basis.

I hope that I do a better job of creating an atmosphere where everybody can speak their mind.

In this case I think Mike spelled out in his very, I am sorry, the inspector general spelled out in his very important report the fact that lawyers did get notified and could have spoken up. At the end of the day there is blame to go around here, but the blame rests with me. I should have put this into the governance structure that I have built, that I have insisted on since I got into VA. Ultimately, that is why I feel it is important to be here with you today.

Mr. TAKANO. Well, thank you. Thank you for that answer.

I yield back, sir.

The CHAIRMAN. Mr. Rosendale.

Mr. ROSENDALE. Thank you very much, Mr. Chair.

Secretary McDonough, thanks so much for being here today.

Secretary McDONOUGH. Yes, sir.

Mr. ROSENDALE. I have to tell you that out of all the committees that I serve on and all the people that come before us, I give you credit. You always come in here and take the licks when we are asking the difficult questions. Even whether we agree or not you are always here.

I appreciate you taking ownership and testifying before the committee, however, I wish we had an opportunity to hear directly from Undersecretary Elnahal and Undersecretary Jacobs as their actions raised the most questions. When do you think that we will be able to have them before us?

Secretary McDONOUGH. Look, I thought it was important for me to come because for the reasons I have just spelled out, which is I feel responsible for this. I, you know—

Mr. ROSENDALE. I appreciate that. I truly do. However, the members on this committee, I assure you, they have the direct questions for Undersecretary Elnahal. They want to hear directly from the horse's mouth.

Obviously, being in charge of the Veterans Administration then you ultimately have to have to direct everything—

Secretary McDONOUGH. Right.

Mr. ROSENDALE [continuing]. bit they are the ones that took the actions and directed what took place. That is why we really need to have them in here.

Secretary McDONOUGH. You know, look, I think our entire agency we have tried to be available to the committee. We have tried to be responsive to and transparent with the committee. I get it that we have some back and forth where we are, you know, we fight about that but I think the Founders had that in mind when they created the Articles I and Articles II of the Constitution.

I have every expectation that they will continue to come up here before this committee. I have noticed that you never withhold on your questions, so I thought it was very important for me to be here to—

Mr. ROSENDALE. Again, we just want to make sure that the people who took those actions are here to answer the questions.

Secretary McDONOUGH. We will continue to—

Mr. ROSENDALE. Well, as soon as you can urge them to be before us it would be greatly appreciated.

Secretary McDONOUGH. We will continue to be transparent with this committee and engage with this committee absolutely.

Mr. ROSENDALE. Okay. The OIG report states that you did not learn about the central offices executives had received the CSIs until alerted by VA CFO on September 13th, 2023, despite specific requests regarding the planned use of incentives in the months before they were awarded.

This is the second time that there has been a major incident that you were unaware of, but to your credit both times you did start trying to put some actions in place to address it.

I understand there are approximately 400,000 employees at the VA and you cannot know everything. However, has there been any consideration in changing some of the internal processes to ensure that you are made aware of these things earlier to prevent issues like this from even happening?

Secretary McDONOUGH. Like, I think this is why we changed the delegation in September. The chairman pointed that out several minutes ago. This is why we are reviewing the entire process on these and this is why I am trying to create—I want to create—this is why I think it is important for me to be here today to demonstrate to our workforce that I own this.

I want to be in a position where I am hearing directly from them because I am here accountable to you.

Mr. ROSENDALE. My understanding is that you canceled the CSI to 182 VHA and VBA VACO SESes, but did not cancel the CSIs to the 197 field executives?

Secretary McDONOUGH. Correct.

Mr. ROSENDALE. Why did you not cancel the CSIs for the 197 field executives? Why did we not at a minimal not reevaluate them utilizing the formal procedure that was put in place?

Secretary McDONOUGH. Thank you for the question, Mr. Rosendale. You know, we are obviously reviewing this. This is one of the recommendations that the inspector general has put to us.

By the same token, we have begun to review and had begun to review those fields CSIs.

Mr. ROSENDALE. Had they been notified that the 197, that we have not rescinded those bonuses, had they been notified that those bonuses and the procedure that was utilized to award them is being reviewed?

Secretary McDONOUGH. Remember that these were two different procedures. Okay? That is the point I was just about to make—

Mr. ROSENDALE. Okay.

Secretary McDONOUGH [continuing]. which is that the justifications for the field CSI overwhelmingly, just now I am not ready to opine on this completely because the review is ongoing, but the evidence to date suggests they were handled in a process much more consistent with the policy that we laid out in 2023.

Meaning with individual justifications based on those individuals with specific market analyses to make the case that this is a particular skill in those markets to keep those personnel, and this is, broadly speaking a category of executive that we have been talking to the committee about as an agency for many years, including years before I got here because we have churn among network directors and VAMSI directors.

I think I have believed and continue to believe that those investments are important to keep that critical leadership cadre. In fact, we have also invested in additional executives, not through incentives but by creating additional executives in the field so that there are deputy network directors so that the network director in 19, for example, Sunaina, was able to be elevated with a firm succession plan after our earlier network director, Mr. Gallucci, retired.

Our ability to—

Mr. ROSENDALE. My time has expired, Mr. Secretary, and I am going to yield back before I get myself in—

Secretary McDONOUGH. Sorry.

Mr. ROSENDALE [continuing]. trouble with the chairman.

Secretary McDONOUGH. Sorry.

The CHAIRMAN. Representative Brownley.

Ms. BROWNLEY. Thank you, Mr. Chairman.

Good to see you, Mr. Secretary.

Secretary McDONOUGH. Ma'am.

Ms. BROWNLEY. The inspector general report says that the VA concurred with both findings and all recommendations and has provided acceptable action plans and completion timelines.

Secretary McDONOUGH. Yes.

Ms. BROWNLEY. What are the timelines?

Secretary McDONOUGH. Well, the timeline is in that report. I think he asked by the end of September. Is that it? I can ask the inspector general, but we have had much of this work under way so we anticipate we will be rolling with that back with answers to the inspector general's recommendations.

I have said to him in the event that there is any deviations on this that we will, obviously, be continuing to converse with him throughout this process.

It is not like a, you know, one final test. It is going to continue to try to meet the goals laid out in the—requirements laid out in the report.

Ms. BROWNLEY. You mentioned that 92 percent of the bonuses have been returned to the VA. What about the 8 percent? What is going on there?

Secretary McDONOUGH. Yes, I might just walk down this, if you do not mind? Now, we have a slightly different number here because the inspector general included for his analysis those CSIs that had been awarded but that I stopped before the award was paid out. If you hear different numbers you will understand why.

Right now the finance agency, Defense Finance Accounting Service (DFAS), which we use to pay our salaries, has collected \$ 9.1 million of the \$9.9 million in CSI debts. Those are debts that have been—those are \$9.9 million in payments to those 175 executives. Okay?

We have recouped 191—I am sorry, we have recouped \$9.1 million. Seven executives requested restructured biweekly repayment plans and of those, three executives are being actively collected against and four are on hold pending a hearing because the employees have rights there.

Three executives did not request a debt hold or restructured repayment plan and have the automatic 15 percent net disposable income being deducted biweekly.

17 executives had collection on hold pending their hearing. There was 12 requests for a hearing, and three had requests for—or sorry, five had a request for waivers.

Those hearings and those waiver decisions have recently been completed, so those additional 17 individuals will begin the recoupment process. That gives you how we get to the full amount of the incentive payments that were made.

Ms. BROWNLEY. There were no outright refusals to return bonuses?

Secretary McDONOUGH. No. There was requests for hearings and we published the process by which we had those hearings, and there was a request for waivers. Those waivers were reviewed, those hearings were conducted.

As I said, we have 92 percent of the outlain dollars returned and we are working through the final 8 percent.

Ms. BROWNLEY. Once, you know, everything has sort of been corrected, are you planning on going back and to evaluate those management folk and give them a bonus based on what the criteria truly was?

I would imagine you sort of have a morale problem based on some of this. I do not know how widespread that might be, but—

Secretary McDONOUGH. Yes. Well, I mean, I thought it was. I noted in a letter that we got from Mr. Self and I heard Chairman Bost's opening statement that they had the benefit of hearing from one of our employees. I think that is good that our employees feel that they have an outlet.

I spend a lot of time with our teams. You know, and I do not want to characterize it one way or the other. I want to underscore one more time that I think our workforce is the best workforce in the Federal Government. I think they are doing really important work.

I think absent our headquarters SES we would right now be paying out about one presumptively service-connected disability associated with the PACT Act. In fact, we are paying out many more than 30.

Without our SES and headquarters we would not be providing access to VA healthcare absent to service-connection under Section 103 of the act until 2032. We have been doing it for 6 months.

I think that is a good team. I think they are doing good work. Included in there are leaders who continue to see patients, including psychologists, for example. I am proud of their work.

If we were to go back to look at CSIs we would do it in the light of the day with the full visibility of any new policies informed by our conversations with this committee and its important oversight responsibilities.

Ms. BROWNLEY. Well, I agree with you that, you know, there are a lot of good people in the VA that are doing a great job. I guess, you know, I am asking the question.

There was a purpose in this policy of which I thought was a good purpose.

Secretary McDONOUGH. Okay.

Ms. BROWNLEY. Certainly I have experienced that turnover with that LA Medical Center or my own Community-Based Outpatient

Clinic (CBOC) within my district, and so I understand the consequences of those turnovers.

I think it is a good policy.

Secretary McDONOUGH. Yes.

Ms. BROWNLEY. All I am asking is would not you want to go back and evaluate to honor those people that we want to keep onboard who are doing a good job and they should not be victims of bad decision-making?

Secretary McDONOUGH. Definitely, but what I have said, I think the inspector general referred to town halls that I had with the workforce last September and October, and I continue to have these conversations in the field with the workforce.

What I have said to people is it is hard for me to read the statute and conclude that there is no executives in headquarters that could qualify for a CSI. Consistent with that we will look at that if there are places we need a CSI.

Similarly, there is no way to read the statute to conclude that every senior executive in headquarters—

Ms. BROWNLEY. Yes, absolutely.

Secretary McDONOUGH [continuing]. deserved one. Again, if we go back to look at it will be very specific, individual and skill-driven, and it will be pursuant to the new policies that we are putting in place as a result of the inspector general's report and all of our learnings since last summer.

Ms. BROWNLEY. I yield back.

The CHAIRMAN. Representative Van Orden.

Mr. VAN ORDEN. Thank you, Mr. Chairman.

I just want to frame this thing in a way that people can understand, the relationship between you, the VA, veterans, this committee, the American people, and me.

You were President Obama's—or you are President Obama's former chief of staff, correct?

Secretary McDONOUGH. Yes. That is correct.

Mr. VAN ORDEN. I was the first Republican challenger in the Nation that Donald Trump endorsed in 2022. You cannot really get further apart than that.

Secretary Elnahal has called me personally multiple times when there has been issues with the VA, particularly with the Tomah VA because that is in my district, everything from laboratory equipment not being calibrated properly to a personal issue with one of my constituents, who, unfortunately, died due to something that happened with the VA.

You have personally called me when there have been issues with housing stipends for veterans, multiple other issues. You have called me personally.

I am going to say something now publicly that has been private for a long period of time so that people truly understand who you are. My daughter died this summer. Several Members of Congress, Aaron Bean, Mike Collins, Kevin McCarthy, and Mark Alford from Missouri came.

We were all sitting there and that funeral was about to start and there was a bit of a kerfuffle and you walked in the church.

You did not tell me, you did not tell anybody. You came to my daughter's funeral unannounced, as just a civilian and as a man,

and that speaks to your character. It does and I respect that tremendously. I will never forget that. This is why what I am going to say is so incredibly painful to me personally.

The average E-7 gets \$37,810 a year retirement. Your Department awarded these folks, this entire list of people, more than that in one fell swoop and that is wrong.

Secretary McDONOUGH. I agree with that.

Mr. VAN ORDEN. You said earlier, "I should be held accountable." I took the opportunity to write a resignation letter for Mr. Elnahal and it is addressed to you and it is about this issue.

I spoke to him last night. I spoke to him again this morning. I spoke to you. Isaiah 1:18 says, "Come now let us reason together," right? It is time that we talk.

I cannot justify Mr. Elnahal serving in the capacity that he does now. I cannot. All these things are very important questions and whatnot, but I cannot justify his employment any longer.

Mr. Secretary, I am going to give you the opportunity to do what you just asked to do: to be held accountable. I am going to change this from Dr. Elnahal to Secretary Denis McDonough. I am going to change it from Secretary Denis McDonough to President Biden because this is a systemic problem and I do not think that you are capable of serving in this capacity any longer.

That breaks my heart to say that, but I believe that to be true. I say that with the utmost respect.

With that, I yield back.

The CHAIRMAN. The gentleman yields back.
Representative Landsman.

Mr. LANDSMAN. Thank you, Mr. Chair.

Secretary, thank you for being here.

Secretary McDONOUGH. Sir.

Mr. LANDSMAN. Mr. Rosendale mentioned this earlier, but you do come when necessary and answer questions taking responsibility, and clearly we all appreciate that. Trust is a big part of what we are talking about here and it is at the core of whether or not veterans are going to come to the VA.

Whether they come to the VA may determine a whole host of things, including their own lives, right? They get not just job opportunities and education opportunities, but healthcare and those supports, and so we want to ensure that our veterans are coming.

When I was a teacher on my first day of teaching somebody pulled me aside, a veteran teacher who said, look, you can, you know, have all the pedagogy in the world in terms of how to teach, but if the students do not trust you they are not going to learn anything.

She likened it to a teacher who has a fire hose and the students all have raincoats on and that is the job is to get them to take the raincoats off so that they can, you know, understand and learn.

It was a really profound story, and I was glad she did it on the first day because from that day and that day forward, I focused on building those relationships. Clearly, this gets a trust and, obviously, there are folks who, you know, are going to have to be held accountable. To your point, it starts with you.

The inspector general has laid out these recommendations. Can you talk us through the timeline and what we should expect and

as a committee member who is really interested in ensuring that we, sort of, get on the other side of this having built more trust, what that would look like from our standpoint?

Secretary McDONOUGH. Yes. Look, I think it is really important and I appreciate the question. I just want to give you three facts and then I will answer the question.

One, trust in VA right now is measured out any number of vectors is the highest it is been since we began measuring trust in VA.

Two, we have each of the last 3 years had filed and resolved historically large numbers of claims because veterans are choosing to file claims with us.

Three, in the last year we have enrolled more new veterans month by month than we have in a number of years because veterans are choosing to come to a place that they trust to get their care.

You are absolutely right that trust is an important, absolutely important metric of whether we are succeeding or not.

As it relates to me holding our agency to account to you, to the inspector general, and to our veterans, on his report, which I asked for, you have my commitment that we will get those eight recommendations done this year. That is a commitment I have made to Mike.

We will stay in touch with your staffs and with you personally to the extent that you want to as we implement those policies to be responsive to him.

Mr. LANDSMAN. Yes. I do not think, you know, that the House will know to—know it will happen this year, all of it.

Secretary McDONOUGH. Yes.

Mr. LANDSMAN. I think it would be great to, and you may already be doing that, but laying out the eight recommendations—

Secretary McDONOUGH. Yes.

Mr. LANDSMAN [continuing]. and sort of how you are approaching the pursuit of those recommendations—

Secretary McDONOUGH. Yes.

Mr. LANDSMAN [continuing]. and what we should expect. Then maybe it is biweekly or monthly updates.

Secretary McDONOUGH. Sure, I would be happy to do that. That is in my submitted testimony the specific steps we are taking on each of the eight. We can get into which of our senior leaders is leading each of those as you want.

Mr. LANDSMAN. I think that piece would be great so that we know who to reach out to if there are questions or concerns.

Secretary McDONOUGH. Yes.

Mr. LANDSMAN. Anyway, thank you very much for everything you do.

Secretary McDONOUGH. Thank you.

Mr. LANDSMAN. With that, I yield back.

The CHAIRMAN. Okay. The gentleman yields back.

Mr. Luttrell.

Mr. LUTTRELL. Thank you. Thank you, Mr. Chairman.

Mr. Secretary—

Secretary McDONOUGH. Sir.

Mr. LUTTRELL [continuing]. good to see you today, sir. To Mr. Landsman's point, I am just curious, do the undersecretaries, I am

sure they have to appreciate—I mean, you are the one—and again, the rest of the committee members have said this. I mean, you, buddy, you saddle up.

I mean, every single time there has been a bloodshot to the VA you are showing up and you are taking it right on the chin and I commend that. That is the absolute definition of a leader. You are not walking away from this.

I am curious. Does it feel like that if you are going down inside the organization because of the breadth and scale of this issue that we are talking about today, have they come to you and said hey, look, we really jacked up. We are sorry.

Or has there been any kind of—

Secretary McDONOUGH. Absolutely, and they have gone to their teams to make the same acknowledgements. Importantly, they are not just saying it, but they are living it and I admire their candor on that.

Mr. LUTTRELL. Okay. Can we talk about all these kind of consequences of actions in here? I do not see Mr. Crane in here yet, but I am sure if he comes in when we round this corner you are going to get an earful.

Secretary McDONOUGH. I have every—

Mr. LUTTRELL. Just try to get ready. I want to talk about so you and I are on the same page 100 percent when suicide and suicide prevention is the number one issue in the VA—

Secretary McDONOUGH. Yes.

Mr. LUTTRELL [continuing]. right? We lose sleep over that at night.

Secretary McDONOUGH. Yes.

Mr. LUTTRELL. As much as I have been reading on this issue that we are talking about right now here, I want to try to put this in perspective for—I am sure you have it, sir.

In the mental health and suicide prevention in the office in the Department, in VA, so the director of continuous care and general health makes around \$300,000 a year, right? The CSI was \$76,000-ish that was paid out.

Now, here is my problem. What was the suicide rate at last year for veterans?

Secretary McDONOUGH. Well, we had more than 6,500 suicides so I do not remember the rate.

Mr. LUTTRELL. The numbers are continuously going up. They are not decreasing.

Secretary McDONOUGH. They had been going down I think last year.

Mr. LUTTRELL. They went down in 2020—

Secretary McDONOUGH. Yes.

Mr. LUTTRELL [continuing]. but they jumped back up.

Secretary McDONOUGH. Right.

Mr. LUTTRELL. We had this conversation.

Secretary McDONOUGH. Correct. Correct.

Mr. LUTTRELL. The system itself is failing. I do not have a problem saying that. The system itself is absolutely failing our veterans, and I do not walk away from the challenges of emotional distress and cognitive instabilities. I do not. It is a very hard pulse to catch.

Secretary McDONOUGH. Yes.

Mr. LUTTRELL. The executive director for suicide prevention received 49,000, almost 50,000 in CSI. The deputy director for field support and analytics, which has been in office since 2016, got \$48,000. Then the deputy director received almost \$50,000.

Now, I am pretty sure you probably yanked all this back, but my point is we just rewarded these people for failure.

Secretary McDONOUGH. Look, I—

Mr. LUTTRELL. I am sure that if you are trying to explain this to me, it is—

Secretary McDONOUGH. No, no, I mean, look, I get it. I guess I want to say the following, which is all the CSIs that went to senior executives have been taken back.

Mr. LUTTRELL. Okay. Thank you.

Secretary McDONOUGH. Two, the people in these jobs are people—not every one of them and that was my point earlier, which is that you cannot read the statute and say that this was an acceptable use of that statute. However, there are people with very critically important skills to veterans. A senior psychologist who has dedicated his life to taking care of these veterans—

Mr. LUTTRELL. I am tracking that 100 percent, Mr. Secretary—

Secretary McDONOUGH. Right, so—

Mr. LUTTRELL [continuing]. I am going to argue with you all day long if the numbers will continue to go up over the decade after decade, that particular individual is not doing a good enough job for our veterans. Giving them bonus money for that is a slap in the proverbial face of all the veterans walking around outside and the families that are left behind period.

Secretary McDONOUGH. Yes, except each of them—I am not going to try to defend that we are succeeding here, but I am going to tell you that we have a team that is working this extraordinarily hard and they could walk away from this and go as a psychologist, psychiatrist, be remunerated at 3X somewhere else. They are choosing because of their love of this mission and because of their love for those veterans and their survivors, they are investing that skill here.

Now, does that mean I am comfortable that we are succeeding? I am not. I am not comfortable with that, but we will not succeed without them.

Mr. LUTTRELL. We are not succeeding with them.

Secretary McDONOUGH. I am telling you that those guys—

Mr. LUTTRELL. This is an end. Sir, this is a round. This is we are 15 rounds on this one.

Secretary McDONOUGH. I understand.

Mr. LUTTRELL. These numbers are what I have to explain to my veterans and the families back home plain and simple, and this is what I am hearing.

I wish those two were sitting here in front of me and not you, sir, because they are the ones I need to be talking to. You are up here sweeping it up. You are trying to do best with your Department and make it the best Department ever. Hands down I think arguably the best Secretary Mr. Biden has. I say that out in front of God and everybody, all right?

But if—

Secretary McDONOUGH. I hear you.

Mr. LUTTRELL. I yield back, sir.

Secretary McDONOUGH. I hear you.

Mr. LUTTRELL. Mr. Chairman.

Mr. VAN ORDEN. [Presiding.] The chair now recognizes Mr. Self from Texas for 5 minutes.

Mr. SELF. Thank you, Mr. Chairman.

Secretary, you are a very affable fellow, very polished, but I will quote one of our space missions, "We have a problem."

The last hearing you were at that we had a conversation, you and I had a conversation about Secretary Shinseki. You called him a hero. I ask what response you were going to have to that scandal.

Here we are again. Here we are again. Everything that you say and everything that Mr. Luttrell credits to you about trying, it only takes one to ruin morale in a unit. It only takes one.

We have had at least two major ones here, scandals. All of the good work can be undone in a moment of time.

I want to go to the executive summary of the OIG. Dr. Elnahal deceived you. Let us just be honest. You ask for additional information from both Elnahal and Jacobs about their plans to pay CSIs to senior executives.

You expressed concerns about the cost of the incentives and your desire to make sure the authorities were used with care.

In response, and I am quoting now from the OIG report, "Dr. Elnahal did not disclose to the Secretary," that is you, "the plan for VHA central office executives," the central point of this discussion, "but rather provided information solely on the CSIs for field executives."

He deceived you. There is no other way. You were just talking about trust. It confounds me how you can have trust after the OIG recorded that the man deceived you.

I want to ask what administrative—it is probably not proper for me to ask what administrative actions you have, but you have told us that you plan to implement, that you plan to enact the recommendations by the OIG.

One of them toward the end is, "any administrative actions that you deem necessary," I think was the words that they used.

You have a commitment. You just made a commitment to this committee that you are going to follow through on them. Again, I will not ask you what your administrative actions that you have planned are, but it looks to me like today you should have brought us either the resignation letter or the termination letter for Elnahal, Jacobs, and I hope I get this name pronounced right, Bonjorni, HR, because she is the one that actually instigated the payment to the central office.

Last, I will bring up the fact that at least three of the assistant secretaries that got these CSIs have been the target of committee investigations. One was trying to ban the VJ Day Kiss photo received a \$57,000 bonus. The executive that retaliated against a subordinate whistleblower has received a \$52,000 bonus. The chief of Office of Disability and Medical Assessment, who your own investigations found harassed subordinates, received a bonus of \$53,000.

I am not sure I have any questions. I just would ask you what are the hearing decisions and we will leave it at this. First of all, did you bring us those letters?

Secretary McDONOUGH. I did not.

Mr. SELF. Okay. I do not—I think I would yield back. Thank you, Chairman.

Secretary McDONOUGH. I might just say if it is—can I respond or?

Mr. VAN ORDEN. Yes, Mr. Secretary, please do so.

Secretary McDONOUGH. In the case at OMBI we have found and the committee also found three individuals to have been engaged in that misconduct. Those three individuals we began proceedings to separate them from VA. They are no longer at VA. There are three other individuals who were involved in that activity that are no longer with VA.

In the case of the CSIs, none of the executives is keeping the CSI payment. Ninety-two percent of those payments have been recouped in their entirety, and we will get the other 8 percent.

Moreover, for example, this is why I think the accountability efforts are so important. You cited one individual who was cited in press reports as being involved in the issue about the photo. She was not. She was absent on leave when that decision was made and her name was attached to that decision, which when I learned of it I rescinded immediately. That photo is still up at VA facilities.

It is true we make mistakes. Nobody makes more of them than me. When I make them I come here. I alert you to them and I own them. We have a very dedicated workforce at VA in the field and in headquarters. Did we make mistakes here? We did.

Mr. SELF. Mr. Secretary, I did not ask for your resignation. I asked for the resignation of three other—or termination of three other members.

Mr. VAN ORDEN. I asked my Democrat colleagues and Republicans if they would like a second round of questioning and they do not. We are going to close here.

I just have to say some things here. I want to reiterate what Mr. Luttrell said about veteran suicide. This committee has allocated \$120 billion since 9–11 for veteran suicide prevention, \$1.6 billion this last fiscal year, and the suicide rate is increasing, and you are responsible for giving a bonus to the person that is in charge of increasing veteran suicide.

That is reality. Platitudes do not count. We go to funerals. We look at kids whose parents are dead in the eye because of your failure of leadership at the VA. That is reality.

You said that we are not going to succeed without the folks that you have. Mr. Luttrell aptly pointed out you are failing with them, so what is the difference?

You guys have taken the “my bad” defense. You said 92 percent of all of these payments have been recouped. The reason 92 percent have been recouped is because you guys got busted. You got rolled up hard.

Zero percent of all of these moneys would have been recouped if you were not caught red-handed. That is also a fact.

Secretary McDONOUGH. I stopped them.

Mr. VAN ORDEN. Mr. McDonough, you have a choice and it is binary. You and Mr. Elnahal can become the face of everything that everybody hates about Washington, DC, corruption, cocktail parties, institutions above individuals, literally paying millions of dollars to each other for failing.

Or you can stand up like the man that I know you are personally. You are a man of character. So is Mr. Elnahal.

You can stand up now or speak to your subordinates and have them tenure their resignation and you can turn a new leaf. You can start a new chapter in government accountability.

You do come up here and you take heavies all the time. It means nothing. It means nothing because our veterans are killing themselves, drug and alcohol addiction skyrocketing, spousal abuse skyrocketing, mental health issues skyrocketing, all under your watch, sir, and Mr. Elnahal's watch.

The binary choice is this: Be remembered in history as someone who has abjectly failed or be the new start. Recreate the government and be accountable and stand up for the person that I know you are.

I ask unanimous consent that all members shall have 5 legislative days in which to revise and extend their remarks and include any extraneous material. Hearing no objection, so ordered. This hearing is now adjourned.

[Whereupon, at 12:43 p.m., the committee was adjourned.]

A P P E N D I X

PREPARED STATEMENTS OF WITNESSES

Prepared Statement of Michael Missal



DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

STATEMENT OF MICHAEL J. MISSAL
INSPECTOR GENERAL FOR THE
US DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
US HOUSE OF REPRESENTATIVES

HEARING ON
"BONUS BLUNDER: EXAMINING VA'S IMPROPER DECISION TO AWARD
SENIOR EXECUTIVES MILLIONS IN INCENTIVES"
JUNE 4, 2024

Chairman Bost, Ranking Member Takano, and Committee members, I appreciate the opportunity to discuss the VA Office of Inspector General's (OIG) oversight report on VA's award of about \$10.8 million in critical skill incentives (CSIs) to 182 senior executives in the VA Central Office (VACO) in August and September 2023.¹ An OIG review of VA human resources and payment data revealed these recipients included 148 senior executives in the Veterans Health Administration (VHA) and 34 members of the Senior Executive Service in the Veterans Benefits Administration (VBA). The National Cemetery Administration elected not to award CSIs to its senior leaders, and no other VA program or staff office at headquarters paid CSIs to their senior executives.

CSIs were authorized by the PACT Act as a new tool for VA to use to improve recruiting and retention in anticipation of a substantial increase in healthcare enrollments and benefits claims from individuals exposed to toxic substances, which would require significant additional staffing to handle the workload.² CSIs are available to an employee who "possesses a high-demand skill or skill that is at a shortage" at a rate up to 25 percent of basic pay.³ There are additional criteria that the skill be related to the duties of the employee's position and that recipients' employment serves a critical need of the Department.

The vast majority of CSIs that VA awarded were to *nonexecutives* serving in positions or occupations that VA had preapproved based on their prior identification as long-standing occupational shortages for

¹ VA OIG, *VA Improperly Awarded \$10.8 Million in Incentives to Central Office Senior Executives*, May 9, 2024.

² Sergeant First Class Henth Robinson Honoring our Promise to Address Comprehensive Toxic Act (PACT Act) of 2022, Pub. L. 117-168, 136 Stat. 1759.

³ PACT Act § 909(d), codified at 38 U.S.C. § 706(d). CSIs, like the other workforce provisions in the PACT Act, are set to expire on September 30, 2027. 38 U.S.C. § 706(d). VA's policies regarding CSIs, which were formalized in a policy notice in February 2023, are nearly identical to the statute except that the policy allows CSIs to be awarded to either an employee or "a group of employees." VA Notice 23-03, PACT Act, Critical Skill Incentive Implementation, February 17, 2023.

needed skills (including human resources, police, food services, housekeeping, and medical supply personnel). In contrast, VA awarded CSIs based on *high-demand skills to field executives* (senior staff outside VA headquarters including VHA's Veterans Integrated Service Network (VISN) and medical facility directors and VBA's regional benefits office and district directors), as well as to senior executives assigned to VACO within both administrations. The CSIs to VACO senior executives were the focus of the OIG report under discussion today, although the others were addressed in the OIG's recommendations for VA corrective actions.

It is important to note that nearly all eligible senior executives in VHA and VBA at the central office were awarded the incentive pay for critical skill retention, with VHA providing only the most cursory justification and neither administration conducting an objective assessment of what was needed, if anything, to retain them. The CSIs were awarded at the maximum percentage allowed under the PACT Act at 25 percent of basic pay. They ranged from nearly \$39,000 to over \$100,000, including seven VHA executives' incentive pay that exceeded \$100,000 each. Moreover, the average amount paid to a VACO senior executive was more than seven times the average CSI amount paid to an employee in a nonexecutive position.

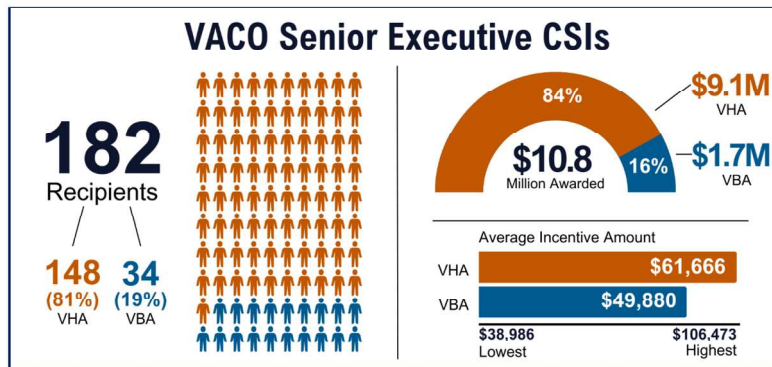


Figure 1. CSIs approved for VACO senior executives in August 2023.

Note: The amount actually paid by VA (\$9,946,718) was lower than the total \$10.8 million awarded because several were not processed initially due to annual salary caps.

Source: OIG Analysis.

On September 13, 2023, VA Secretary Denis R. McDonough was alerted by the Assistant Secretary for Management and Chief Financial Officer (CFO) Jon Rychalski that the Office of Management had detected unusual payment activity relating to senior executives and had received inquiries about delays in processing some senior executives' CSI payments.

On September 22, VA sent a prepared statement regarding the VACO senior executive CSIs to members of Congress, veterans service organizations, and others.⁴ VA stated it had been “overly broad in the way [it] implemented and executed this authority,” which was a “policy error,” and as a result VA was canceling the payments to headquarters senior executives.⁵

Secretary McDonough contacted me the same day and requested that my office conduct a review.⁶ We assembled a team of investigative attorneys, management analysts, administrative investigators, and audit staff to look at whether VA complied with both law and policy when it issued CSIs to central office senior executives. The team also sought to determine who had been involved in the implementation of CSIs, construct a timeline of decisions, as well as assess internal controls. They interviewed 46 individuals, some more than once. They also searched for review nearly one million emails, over 10,000 Microsoft Teams messages, meeting transcripts, and CSI data maintained in a dashboard by VA, as well as other documents.

WHAT HAPPENED

The appendix to this statement provides a high-level overview of the timeline of actions and decisions detailed in the full report, which occurred over about a six-month period. Of note, in March 2023, Under Secretary for Health Shereef Elnahal announced at a conference attended by many VHA senior executives that field executives (VISN directors and medical center directors) would be receiving CSIs at 25 percent of basic pay across the board. This conflicted with a memorandum he had approved the previous day setting out a two-tiered approach (25 percent CSIs for VISN directors and 20 percent CSIs for medical center directors). VHA human resources staff conformed Dr. Elnahal’s approval memorandum to reflect his conference statement to authorize a CSI of 25 percent across the board—without justification for the increase.

Shortly after the conference, VHA’s chief human capital management executive, Jessica Bonjorni, and her team discussed with Dr. Elnahal the possibility of also awarding CSIs to VACO senior executives. When Under Secretary for Benefits Joshua Jacobs learned that VHA was planning to pay CSIs to both field and VACO senior executives, he also began discussing with his senior human resources adviser and principal deputy under secretary for benefits whether VBA should do the same. The deputy under secretary for benefits, Michael Frueh, commented in mid-April, “I do not like the optics of paying execs,

⁴ The statement was distributed by VA to the staff of the Senate Veterans’ Affairs Committee (SVAC), House Committee on Veterans’ Affairs (HVA), and Senate and House Committees on Appropriations (Subcommittees on Military Construction, Veterans Affairs, and Related Agencies). It was also sent to 16 veterans service organizations, representatives of five unions of VA employees, and one news reporter.

⁵ The discrepancy between the total VA cited in this statement (\$9.7 million) and the OIG total was due to the OIG team identifying 12 CSIs not paid initially due to annual salary caps, of which eight were canceled before being paid and another four were paid. The OIG team determined that, in all, 182 executives were *awarded* CSIs totaling \$10.8 million. Of those awarded, 174 executives were *actually paid* approximately \$9.9 million.

⁶ The chairmen and ranking member of this committee also supported the Secretary’s request for the OIG’s review. Joint letter from Sen. Jon Tester, SVAC Chairman; Sen. Jerry Moran, SVAC Ranking Member; Rep. Mike Bost, HVAC Chairman; and Rep. Mark Takano, HVAC Ranking Member, to Secretary Denis R. McDonough, September 26, 2023.

because it will add up to a number the public/Congress will question.” Despite this concern, VBA moved forward with plans that paralleled the VHA proposal to pay CSIs to its senior executives.⁷ National Cemetery Administration leaders were aware that VHA and VBA were planning to issue CSIs to senior executives at VACO, but they decided against offering them because, according to the principal deputy under secretary for memorial affairs, they did not believe they had “a justifiable reason to do so.”

Between early May and mid-July 2023, Secretary McDonough sought additional information from Dr. Elnahal and Mr. Jacobs about their plans to pay CSIs to senior executives. The Secretary told OIG investigators that he had concerns about the cost of the incentives and his desire to ensure that PACT Act workforce authorities were used with care. Dr. Elnahal provided information solely on the CSIs for field executives without disclosing to the Secretary the plan for VHA central office executives. As detailed later in this statement, VBA shared its plans to pay CSIs to both field and central office SES in May 2023 with the Secretary and other senior leaders. In early June, the then acting deputy secretary, Guy Kiyokawa, requested that VHA and VBA obtain a review of their written plans by Human Resources and Administration/Operations, Security, and Preparedness (HRA/OSP) and the Office of General Counsel (OGC) “to make sure we are compliant with the statute.” The effect of these requests was to slow down the administrations’ efforts to execute their CSI plans for senior executives.

In late July through early September, HRA/OSP concurred with the VHA and VBA central office senior executive CSI packages, which had also been approved by Dr. Elnahal and Mr. Jacobs, respectively. On September 22, 2023, VA announced the cancellation of the CSIs awarded to VACO senior executives. In late October, VA issued letters of indebtedness (collection notices) to all senior VACO executives who received CSIs. VA employees could seek a waiver or challenge the debt and seek an appeal. While the OIG did not assess this ongoing process, the OIG team received information during the course of this investigation suggesting that VA’s handling of the CSIs had significantly damaged the morale of its senior executives at the central office, and that several had experienced financial hardship as a result of having to repay the incentives.

An analysis of these and other events, and related missteps, resulted in the report’s two findings that the awards of CSIs to VACO senior executives were inconsistent with law and policy, and that VA’s internal controls were insufficient.

Finding 1: The Blanket Award of CSIs to VACO Senior Executives Was Inconsistent with Law and Policy

Evidence suggests that VHA and VBA personnel involved in developing strategies to award CSIs for senior executives at VACO based them first on achieving a desired outcome—incentive awards of 20 or 25 percent of basic pay for all—and then took steps weeks or months later to justify the awards with data. With respect to VHA VACO executives, the OIG did not find evidence that any data were presented to justify the incentives until *after* the Secretary questioned the CSIs in mid-September, at

⁷ VHA’s recipients included all categories of senior executives (career Senior Executive Service (SES) members, Senior-Level employees, and Title 38 SES-equivalent employees), but VBA’s only included SES.

which time VHA conducted a post-payment analysis that revealed weaknesses in the justification for this group. The VACO CSI approach did not satisfy the conditions in the PACT Act and VA policy, which require that the Secretary (or his designee) determine that each recipient of the incentive meets all required criteria.⁸ This was also inconsistent with VA's approach to implementation for nonexecutives, which showed a more meticulous data analysis to support decisions regarding the occupational groupings to be awarded CSIs. This first finding was based on the following determinations:

- **VHA and VBA each improperly grouped all of their respective eligible VACO senior executives together when recommending them for high-demand skill incentive pay.** Both administrations failed to comply with VA's own policy requirement to "narrowly define" a group and could not then ensure that each recipient met the statutory criteria to receive a CSI based on a high-demand skill. In particular, because these groups consisted of executives with different skills and occupations serving in diverse positions, the administrations could not show that the "skill" being retained by the incentive was in high demand and that it was directly tied to their "duties and responsibilities."⁹ The 148 VHA and 34 VBA senior executives awarded CSIs held positions across many occupational series (26 for VHA and six for VBA) with different position titles and job duties.¹⁰ In contrast, nonexecutives were grouped for shortage-skill CSIs based on one or two different occupational series, such as human resources, housekeeping, food service, police, and medical supply.

- **The amounts awarded were determined without considering what was needed for retention.** VA policy requires that "the value of the incentive will be proposed by the recommending official based upon the needs of the Administration/Staff Office." The OIG found that VHA and VBA awarded CSIs to their senior executives in the central office at the *maximum percentage* (25 percent of basic pay) based on concerns about parity between the administrations rather than supporting evidence. Neither VHA nor VBA assessed whether the actual amounts awarded to the 182 VACO senior executives were necessary to retain them. VHA's own quick post-payment analysis in September 2023 after questions were raised by the Secretary revealed that, at least for some executives, their salaries were already high compared to the market.

This approach—decide amounts first and justify them later—is underscored not only by the CSI increase announced in March by Dr. Elnahal from 20 to 25 percent for medical center directors to align with VISN directors after his conference announcement, as discussed earlier, but also a similar last-minute increase from 20 to 25 percent that occurred in September for the majority of VHA's senior leaders at VACO. Initially only a handful were recommended for the higher amount based on their involvement in certain priority

⁸ 38 U.S.C. § 706(d); VA Notice 23-03.

⁹ 38 U.S.C. § 706(d).

¹⁰ Dr. Elnahal and Mr. Jacobs described VACO senior executives as a diverse group in terms of job duties and skills and conceded that the group definitions used for these CSIs were, in hindsight, overbroad. Senior OGC attorneys reached a similar conclusion in mid-September 2023 after the chief financial officer raised questions about the awards.

initiatives, but the change was proposed to treat everyone within VHA's central office equally and to align with VBA's CSIs to its VACO executives.

- **VHA provided no market factors in support of its CSIs, and VBA's justification was based on unsupported assumptions, including that every senior executive was equivalent to a private sector CEO.** For CSIs based on high-demand skills, VA policy requires the recommending official to "list market factors."¹¹ These include higher private sector pay, low numbers of qualified applicants, moderate-to-high vacancy rates/shortages and turnover, difficulty filling positions, and unique specialty or skillset. Yet, VHA identified no specific market factors in support of its recommendation to provide CSIs to all VHA VACO senior executives. The only justification was an identical short paragraph on a single form submitted for all VACO senior executives, citing a "much more competitive" job market "resulting in a very high demand of skills possessed by our experienced executive leadership team." A senior executive in HRA/OSP, who had concerns about the awards, captured the starkness of the justification for VHA senior leaders' CSIs as compared to requirements for much smaller incentives:

I can't even give a GS employee a special contribution award for \$250 without writing an entire page about how great they are and forms and process. And this, with a stroke of a pen and three sentences, they're saying these folks are critical because they're critical, giving all these people this huge amount of money.¹²

While VBA provided more analysis in its form and supporting memorandum, the justification relied on pay disparities with CEOs in "finance and insurance," and "management of companies and enterprises" to support its claim that its central office SES had high-demand skills. The justification did not support that the private sector pay rationale applied equally to all SES—implying any of them could be CEOs of a private sector company—or that incentives were needed to retain each executive. A staff attorney in VA's OGC told VBA in June 2023 that they needed "to ensure the amounts being paid reflect what is needed for the retention."

¹¹ VA Notice 23-03.

¹² The deputy general counsel for legal operations, Brent Pope, had a similar reaction when he reviewed the justification in September. He told investigators, "When I saw the justification that [VHA] gave I honestly couldn't believe it. I said, 'Is that all that was there?'"

HOW THIS HAPPENED

The OIG found weaknesses in governance, leadership, and accountability, with excessive deference to VHA and VBA leaders by individuals reviewing the CSIs, instead of providing necessary checks and balances.

Finding 2: VA's Internal Controls Were Ineffective to Prevent These Improper Awards

Federal employees have a responsibility for “safeguarding federal assets and the efficient delivery of services to the public.”¹³ Federal agency leaders and managers are expected to fulfill this obligation in part by creating governance systems that adhere to enterprise risk management principles and by implementing effective internal controls. With respect to the CSIs for senior executives, before the incentives were awarded, the recommended CSIs were reviewed by HRA/OSP per VA policy, and the acting VA deputy secretary also separately instructed the administrations to have their written plans reviewed by HRA/OSP and the Office of General Counsel (OGC).¹⁴ Yet the CSIs for central office senior executives were not identified as being improper until after most had been paid. There are several contributing factors to this result, which include the following:

- There was insufficient transparency from VHA regarding VACO CSIs in response to the Secretary's requests for information about plans.** VHA never disclosed to Secretary McDonough the details of VHA's plan to pay CSIs to all VACO senior executives despite specific requests from the Secretary regarding the planned use of these incentives in the months before they were awarded. The OIG found that VHA started developing its plan in late March 2023 and by early April its workforce management staff had prepared spreadsheets listing all potential recipients, their salaries, the amount of the CSI, total cost to VHA, and total individual compensation. Evidence suggests that the possibility of paying CSIs to VHA senior executives in the central office was mentioned by Dr. Elnahal at an under secretaries meeting on April 11. But when the Secretary requested that Dr. Elnahal provide information about CSI plans in May, the under secretary only provided a “justification paper” (white paper) regarding the proposed CSIs to *field* senior executives. Significantly, no information about VHA's plan for paying CSIs to their VACO executives was included in any of the three versions of this white paper that Dr. Elnahal provided in May, even though the total budget impact for these 148 VHA VACO executives was higher than that for their 159 field executives. In contrast, Mr. Jacobs shared information about VBA's plans to pay CSIs to both field and central office SES in

¹³ Office of Management and Budget Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, July 15, 2016.

¹⁴ The December 2022 delegation of authority from the VA Secretary required the Corporate Senior Executive Management Office (an office within HRA/OSP that provides centralized human resources services for all VA senior executives) to conduct technical reviews of CSIs recommended for senior executives. VA Secretary, “Incentives for Critical Skills,” memorandum, December 20, 2022. Per a different delegation regarding executive personnel actions, HRA/OSP's assistant secretary or principal deputy assistant secretary then were to review in order to determine whether they would concur. VA Secretary, “Delegation of Authority to Approve Personnel Actions,” memorandum for the deputy secretary, chief of staff, under secretaries, and other key officials, July 26, 2023. In contrast, there was no affirmative requirement in VA policy for OGC review.

May 2023 with the Secretary and other senior leaders, although the documents did not specifically indicate that essentially *all* senior executives were included.

On August 26, VHA submitted its package of approved CSIs for VACO senior executives to HRA/OSP for concurrence, which included the list of recipients. Although Dr. Elnahal had not provided details yet to senior VA leaders regarding the plan, Dr. Elnahal requested that his staff confirm the Secretary's awareness a few days before it was submitted. He then mistakenly assumed that this had happened when it had not actually occurred due to a series of miscommunications.

Dr. Elnahal acknowledged to OIG investigators that he should have provided information to the Secretary about the CSIs for VACO senior executives (including costs and other details) earlier in response to questions posed by the VA Secretary and then acting deputy secretary but stated he did not do so because he was unaware of the large number of SES at the central office. As he testified,

I had no idea [of] the sheer number of SESs at VHA Central Office. I had no idea that we had upwards of 150 of them . . . I think if I had known that, my management instinct would be to get the same level of justifications together and the costs [as for the field executives].

Just before VIIA submitted its CSI package to the Corporate Senior Executive Management Office in August, however, Dr. Elnahal had received an emailed spreadsheet containing the names and titles of more than 150 VACO senior executives in VHA recommended for CSIs. He explained in a follow-up interview that he was traveling when the email was sent to him and was viewing the message on his phone, and believes that he only glanced at the first tab (the smaller list of those executives who were supposed to receive 25 percent) and did not recall seeing the second tab (with the much larger list slated to receive 20 percent) or the third tab (total costs).¹⁵

- **There was an apparent reluctance of leaders in HRA/OSP to vet the CSI plans thoroughly or question the decisions of senior officials despite their staff having concerns.** The then assistant secretary for IIRA/OSP, Gina Grosso; her principal deputy, Jeffrey Mayo; and other leaders in HRA/OSP had multiple opportunities to review the CSI plans. Yet throughout these interactions, the OIG found that Ms. Grosso and Mr. Mayo seemed unwilling to challenge the recommendations and decisions made by the under

¹⁵ VA requested edits to the OIG final report, claiming that (1) VHA did not provide VACO CSI information to the acting deputy secretary in May because the package was not yet finalized and made available to Dr. Elnahal and (2) at the time the August concurrence was being sought on the package, Dr. Elnahal requested his staff "obtain the approval" in his absence from the Secretary's office, but this was not done due to a consequence of "timing, miscommunication, and inadvertence." The OIG did not make these edits because they were not supported by the evidence and were not issues raised in Dr. Elnahal's sworn testimony in his interviews with OIG investigators. On the three occasions that the OIG interviewed Dr. Elnahal (the last one at his request), he did not mention—in response to questions about why he did not provide information about the VACO CSIs at any time in May, June, or July—either of these reasons that VA has now suggested in its comments. Instead, he claimed that he did not provide this information because he was unaware at the time of how substantial the costs were and how many executives VHA employed at the central office.

secretaries and their principal deputies even when concerns were raised by senior HRA/OSP staff about the sufficiency of the justifications and the blanket approach to awarding the incentives.

- **OGC missed opportunities to identify substantial legal issues with CSIs until after the payments were made.** After Chief Financial Officer Rychalski raised concerns about the CSIs in mid-September 2023, the Secretary requested that OGC review the payments. Several OGC leaders quickly concluded that the awards were improper because the groups had been defined too broadly and the justifications were insufficient, and recommended the awards be canceled. While staff attorneys in OGC had reviewed the plans in June 2023, they were not provided all available information and may not have had the same broad perspective as the senior attorneys who later found the awards improper. Still, the OIG found that the staff attorneys could have raised more questions based on the information they had regarding the proposals, including VBA's plan to grant CSIs to all VACO senior executives. Finally, despite CSIs being newly authorized incentives that had the potential to present substantial risk to VA, OGC was not required under VA policy to review the administrations' implementation plans. As a result, if Acting Deputy Secretary Guy Kiyokawa had not requested that OGC review the VHA and VBA plans in early June 2023, they may not have seen them at all.
- **VA did not leverage its governance processes to ensure proper risk management of the new CSI authority by subjecting CSI proposals to a more robust VA-wide review.** The Office of Management is responsible for VA's financial management. It "promotes public confidence in the Department through stewardship and oversight of business activities that are consistent with national policy, law and regulations."¹⁶ The Office of Management is led by Mr. Rychalski, and neither he nor any other senior Office of Management leaders were given information concerning the anticipated total recipients and costs of the CSIs before the payments were authorized. Had existing governance processes been leveraged, such as reviews by the VA Operations Board and the VA Executive Board, there would have been at least an opportunity for principal stakeholders and advisers to discuss the risks of the proposed strategies collectively—discussions that also would have included the Office of Management and OGC's deputy general counsel.

RECOMMENDATIONS FOR CORRECTIVE ACTION

The OIG made eight recommendations, including revising VA's CSI policy to be responsive to the findings in the published report, undertaking two reviews of other awarded CSIs (senior field executives and nonexecutive high-demand skill incentives) to ensure compliance with the statute and policy, and examining and addressing the potential conflict of interest issues identified in this report. The OIG also recommended that VA clarify the roles and responsibilities of the technical reviewer and human

¹⁶ "Management" (web page), VA Administrations and Offices, accessed December 5, 2023, <https://department.va.gov/administrations-and-offices/management>.

resources reviewer for vetting submitted justifications for CSIs, that OGC consider adopting a policy to govern its reviews when VA is implementing new legislation with the potential for substantial financial or reputational risk, and that VA review existing governance board policies to determine whether additional guidance is needed for vetting proposals relating to senior executive compensation. Lastly, the Secretary should take whatever administrative actions, if any, he deems appropriate related to the personnel involved in the process for granting CSIs for VACO executives.

VA concurred with both findings and all recommendations and has provided acceptable action plans and completion timelines. The OIG will monitor VA's progress implementing these recommendations until sufficient evidence is provided to enable closure.¹⁷

Nothing in this report should be interpreted as precluding or excusing VA from undertaking its own review to determine whether any administrative action is appropriate to retrospectively address conduct or to prospectively address potential ethical issues as VA continues to implement the CSI and other authorities that may affect the financial interests of individuals involved in the decision-making process. This decision is within VA's management purview. As an independent oversight body, the OIG does not dictate management decisions on personnel actions.

CONCLUSION

Officials at multiple levels across VA failed to ensure the requirements and intent of the PACT Act were satisfied or to escalate concerns to the Secretary. In addition, some key leaders who were positioned to understand the reputational and financial risks to the Department were not included in the process for vetting the CSI plans or were not provided all the facts needed to make an informed decision. The OIG's recommendations are meant to assist VA in identifying any additional corrective actions needed and to address gaps in controls and processes to avoid repeated misapplication of its incentive authorities.

¹⁷ At quarterly intervals commencing 90 calendar days from the date of the report's issuance, the OIG will send a follow-up status request to the VA office overseeing corrective action asking for an implementation status report. The OIG follow-up staff will provide VA with 30 calendar days to respond. The OIG will make the first request for an update on this report on or about August 9, 2024.

APPENDIX

IMPLEMENTATION OF CSI PAYMENTS IN 2023

FEBRUARY

- 17 HRA/OSP issues the CSI policy notice.

MARCH

- 22 Dr. Elnahal signs off on a proposal to award CSIs to medical center and VISN directors (VHA field executives) at 20 and 25 percent of basic pay, respectively.
- 23 Dr. Elnahal announces a 25 percent CSI to VHA field executives. VHA's HR staff revise his previously signed proposal to match his announcement. VHA begins discussing CSIs for VACO senior executives.

APRIL

- 3 VHA seeks HRA/OSP concurrence on the proposal to pay CSIs to field executives.
- 4 VHA plans a two-tiered CSI (20 and 25 percent) for VACO executives.
- 11 Dr. Elnahal mentions CSIs for field executives, as well as VACO, at a weekly under secretaries meeting.
- 12 Acting Deputy Secretary Kiyokawa asks HRA/OSP to ensure consistency VA-wide for CSIs. VBA leaders begin to discuss following VHA's lead on CSIs for senior executives.
- 24 HRA/OSP identifies concerns with VIIA's plan to pay CSIs to its field executives but ultimately concurs on May 1.

MAY

- 4 VHA submits a white paper to Secretary McDonough with an explanation for CSIs to field executives without reference to VACO executives.
- 5 Dr. Elnahal approves CSIs (forms signed) for field executives.
- 9 VBA begins drafting a memo (mirroring VHA's white paper) to support CSIs for its regional office and district directors, and VACO executives.
- 23 Following a discussion at the weekly under secretaries meeting, VBA submits written explanation to Secretary McDonough for regional, district, and VACO executives' CSIs.
- 24 Secretary McDonough pauses CSI efforts by requesting information on the costs and impacts.
- 26 VHA sends a revised whitepaper to the VA Secretary in response to his questions, as well as to other leaders, which adds details on costs attributable to pay authorities that include CSIs. It only references field executives.
- 31 Dr. Elnahal sends a revised draft of the VHA white paper to Acting Deputy Secretary Kiyokawa to include examples of how incentives affect individuals' compensation totals (field executives only).

IMPLEMENTATION OF CSI PAYMENTS IN 2023 (CONTINUED)

JUNE

- 1** **Acting Deputy Secretary Kiyokawa** asks VHA and VBA to submit their plans to HRA/OSP and OGC for review. VBA submits plans for both field and VACO executives to HRA/OSP for review.
- 2** **VHA** submits documents for field executives only to OGC, as HRA/OSP had previously concurred on May 1.
- 6** **HRA/OSP** reviews VBA plans and clears them to move forward to OGC.
- 11** **OGC** completes a review of the VHA plan for field executives.
- 13** **OGC** completes a review of the VBA plans for field and VACO executives.
- 30** **VBA** seeks HRA/OSP's concurrence to pay CSIs to senior executives (both field and VACO).

JULY

- 14** **Secretary McDonough** releases the pause in the process.
- 30** **HRA/OSP** concurs on VBA packages to pay CSIs to senior executives (field and VACO).

AUGUST

- 1** **Mr. Jacobs** approves CSIs (forms signed) for VBA field and central office executives.
- 26** **VHA** seeks HRA/OSP concurrence on the request to pay CSIs to VACO executives at 20 and 25 percent, which Dr. Elnahal already approved but had not been previously disclosed to the Secretary. HRA/OSP concurs on August 30.

SEPTEMBER

- 6** **VHA** submits a request to HRA/OSP for concurrence on a revised CSI percentage for VACO executives (a flat 25 percent for all recipients), and HRA/OSP concurs the same day.
- 13** **VA CFO Rychalski** notifies Secretary McDonough about the substantial CSI payments he has learned were recently made to senior executives.
- 22** **VA** announces the cancellation of CSIs for VACO senior executives.

Prepared Statement of Denis McDonough

Good morning, Chairman Bost, Ranking Member Takano, and Members of the Committee. Thank you for inviting me here today to discuss VA's use of critical skill incentives (CSI).

CSI payments, established under the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022, are a new authority and important tool that helps VA close mission-critical skills gaps that are in short supply or high-demand. As we informed you last Fall, VA erred in the way this CSI authority for career senior executives working at VA Central Office (VACO) was implemented and executed. Upon realizing the error in mid-September 2023, I promptly called each of you and explained this error. At my direction, the VA immediately canceled and began recoupment for all CSI payments made to these VACO career senior executives. The VA also began instituting additional reviews and stronger controls for all CSIs awarded to VACO career senior executives, paused all future awards to senior executives, and referred the matter to VA's Office of Inspector General (OIG). OIG issued a report last month that described its review of the matter and made findings and recommendations. VA concurred with OIG's findings and the Inspector General's recommendations and immediately began implementing them. This work is still underway.

Importance of CSIs

In 2022, VA worked closely with the House and the Senate to craft Title IX of the PACT Act, giving VA additional authorities and tools that had been longstanding priorities to greatly enhance our ability to attract and retain talent in a competitive labor market to meet the expected increase in demand for care and benefits to Veterans and survivors. These authorities include: use of contract buy-out authority to attract healthcare professionals to rural and highly rural facilities, higher limits for recruitment, relocation and retention incentives, special contribution awards, and student loan repayments, flexibility to designate more positions as critical pay, and use of a new critical skills incentives to address longstanding shortage occupations. Since PACT Act became the law, VA has vigorously deployed these various authorities, and we have publicly posted monthly updates on their usage, including sharing each edition with both House and Senate Committees, in our PACT Act Workforce Dashboard.

Although VA had flexibilities such as recruitment, relocation, and retention incentives available to address hiring and retention difficulties prior to the PACT Act, these authorities are not specifically designed to target skills in short supply within the labor market or in high demand. VA's OIG, as required by the VA Choice and Quality Employment Act of 2017, reports annually on occupations within the Veterans Health Administration (VHA) for which there is a severe shortage. CSI is a pay flexibility VA uses to specifically target these and other shortage and high demand skill occupations within VA. The new pay flexibility assists VA in closing mission-critical skills gaps and supports employee reskilling efforts. CSI is for employees who possess a high-demand or shortage skill directly related to the duties and responsibilities of their positions and that serves a critical mission-related need and is also intended to encourage employees to obtain or maintain the required skill(s) needed to perform the duties and responsibilities of the position, and to better meet the demand for these skills.

As such, the CSI has been an important tool in VA's national workforce strategy. Through April 30, 2024, VA has awarded 41,289 CSIs. Overall spend on CSIs as of April 21, 2024, excluding those under recoupment, is \$340.7 million, and the average award amount is \$8,316.86. The leading professions for CSIs are:

- Housekeeping—12,858 CSIs
- Food Service—4,683 CSIs
- Police—4,061 CSIs
- HR Specialists—7,377 CSIs

To date, 99.7 percent of the total number of CSI payments VA distributed have gone to non-executives, representing 98 percent of the total dollar amount distributed for CSIs.

In all of these cases, using CSIs has led to higher onboard rates for these occupations and reductions in losses of VA personnel across these positions. On average, VHA has seen a 5 percent increase in onboards and losses under 3 percent. For some occupations such as housekeeping aides and food service workers, there had been no growth prior to using CSIs and loss rates as high as 10 percent. The ability to award CSIs has played an important role in allowing us to hire and retain em-

employees in high demand and shortage skill occupations essential to VA's mission. This expanded workforce has allowed us to provide important results for Veterans:

- In 2023, VA delivered more **disability compensation benefits** to more Veterans than ever before, and we are on pace to break that record in 2024. VA just granted its **millionth** PACT Act-related disability compensation claims to Veterans and survivors, and has delivered more than \$5.7 billion in earned benefits to these Veterans and survivors.
- For new patients in April 2024, there was an 11 percent decrease in average wait times for VA primary care and a 7 percent decrease in average mental health wait times compared to same time last year. These improved wait times come at a time when VA is delivering more care to more Veterans than ever before. Compared to the same time period last year (which was a **record-breaking year** for appointments), VA completed 11 percent more new patient appointments – including nearly 13 percent more new patient mental health appointments.
- More Veterans are choosing VA health care, with VA **enrolling more than 400,000 Veterans in VA health care** over the past 365 days—27 percent more than the 307,831 we enrolled the previous year.
- Veterans trust VA at record rates, with **91.8 percent of VA's Veteran patients now trusting VA health care**, a level unmatched in the private sector and an increase of 6 percent over 2018 (when the survey began). Additionally, overall Veteran trust in VA has reached an all-time high of 80.4 percent—up 25 percent since 2016. Both of these are all time highs.

CSIs, along with these other authorities, have enabled VA to provide more care and more benefits to more Veterans than ever before. Consequently, we thank you for this important authority.

CSIs Awarded to Senior Executives at VACO

Last Fall, VA's Financial Services Center raised issues about the substantial payments being made under this new authority. A review caused us to realize that VA's implementation and execution of the PACT Act's CSI authority for career senior executives who work at VACO had been imprecise. This led to 182 career senior executive employees (SES) at VACO being awarded a total of \$10.8 million in CSI pay in September 2023.

As soon as we identified this error, VA immediately canceled pending CSI payments that had not yet been paid out and canceled CSI payments that had already been made to VACO career senior executives and began recoupment for those payments. We also instituted additional reviews and stronger controls for all CSIs awarded to all career senior executives, paused all CSI awards to senior executives at VACO, and referred the matter to VA's OIG.

In its report issued on May 9, 2024, VA's OIG made several findings. VA's OIG found that the blanket award of CSIs to VACO executives in VHA and the Veterans Benefits Administration was inconsistent with the PACT Act and VA policy. VA's OIG further found that VA's internal controls were ineffective in preventing these improper CSI awards to VACO senior executives. The report pointed to insufficient transparency in response to the Secretary's request for information about CSI plans; an apparent reluctance of the Office of Human Resources and Administration/Operations, Security, and Preparedness (HRA/OSP) leaders to thoroughly vet or question the CSI plans; missed opportunities by the Office of General Counsel (OGC); and a failure to leverage the governance process to subject the CSI proposals to a more robust VA-wide review.

The Inspector General's (IG) oversight consistently makes VA better, and we concur with all findings in the report.

VA OIG Recommendations

VA's OIG had eight recommendations to improve VA's implementation of the CSI authority and prevent this from happening again. VA has fully concurred on all of these recommendations and is working vigorously to accomplish them.

1. VA's HRA/OSP Assistant Secretary is revising and updating VA's Policy Notice 23-03, Department of Veterans Affairs Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act, Critical Skill Incentive Implementation, and VA Form 10017-A, Authorization of Critical Skill Incentives, to address the deficiencies noted in the IG's report, including the overly broad definitions of groups and lack of needs analysis for recruitment and retention.

2. VA is reviewing the CSIs that have been paid to SES personnel, SES-equivalent, or other senior leaders for the deficiencies identified in the IG report and to ensure compliance with all applicable statutory criteria and VA policy. VA will take any corrective action needed based on the results of this review.

3. VA is reviewing the CSIs that have been paid to non-executive groups of employees for the deficiencies identified in the OIG report and to ensure compliance with all applicable statutory criteria and VA policy. VA will take any corrective action needed based on the results of this review.

4. VA's Office of Accountability and Whistleblower Protection (OAWP), in consultation with the OGC Ethics Specialty Team, is determining whether any senior leaders involved in the decision-making process for awarding CSIs had any actual or apparent conflicts of interest and if so, whether recommendations for disciplinary or non-disciplinary action are appropriate. VA is also reviewing its updated policies and processes to ensure all decision-makers are free from conflict when awarding future CSIs.

5. The HRA/OSP Assistant Secretary is revising and updating policy regarding CSIs to ensure that recommending and approving officials are accountable for their determinations that each CSI recipient meets all established criteria and that the roles and responsibilities of technical reviewer and human resources reviewer are clearly established.

6. VA is reviewing and revising its enterprise processes to clarify OGC's role in providing legal advice before or during the implementation of any new authority that carries the potential for significant reputational or financial harm to VA. The General Counsel also is reviewing internal processes to ensure that a senior attorney with sufficient expertise is assigned to these reviews.

7. VA is reviewing and revising existing governance policies to strengthen VA's process for reviewing proposals for implementing new pay authorities affecting senior executive compensation.

8. VA's OAWP is investigating to determine if any recommendations for disciplinary or non-disciplinary action are appropriate. After receiving OAWP's report and recommendations, the Secretary or his designee will take any appropriate administrative actions.

In many instances, this work began soon after the issue regarding CSIs was identified last Fall. VA expects to complete all of these tasks relating to the OIG's recommendations by September 30, 2024.

After learning about the problem with CSIs paid to VACO senior executives, beginning the recoupment process of all moneys paid to these executives was one of the first steps taken. To date, VA has collected more than 92 percent of the CSI debts from the career senior executives at VACO. Several other executives are on restructured biweekly repayment plans. While several executives have requested hearings or waivers, all hearings to date have confirmed that the debt and amount are valid.

Conclusion

VA has used CSI payments as an important tool to help attract employees who possess high-demand and shortage skills that serve a critical need. However, as we recognized and informed you, Veterans Service Organizations, the press, and VA's OIG in September 2023, we made serious mistakes in the way we implemented and executed the PACT Act's CSI authority for VACO career senior executives. We appreciate VA OIG's report identifying the flaws in our systems and processes and are working hard to address its recommendations. Moving forward, we will continue to work to ensure that everyone who receives a CSI meets the criteria to do so. This authority is critical to retaining and hiring VA public servants, especially at a time when we are delivering more care and more benefits to more Veterans than ever before—and we will make sure that we are using it effectively, correctly, and as responsible stewards of taxpayer money.

STATEMENTS FOR THE RECORD

Questions for the Record Submitted by Juan Ciscomani for the Office of the Inspector General

House Committee on Veterans' Affairs
"Bonus Blunder: Examining VA's Improper Decision to Award Senior Executives Millions in Incentives"
Tuesday, June 4, 2024
360 Cannon House Office Building

Questions for the Record

Rep. Ciscomani

1. I am aware of several executives having since returned the bonuses and 19 executives who have challenged having to repay their improper bonuses.
 - a. Has the Secretary communicated with your office on how he aims to fully address this problem?
 - b. What has your communication with the Secretary and Undersecretaries looked like? Have they been eager to address these missteps and work alongside your office to fix this institutional problem? Do they seem to have grasped the further mistrust of the American public, and more importantly our veterans, they may be causing by this situation?
 - c. Have you received a plan from the Secretary that includes a process to ensure all decision-makers are free from conflicts when awarding future bonuses? If not, has the VA communicated a timeline?
2. The PACT Act importantly included funding for recruiting and hiring utilizing "critical skill incentives." The PACT Act specified "critical skill employees" as those who possess a high-demand or shortage skill, a skill directly related to the duties and responsibilities of the employee's position, and a skill that serves as a critical mission-related need.
 - a. With this definition as reference, how do you think VA leadership were able to factor in senior executives into this critical skilled employee? Could our definition have been clearer?

**Questions for the Record Submitted by Juan Ciscomani and Jen Kiggans
for the U.S. Department of Veterans Affairs**

House Committee on Veterans' Affairs
*"Bonus Blunder: Examining VA's Improper Decision to Award Senior Executives Millions in
Incentives"*

Tuesday, June 4, 2024
360 Cannon House Office Building

Questions for the Record

Rep. Ciscomani

1. What could have been done to directly improve the lives of our veterans, which is what was the intention of the funds, instead of the bureaucratic misuse of eleven million dollars? i.e. how many claims processors, nurses, doctors, and technicians could have been hired.
2. Undersecretary Jacobs tried to stretch the truth to justify SES bonuses, citing the need to keep up with private industry. This is an inadequate justification, because executives at the VA are hardly private-industry-level competitive by the IG's metrics.
 - a. Do you believe Undersecretary Jacobs' justification is inaccurate?
 - b. What actions are you taking to address Mr. Jacobs' abuse of power and lack of leadership? How are you keeping him accountable?
3. Dr. Elnahal made no effort to justify his slew of bonuses. However, these were still approved and sent out – what do you think is the reason for this oversight problem?
 - a. What is your plan to keep him accountable?
4. The OIG report indicated you should take appropriate action to determine whether individuals involved in the decision-making process, regarding these funds, had any actual or apparent conflicts of interest. The report advises you to develop a process to ensure all decision-makers are free from conflicts when awarding future bonuses.
 - a. Do you believe there were actual or apparent conflicts of interest in this situation?
 - b. Please describe, in detail, your process to ensure this never happens again.

Rep. Kiggans

1. Analyzing, justifying, and requesting bonuses for Senior Executive Service (SES) employees at VHA and VBA was clearly a process that required a substantial amount of manhours. How many manhours is estimated by VA to have been used on the processes associated with processing Critical Skill Incentive (CSI) Bonuses? Additionally, please estimate the cost of these provided manhours for VA.
2. VA has been plagued by workforce shortages, particularly among key positions at the Hampton VA Medical Center, which is the VAMC most used by my constituents. What justification can VA offer as to why CSI bonuses were initially provided to SES employees, and not as incentives to retain staff at high demand VAMC's?
3. Based on information provided to the House Veterans Affairs Committee, it appears that several executives colluded to be awarded their bonus, and continued to attempt to find ways around the rescission of the bonus. VA OIG referred several employees to the US Attorney's Office for the District of Columbia, though the office declined to initiate prosecution. Has VA disciplined or removed, or are their plans to discipline or remove, any of the individuals referred by the OIG to the US Attorney?
4. What steps is VA taking to ensure that this type of oversight does not happen again?

Office of the Inspector General Response to Questions Submitted by Juan Ciscomani

1. I am aware of several executives having since returned the bonuses and 19 executives who have challenged having to repay their improper bonuses.

a. Has the Secretary communicated with your office on how he aims to fully address this problem?

VA OIG: The return of improperly paid critical skill incentives (CSIs) was not within the scope of the OIG's administrative investigation, and therefore the OIG did not require plans or updates on specifics of the recoupment plan. The Secretary has not communicated with our office how he plans to fully address this issue.

b. What has your communication with the Secretary and Undersecretaries looked like? Have they been eager to address these missteps and work alongside your office to fix this institutional problem? Do they seem to have grasped the further mistrust of the American public, and more importantly our veterans, they may be causing by this situation?

VA OIG: The OIG review team interviewed the VA Secretary, Deputy Secretary, Under Secretary for Benefits, and Under Secretary for Health, each of whom cooperated fully with the investigation. All agreed that missteps were regrettably made. The transcripts of those interviews were provided to the Committee at the request of the Chairman. The Inspector General meets regularly with the Secretary and Undersecretaries. They have each said that they believe the recommendations to address the issues identified in our report were appropriate and they are committed to fully implementing them. The OIG does not evaluate the success of VA's corrective actions on the basis of statements by VA leaders. Instead, it requires VA to demonstrate that it has fully addressed the issues raised by the recommendations in its report. The CSI report contains eight recommendations, all of which remain open. The OIG's process to evaluate VA's progress on addressing the recommendations begins 90 days after the publication of a report (around August 7, 2024).

c. Have you received a plan from the Secretary that includes a process to ensure all decision-makers are free from conflicts when awarding future bonuses? If not, has the VA communicated a timeline?

VA OIG: This issue is addressed by recommendation eight in the report. VA's response and action plan can be found on page 70. The target completion date provided by VA is October 31, 2024.

2. The PACT Act importantly included funding for recruiting and hiring utilizing "critical skill incentives." The PACT Act specified "critical skill employees" as those who possess a high-demand or shortage skill, a skill directly related to the duties and responsibilities of the employee's position, and a skill that serves as a critical mission-related need.

a. With this definition as reference, how do you think VA leadership were able to factor in senior executives into this critical skilled employee? Could our definition have been clearer?

VA OIG: The PACT Act did not establish a category of “critical skill employees,” but rather provided the VA Secretary with the authority to “provide a critical skill incentive to an employee in a case in which the Secretary determines— (A) the employee possesses a high-demand skill or skill that is at a shortage; (B) such skill is directly related to the duties and responsibilities of the employee’s position; and (C) employment of an individual with such skill in such position serves a critical mission-related need of the Department.” Senior executives are employees of the Department and could potentially meet all three of the criteria established by the statute as written and therefore be eligible to receive a CSI at the discretion of the Secretary, if the awards are consistent with any additional requirements established by VA policy. As discussed in the report, the OIG found that VA’s use of two grouped justifications purporting to support the collective awards of CSIs to all senior executives in VBA and in VHA was insufficient to establish that each executive in the two groups met all of the criteria.

**U.S. Department of Veterans Affairs Response to Questions Submitted by
Juan Ciscomani and Jen Kiggans**

**Department of Veterans Affairs (VA)
Questions for the Record Submitted to
Denis McDonough
Secretary of Veterans Affairs
from the Committee on Veterans' Affairs
U.S. House of Representatives**

June 4, 2024

Questions for the Record from Representative Juan Ciscomani:

Question 1: What could have been done to directly improve the lives of our veterans, which is what was the intention of the funds, instead of the bureaucratic misuse of eleven million dollars? i.e., how many claims processors, nurses, doctors, and technicians could have been hired?

VA Response: To date, VA has collected more than 92% of the critical skill incentive (CSI) payments from VA Central Office career senior executives and is in the process of recouping the remaining amounts. Several other executives are on restructured biweekly repayment plans. While several executives have requested hearings or waivers, all hearings to date have confirmed that the debt and amount are valid.

Question 2: Undersecretary Jacobs tried to stretch the truth to justify SES bonuses, citing the need to keep up with private industry. This is an inadequate justification, because executives at the VA are hardly private-industry-level competitive by the IG's metrics.

- a. Do you believe Undersecretary Jacobs' justification is inaccurate?**
- b. What actions are you taking to address Mr. Jacobs' abuse of power and lack of leadership? How are you keeping him accountable?**

VA Response: VA has fully concurred with the VA Office of Inspector General's (OIG) recommendation that VA investigate and determine if any recommendations for disciplinary or non-disciplinary action are appropriate. After receiving the report and recommendations of the Office of Accountability and Whistleblower Protection (OAWP), the Secretary, or his designee, will take any appropriate administrative actions.

Question 3: Dr. Elnahal made no effort to justify his slew of bonuses. However, these were still approved and sent out – what do you think is the reason for this oversight problem?

- a. What is your plan to keep him accountable?**

VA Response: VA has fully concurred with VA OIG's recommendation that VA investigate and determine if any recommendations for disciplinary or non-disciplinary

action are appropriate. After receiving the report and recommendations of OAWP, the Secretary, or his designee, will take any appropriate administrative actions.

Question 4: The OIG report indicated you should take appropriate action to determine whether individuals involved in the decision-making process, regarding these funds, had any actual or apparent conflicts of interest. The report advises you to develop a process to ensure all decision-makers are free from conflicts when awarding future bonuses.

- a. Do you believe there were actual or apparent conflicts of interest in this situation?
- b. Please describe, in detail, your process to ensure this never happens again.

VA Response: VA has fully concurred on all of VA OIG's recommendations to improve VA's implementation of the CSI authority and prevent this from happening again. This includes the recommendation that VA, in consultation with the Office of General Counsel (OGC) Ethics Specialty Team, determine whether any senior leaders involved in the decision-making process for awarding CSIs had any actual or apparent conflicts of interest and update its policies and processes to ensure all decision makers are free from conflict when awarding future CSIs.

Questions for the Record from Representative Jen Kiggans:

Question 5: Analyzing, justifying, and requesting bonuses for Senior Executive Service (SES) employees at VHA and VBA was clearly a process that required a substantial amount of manhours. How many manhours is estimated by VA to have been used on the processes associated with processing Critical Skill Incentive (CSI) Bonuses? Additionally, please estimate the cost of these provided manhours for VA.

VA Response: Because of the limitations of its data, VA is unable to estimate the number of manhours or costs associated with the award of these CSIs.

Question 6: VA has been plagued by workforce shortages, particularly among key positions at the Hampton VA Medical Center, which is the VAMC most used by my constituents. What justification can VA offer as to why CSI bonuses were initially provided to SES employees, and not as incentives to retain staff at high demand VAMC's?

VA Response: The CSI has been an important tool in VA's national workforce strategy. Through June 28, 2024, VA awarded 41,621 CSIs based on justifications showing critical skill shortages or high demand occupations. Overall spending on CSIs as of June 28, 2024, excluding those under recoupment, is \$352.55 million, and the average award amount is \$8,470.48. The leading professions for CSIs are the following:

- Housekeeping—12,995 CSIs;
- Food Service—4,736 CSIs;
- Police—4,109 CSIs; and
- Human Resource Specialists—7,377 CSIs.

To date, 99.7% of the total number of CSI payments VA distributed have gone to non-executives, representing 98% of the total dollar amount distributed for CSIs.

In all these cases, using CSIs led to higher onboard rates for these occupations and reductions in losses of VA personnel across these positions. On average, the Veterans Health Administration has seen a 5% increase in onboards and losses under 3%. For some occupations, such as housekeeping aides and food service workers, there had been no growth prior to using CSIs and loss rates as high as 10%. The ability to award CSIs has played an important role in allowing us to hire and retain employees in high demand and shortage skill occupations essential to VA's mission. This expanded workforce has allowed VA to provide important results for Veterans, including at the Hampton VA Medical Center (VAMC).

The Hampton VAMC has seen an increase in overall staffing of 6.3% since fiscal year (FY) 2023 through July 31, 2024. This includes a 1.4% net increase in physicians and a 7% increase in registered nurses. Among the Hampton VAMC shortage occupations, virtually all have maintained or grown their onboard strength over FY 2023 levels through July 2024, including medical support assistants, medical instrument technicians, and custodial workers.

Hampton VAMC has executed \$2.5 million in CSI awards for 253 employees for an average award amount of \$9,900. The occupation receiving the most CSI awards is environmental services technician, such as housekeeping aid or custodial work, with 106 awards and an average award of \$9,275. The remaining awards occurred in food service work (28), police (27), medical supply aide and technician (18), materials handler (17), carpentry (12), and a variety of mostly entry-level General Schedule occupations and other wage grade occupations, such as boiler plant operations (6). Again, the strategic use of CSIs for certain shortage occupations and other skilled workers has been successful at maintaining and growing staffing at the Hampton VAMC.

Question 7: Based on information provided to the House Veterans Affairs Committee, it appears that several executives colluded to be awarded their bonus and continued to attempt to find ways around the rescission of the bonus. VA OIG referred several employees to the US Attorney's Office for the District of Columbia, though the office declined to initiate prosecution. Has VA disciplined or removed, or are their plans to discipline or remove, any of the individuals referred by the OIG to the US Attorney?

VA Response: VA has fully concurred with VA OIG's recommendation that VA investigate and determine if any recommendations for disciplinary or non-disciplinary action are appropriate. After receiving the report and OAWP's recommendations, the Secretary, or his designee, will take any appropriate administrative actions. As you note, the U.S. Attorney's Office declined to open an investigation of these employees.

Question 8: What steps is VA taking to ensure that this type of oversight does not happen again?

VA Response: OIG had eight recommendations to improve VA's implementation of the CSI authority and prevent this from happening again. VA has fully concurred on all recommendations and is working vigorously to accomplish them.

1. VA's Assistant Secretary for Human Resources and Administration/ Operations, Security, and Preparedness (HRA/OSP) is revising and updating VA's Policy Notice 23-03, Department of Veterans Affairs Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act, Critical Skill Incentive Implementation, and VA Form 10017-A, Authorization of Critical Skill Incentives, to address the deficiencies noted in the VA OIG report, including the overly broad definitions of groups and lack of needs analysis for recruitment and retention.
2. VA is reviewing the CSIs that have been paid to SES personnel, SES-equivalent, or other senior leaders for the deficiencies identified in the VA OIG report and to ensure compliance with all applicable statutory criteria and VA policy. VA will take any corrective action needed based on the results of this review.
3. VA is reviewing the CSIs that have been paid to non-executive groups of employees for the deficiencies identified in the OIG report and to ensure compliance with all applicable statutory criteria and VA policy. VA will take any corrective action needed based on the results of this review.
4. VA's OAWP, in consultation with the OGC Ethics Specialty Team, is determining whether any senior leaders involved in the decision-making process for awarding CSIs had any actual or apparent conflicts of interest and, if so, whether recommendations for disciplinary or non-disciplinary action are appropriate. VA is also reviewing its updated policies and processes to ensure all decision makers are free from conflict when awarding future CSIs.
5. VA's Assistant Secretary for HRA/OSP is revising and updating policy regarding CSIs to ensure that recommending and approving officials are accountable for their determinations, that each CSI recipient meets all established criteria, and that the roles and responsibilities of technical reviewer and human resources reviewer are clearly established.

6. VA is reviewing and revising its enterprise processes to clarify OGC's role in providing legal advice before or during the implementation of any new authority that carries the potential for significant reputational or financial harm to VA. The General Counsel is also reviewing internal processes to ensure that a senior attorney with sufficient expertise is assigned to these reviews.

7. VA is reviewing and revising existing governance policies to strengthen VA's process for reviewing proposals for implementing new pay authorities affecting senior executive compensation.

8. VA's OAWP is investigating to determine if any recommendations for disciplinary or non-disciplinary action are appropriate. After receiving OAWP's report and recommendations, the Secretary, or his designee, will take any appropriate administrative actions.

VA expects to complete all tasks related to OIG's recommendations later in October, 2024.

**Department of Veterans Affairs
October 2024**

