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Hearing on "A Culture of Mismanagement and Wasteful Conference Spending at the Department of Veterans Affairs"

October 30, 2013

Thank you, Mr. Chairman. I want to begin by thanking Mr. Griffin, the Deputy Inspector General at the Department of Veterans Affairs, for the work he and others at his office conducted with respect to two conferences hosted by the VA several years ago in Orlando, Florida. The report you issued was comprehensive in identifying problems at the VA, and it made concrete recommendations to remedy those problems. You did great work, and I want to make sure you take back our thanks to all those who contributed to your investigation and your report.

Last November, the House Committee on Veterans Affairs held a hearing on these issues and reviewed the Inspector General's report in detail. That Committee considered the significant problems associated with the VA's conference review process, and it examined many reforms that were being implemented to ensure adequate internal controls and oversight.

For example, the VA has made significant changes in its conference planning and oversight policies. One change was to clearly define specific executives accountable for ensuring that conference planning and spending complies with regulations and policies. Another was to integrate VA budget officers into conference planning and to build in fiscal controls. The VA also prohibited conferences that cost more than \$500,000 without a waiver from the Secretary, and it required approval from the Deputy Secretary for conferences that cost between \$100,000 and \$500,000. The VA also established a Training Support Office to provide guidance to VA offices about the applicable regulations and other requirements, and the VA mandated additional training on travel and purchase cards.

The VA also held accountable employees who were involved in the 2011 Orlando conferences. For example, the VA demoted the Deputy Assistant Secretary for the Office of Human Resources Management, removing her from the Senior Executive Service, and admonished then-Chief of Staff John Gingrich for his role in authorizing the conferences. The Dean of the Veterans Affairs Learning University also resigned in response to the IG's findings, and other career employees have administrative actions still pending.

VA officials also asked John Sepúlveda, the Assistant Secretary for Human Resources and Administration, to resign when the Inspector General's report found that he "abdicated his responsibilities as the Assistant Secretary when he failed to provide proper guidance and oversight to his senior executives in the operations of his organization."

The Inspector General's report also found that Mr. Sepúlveda falsely claimed he had no knowledge about a George C. Patton parody video shown at the conference, although he later revised his statement. I would have preferred to hear directly from Mr. Sepúlveda today about his actions, but I understand that he will assert his constitutional right not to testify, and I will respect his right to do so.

For today's hearing, I believe it is important to hear from our witnesses about steps that still need to be completed to fully implement the Inspector General's recommendations.

For example, I would like to hear about the status of a web portal the VA plans to use to help collect information about conference spending, which I understand is running later than scheduled. I would also like an update on the status of the handbook on "Conference Planning, Execution and Oversight," which the Inspector General believes will satisfy many of the recommendations that remain open.

I would also like to hear about VA's progress in meeting benchmarks established by the Obama Administration for all agencies. In November 2011, President Obama issued Executive Order 13589, which required agencies to reduce their total expenditures on travel and other items by 20% below their 2010 spending. The next year, the Office of Management and Budget issued a memorandum directing agencies to reduce their travel budgets even more, this time by 30%, and to maintain that spending level until 2016.

Finally, I want to thank our witnesses from the Department for appearing today. I know some of you are very new to your jobs. Ms. Farrissee, I understand that you have been serving in the role of Assistant Secretary for Human Resources and Administration for only about one month. Although you were not here when these mistakes were made, the Committee will look to you to complete the implementation of the Inspector General's recommendations and to prevent the waste that occurred in 2011 from being repeated.

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