

### [Associated Press](#)

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WASHINGTON - Veterans Affairs employees last year racked up hundreds of thousands of dollars in government credit-card bills at casino and luxury hotels, movie theaters and high-end retailers such as Sharper Image and Franklin Covey - and government auditors are investigating, citing past spending abuses.

All told, VA staff charged \$2.6 billion to their government credit cards.

The Associated Press, through a Freedom of Information request, obtained the VA list of 3.1 million purchases made in the 2007 budget year. The list offers a detailed look into the everyday spending at the government's second largest department.

By and large, it reveals few outward signs of questionable spending, with hundreds of purchases at prosthetic, orthopedic and other medical supply stores.

But there are multiple charges that have caught the eye of government investigators.

At least 13 purchases totaling \$8,471 were charged at Sharper Image, a specialty store featuring high-tech electronics and gizmos such as robotic barking dogs. In addition, 19 charges worth \$1,999.56 were made at Franklin Covey, which sells leather totes and planners geared toward corporate executives.

Government reports in 2004 said these two companies, by virtue of the types of products they market, would "more likely be selling unauthorized or personal use items" to federal employees.

Many of the 14,000 VA employees with credit cards, who work at headquarters in Washington

and at medical centers around the nation, also spent tens of thousands of dollars at Wyndham hotels in places such as San Diego, Orlando, Fla., and on the riverfront in Little Rock, Ark. One-time charges ranged up to \$8,000.

On at least six occasions, employees based at VA headquarters made credit card charges at Las Vegas casino hotels totaling \$26,198.

VA spokesman Matt Smith the department was reviewing these and other purchases as part of its routine oversight of employee spending. He noted that many of the purchases at Sharper Image and other stores included clocks for low-vision veterans, humidifiers, air purifiers, alarm devices and basic planner products.

Smith said all the casino hotel expenditures in 2007 were for conferences and related expenses. He said the spending was justified because Las Vegas is a place where "VA is building a new medical center and an increasing number of veterans are calling home."

"The Department of Veterans Affairs, like many public and private groups, hosts conferences and meetings in Las Vegas due to the ease of participant travel, the capacity of the facilities, and the overall cost associated with hosting a conference," he said.

According to VA policy, purchase cards may be used at hotels to rent conference rooms or obtain audiovisual equipment or other items for VA meetings. They should not be used to reserve lodging. Auditors long have urged the VA to adopt policies to encourage use of free conference rooms. Auditors previously faulted the agency for booking rooms at expensive casino hotels without evidence it first had sought free space.

In the coming weeks, auditors at the Government Accountability Office and the VA inspector general's office are to issue reports on purchase card use and spending controls at the VA and other agencies. The reports are expected to show lingering problems at the VA, which auditors cited in 2004 for lax spending controls that wasted up to \$1.1 million.

The list of charges provided to the AP gives the vendor, amount purchased, location and

employee name; in most cases it does not indicate the specific item purchased. Requests by the AP for lists of the additional data in a timely manner were repeatedly declined on privacy and proprietary grounds.

The VA list shows that some credit-card holders took a modest route. VA employees in locations such as Portland, Ore., Gainesville, Fla., and Sheridan, Wyo., had charges for Motel 6 and Travelodge inns. One VA headquarters employee appears to have passed up casino hotels by booking at a Holiday Inn Express in Las Vegas for \$787.75.

"For government travel and other spending, you have to be mindful of the appearances you're creating," said Steve Ellis, vice president of the watchdog group Taxpayers for Common Sense. "If you're staying at a hotel at a strip in Vegas, you better have a pretty good reason for why a taxpayer should be funding the stay."

"It's not like the VA hasn't gotten into trouble for credit card abuses in the past," he added. "I find it hard to justify any government purchase from Sharper Image - unless you get something really goofy, it's going to be cheaper elsewhere."

Penalties for misuse of government credit cards range from suspension of the credit card to a reprimand and disciplinary action. Employees may be criminally prosecuted for fraud. More serious cases in recent years involved purchases of computers, televisions, DVD players and other items that were then sold to friends or kept for personal use.

"It's all being looked at," said Belinda Finn, the VA's assistant inspector general for auditing, in a telephone interview. Pointing to Sharper Image purchases in particular, Finn said many of the VA expenses identified by the AP raised serious "red flags."

"For a lot of the transactions on purchase cards, to be effective you really need to keep a close watch," she said. "It's really the first-level supervisors who know what's going on the most."

Congressional leaders said the expenditures were troubling.

Rep. Harry Mitchell, chairman of the House Veterans' Affairs subcommittee on oversight, said he would question VA officials about the purchases at a hearing set for July. Mitchell, D-Ariz., said he feared there may be "a growing culture of wasteful spending at the VA."

He noted that former VA Secretary Jim Nicholson had awarded more than \$3.8 million in bonus payments to senior officials despite their roles in crafting a flawed budget that fell \$1 billion short.

"It seems irresponsible that while our veterans are waiting months for doctor's appointments, the VA is spending thousands of dollars at Las Vegas casino hotels and high-end retail shops instead of seeking out more affordable or cost-free alternatives," Mitchell said.

Sen. Daniel Akaka, who heads the Senate Veterans' Affairs Committee, said he planned to closely review the upcoming audit reports to see if spending controls needed to be tightened.

"I remain concerned that the federal government may end up paying more than necessary when employees purchase items one-by-one," said Akaka, D-Hawaii. "While I am confident that the vast majority of these charges are appropriate and legal, I urge VA to aggressively investigate allegations of fraud."

Over the years, lawmakers and watchdog groups have pointed to the potential abuse of government purchase cards, particularly at large agencies such as Defense, Homeland Security and VA, where card spending for goods ranging from defibrillators and prosthetics to Starbucks coffee has climbed from \$1.7 billion in 2003 to \$2.6 billion today.

In the past, purchase cards have been improperly used to pay for prostitutes, gambling activity and even breast implants.

After Hurricane Katrina in 2005, the GAO estimated that 45 percent of Homeland Security purchase card spending during a six-month period was improper and included iPods, designer

rain jackets and beer-making equipment. The credit-card bills are directly payable by Uncle Sam.

In 2004, the GAO faulted the VA for at least \$300,000 in questionable charges, citing 3,348 movie gift certificates totaling over \$30,000 that lacked documentation. Echoing similar concerns by the department's inspector general, investigators urged greater use of volume discounts and flagged several high-end retailers as questionable vendors that would require detailed paperwork to justify.

Among the other areas investigators say raise "red flags":

Movie expenses. VA employees in 2007 made 68 charges totaling roughly \$21,000 at Regal Cinemas. In light of previous questionable purchases of movie tickets, investigators say they will review the transactions case by case to see if the 2007 purchases are supported by the proper paperwork.

Charges of \$227.50 for harbor cruises in Baltimore and seven expenses totaling more than \$6,603 at various Macy's locations. Such vendors were cited by the GAO in 2004 as questionable by virtue of the goods they typically provided and would need full documentation by VA employees to justify.

In response, the VA said it often pays for movies or harbor cruises as part of outpatient recreational therapy it provides for patients with schizophrenia and other problems. The VA did not immediately say whether all the required paperwork was submitted.

"I'm very concerned about frivolous, wasteful spending at the VA," said Paul Sullivan, executive director of Veterans for Common Sense. "With hundreds of thousands of veterans homeless, VA employees don't need to be staying at ritzy-glitzy high-priced hotels, possibly gambling with taxpayers' money."