

**REPORT OF INVESTIGATION:
MR. ANTHONY A. ALDWELL
FORMER SENIOR EXECUTIVE SERVICE
AND
MR. STEVEN L. SCHLEIEN
SENIOR EXECUTIVE SERVICE**

I. INTRODUCTION AND SUMMARY

We initiated this investigation to address allegations that Mr. Anthony A. Aldwell, then a Senior Executive Service (SES) member serving as the Chief Operating Officer (COO), Office of the Undersecretary of Defense for Policy (OUSD-Policy), and Mr. Steven L. Schleien, SES, Deputy COO (DCOO), OUSD-Policy:

- failed to use the required acquisition process to procure tailored training;
- endorsed the Intergovernmental Personnel Act (IPA) application of an individual who was not eligible for the program; and
- improperly secured salary increases for two IPAs.

If substantiated, such conduct would violate Title 5, United States Code, Section 3372 (5 U.S.C. 3372) IPA “General provisions”; DoD 5500.7-R, “Joint Ethics Regulation (JER)”; and DoD 7000.14-R, “Financial Management Regulation (FMR).”

Allegation A: Mr. Aldwell and Mr. Schleien failed to use the required acquisition process to procure tailored training

We substantiated this allegation for both Mr. Aldwell and Mr. Schleien.

New Ideas @ OSD was a series of eight related training sessions that the Aspen Institute, a commercial vendor, developed and tailored exclusively for OUSD-Policy. It was not a commercially-available off the shelf (COTS) training available to the general public at a set price under \$25,000. Mr. Aldwell approved the purchase, and Mr. Schleien digitally signed eight separate Standard Form 182s (SF 182), “Authorization, Agreement, and Certification of Training,” authorizing \$10,710 on each form for the eight tailored *New Ideas @ OSD* training sessions. The SF 182 is the form used to request, authorize, fund, certify, reimburse, and evaluate DoD civilian training. DoD 7000.14-R, FMR, Volume 10, Chapter 12, June 2012, Paragraph 120327(B), “Civilian Employee Training,” requires that such training must be a regularly scheduled, [commercial] off-the-shelf (COTS) course that is available to the general public and prices the same for everyone. The FMR also states that the total cost of COTS training authorized by use of a single SF 182 may not exceed the \$25,000 Government purchase card (GPC) threshold.

Mr. Aldwell and Mr. Schleien failed to use the required acquisition process to procure the custom tailored *New Ideas @ OSD* training. Mr. Aldwell and Mr. Schleien violated the applicable standards because the tailored training was not COTS available to the general public, and the total cost of the tailored training (\$85,680.00) exceeded the \$25,000 GPC threshold allowable on an SF 182. Mr. Aldwell and Mr. Schleien misrepresented the custom tailored nature and price of the *New Ideas @ OSD* course when they divided the \$85,680 purchase cost into eight SF 182s. This created the appearance that OUSD-Policy was purchasing eight separate training courses at \$10,710 each rather than a single course with eight related sessions. They structured the transactions in this manner to keep each of the eight purchase amounts below the \$25,000 limit for GPC purchases. Mr. Aldwell told us that he and Mr. Schleien structured the SF 182 training purchase transactions specifically to avoid using the required contract acquisition process because, in his opinion, the acquisition process was too lengthy.

We determined that the WHS Learning and Development Division (L&DD) was not fully aware of the nature of the *New Ideas @ OSD* training. Although Mr. Aldwell asserted that every time OUSD-Policy's resource management office raised the issue regarding using acquisition channels, he "went back to WHS and they said [it was] perfectly legal," a WHS training witness told us that it would have been "completely inappropriate" if OUSD-Policy used the SF 182s as "a way to pay Aspen [Institute] a lump sum to get something – that they were developing some sort of training for [OUSD-Policy]." On September 23, 2013, after *New Ideas @ OSD* training events had begun, a WHS attorney (b)(6) (b)(7)(C)

[REDACTED]

[REDACTED]

[REDACTED] The attorney also told us (b)(6) (b)(7)(C)

[REDACTED]

[REDACTED]

Mr. Aldwell and Mr. Schleien were aware of the requirement to procure the *New Ideas @ OSD* training course through contract acquisition rather than purchasing it with the GPC but ignored that requirement because it was inconvenient to wait for the contracting process. The contract acquisition process might have saved the Government money through bidding among training vendors. Accordingly, we determined that Mr. Aldwell and Mr. Schleien violated applicable standards when they failed to use the required acquisition process to procure tailored training.

By separate letters dated June 22, 2016, we provided Mr. Aldwell and Mr. Schleien, via Mr. Schleien's counsel, our tentative conclusions and afforded them the opportunity to comment on the results of our investigation. In their responses, dated July 15, 2016, and July 25, 2016, respectively, both Mr. Aldwell and Mr. Schleien disagreed with our tentative conclusion that they failed to use the required acquisition process to procure tailored training.

Mr. Aldwell wrote in his response that the WHS official responsible for WHS' training portfolio recommended to him the process he used to procure the *New Ideas @ OSD* training because it was quicker and a more efficient means. He wrote that he then checked with Ms. Susan A. Yarwood, SES, the former Director, Human Resources Directorate (HRD), WHS, who after "listening to [Mr. Aldwell's] explanation of what Policy was trying to accomplish ...

assured [Mr. Aldwell] the use of the SF 182 was a proper way to proceed to procure” the *New Ideas @ OSD* training.¹

Mr. Aldwell wrote that he directed Mr. Schleien to sign the SF 182s in his absence. Mr. Aldwell stated in his TCL response that he later terminated the practice of using the SF 182s after a WHS attorney informed him (b)(6) (b)(7)(C).

During his July 21, 2015, interview, Mr. Aldwell specifically told us that he did not use the acquisition process to procure the *New Ideas @ OSD* training because that process took too long. He also told us that the *New Ideas @ OSD* training was specifically designed for OUSD-Policy.

Mr. Schleien wrote in his response that he neither was personally involved in developing nor involved in selecting the method to procure the *New Ideas @ OSD* training. He told us he signed the SF 182s at Mr. Aldwell’s explicit direction and relied on WHS’ opinion that the process was appropriate. Although Mr. Schleien attempted to minimize his involvement, his emails that we reviewed showed he requested that his subordinates brief him about the *New Ideas @ OSD* training and how to procure it. Witnesses told us they warned Mr. Schleien that using the SF 182 to procure the training was inappropriate, but Mr. Schleien did not heed the warning.

Based on Mr. Aldwell’s and Mr. Schleien’s responses to our tentative conclusion, we interviewed Ms. Yarwood and allowed her to review the *New Ideas @ OSD* flyer along with the SF 182s. Ms. Yarwood stated she did not recall seeing the flyer before investigators showed it to her. She told us that her understanding was that *New Ideas @ OSD* training was off-the-shelf training that the Aspen Institute “tweaked” for OUSD-Policy. She stated she recalled a discussion during which both Mr. Aldwell and Mr. Schleien told her that the training would be open to all DoD personnel. She said that her discussion with Mr. Aldwell and Mr. Schleien about the *New Ideas @ OSD* training was not specific, that neither Mr. Aldwell nor Mr. Schleien requested her assistance with procuring the training, and that she thought it was a good idea to open the training to all DoD personnel.

Ms. Yarwood told us that DoD agencies were not allowed to split the cost of training to meet dollar thresholds and that using the SF 182 should have nothing to do with the amount of time it would take to procure the training through acquisition channels. Further, Ms. Yarwood told us that she hoped that she had not approved any SF 182s for training that had to be designed, and did not recall doing so. She told us that this was clearly not the intent of the SF 182 which is used to request and approve commercially available off-the-shelf training. Finally, Ms. Yarwood

¹ Ms. Susan A. Yarwood is a member of the SES and currently the Deputy Director, Washington Headquarters Service. She held the position of Director, Human Resources Directorate, Washington Headquarters Service, from 2011-2015. Prior to this position, she held the position of Director, Enterprise Services, Office of the Under Secretary of Defense for Policy from 2006-2011. She preceded Mr. Aldwell in this position, which was renamed as the Chief Operating Officer, Office of the Under Secretary of Defense for Policy when Mr. Aldwell assumed the position.

told us that she had no recollection of telling either Mr. Aldwell or Mr. Schleien that it was appropriate to develop and procure the *New Ideas @ OSD* training using the SF 182s.

After carefully considering the matters Mr. Aldwell and Mr. Schleien presented in their tentative conclusion responses, and after conducting additional fieldwork, we stand by our conclusion that this allegation is substantiated for both subjects.²

Allegation B: Mr. Aldwell and Mr. Schleien endorsed the IPA application of an individual who was not eligible for the program

We substantiated this allegation with regard to Mr. Aldwell. We did not substantiate this allegation with regard to Mr. Schleien.

We concluded that Mr. Aldwell ignored advice from OUSD-Policy subject matter experts that his preferred IPA applicant, referred to in this report as IPA 1, was not eligible under Title 5, Code of Federal Regulations, Section 334.102 (5 C.F.R. 334.102), and the OPM, IPA Hiring Authorities. Both applicable standards require that potential IPA applicants must be a paid employee in a career position with an eligible parent organization for at least 90 days before appointment to an IPA position. Mr. Aldwell endorsed IPA 1's application while IPA 1 received his salary from (b)(6) (b)(7)(C) a for-profit entity not eligible to provide IPA personnel to the Government.

Mr. Aldwell asserted that when he endorsed IPA 1's application, IPA 1 was a career employee at the (b)(6) (b)(7)(C) an eligible parent organization for providing IPAs to the Government. Mr. Aldwell told us he based this assertion on a welcome letter that (b)(6) (b)(7)(C), sent to IPA 1, which Mr. Aldwell claimed was confirmation that IPA 1 was a (b)(6) employee and thus eligible for the IPA program. We disagree. (b)(6) (b)(7)(C) letter clearly states that (b)(6) was welcoming IPA 1 as an *adjunct fellow*, and Mr. Aldwell's staff advised him before he endorsed the initial IPA application that IPA 1 was ineligible because an adjunct fellow was not a paid (b)(6) employee under the applicable standards. Additionally, IPA 1 was not with (b)(6) for 90 days in a paid position prior to the submission of his application for the IPA program, and thus would not have been eligible, even if IPA 1 had been a paid (b)(6) employee at the time.

Mr. Aldwell further asserted that his endorsement of IPA 1's application was supported by WHS through legal sufficiency review. However, we determined that WHS was not aware of IPA 1's unpaid adjunct fellow status with (b)(6) when WHS performed the legal review. Consequently, WHS did not have all the relevant information about IPA 1's parent organization employment status when making a legal sufficiency decision. Mr. Aldwell violated the applicable standards when he ignored warnings from OUSD-Policy personnel and endorsed the initial IPA application while IPA 1, as an unpaid (b)(6) adjunct fellow, was not eligible for the

² While we have included what we believe is a reasonable synopsis of Mr. Aldwell and Mr. Schleien's responses, we recognize that any attempt to summarize risks oversimplification and omission. Accordingly, we incorporated Mr. Aldwell and Mr. Schleien's comments where appropriate throughout this report and provided copies of their responses to the Under Secretary of Defense for Policy together with this report.

program. Although (b)(6) was an eligible parent organization to provide IPA applicants, IPA 1 was an unpaid (b)(6) adjunct fellow not in a career position with (b)(6) for the required 90 days prior to his IPA appointment. Accordingly, we determined that Mr. Aldwell endorsed an IPA application for an ineligible individual at an annual cost to the Government of \$143,000.

One year later, in July 2013, when Mr. Aldwell was considering IPA 1's first IPA 1-year extension, OUSD-Policy subject matter experts again advised Mr. Aldwell that IPA 1 was not eligible for the IPA program because as an adjunct fellow (b) had not been a career (b)(6) employee drawing a salary for 90 days prior to his initial IPA application. Mr. Aldwell endorsed IPA 1's extension application, stating that he believed IPA 1 was eligible for extension because regardless of his initial eligibility in 2012, (b) had worked as an IPA in OUSD-Policy for the entire previous year and his initial eligibility was by that point immaterial. With Mr. Aldwell's endorsement, WHS renewed IPA 1's IPA status for 2013 and subsequently in 2014 and 2015. Accordingly, we concluded that because Mr. Aldwell acted improperly when he endorsed IPA 1's initial application, Mr. Aldwell also acted improperly when he endorsed IPA 1's subsequent IPA program extensions.

We concluded that Mr. Schleien did not violate applicable standards, as he did not endorse IPA 1's initial IPA application or extensions.

In his TCL response, Mr. Aldwell disagreed with our tentative conclusion that he endorsed the IPA application of an individual who was not eligible for the program. He wrote that during IPA 1's recruitment process, WHS requested a letter from (b)(6) to verify IPA 1's employment status. He told us IPA 1's initial application was approved after a WHS legal sufficiency review. He wrote that the matter involving IPA 1 became more contentious during the first renewal process when a member of his OUSD-Policy staff objected to the renewal because IPA 1 had not been a paid member of (b)(6) for at least 90 days prior to his initial application being approved the previous year. Mr. Aldwell told us that he endorsed IPA 1's renewal application because IPA 1 was nearing completion of (b) first full year with OUSD-Policy; IPA 1 had received (b) salary the previous year paid by OUSD-Policy through appropriate channels to (b)(6) and he was of the opinion the 90 day rule had now been fulfilled. Further, he wrote that IPA 1's renewal application was approved after a WHS legal sufficiency review.

Our investigation established that OUSD-Policy personnel informed Mr. Aldwell of IPA 1's non-paid adjunct fellow status with (b)(6) before he endorsed IPA 1's initial IPA application. WHS was not aware of IPA 1's adjunct fellow status until November 12, 2013, and then requested that (b)(6) verify IPA 1's employment status. (b)(6) initially responded to WHS's request that IPA 1 was a non-resident affiliate. After further inquiry, (b)(6) responded a second time to WHS that IPA 1 was in a permanent full-time position. We note that the (b)(6) welcome letter dated (b)(6) (b)(7)(C), identified IPA 1 as a non-salaried adjunct fellow. During an interview, IPA 1 told us his status was as a (b)(6) adjunct fellow; however, his initial IPA application identified IPA 1 as a (b)(6) (b)(7)(C).

Ms. Yarwood told us she was not involved in the day-to-day processing of IPA applications. As the Director, WHS HRD, Ms. Yarwood said she would have been on the

coordinating line for an application being routed for a higher level of approval. She said she neither recalled discussing IPA 1's initial application with Mr. Aldwell or Mr. Schleien nor did she recall reviewing IPA 1's initial or renewal applications.

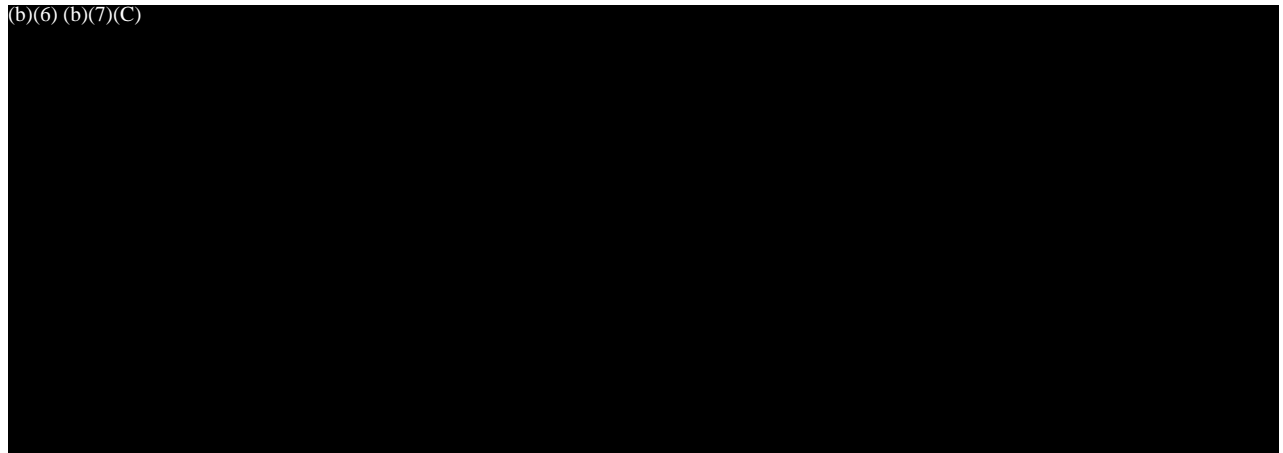
For IPA purposes, Ms. Yarwood told us she defined an employee as someone employed for at least 90 days doing regular work on behalf of the non-profit or academic organization. She said such an individual could not be hired by the non-profit or academic organization for the sole purpose of becoming an IPA with a Government agency. We informed Ms. Yarwood of (b)(6) definition of an adjunct fellow and after comparing the two definitions, she told us it did not appear to her that IPA 1 was a (b)(6) employee as (b) was an adjunct fellow in a non-compensated status. Further, she told us she did not understand why IPA 1's renewal application would have been endorsed and approved if IPA 1 was not initially eligible and did not meet all the requirements.

After reviewing the matters presented by Mr. Aldwell, conducting an additional interview with Ms. Yarwood, and reexamining our evidence, we stand by our tentative conclusion that this allegation is substantiated for Mr. Aldwell.

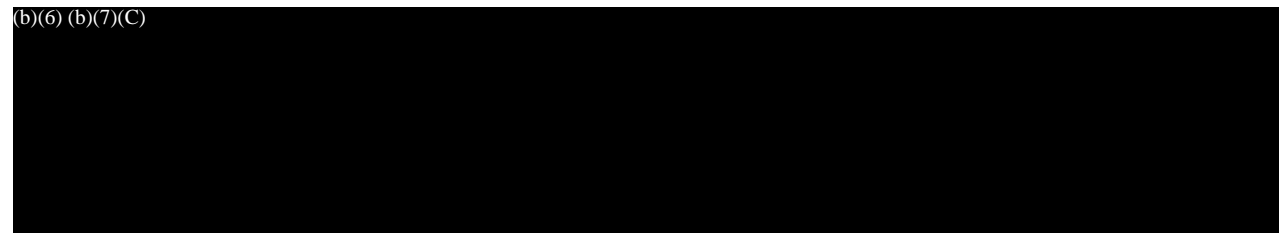
Allegation C: Mr. Aldwell and Mr. Schleien improperly secured salary increases for two IPAs

We did not substantiate this allegation for Mr. Aldwell or Mr. Schleien.

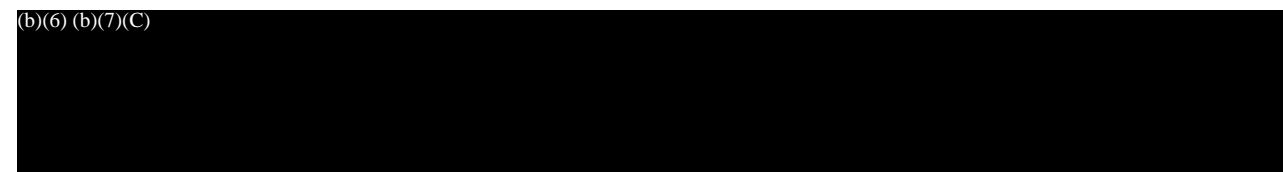
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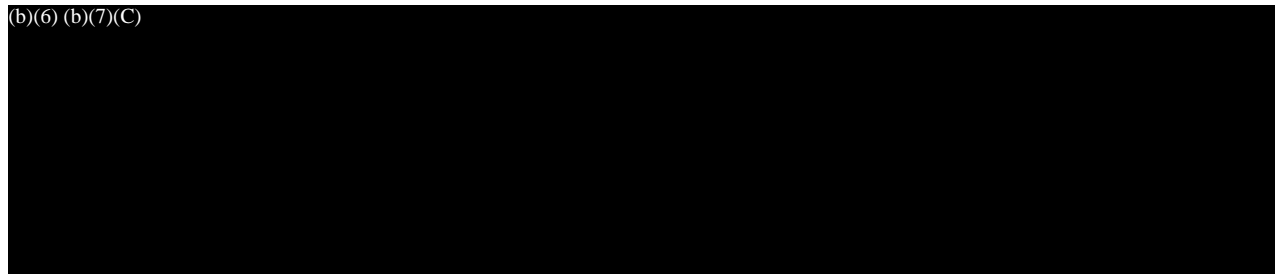
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(b)(6) (b)(7)(C)



(b)(6) (b)(7)(C)



Mr. Aldwell left Government service on June 10, 2015, during the course of this investigation, to accept a position with industry. We will notify the Director, Office of Personnel Management (OPM), of the substantiated allegations against Mr. Aldwell.

We recommend that the Under Secretary of Defense for Policy consider appropriate action regarding Mr. Schleien.

This report sets forth our findings and conclusions based upon a preponderance of the evidence.

II. BACKGROUND

The Under Secretary of Defense for Policy (USD(P)) is the principal staff assistant and advisor to the Secretary of Defense and the Deputy Secretary of Defense for all matters on the formulation of national security and defense policy, and the integration and oversight of DoD policy and plans to achieve national security objectives. The OUSD(P)'s mission is to "consistently provide responsive, forward-thinking, and insightful policy advice and support to

the Secretary of Defense and the Department of Defense in alignment with national security objectives.”

Mr. Aldwell assumed OUSD-Policy COO duties on February 21, 2012. Mr. Aldwell previously served as the Deputy Director, Defense Technology Security Administration, and as Principal Director for European and North Atlantic Treaty Organization Policy. In early 2012, the USD(P) established the OUSD-Policy Office of the COO. The OUSD-Policy COO is the organization’s primary administrative manager and oversees all organizational management and support functions, including budget, human resources, information technology, administrative services, facilities and operations, training, and performance management.

Mr. Schleien currently serves as the OUSD-Policy COO. He assumed this position upon Mr. Aldwell’s departure in June 2015. From September 2012 to June 2015, Mr. Schleien served as the OUSD-Policy DCOO. As the DCOO, Mr. Schleien performed duties commensurate with COO duties in the COO’s absence. From 2009 to 2012, Mr. Schleien served as the Principal Director for Cyber Policy, Office of the Deputy Assistant Secretary of Defense for Space Policy, Office of the Assistant Secretary of Defense for Global Strategic Affairs. In this position, Mr. Schleien was responsible for strategy and policy development for DoD activities in cyberspace, international cyber engagement, and interagency cyber relationships.

On October 30, 2014, the Defense Criminal Investigative Service (DCIS) referred to this office a complaint that Mr. Aldwell and Mr. Schleien were misusing the IPA program. Additionally, the complainant alleged Mr. Aldwell and Mr. Schleien improperly approved the use of multiple SF 182s to procure training that exceeded SF 182 purchase limits and that OUSD-Policy should have procured the training using the required acquisition process.

III. SCOPE

We interviewed Mr. Aldwell and 17 witnesses. Among the witnesses were current and former personnel from OUSD-Policy, WHS, and the WHS Office of General Counsel (OGC). Mr. Schleien declined our request for a voluntary interview on the advice of his legal counsel. One potential witness, who is no longer affiliated with DoD, refused our interview request. In consultation with DoD OIG OGC, and the then-Principal Deputy Inspector General, we determined that based on the fact pattern developed in the investigation, seeking to compel testimony from Mr. Schleien and the one witness no longer affiliated with DoD was not warranted. We identified and reviewed applicable standards, the Subjects’ relevant emails for the period January 2011 through December 2014, other emails that witnesses provided, official memoranda, IPA application packets, training documents, and training procurement forms.

The complaint identified the following issues as examples of alleged misconduct by Mr. Aldwell and Mr. Schleien that after clarification review we determined did not require investigation.

(b)(6) (b)(7)(C)

(b)(6) (b)(7)(C)

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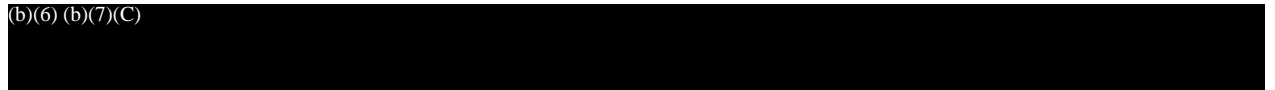


Neither Mr. Aldwell’s nor Mr. Schleien’s actions in this matter violated a regulation or policy. Accordingly, we determined this allegation was not a credible allegation of senior official misconduct.

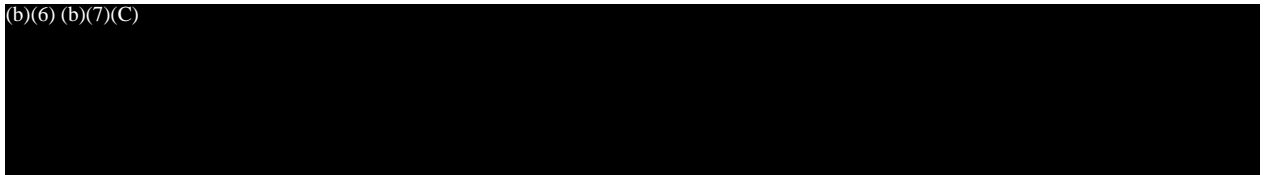
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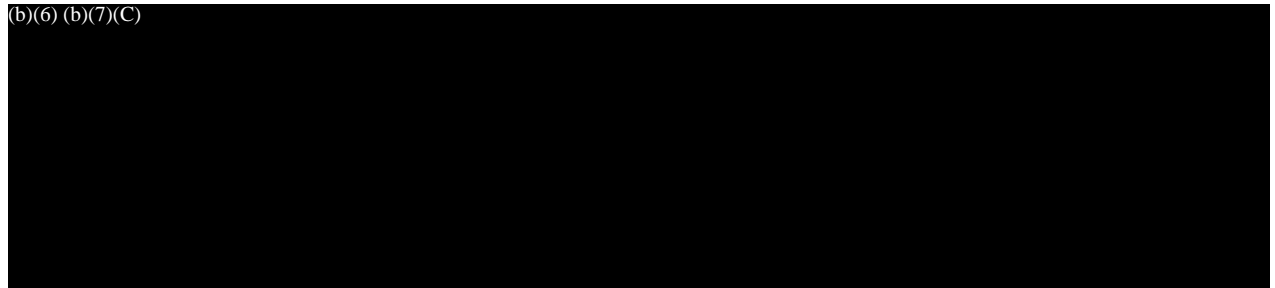
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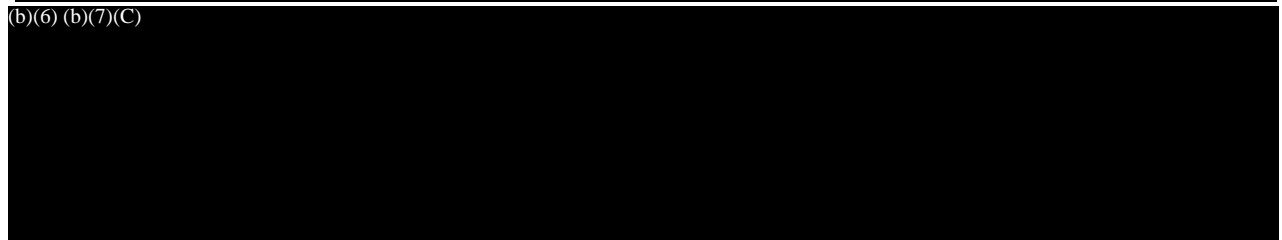
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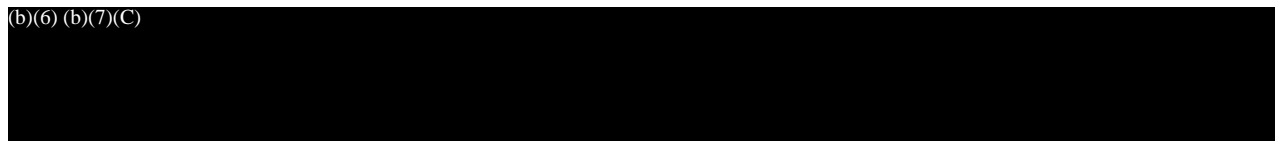
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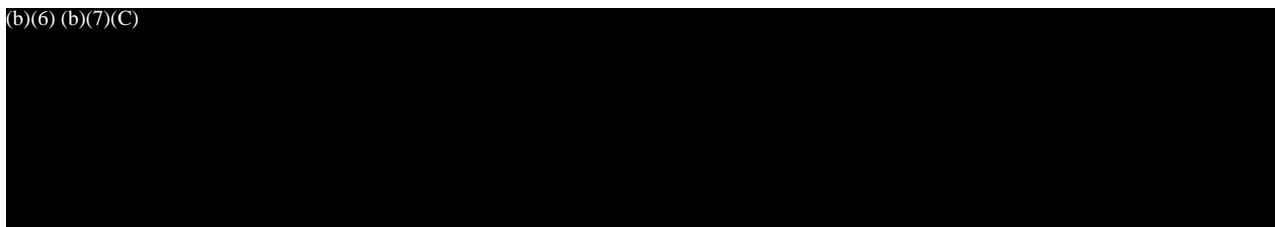
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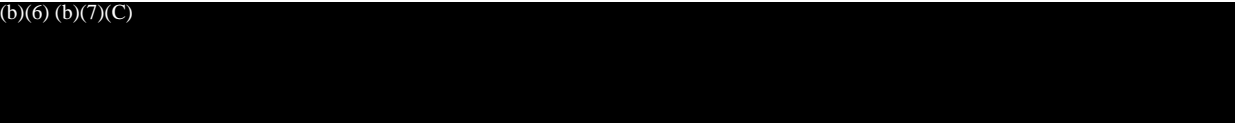


(b)(6) (b)(7)(C)



³ The Assistant Director, SEMO, told us that the “To” date on initial IPA’s OF-69 dated January 30, 2014, was incorrect. He stated that the correct end date was February 6, 2015.

(b)(6) (b)(7)(C)



IV. FINDINGS AND ANALYSIS

Allegation A: Mr. Aldwell and Mr. Schleien failed to use the required acquisition process to procure tailored training

Abridged Standards

Appendix A contains full standard citations.

DoD 7000.14-R, “Financial Management Regulation,” Volume 10, Chapter 12, June 2012

Paragraph 120327(B), “Civilian Employee Training,” states that the SF 182 is the authorized form to request, authorize, fund, certify, reimburse, and evaluate DoD civilian training. The training may be provided either from Government or non-government sources. The training must be a regularly scheduled, COTS course that is available to the general public and priced the same for everyone. The total cost of the training authorized by use of a single SF 182 may not exceed \$25,000.

Facts

The complaint alleged that Mr. Aldwell and Mr. Schleien failed to use the required acquisition process to procure training. The complaint stated Mr. Aldwell and Mr. Schleien intentionally misled WHS training personnel by dividing one training program consisting of eight speaking engagements into eight separate training events. Each training event cost \$10,710 with a total cost for the eight events of \$85,680. Further, the complaint alleged that Mr. Aldwell and Mr. Schleien approved the eight separate SF 182s to avoid the required acquisition process and remain below the SF 182 and GPC limit of \$25,000 per training event. Finally, the complaint alleged that each event was individually developed for OUSD-Policy and was not COTS training.

OUSD-Policy/WHS Training Responsibilities

Washington Headquarters Service (WHS) Administrative Instruction 40 (AI-40), April 27, 2006, Section 3, “Definition,” Paragraph 3.1, defines “Mission-related training,” as that training that supports agency goals by improving organizational performance. This includes training that supports the agency’s strategic plan and performance objectives; improves an employee’s current job performance; expands or enhances an employee’s current job performance; enables an employee to perform needed or potentially needed duties outside the current job at the same level of responsibility; and comports with organizational needs in response to human resource plans and re-engineering, downsizing, restructuring, and/or program

changes. Enclosure 5, Paragraph E5.1.2 states that, before approval, training must be fully justified and show how it relates to the employee's duties as described in the duty position.

In accordance with AI-40, the WHS Director ensures adequate funding and training oversight for employee development and training as well as workforce development. The WHS Director delegates this responsibility to the WHS Learning and Development Division (L&DD). (b)(6) (b)(7)(C), L&DD, WHS, told us that L&DD receives training funds for all OSD components. L&DD then allocates the funding to each OSD component, and the components determine what training they require. (b) stated that Mr. Aldwell is the OUSD-Policy approval authority for mission-critical and other training.

Requesting Training

Department of Defense Instruction (DoDI) 1400.25, "DoD Civilian Personnel Management System: Training, Education, and Professional Development," Volume 410, dated September 25, 2013, "establishes policy, assigns responsibilities, and establishes procedures for programs, administration, and evaluation of training, education, and professional development" for DoD civilians. Enclosure 4 directs that all DoD components use the SF 182 to document information regarding civilian training, including course data, costs and billing information, approvals, and completion certification.

Administrative Instruction-40 (AI-40) delegates to the Director, WHS, the authority to administer the learning and development program throughout OSD. It establishes the L&DD, WHS, which is responsible for promoting educational policy and developmental opportunities for DoD civilian employees. The serviced organizations must submit training requests (SF 182s) to L&DD at least 21 days before the scheduled training. Each request must be approved by the employee's first-line supervisor or other designated individual. The training must also be approved by L&DD before the employee enrolls or participates in the training. In cases where the training exceeds \$5,000, the Assistant Director, L&DD, also reviews the training request. Mr. Aldwell was designated as OUSD-Policy's final approval authority for all training matters.

Department of Defense Charge Card Guidebook, April 30, 2009, "Purchasing," page A-8, states it is mandatory to use the GPC for only mission-essential purchases. It states after it has been determined that a mission requirement exists, the GPC shall be the procurement and/or payment instrument for micro-purchases, training request...up to \$25,000.

Department of Defense Charge Card Guidebook, May 30, 2014, Paragraph A.1.3, "SF 182 Training Request Payments," states that the Government purchase card shall be the method of payment for all commercial training requests valued at or below \$25,000 using the SF 182 to submit requests. The total cost of training authorized by use of a single SF 182 may not exceed \$25,000. In order to be eligible for Government purchase card payment via the SF 182, the training must consist of a regularly scheduled, COTS course, training conference, or instructional service that is available to the general public and priced the same for everyone in the same category: e.g., price per student, course, program, service or training space. Further, it is mandatory that, if the Government has a need for tailored training or tailored training materials, a

warranted contracting officer shall place the requirement on a Government contract [emphasis added].

An L&DD witness told us that the L&DD receives a budget for training and allocates funding to each OSD component. (b) stated the L&DD training request team is responsible for processing all SF 182s submitted by OUSD-Policy and the other OSD components. (b) stated (b) rarely interfaces with the submitting component “unless there’s a problem, something’s hot, [or] something isn’t getting paid.” (b) stated the SF 182 submission process begins with the individual requesting the training. (b) described the process:

- An individual submits a SF 182 requesting training to the first line supervisor.
- The first-line supervisor approves the training and submits the SF 182 to the component training coordinator.
- If deemed appropriate, the first-line supervisor submits the SF 182 to the second-line supervisor for review and approval before submitting it to the training coordinator.
- The component training coordinator reviews the SF 182 for accuracy, issues a document number for tracking purposes, then forwards the request to L&DD for review.
- L&DD training team personnel submit correctly prepared SF 182s to L&DD’s GPC holder who purchases the training.
- L&DD personnel forward training requests that exceed \$5,000 to the Assistant Director, L&DD, before forwarding the SF 182 to the GPC holder.

The witness further stated that L&DD approves the use of the GPC to purchase the training but does not identify the training required. (b) stated, “[w]e approve that we can use the credit card to pay for this [type of] training.”

Creation of OUSD-Policy’s Leadership and Organizational Development (L&OD) Office

A witness told us that the creation of the L&OD office centralized all OUSD-Policy training and SF 182 request submissions. (b) stated that centralization increased the quality, quantity, and cost efficiency of training. The witness told us that Mr. Aldwell and Mr. Schleien provided oversight and strategic direction for the OUSD-Policy training program.

The witness told us that L&OD personnel prepared most OUSD-Policy SF 182s; however, they briefed Mr. Aldwell and Mr. Schleien if L&OD viewed the training as expensive. (b) stated that if the SF 182 and proposed training needed an “additional degree of scrutiny we may mention it to Tony [Aldwell] or Steve [Schleien] or ask for their approval” and “for things that are either kind of new or sort of expensive we just want to make sure [Mr. Aldwell and Mr. Schleien are] aware of what’s going on.”

The witness further told us that OUSD-Policy receives training funds from both Congress and WHS, and WHS maintains the training funds for OUSD-Policy. (b) stated that WHS

controls the GPC that OUSD-Policy uses to pay for training. (b) stated, “the SF 182 is the form that we fill out to tell WHS to expend our money on our behalf.”

New Ideas @ OSD training was conceived under L&OD’s initial director, a full-time Government employee. The L&OD Director was subordinate to Mr. Aldwell and Mr. Schleien and had overall responsibility for the day-to-day operation of OUSD-Policy training. The initial director is no longer in Government service and declined our interview request.

New Ideas @ OSD Training Origin

OUSD-Policy personnel, in partnership with the Aspen Institute, created *New Ideas @ OSD* training to meet the former USD(P)’s vision to “take the best ideas and the most brilliant people and expose the OSD Policy staff to their way of thinking.” A witness told us that the Principal Deputy Under Secretary of Defense for Policy at that time wanted to explore creative ideas and wanted to “bring in great speakers.” Based on the Principal Deputy’s guidance, the witness and the initial director wanted to “create a category of training that was about new ideas,” and they contacted the Aspen Institute. The witness and the initial L&OD director examined the capabilities of several other training vendors, and based on the Aspen Institute’s work with another Federal agency, they “decided that it would be a great idea to work with [the Aspen Institute] and deliver these events.”

The witness continued that the L&OD office subsequently entered into a partnership with the Aspen Institute and created eight speaking engagements under the *New Ideas @ OSD* concept. (b) stated that (b) believed there were eight total speaking events and because of scheduling conflicts, L&OD decided to “... deliver one event a month for eight months in a row.” The Aspen Institute created a flyer, titled “*New Ideas @ OSD* in Partnership with the Aspen Institute,” which stated:

New Ideas @ OSD is a year-long initiative designed to cultivate new and innovative thinking across the Department of Defense (DoD), prepare its leaders to confront tomorrow’s complex global environment, and generate creative solutions to the toughest national security issues.

Mr. Aldwell told us, “we developed the concept of how we would do [*New Ideas @ OSD*]. But then that was in conjunction with talking to the folks over at [the] Aspen [Institute] ... it was a collaborative effort.” Mr. Aldwell told us that *New Ideas @ OSD* training was not commercially available off-the-shelf training. He stated, “Oh no, no, no. This was – no, no, no, this was developed specifically for [OUSD] Policy.”

The *New Ideas @ OSD* flyer also presented a paragraph titled “Partnership,” which stated, “OSD Policy has partnered with the Aspen Institute ... to design and implement the *New Ideas @ OSD* initiative.” A witness told us that the Aspen Institute “supported us in the execution and planning of the event and the design of the event.”

By email dated October 3, 2012, an L&OD employee invited selected individuals to a focus group meeting to discuss “a new internal professional development series L[&]OD is

piloting ... partnership with the Aspen Institute.” The employee informed invitees that the “project is still under development and nothing has been announced yet.” (b) further wrote that recipients were “invited (discreetly) to help us figure out how to design and build a rich and rewarding intellectual experience for our colleagues that will have maximum impact on Policy’s culture.”

Mr. Aldwell, in an undated action memorandum to Dr. James N. Miller, then USD(P), requested and received approval of the *New Ideas @ OSD* Communications Plan. The memorandum identified the training kickoff date as January 28, 2013.

Concerns Regarding New Ideas @ OSD Training

A witness told us that the *New Ideas @ OSD* training was a speaker’s series and the intent was that “... over the course of a year, we’re going to bring in 10 or so speakers to come in and talk on innovative, interesting topics.” The witness stated that OUSD-Policy could use the SF 182 to “direct award funding for training but you are only supposed to use that form if you’re buying completely off-the-shelf training [COTS].” (b) stated that OUSD-Policy would have to use the acquisition process to procure any modified off-the-shelf training.

The witness told us that (b) informed L&OD that “you can’t do that [procure modified training] through [the SF] 182 system.” (b) added that an L&OD employee, with Mr. Aldwell’s and Mr. Schleien’s “blessing,” went to WHS and asked about “doing training – instead of a speaker series, doing training through the [SF] 182.” The witness stated that because of the way L&OD, “mostly [a specific L&OD employee],” presented the *New Ideas @ OSD* information, WHS determined that OUSD-Policy was having separate training events and could therefore use the SF 182 if each event was under \$25,000. (b) told us that (b) contacted WHS to ask why they told L&OD it was appropriate to use the SF 182 for the training events. (b) stated that an L&DD employee responded by saying, “What you’ve just described ... with the Aspen Institute and this big structured program is not at all what [L&OD] said.” The witness stated the L&DD employee further responded that “if we had heard that, we would have said not [to use the SF 182] – that [requires] a contract.”

An L&DD witness told us that “[W]hen you start talking about customization of training, that’s when it kicks it into a contracting action.” (b) stated that any customization of off-the-shelf training, regardless of the cost, requires the organization to procure the training using the acquisition process rather than with a GPC and SF 182s. (b) told us that (b) realized there might be a problem with the training not being COTS when an employee of OUSD-Policy contacted (b) and (b) (the witness) could not find the training on the Aspen Institute’s website. (b) further stated that (b) was unaware of the *New Ideas @ OSD* flyer, specifically the “Partnership” paragraph indicating the Aspen Institute was developing the training.

A witness told us that OUSD-Policy submitted eight separate SF 182s for the Aspen Institute training. When asked whether OUSD-Policy gave any consideration to using the acquisition process to procure the *New Ideas @ OSD* training, the witness stated, “I think that that was discussed. I was not in those conversations but I do think that it was discussed.” When

asked whether OUSD-Policy separated the *New Ideas @ OSD* training into eight SF 182s to stay below the \$25,000 GPC and SF 182 purchase limit, (b) stated:

... what we believed we were doing was creating a new category of training, something that was exciting that had not existed before in Policy, per se, but that existed in other places and then having created this channel or this pathway, right, we could create individual customized events that all fit in that channel and so from our point of view, they were separate. The speakers were separate. The topics were separate. The audiences were separate. The outreach and engagement strategies for each one were slightly separate and there was a connective tissue between them that made them common because we thought that was a more compelling vision, but each one was distinct.

An L&DD witness initially told us that (b) first saw the SF 182s as a “series of trainings” and each individual event was a distinct learning event that did not exceed the \$25,000 limit. (b) stated that OUSD-Policy submitted the SF 182s on different dates and with different projected attendees, and because of the cost associated with each request, (b) did not see an issue at that time. After we showed the witness the *New Ideas @ OSD* flyer and the eight SF 182s together, (b) told us that it would be “completely inappropriate” if OUSD-Policy used the SF 182s as “a way to pay Aspen [Institute] a lump sum to get something – that they were developing some sort of training for [OUSD-Policy].”

A witness told us that based on (b) discussion with L&DD, (b) raised (b) concerns to Mr. Aldwell and Mr. Schleien and both “championed” *New Ideas @ OSD*. (b) stated that Mr. Aldwell and Mr. Schleien told (b) “[W]ell, WHS said it was okay. They approved it.” The witness told us that (b) office subsequently contacted the Chief Counsel, Acquisition & Fiscal Law, OGC, WHS, who advised (b)(6) (b)(7)(C), (b) (5) [REDACTED]. The witness stated that (b) asked Mr. Aldwell if (b) could pursue a refund from the Aspen Institute and that he told (b) “not to say another word about it, not one more word.”

In an email dated September 11, 2012, an OUSD-Policy employee informed WHS personnel of OUSD-Policy’s intent to use SF 182s for an “8-part Group Training series with Aspen Institute” with a total cost of \$85,680. In a response from the WHS L&DD office email account, WHS informed the employee and other OUSD-Policy personnel copied on the email string that WHS “can’t process [training requests] over 25k [\$25,000].”

By email dated October 3, 2012, an L&OD employee emailed OUSD-Policy resource management personnel to tell them to “do WHATEVER it takes to get the Aspen and AL [sic] SF182s passed [emphasis in the original]. Tony [Aldwell] is familiar w/the issue now.” The L&OD employee also advised in the email that Mr. Aldwell was aware of the situation and would engage senior WHS leadership on the issue. By email dated October 4, 2012, another L&OD employee updated L&OD personnel and its former director regarding WHS’ “split payment issue.” The employee wrote, “I think we resolved WHS’s concerns about the split

payment issue, but ... cannot use FY12 funding.” Participants in this email exchange further discussed whether to ask Mr. Aldwell to “push” an issue involving how to fund the training.

By email dated October 4, 2012, an L&OD employee wrote to Mr. Schleien and multiple other OUSD-Policy recipients to request that Mr. Aldwell engage senior WHS leadership regarding the *New Ideas @ OSD* training. (b) specifically requested Mr. Aldwell’s assistance with “the Aspen Institute and Action Learning group trainings that L[&]OD is trying to get WHS to pay for from Policy’s FY12 funds.” The employee wrote that “we discussed [the issue] with Mr. Aldwell after the PSC [Policy Steering Committee meeting] on Tuesday.” The email did not reflect a response from either Mr. Aldwell or Mr. Schleien.

By email dated October 24, 2012, the former L&OD director advised Mr. Schleien and other OUSD-Policy personnel that the *New Ideas @ OSD* training was approved during an October 18, 2012, (PSC) meeting.⁴ (b) wrote that OUSD-Policy would submit new SF 182s to WHS for approval using FY13 funding, and Mr. Aldwell would brief the various OUSD-Policy components on what funding OUSD-Policy would use for the training. OUSD-Policy subsequently conducted five training sessions.

By email dated November 15, 2013, an OUSD-Policy employee sought Mr. Aldwell’s guidance regarding the remaining *New Ideas @ OSD* training events.⁵ (b) stated that per Mr. Aldwell’s latest guidance, the event scheduled for December 2013 would proceed; however, (b) would seek to recoup funding totaling \$32,100 for the remaining three training courses not completed. (b) wrote that this allegedly conflicted with guidance Mr. Aldwell provided to L&OD. (b) wrote that if L&OD continued to proceed “... these are not discreet events ... it would only highlight the concern that there was intent to circumvent federal contracting rules and regulations and sole source work to Aspen [Institute] in the amount of \$85k.” (b) wrote that (b)(6) (b)(7)(C), (b) (5) and requested that Mr. Aldwell advise (b) how to proceed.

Mr. Schleien, whom the witness courtesy-copied on the above email, responded to the witness by email that “Tony [Aldwell] would like to meet on this on Tuesday.” Mr. Schleien also advised the witness that he (Mr. Schleien) “would appreciate knowing where the money currently resides—with Aspen or in some type of escrow not yet sent to Aspen.”


By email dated November 19, 2013, a WHS ethics attorney (b)(6) (b)(7)(C), (b) (5)

⁴ Mr Aldwell chaired the Policy Steering Committee during his tenure as OUSD-Policy’s COO.

⁵ As of November 2015, OUSD-Policy had completed five of the eight approved training events. Also during this time frame, information surfaced regarding a potential (b)(6) (b)(7)(C)

⁶ On November 7, 2013, Mr. Aldwell asked (b)(6) (b)(7)(C), (b) (5)

(b)(6) (b)(7)(C), (b) (5)



A witness told us that planning for the *New Ideas @ OSD* training began in summer 2013. (b) told us, "... each one was individual. So I don't believe any of them [the events] related to the other ones" as "[I]t would be different people coming in, different topics ... different venue ... they were all different in that regard." (b) stated (b) did not see *New Ideas @ OSD* as training. (b) stated, "I thought it was bunk" because "you weren't training anybody ... it wasn't education ... it was the illusion, or appearance of doing something formal." (b) stated, "When these [SF 182s] came through ... this was something Tony [Aldwell] and I talked about as well, because – and it wasn't just these that we did group training on an individual training request." (b) stated that Mr. Aldwell responded, "This is the way WHS wants it. This is a cost- and time-saving mechanism, so do it this way." The witness added that on multiple occasions (b) told Mr. Aldwell that (b) did not like it (using SF 182s for group training) because "I didn't think it was right to do it that way. That was not what the form was designed for or intended." (b) told us (b) recalled Mr. Schleien being present for the conversation on at least one occasion.

The witness further told us that OUSD-Policy should have pursued the *New Ideas @ OSD* speaking engagements using acquisition channels. (b) stated it was wrong "to do the same thing multiple times, aggregate – or, to disaggregate them to send them [SF 182s] through." (b) stated, "I did bring up that we were disaggregating these funds to the same fund; to the same place." The witness told us (b) recalled Mr. Aldwell responding to these concerns, "[T]his is the way we're doing it ... it's worked" and "it's worked this far ... why would we change it now? We only have two more to go before the end of the year." Finally, the witness stated, "... most of these [SF 182s] were all approved at the same time, so once they were in process, they were out-of-sight, out-of-mind."

Legal Coordination

A WHS attorney who advised (b)(6) (b)(7)(C), (b) (5)

[REDACTED]

(b)(6) (b)(7)(C), (b) (5)

[REDACTED]

The attorney told us (b) [REDACTED] never talked directly to either Mr. Aldwell or Mr. Schleien regarding the *New Ideas @ OSD* training or the use of the SF 182.

Mr. Aldwell's Initial Response

Mr. Aldwell told us that he knew “there were some who thought we should have gone out and done a contract.” He added, “that probably overall was the way it should have been done.” Mr. Aldwell stated that as his deputy, Mr. Schleien, “was empowered to approve” the SF 182s and Mr. Schleien “helped me approve ... he did everything as well.” Mr. Aldwell also stated

that he did not want to wait months to execute a contract for training that cost approximately \$10,000 each to conduct. He told us that *New Ideas @ OSD* was specifically designed for OUSD-Policy. Mr. Aldwell acknowledged that *New Ideas @ OSD* was one larger program with several different parts, and the focus was to conduct one session per quarter. He stated the SF 182s were submitted a couple at a time for WHS approval.

Mr. Aldwell further stated that he “fully supported” the *New Ideas @ OSD* program. We asked Mr. Aldwell why OUSD-Policy did not pursue an acquisition contract for the training and Mr. Aldwell replied, “Very easy. Because all the other contracts took months.” Mr. Aldwell stated that he inquired into the acquisition process at the beginning of the efforts to secure funding for *New Ideas @ OSD*. He added, “[t]here are times where you have to use the mechanism you have to be able to do things that are relatively low dollar amounts.” Mr. Aldwell offered the following regarding the collective cost of the training:

We worked with the WHS training people and that was absolutely intentional. It was intentional to be able to do relatively low level funding through an established process, which we were told was the right way to do it in small amounts as opposed to, say, doing ... roughly a hundred grand and going through the months-long process with WHS [Acquisition Division].

Mr. Aldwell continued that every time OUSD-Policy’s resource management office raised the issue regarding using acquisition channels, “I went back to WHS and they said [it was] perfectly legal.” He stated that the “vision was to do [*New Ideas @ OSD*] over 2 years, once a quarter” but “the way it evolved ... it came out piecemeal.” Mr. Aldwell advised his subordinates once the process started that “if we’re going to do this again then go through the acquisition process.” Mr. Aldwell stated that OUSD-Policy completed seven of the eight paid Aspen Institute sessions.

SF 182 Submission and Approval

Table 1 details the eight SF 182s submitted to request payment for the *New Ideas @ OSD* training events. Mr. Schleien approved and digitally signed each request on September 25, 2012. OUSD-Policy then submitted the requests in groups of two to WHS. WHS funded the events by GPC payment. Although a memorandum described each event’s topic, an L&OD witness told us some of the topics changed over time.

Table 1. *New Ideas @ OSD SF 182s*

Purchase Order Number/Title	OUSD-Policy Approver	Date Approved: OUSD-Policy	Date Approved : WHS	Training Date on SF 182	Cost
DSAT-3-009-POL/Learning	Schleien	9/25/2012	11/14/2012	1/13/2013	\$10,710
DSAT-3-007-POL/Innovation	Schleien	9/25/2012	11/14/2012	2/28/2013	\$10,710
DSAT-3-012-POL/Technology	Schleien	9/25/2012	5/16/2013	9/13/2013	\$10,710
DSAT-3-008-POL/Collaboration	Schleien	9/25/2012	5/16/2013	7/27/13	\$10,710
DSAT-3-011-POL/Change	Schleien	9/25/2012	4/2/2013	5/30/2013	\$10,710
DSAT-3-010-POL/Persuasion	Schleien	9/25/2012	4/2/2013	4/18/2013	\$10,710
DSAT-3-006-POL/Decision-making	Schleien	9/25/2012	1/22/2013	3/7/2013	\$10,710
DSAT-3-005-POL/Networks	Schleien	9/25/2012	1/22/2013	1/17/2013	\$10,710

Efforts to Recover Expended Funds

By email dated November 7, 2013, an OUSD-Policy employee sought WHS assistance in recovering \$43,840 from the Aspen Institute for FY2013 funds expended for the training. (b) advised WHS that the funds were obligated using SF 182s for “four group learning events.” The employee wrote:

These events were supposed to be provided by Aspen Institute in FY13, and [A]spen has yet to perform. Policy leadership wants to procure this professional development using a different mechanism (Contracting). Policy leadership is very interested in a quick resolution to this issue, and they are looking to engage at any level to accomplish.

A WHS resource management employee responded to the email with the suggestion that the Aspen Institute provide the training as originally planned because the funding had already been expended. The OUSD-Policy employee responded to WHS resource management employee:

Policy COO understands that the funds can't be recycled. I think the intent is to minimize the extent to which SF-182's [sic] were improperly used for a course that was not COTS // required customization.

By follow-up email dated November 12, 2013, the OUSD-Policy employee advised L&DD and the WHS resource management employee:

My Director informed me that Tony [Aldwell] (Policy COO) prefers that Aspen delivers training based on the remaining credit that we have with them, instead of Policy asking Aspen for a refund. The pressure is on Policy to figure out how to advance from here.

During our interview with the official directly responsible for the WHS training portfolio, we requested that (b) review the SF 182's and the *New Ideas @ OSD* flyer together. The official told us it would have been "completely inappropriate" for OUSD-Policy to use SF 182's as a way to pay the Aspen Institute "a lump sum" for training the Aspen Institute was developing specifically for OUSD-Policy.

Conclusion regarding failure to use acquisition process to procure tailored training

Mr. Aldwell and Mr. Schleien failed to use the required acquisition process to procure the custom tailored *New Ideas @ OSD* training. Mr. Aldwell and Mr. Schleien violated the applicable standards because the tailored training was not COTS available to the general public, and the total cost of the tailored training exceeded the \$25,000 GPC threshold allowable on an SF 182. Mr. Aldwell and Mr. Schleien misrepresented the custom-tailored nature and price of the *New Ideas @ OSD* course when they divided the \$85,680 purchase cost into eight SF 182s. This created the appearance that OUSD-Policy was purchasing eight separate training courses at \$10,710 each rather than a single course with eight related sessions. They structured the transactions in this manner to keep each of the eight purchase amounts below the \$25,000 limit for GPC purchases. Mr. Aldwell told us that he and Mr. Schleien structured the SF 182 training purchase transactions specifically to avoid using the required contract acquisition process because, in his opinion, the acquisition process was too lengthy.

We determined that WHS L&DD was not fully aware of the nature of the *New Ideas @ OSD* training. Although Mr. Aldwell asserted that every time OUSD-Policy's resource management office raised the issue regarding using acquisition channels, he "went back to WHS and they said [it was] perfectly legal," a WHS training witness told us that it would have been "completely inappropriate" if OUSD-Policy used the SF 182s as "a way to pay Aspen [Institute] a lump sum to get something – that they were developing some sort of training for [OUSD-Policy]." On September 23, 2013, after *New Ideas @ OSD* training events had begun, a WHS attorney concluded that the training did not appear to be COTS training and recommended to OUSD-Policy personnel that "a warranted contracting officer be contacted to look at 1) whether the subject 'training' is a bona-fide need and 2) can be obtained using established acquisition procedures." The attorney also told us (b)(6) (b)(7)(C)

Mr. Aldwell and Mr. Schleien were aware of the requirement to procure the *New Ideas @ OSD* training course through contract acquisition rather than purchasing it with the GPC but ignored that requirement because it was inconvenient to wait for the contracting process. The

contract acquisition process might have saved the Government money through bidding among training vendors. Accordingly, we determined that Mr. Aldwell and Mr. Schleien violated applicable standards when they failed to use the required acquisition process to procure tailored training.

Tentative Conclusion Responses

By separate letters dated June 22, 2016, we provided Mr. Aldwell and Mr. Schleien, via Mr. Schleien's counsel, our tentative conclusions and afforded them the opportunity to comment on the results of our investigation. In their responses dated July 15, 2016, and July 25, 2016, respectively, both Mr. Aldwell and Mr. Schleien disagreed with our tentative conclusion that they failed to use the required acquisition process to procure tailored training.

In his response to our conclusion, Mr. Aldwell wrote that the process he used to procure the *New Ideas @ OSD* training was recommended to him by the WHS official responsible for WHS' training portfolio. He then checked with Ms. Yarwood, who after listening to his "explanation of what Policy was trying to accomplish...assured [him] the use of the SF 182 was a proper way to proceed to procure [the *New Ideas @ OSD* training]." Mr. Aldwell wrote that he directed Mr. Schleien to sign the SF 182s for the *New Ideas @ OSD* training. He said after a WHS attorney informed him that using the SF 182 to procure non-COTS training was improper, he directed his staff discontinue using the it and pursue the training using appropriate acquisition processes. Mr. Aldwell wrote that he "followed the advice and instructions from the process owners, in this case WHS."

In his response to our conclusion, Mr. Schleien, via his attorney, wrote that he was neither "personally involved in developing the training" nor was he "involved in selecting the method to procure" the *New Ideas @ OSD* training. He admitted in his response that he digitally signed the SF 182s but stated that he did so at Mr. Aldwell's "explicit direction" and that he relied on WHS' opinion that procuring the training using SF 182s "was appropriate." He wrote that Ms. Yarwood "determined...it was appropriate to procure the training events...with the GPC and...the relevant DoD component needed to submit separate SF 182s for each event." He told us that events like the *New Ideas @ OSD* "are standard products which the Aspen Institute routinely offers to the general public." He told us that one witness interviewed by our investigators described that the *New Ideas @ OSD* events were "separate and distinct." Mr. Schleien wrote:

...it would have been logical for Ms. Yarwood to have determined that it was appropriate to use a separate SF 182 for each event and, in doing so, apply to each event a pro rata allocation of the total cost. Indeed, this rationale is consistent with the rule that no one event, or its corresponding SF 182, may exceed \$25,000. Ms. Yarwood's conclusion...[that the use of the SF 182s] was appropriate is thus based on a reasonable application of the facts to the relevant procurement regulations. As such, there is no clear evidence of a violation here.

Although Mr. Schleien attempted to minimize his involvement, his emails that we reviewed showed he requested his subordinates brief him about the *New Ideas @ OSD* training and how to procure it. Witnesses told us they warned Mr. Schleien that using the SF 182 to procure the training was inappropriate, but Mr. Schleien did not heed the warning.

Based on the information Mr. Aldwell and Mr. Schleien presented in their TCL responses, we reexamined our investigative facts, specifically Mr. Aldwell's statements about coordinating training procurement with Ms. Yarwood.

We interviewed Ms. Yarwood and allowed her to review the *New Ideas @ OSD* flyer and the individual SF 182s used to procure the training. Ms. Yarwood told us she did not recall seeing the flyer before investigators showed it to her. After reviewing the documents, she told us that, based her understanding of the culture change underway within OUSD-Policy at that time, she "didn't see designing and implementing a New Ideas initiative as necessarily designing training, meaning... you can have an initiative which has four or five different pieces to it." She also told us that she believed the *New Ideas @ OSD* training was "very severable" because the titles and attendees were different for each event. She told us that she did not understand why the Aspen Institute advertised the *New Ideas @ OSD* training on its website because *New Ideas @ OSD* training was "not open to people outside OSD or DoD."

Regarding the origin of the *New Ideas @ OSD* training, Ms. Yarwood told us that she understood that OUSD-Policy had found some "off the shelf" training at the Aspen Institute and "used the 182's" to procure some of the courses. When asked whether she was involved in the process of developing or procuring the *New Ideas @ OSD training*, Ms. Yarwood told us she was not involved. She said she recalled discussing *New Ideas @ OSD* with Mr. Aldwell and Mr. Schleien; however, she told us that she did not remember either Mr. Aldwell or Mr. Schleien "coming to [her] very specifically for any assistance with the training." She stated that the USD(P) at that time was attempting to change OUSD-Policy's organizational culture and that OUSD-Policy had identified several "pretty cool courses out of the Aspen Institute" and were pursuing group training. She said that OUSD-Policy planned to open the *New Ideas @ OSD* training to everyone within DoD and she recalled saying to Mr. Aldwell and Mr. Schleien, "that's great, that's nice, share the wealth." She stated she did not recall any specific discussion with Mr. Aldwell or Mr. Schleien about the Aspen Institute providing the training but said she wouldn't "be surprised if [Mr. Aldwell or Mr Schleien] contacted [her]."

Ms. Yarwood told us that DoD agencies could not split or divide the cost of training to meet the dollar threshold. She told us "...I learned while I was in HRD, that you can't take \$200,000 training and divide it into multiple instances of \$25,000 apiece." She said the SF 182 "should have nothing to do with whether or not it's going to take too long" to procure training via acquisition channels. She said the SF 182 "...is a streamlined vehicle to acquire training under specific circumstances." She told us that while the SF 182 cannot be used to avoid the acquisition process, she had participated in conversations unrelated to this investigation where the participants discussed whether or not they should use the acquisition process or a SF 182 to procure specific training.

We asked Ms. Yarwood whether she approved OUSD-Policy to use the SF 182 to procure Aspen Institute developed training; Ms. Yarwood told us that she did not specifically recall doing so. She added, “I would hope that I didn’t approve anything on designing a course because that’s clearly not the intent of using the SF 182. It has to be off-the-shelf.” She told us:

...you have to think carefully about what does “development” mean... development from scratch specifically for the use of an organization, inappropriate. Taking an existing course...where someone like tweaked it...or something that is more specific to the audience - that happens ... where you’re bringing COTS training into an organization.

We asked Ms. Yarwood for her opinion about what her actions would have been had she received the *New Ideas @ OSD* flyer and the SF 182s at the same time. Ms. Yarwood told us:

...I think it depends upon how you read this [*New Ideas @ OSD* flyer]...I read this...as, “Here’s a thing we’re doing and we’ve got a bunch of stuff that we’re tweaking all from the Aspen Institute...” I think that’s the way I would have looked at it without any additional information. Now I think I would be a little annoyed at this designing and implementing piece [by the Aspen Institute as described in the flyer]...

Ms. Yarwood told us she had no recollection of telling either Mr. Aldwell or Mr. Schleien that it was appropriate to use the SF 182s to procure the *New Ideas @ OSD training*. When we asked Ms. Yarwood about using the GPC to pay for the training, she said “I don’t recall a specific conversation, but I would have told them it was appropriate if I thought we were doing some off-the-shelf training that was customized.” She stated that she probably would have told them it was appropriate if she understood the courses “were off the shelf being tweaked and that the 182 was a legitimate way” to procure them. She stated that she did not think she would have made a determination that it was appropriate to use the GPC to purchase the training. She told us it was her understanding the *New Ideas @ OSD* training was off-the-shelf training because she did not believe “[she] would have advised using a 182 to completely develop something.” She told us that most of her discussions with Mr. Aldwell and Mr. Schleien would have been via “Tandberg” where they would ask her, “Hey...what do you think about this.”⁷

After carefully considering Mr. Aldwell and Mr. Schleien’s responses, reexamining the evidence and interviewing Ms. Yarwood, we stand by our conclusion that both Mr. Aldwell and Mr. Schleien were aware of the requirement to use the acquisition process to procure tailored training but failed to use the required process because they believed it would take too long.

⁷ “Tandberg” refers to a video conferencing system.

Allegation B: Mr. Aldwell and Mr. Schleien endorsed the IPA application of an ineligible IPA program applicant**Abridged Standards**

Appendix A contains full standard citations.

**Title 5, Code of Federal Regulations, Section 334.102 (5 C.F.R. 334.102),
“Definitions”**

For the purposes of participation in an IPA Mobility Program, an employee is an individual employed for at least 90 days in a career position with a state, local, or Indian tribal government, institution of higher learning, or other eligible organization. A federally funded research and development center is an eligible organization.

Office of Personnel Management IPA Program Policy Guidance

The Office of Personnel Management (OPM), the Executive Branch’s IPA Program proponent, must certify other organizations’ eligibility before the organization may enter into an assignment agreement with a Federal agency; however, to allow Federal agencies to operate more efficiently and productively, a revision eliminated the need for Federal agencies to submit individual IPA assignment agreements to OPM.

OPM has not published a traditional IPA program policy memorandum. OPM publishes its statute-based IPA policy on the OPM website. OPM’s IPA “Assignments” webpage states that an employee of a non-Federal organization must be employed by that organization for at least 90 days in a career position before entering into an IPA agreement. OPM further directs that individuals who are in a non-career status are excluded from participating in the IPA program.

OPM IPA Hiring Authorities “Provisions” webpage states that when developing an assignment that involves the movement of a non-Federal employee to a Federal agency, the agreement should specify that the employee can return to the non-Federal position occupied prior to the assignment or to one of comparable pay, duties, and seniority and that the employee’s rights and benefits will be fully protected.

IPA Purpose and Processes

IPA Program Purpose

OPM states the purpose of the IPA program is to allow for cooperation through the assignment of temporary personnel between Federal, state, and local governments, academia, and other eligible organizations. These assignments allow Federal civilian employees to serve with non-Federal eligible organizations for a limited period without loss of employee rights or benefits, and vice-versa. Each assignment is made when there is a mutual concern and benefit to both participating parties, there is a sound public purpose, and the assignment furthers the goals and objectives of the participating organizations.

OPM states that IPA agreements may be used to strengthen management capabilities of Federal agencies; assist in the transfer and use of new technologies and approaches to solving Government problems, as an effective means to involve the non-federal entity in developing Federal policies and programs; and to provide program and developmental experience that will enhance the individual assignee's performance at their parent organization. Assignments to meet the personal interests of employees, to circumvent personnel ceilings, or to avoid unpleasant personnel decisions are contrary to the spirit and intent of the IPA program.

IPA Recruitment Process

IPA assignments are management-initiated, must be voluntary, must be agreed to by the employee involved, and consist of a written agreement between the two entities involved. Agreements involving non-Federal employees moving to a Federal agency should include language that the affected employee can return to his or her original position, or one of comparable pay, duties, and seniority, and that the employee's rights and benefits will be protected.

OPM encourages Federal agencies use their own forms to record IPA agreements. DoD uses Optional Form 69 (OF-69), "Assignment Agreement," to record the obligations and responsibilities of all parties involved in an IPA assignment. The OF-69 captures the pertinent information required by OPM, including the potential IPA's position data at his or her parent organization, the fiscal obligations of all parties involved, rules regarding conflict of interest matters, and the required certifying signatures.

OUSD-Policy's Implementation of the IPA Recruitment and Approval Process

Either Federal agencies or non-Federal entities may identify potential IPA applicants. The parent organization submits the application and all supporting documents to the Federal agency for review and approval. In the case of OUSD-Policy, the non-Federal entity submits the application to the OUSD-Policy component where the applicant will work. That component authors a memorandum to the OUSD-Policy COO requesting the individual's IPA assignment. The OUSD-Policy component forwards the memorandum, along with the IPA applicant's OF-69, position description, resume, OF-306, "Declaration of Federal Employment," a disqualification statement that the individual will not participate personally or substantially in

matters with his parent organization that will have a financial effect during the individual's IPA tenure, and an Office of Government Ethics (OGE) Form 450, "Financial Disclosure," to the OUSD-COO for review and endorsement.

Upon receipt of the IPA's application, human capital, resource management, and other appropriate OUSD-Policy COO entities review the IPA application then forward it to the COO for endorsement. In the absence of the COO, the IPA application is forwarded to the DCOO for endorsement. Once the COO endorses the IPA application, OUSD-Policy forwards it to SEMO, WHS, for review and approval. SEMO personnel review the IPA application documents and forward the application package to the OGC, WHS, for legal review, following which SEMO either approves or disapproves the IPA application. The IPA applicant may only begin his or her IPA tour once SEMO approves the IPA application.

A memorandum, "Intergovernmental Personnel Act Program Assignments in the Office of the Under Secretary of Defense for Policy," with an "as of" date of September 3, 2013, addressed the way-forward for the OUSD-Policy IPA program. The memorandum presented IPA program background information and identified the program's legal authority and other regulatory guidance. The third section of the memorandum, titled "Recent Program Developments Within OSD," stated, "USD(P) [Dr. James] Miller's stated criteria for potential IPA assignees are that they should be either senior 'thought-leaders' or relatively junior personnel who are promising candidates for future Government employees."⁸ The memorandum stated, "Policy can no longer bring in IPAs without regard to overall number or cost, and can expect greater scrutiny of its justification for each IPA request."

Understanding of IPA Policy Rules

Mr. Aldwell told us that shortly after assuming his duties as the COO, the Special Assistant to the Secretary of Defense "mandated" Department-wide that "the IPA program probably needed a little more oversight to make sure we were obeying all the rules" and that "perhaps we needed to scale it back slightly in terms of people and money." Mr. Aldwell stated that OUSD-Policy reduced its IPAs from 31 to 26, and the Special Assistant "asked us to reduce the amount of money that we spend on IPAs."

An OUSD-Policy witness told us that WHS/SEMO briefed Mr. Aldwell and OUSD-Policy human capital personnel regarding the IPA program. (b) stated that when WHS began strengthening IPA controls, they provided OUSD-Policy the undated WHS draft standard operating procedures (SOP) for comment. (b) described the WHS guidance as "rather extensive" and added that, as of that date (the date of his DoD OIG interview, February 23, 2015), OUSD-Policy had not yet responded to WHS with comments regarding the SOP. (b) said the guidance, if implemented, would require components to provide WHS/SEMO with copies of IPA's leave and earnings statements from their parent organizations.

⁸ Dr. James Miller served as the Principal Deputy Under Secretary of Defense for Policy (USD(P)) from 2009 until his appointment as the USD(P) on February 19, 2012. He served as the USD(P) from February 19, 2012, to January 8, 2014.

Another OUSD-Policy witness told us that Mr. Aldwell and Mr. Schleien were “pretty well versed” on IPA personnel policies, and they attended weekly IPA program meetings with WHS/SEMO. (b) stated that WHS/SEMO provided the SOP draft guidance to Mr. Aldwell at a weekly meeting in November 2013. (b) added that OUSD-Policy implemented many of the draft SOP requirements, including providing copies of IPAs’ leave and earning statements from their parent organizations as supporting documentation to IPA applications.

A WHS briefing, “Intergovernmental Personnel Act (IPA) Mobility Program Briefing,” dated June 27, 2012, provided an overview of the IPA program, the IPA process, rules and responsibilities, and relationship basics.⁹ Slide 10, titled “IPA Relationship Basics,” states, “Do not recommend or determine salaries and pay raises for individual IPAs.” Although WHS personnel briefed Mr. Aldwell and Mr. Schleien on the IPA program, we were not able to confirm that either Mr. Aldwell or Mr. Schleien received this specific briefing.

On November 25, 2013, WHS/SEMO personnel briefed Mr. Aldwell, Mr. Schleien, and their staff on the IPA program as implemented in WHS-serviced components. The briefing slides covered potential IPA issues, IPA requirements, and the overall IPA process:

- Under “Potential Issues,” the briefing addressed, among others, “discrepancies in pay, i.e., salary requests exceed[ing] what [the] individual is making [at parent organization].”
- Under “IPA Requirements,” the briefing stated that IPA’s base salaries must match the IPA’s salary as listed on the Optional Form (OF) 69, “Assignment Agreement.” The briefing stated, “The base salary on the OF-69 matches individual’s actual salary: no pay negotiations prior to agreement (valid individual earning statement required).”

Slide 4 of the briefing to Mr. Aldwell stated that any change to the IPA’s pay or duty status required a modification to the current IPA agreement. Notes recorded during the briefing and attached to the slides indicate Mr. Aldwell expressed his desire to “eliminate the pain of [the] IPA process.”

Mr. Aldwell told us that he often met with the WHS/SEMO staff regarding IPAs; however, he “wouldn’t call it [meetings with WHS/SEMO] training.” He stated that the purpose of the meetings was to find out “what do we need to do to make this [IPA application process] easier on all of us.”

An OUSD-Policy witness told us that IPA applications that OUSD-Policy Human Capital received typically contained the OF-69; a cover memorandum signed by the requesting component, thru Mr. Aldwell for OUSD-Policy endorsement, to WHS; a memorandum outlining the position description; the individual’s resume; an employment declaration; financial disclosure forms; a disqualification statement; leave and earnings statements; and a letter from

⁹ The Executive & Political Personnel Division of WHS created this briefing. That Division’s title later changed to the Senior Executive Management Office.

the parent organization confirming the IPA applicant's current parent organization salary. (b) told us that once Mr. Aldwell endorsed an IPA package, OUSD-Policy Human Capital would submit the entire package to WHS/SEMO for approval.

Endorsing an IPA application for an ineligible nominee (IPA 1)

The complaint alleged that even after subordinates informed Mr. Aldwell and Mr. Schleien that a prospective IPA nominee was not eligible for the IPA program, they improperly endorsed the nominee's initial IPA application. The complaint alleged that the IPA nominee was not eligible to become an IPA because he was an adjunct fellow and not a full-time salaried career employee of (b)(6). Once Mr. Aldwell approved the nominee's IPA application, OUSD-Policy forwarded the application to WHS/SEMO. Unaware of the nominee's adjunct fellow status, WHS/SEMO approved the application granting the IPA nominee a starting salary of \$143,000 plus fringe benefits. Hereafter in this report, we refer to the (b)(6) adjunct fellow that Mr. Aldwell approved for IPA hire as IPA 1. A year later, during IPA 1's first IPA extension application, subordinates again informed Mr. Aldwell that IPA 1 was not eligible for the IPA program. Mr. Aldwell responded that while IPA 1 may not have been eligible initially, (b) was now eligible because (b) had already worked as an IPA in OUSD-Policy for a year. Mr. Aldwell then endorsed IPA 1's extension application, which WHS/SEMO subsequently approved.

(b)(6) (b)(7)(C)

(b)(6) is a bipartisan, non-profit organization that meets the criteria to provide IPAs to the Government. (b)(6) (b)(7)(C) became (b)(6) President and Chief Executive Officer in April 2000.

The (b)(6) website includes adjunct fellows within a group titled, "Affiliated Advisers and Experts (Non-Resident)." The website defines this group as:

A select group of scholars with expertise in areas of importance to the (b)(6) (b) who provide (b)(6) researchers with their views on studies in progress, these specialists are not in residence at (b)(6) nor are they compensated by the (b)(6) (b)

IPA 1's Recruitment

By letter dated October 5, 2011, (b)(6) (b)(7)(C) welcomed an individual who would later become IPA 1 as an adjunct fellow for a 2-year appointment. (b)(6) (b)(7)(C) letter informed IPA 1 that adjunct fellows contribute periodically through writings, participation in select seminars, and provide advice and expertise to (b)(6). IPA 1 told us that while (b) was an adjunct fellow with (b)(6) (b)(6) employed (b)(6) and paid (b) salary. During this period of paid

employment with (b)(6) the L&OD, OUSD-Policy, recruited IPA 1 as an OUSD-Policy IPA.¹⁰ IPA 1 added that (b) did not receive a salary from (b)(6) until after (b) IPA tenure began.

During the spring/summer 2012, the director of the L&OD office recruited IPA 1 to work as an L&OD IPA.¹¹ IPA 1 told us that (b) and the L&OD director were associates prior to (b) joining (b)(6) on October 5, 2011, in a non-paid adjunct fellow status. (b) told us that the director knew of (b) non-compensated status with (b)(6) when (b) recruited (b)(6) for the IPA position. He further stated that the director established (b) initial IPA salary with (b)(6)

IPA 1's Initial IPA Application

A witness told us that at the time of IPA 1's initial application, "they were very much aware, all parties were aware that [IPA 1] was not an employee – a paid employee of (b)(6) (b) (b) stated that the L&OD director at the time had an existing relationship with IPA 1 and initially sought a contract to employ (b)(6) within L&OD. (b) stated:

[IPA 1] was even more concerning because (b) – we alerted all of leadership that would be signing off [on IPA 1's IPA application] ... that [IPA 1] was not a qualifying employee of (b)(6) (b) was not making \$143,000 at (b)(6) but when (b) package was put in, they put [that] down [as] (b) salary. They said that (b) was a qualifying employee and processed (b)(6) and three years later, (b)(6) still here.

On June 26, 2012, multiple OUSD-Policy personnel engaged in an email exchange on the subject, "RE: Help in preparing IPA packages?" One OUSD-Policy employee wrote the following regarding IPA 1's unpaid (b)(6) employment status:

The prospective IPA [IPA 1] has been on (b)(6) (b) rolls as an adjunct fellow since Oct 2011, but (b)(6) in an unpaid position. Does this matter as far as the IPA rules are concerned? How does that affect what we submit for the "salary & benefits details" paragraph of the WHS cover memo? Does (b)(6) provide figures for what they would normally pay someone in (b) position, for what they actually pay now (\$0), or for what they would pay (b)(6) if DoD is paying (b)(6) for his IPA??

In response to the above email, an OUSD-Policy employee questioned whether IPA 1 was eligible for the IPA program based on (b) adjunct fellow status. The OUSD-Policy employee wrote that an "IPA must be a 'permanent civilian' employee [of the organization] ... IPAs may not be fellows or consultants." (b) further replied, "... I believe that we will run into

¹⁰ (b)(6) (b)(7)(C) is a for-profit defense contractor that is not eligible to submit individuals for the IPA Mobility Program.

¹¹ The former L&OD director is no longer affiliated with DoD and declined our request for interview.

problems with attempting to pay this individual [IPA 1], with benefits, when they are in an unpaid position in their present job/position. By doing so, it would be like we are in fact ‘hiring’ the IPA.”

On July 27, 2012, (b)(6) (b)(7)(C) signed IPA 1’s initial OF-69, certifying that nominee was an employee with (b)(6). Part 4, “Position Data,” of the OF-69 reflects IPA 1 held the position of (b)(6) (b)(7)(C) with an original date of employment listed as October 5, 2011, the same date of IPA 1’s (b)(6) welcome letter listing (b)(6) as a member of (b)(6) adjunct fellow program.

A witness told us that before Mr. Aldwell endorsed IPA 1’s initial IPA application, several OUSD-Policy personnel raised issues regarding IPA 1’s status directly with Mr. Aldwell. (b) stated:

We raised the issues hoping he [Mr. Aldwell] would send [IPA 1’s IPA application] back down and say, “Hey, yeah, (b) might be a great (b) but (b) doesn’t work for (b)(6) legally, and so go back and do it right and let’s try this package again in six months after [IPA 1] has been at (b)(6) (b). And so, to our disappointment, Tony [Aldwell] said, you know, “(b)(6) (b)(7)(C) signed off.” (b)(6) (b)(7)(C) at (b)(6) – “(b)(6) (b)(7)(C) signed off and said that [IPA 1] works for them and that’s good enough for me.”

On July 27, 2012, Mr. Aldwell endorsed IPA 1’s initial IPA application and forwarded the package to WHS/SEMO where it was approved on August 8, 2012. The 1-year assignment period commenced on August 15, 2012. The agreed-upon salary, which according to IPA 1 was created by the former L&OD director, was \$143,000 plus fringe benefits for a total cost to the Government of \$159,107.66.

IPA 1’s first IPA extension

A witness told us that a year later, during IPA 1’s first 1-year IPA extension request, (b) “and others” raised the issue of IPA 1’s eligibility and status directly to Mr. Aldwell. (b) stated that Mr. Aldwell responded, “[IPA 1] might not have been a qualifying employee. (b) might not have been an employee of (b)(6) a year ago, but (b) is an employee of (b)(6) now technically because we have been paying (b)(6)

On July 24, 2013, Mr. Aldwell endorsed IPA 1’s first 1-year extension request and forwarded it to WHS/SEMO where it was approved on August 2, 2013. The 1-year extension commenced on August 15, 2013. The agreed upon salary was \$143,000, plus fringe benefits for a total cost to the Government of \$159,448.10.

WHS learns of adjunct fellow status

A witness told us that in November 2013, after learning of IPA 1’s adjunct fellow status, (b) office checked the (b)(6) website and discovered conflicting information regarding IPA 1’s

status. (b) stated that the website reflected IPA 1 was “an affiliated advisor, and it specifically says these specialists are not resident ... nor are they compensated by (b)(6) (b) (b) stated that (b) later learned IPA 1 “was a temporary employee [at (b)(6) (b) which made (b)(6) not eligible [to be an IPA].”

By email dated November 12, 2013, WHS/SEMO requested that (b)(6) clarify IPA 1’s employment status. In a response dated November 21, 2013, (b)(6) stated:

[IPA 1] became a non-resident affiliate with (b)(6) in October of 2011 ... (b) has worked closely with our (b)(6) (b)(7)(C) where we provided paid office space for (b) use while (b) was working with us. It is our understanding [IPA 1’s] packet of materials was shared and vetted by WHS attorneys in advance of his IPA appointment in September 2012, and that it had been approved.

The witness responded to (b)(6) that “[IPA 1’s] packet was vetted through WHS without knowledge of the memorandum provided that (b) was on a temporary appointment rather than employed in a CAREER position” [emphasis in the original].¹²

By email to DoD IG investigators dated March 12, 2015, WHS/SEMO told us that November 12, 2013, was the first time WHS/SEMO was made aware of IPA 1’s (b)(6) adjunct fellow status. The WHS/SEMO representative wrote that after November 12, 2013, WHS/SEMO coordinated directly with (b)(6) about IPA 1’s adjunct fellow status, and (b)(6) reported that (b) was a non-resident affiliate and had held the position for at least 90 days. The WHS/SEMO representative continued that when WHS/SEMO requested additional clarification from (b)(6) on IPA 1’s status, (b)(6) responded that (b) “was in a permanent full-time position.” The WHS/SEMO representative added that (b) office also coordinated with the Chief Counsel, Employment and Labor Law, Office of the General Counsel, WHS, who stated, (b)(6) (b)(7)(C)

IPA 1’s Second IPA Extension

On August 5, 2014, Mr. Aldwell again endorsed an IPA extension for IPA 1 and forwarded it to WHS. By email dated August 6, 2014, an OUSD-Policy employee presented IPA 1, along with Mr. Aldwell, Mr. Schleien, and other OUSD-Policy personnel with questions WHS/SEMO raised regarding IPA 1’s August 5, 2014, IPA extension request. Specifically, the employee wrote that WHS/SEMO sought clarification regarding several discrepancies, including the following:

¹² According to 5 U.S.C. 3372(a)(1) and OPM, individuals serving in a non-career status with their parent organization are excluded from participating in the IPA program. Neither 5 U.S.C. 3372(a)(1) nor OPM provide a definition for a career employee.

- that IPA 1's resume should adequately address his work at (b)(6)
- that the OF-69 statement, "[T]his was especially critical under current circumstances, including an external hiring freeze and mandate [sic] manpower caps," was not the intent of the IPA program; and
- that the employment verification letter should state that IPA 1 was in a career position and would return to (b)(6) upon completion of his IPA assignment.

In his August 7, 2014, response to the WHS/SEMO email, Mr. Aldwell wrote that WHS/SEMO would approve IPA 1's extension "thereby eliminating it from going to [Mr. Michael L.] Rhodes [Director, Directorate of Administration & Management (DA&M)]." Mr. Aldwell wrote that leave and earnings statements could be added later; however, he did not support WHS/SEMO's position regarding (b)(6) (b) employment verification letter. Mr. Aldwell wrote:

When IPAs finish their time with us, it is not the [U.S. Government's] purview to dictate what happens to them. No company can be asked to commit to a "return" a year out. We solved this last week with more moderate language on another package and need to do the same with this one.

We reviewed IPA 1's initial OF-69 signed by (b)(6) (b)(7)(C), the (b)(6) authorizing officer, and WHS/SEMO approving official. Part 15 of the form states that "... at the completion of the assignment, the participating employee will be returned to the position he or she occupied at the time the agreement was entered into or a position of like seniority, status and pay."

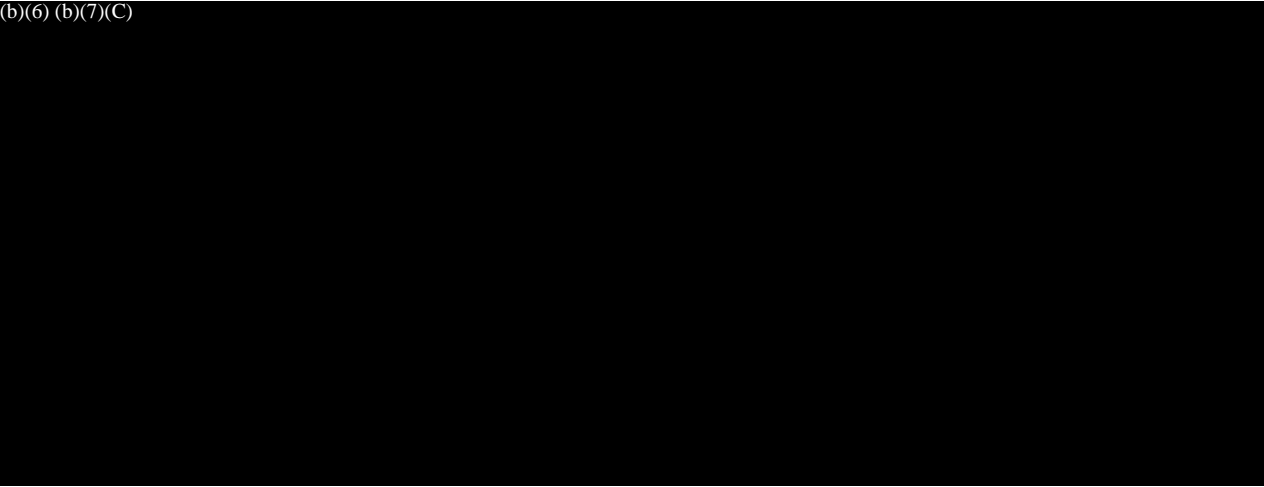
On August 14, 2014, WHS/SEMO approved IPA 1's second IPA extension. The 1-year assignment period commenced on August 15, 2014. The salary was \$148,860 plus fringe benefits for a total cost to the Government of \$163,287.57.

In January 2015, Mr. Aldwell endorsed an IPA agreement modification for IPA 1 and OUSD-Policy forwarded it to WHS/SEMO where it was approved on January 7, 2015. The modified assignment period commenced January 15 and expired August 14, 2015. The prorated salary was \$89,760, plus fringe benefits for a total cost to the Government of \$109,872.16.

(b)(6) (b)(7)(C)

(b)(6) (b)(7)(C)

(b)(6) (b)(7)(C)



Mr. Aldwell's Initial Response

Mr. Aldwell told us that OUSD-Policy created L&OD shortly after he became the COO and appointed the former director to oversee its operations. He stated the former L&OD director was “familiar with [IPA 1], and it was (b) recommendation that [IPA 1] come on board ... because (b) had been involved with this [type of work] in the outside world.” When asked about IPA 1’s eligibility to become an IPA, Mr. Aldwell stated he was not aware of (b) status as a (b)(6) adjunct fellow when (b) came on board at OUSD-Policy. Mr. Aldwell stated, “I was new at the time. I wouldn’t have probably known the difference.” Mr. Aldwell further stated L&OD “[p]ut the packet together, it looked okay to me, and we brought (b)(6) [IPA 1] on board.”

We asked Mr. Aldwell whether he knew (b)(6) had provided office space for IPA 1 and whether or not (b)(6) paid IPA 1 a salary. Mr. Aldwell stated:

This is all news to me. As far as I was concerned when (b) came on board [initially] (b) was a member of (b)(6). And when it passes legal sufficiency everything is fine. This is the first I have ... heard this. I didn’t even know that – I mean, the whole adjunct – I mean, essentially adjunct in a university setting means (b)(6) not a full up member.

Mr. Aldwell initially told us that once IPA 1 was on board as an IPA at L&OD, no one raised any issues to him regarding IPA 1’s adjunct fellow status or (b) salary. He also told us that IPA 1 had “trouble getting along with” a specific OUSD-Policy employee because this employee “had concerns with all of this, and quite honestly I never fully understood it.” He stated, “no one ever raised any issues about whether [IPA 1] was qualified under the rules as an IPA.”

¹³ Although the former director did not name the person (b) believed raised the allegations, based on (b) comments we determined the individual to whom (b) referred.

Mr. Aldwell later told us that during the first effort to extend IPA 1, his staff did raise concerns regarding IPA 1’s eligibility. He stated that an OUSD-Policy employee raised the issue. Mr. Aldwell stated that he believed at that point that IPA 1 was eligible. He stated, “at this point I thought [IPA 1’s adjunct fellow status] was immaterial” because (b) had already been working with L&OD for over a year.

Regarding the requirement (b) (b)(6) retain a position for IPA 1 upon completion of his IPA assignment, Mr. Aldwell told us that he did not think the Government could require an IPA to return to their parent organization. Mr. Aldwell stated:

... so this also got to be a bit contentious because WHS wanted to then put a stipulation on where the [nonprofit organization] had to certify that [the IPA] would come back, they would guarantee it. Well, that’s a little silly. These are human beings. You can’t guarantee people are going to come back. The intent though was always that, and in almost all cases that’s what happened. But I thought they wanted to go a little too far. But absolutely that was the intent that [the IPA] would go back to the [parent organization]. And I think most of them did because they like the work. But I did – I didn’t think that requiring a person – I don’t know how you can require a person [to go back].

WHS OGC Coordination

A WHS attorney responsible for reviewing WHS IPA applications told us that she did not

(b)(6) (b)(7)(C)

(b)(6) (b)(7)(C)

The attorney commented (b)(6) (b)(7)(C), (b) (5)

The attorney told us (b)(6) (b)(7)(C), (b) (5)

[Redacted text block]

Conclusion regarding endorsement of ineligible IPA applicant

We substantiated the allegation. Although Mr. Aldwell told us that no one raised issues to him about IPA 1’s initial eligibility, witnesses and emails refute Mr. Aldwell’s assertion. During IPA 1’s initial IPA application process, OUSD-Policy subject matter experts informed Mr. Aldwell that because IPA 1 was an unpaid (b)(6) adjunct fellow (b) was not eligible for the IPA program, which requires that an applicant be a paid employee of an eligible sponsoring organization for at least 90 days prior to applying for the IPA program. They informed Mr. Aldwell of this fact before Mr. Aldwell endorsed IPA 1’s initial application, and WHS/SEMO later approved the application unaware of IPA 1’s unpaid adjunct fellow status. Mr. Aldwell claimed that he did not know IPA 1 was not a paid employee of (b)(6) and that he relied upon the (b)(6) welcome letter as verification of IPA 1’s (b)(6) employment.

We disagree with Mr. Aldwell’s characterization of the (b)(6) welcome letter to IPA 1 as confirmation that IPA 1 was a (b)(6) employee. The letter clearly designates IPA 1 as an adjunct fellow, which (b)(6) identifies as specialists who are neither career employees nor compensated. The letter describes in detail what (b)(6) expects from unpaid adjunct fellows.

IPA 1 told us that (b)(6) a for-profit defense contractor that is not eligible to provide IPAs to the Government, paid (b) salary during (b) adjunct fellow status until (b) became an IPA. (b) stated the former L&OD director established (b) salary for (b) initial IPA application. (b) further stated that as an adjunct fellow, (b)(6) provided him with office space and in return (b) worked on a (b)(6) project.

During IPA 1’s first extension application, the subject matter experts again informed Mr. Aldwell that IPA 1 was not eligible because of his adjunct fellow status. Mr. Aldwell told us that his staff did raise concerns that IPA 1 was not a paid employee of (b)(6) however, at this point he believed that IPA 1’s initial 2012 adjunct fellow status was now immaterial because (b) had worked for OUSD-Policy the entire previous year.

Mr. Aldwell told us that WHS legal personnel deemed (b)(6) (b)(7)(C), (b) (5)

[Redacted text block]

(b)(6) (b)(7)(C), (b) (5)

Title 5 C.F.R. 334.102 and the OPM, IPA Hiring Authorities, both state that for the purposes of participation in an IPA Mobility Program, an employee is an individual employed for at least 90 days in a career position with an eligible organization. Mr. Aldwell violated 5 CFR 334.102 because IPA 1 was simultaneously a paid (b)(6) employee and an unpaid, non-career (b)(6) adjunct fellow. (b)(6) is not an eligible IPA parent organization. (b)(6) is an eligible IPA parent organization but, as an unpaid adjunct fellow, IPA 1 did not meet the criteria of a career employee and was not eligible to become an IPA. To meet the criteria, IPA 1 should have been a paid (b)(6) employee for at least 90 days. IPA 1 only terminated his (b)(6) employment after (b) became an IPA with salary paid by OUSD-Policy through (b)(6). Accordingly, we determined that Mr. Aldwell, against advice from OUSD-Policy subject matter experts, endorsed the IPA application for an ineligible IPA program applicant. We further determined that because Mr. Aldwell acted improperly when he endorsed IPA 1's initial application, Mr. Aldwell also acted improperly when he endorsed IPA 1's subsequent IPA program extensions.

We further determined Mr. Schleien did not violate the applicable standards, because he did not endorse IPA 1's IPA application.

Tentative Conclusion Response

In his TCL response, Mr. Aldwell disagreed with our findings. He wrote that he received and reviewed IPA 1's application from the L&OD office early during his tenure as the COO. He stated OUSD-Policy requested that (b)(6) provide a letter to verify that IPA 1 was a "legitimate member" of (b)(6) and that OUSD-Policy forwarded (b)(6) (b) response letter to WHS with IPA 1's initial application. We note that although WHS approved IPA 1's initial application after it received a "positive legal sufficiency review", WHS did not learn of IPA 1's adjunct fellow status until November 12, 2013, during his initial renewal process. Witnesses told us that OUSD-Policy personnel made Mr. Aldwell aware of IPA 1's adjunct fellow status before Mr. Aldwell endorsed the his initial IPA application.

Mr. Aldwell also wrote that IPA 1's eligibility became "more contentious" during IPA 1's initial renewal process when a member of his OUSD-Policy staff objected to the renewal because IPA 1 had not met the 90-day rule requirement for initial appointment. Mr. Aldwell stated that after "considering that [IPA 1] was completing a full year as a (b)(6) IPA, and... received (b) paycheck through (b)(6) I was of the opinion that the 90 day rule had now been followed." Mr. Aldwell stated he then endorsed IPA 1's renewal application, which again received a legal sufficiency review.

Mr. Aldwell wrote that OUSD-Policy was "completely reliant" upon WHS authorities to approve IPA application requests. He stated that he was "constantly in touch with the WHS attorneys, to the extent that they joked: "you must have us on your speed dial." He asserted that if an IPA application did not meet legal and administrative requirements, he followed the advice the WHS attorneys provided and rejected those applicants. He also stated that when OUSD-

Policy received legal sufficiency from WHS's attorneys, he could "only conclude there were no issues standing in the way of hiring a particular candidate.

We interviewed Ms. Yarwood regarding any discussions she might have had with Mr. Aldwell regarding IPA application processing and her involvement in the process. She told us that she was not involved in the day-to-day processing of IPA applications. As the WHS HRD Director, she coordinated on IPA applications when they were being routed to Mr. Rhodes for action after SEMO processed the applications and they had received the legal review.

Ms. Yarwood told us that she defined an employee, for IPA purposes, as someone "employed [for] at least 90 days doing regular work on behalf of the non-profit or academic organization and that they can't be hired by the non-profit or academic organization for the purposes of becoming an IPA with a Government agency." After we informed Ms. Yarwood of (b)(6) (b) definition of an adjunct fellow and asked her to compare that definition to her definition of an employee, Ms. Yarwood responded that "...it doesn't sound on the face of it like [IPA 1 is] an employee if they're not compensated and they're not doing the study work themselves."

We solicited Ms. Yarwood's opinion about a management official endorsing IPA 1's renewal application if IPA 1 had not initially met all IPA requirements. Ms. Yarwood responded that she thought that "...if we had information that (b) wasn't eligible to be an IPA upon renewal, I don't know why we would renew (b)(6)...it doesn't make it any better, the fact that we made a mistake in the first year."

When we asked Ms. Yarwood if she recalled any conversations at all with Mr. Aldwell or Mr. Schleien about IPA 1's IPA application, she told us "Not specifically I don't think, but it could have happened...I'm not saying it didn't happen, I'm just saying I don't recall it."

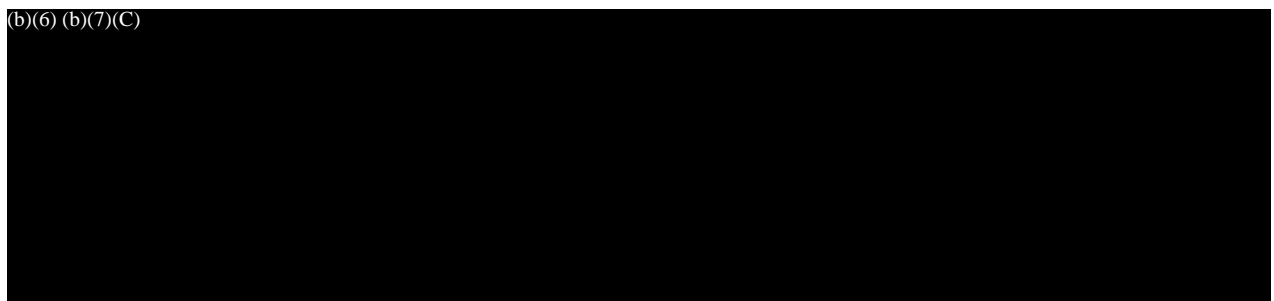
After carefully considering Mr. Aldwell's response, reexamining the evidence, and interviewing Ms. Yarwood, we stand by our conclusion that this allegation is substantiated for Mr. Aldwell. We also stand by our conclusion that Mr. Schleien did not violate the applicable standards, because he did not endorse IPA 1's IPA application.

Allegation C: Mr. Aldwell and Mr. Schleien improperly secured salary increases for two IPAs

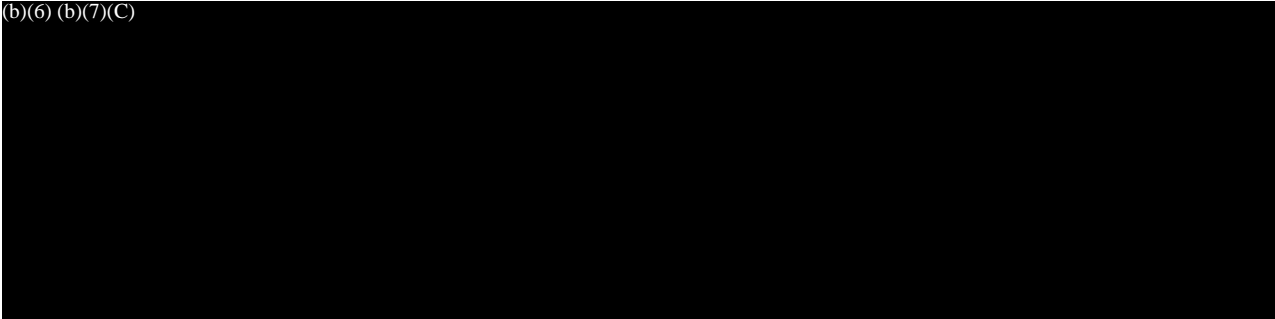
Abridged Standards

Appendix A contains full standard citations.


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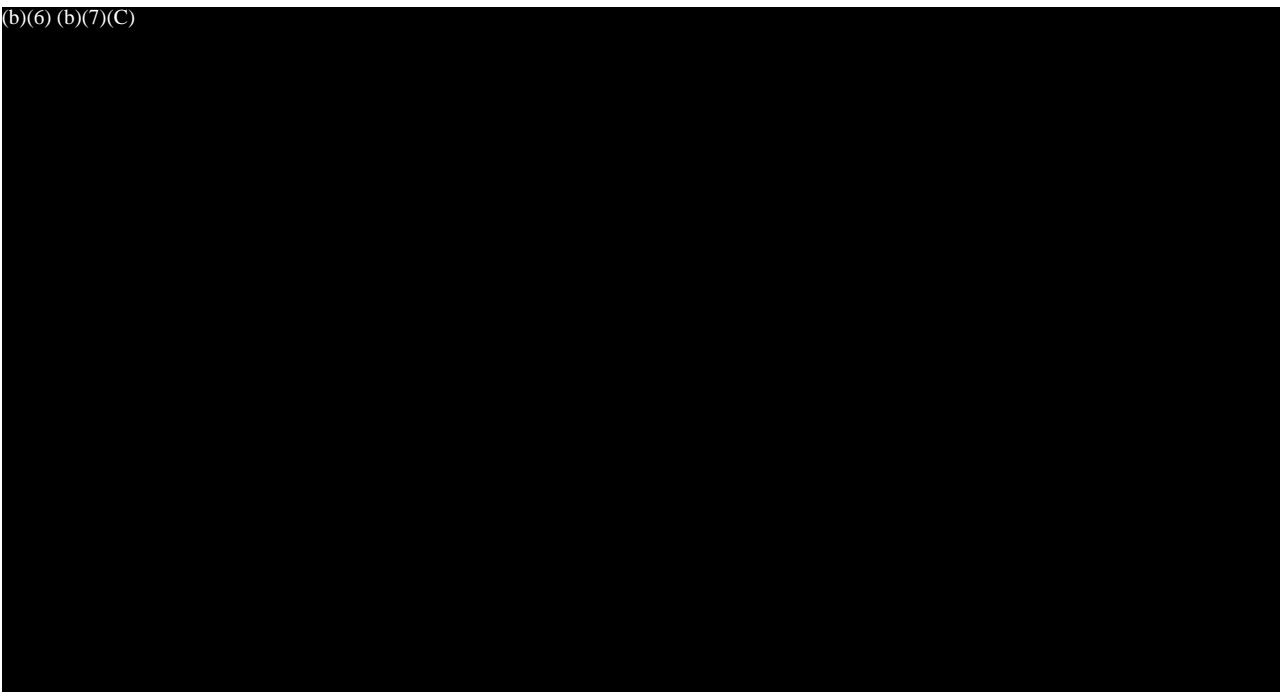
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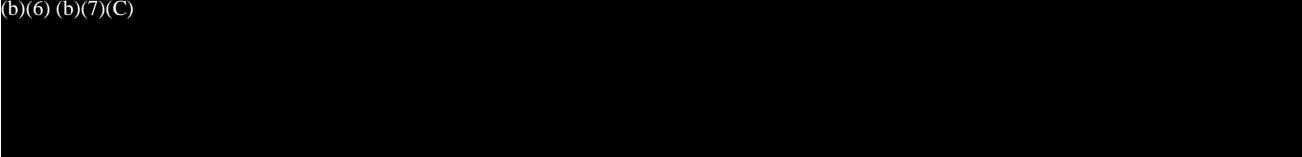
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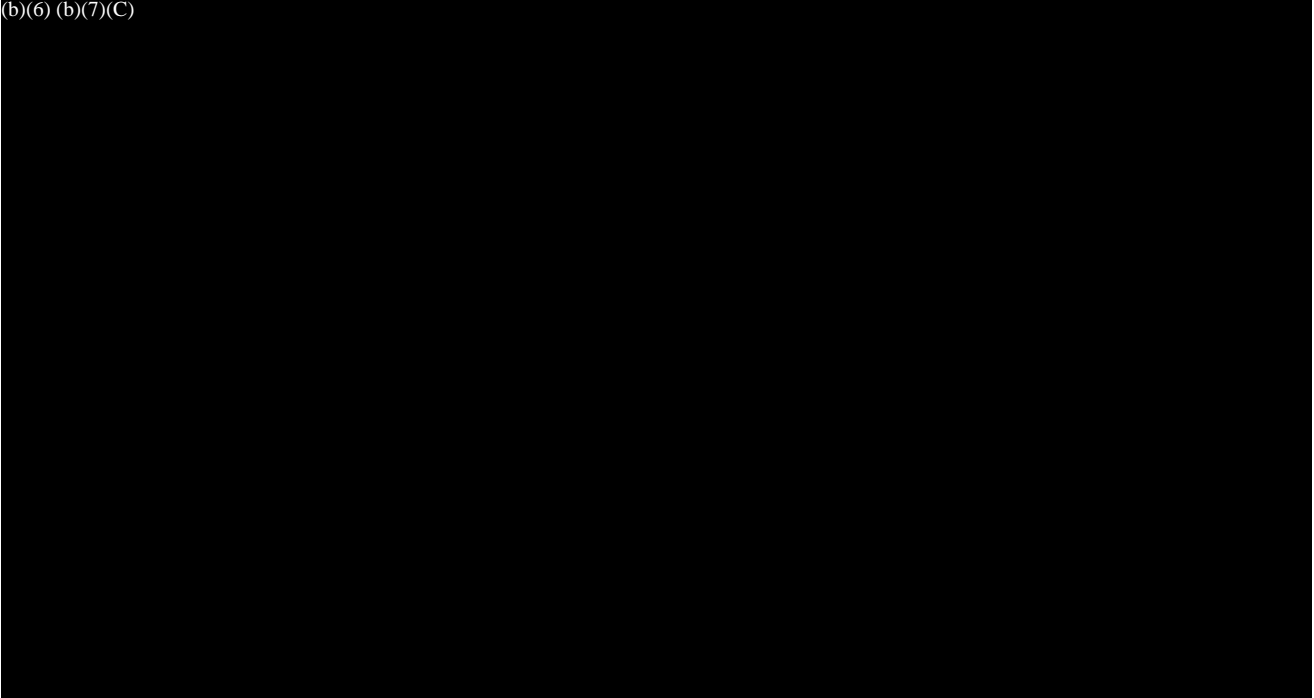
¹⁴ In this context, the “Fourth Estate” refers to all Office of the Secretary of Defense components, DoD agencies, and field activities.

¹⁵ (b)(6) (b)(7)(C)  .

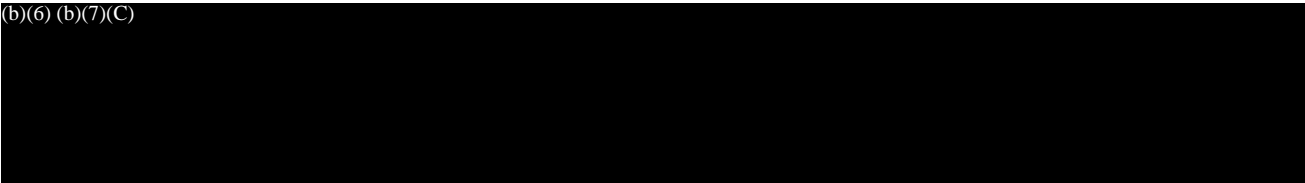
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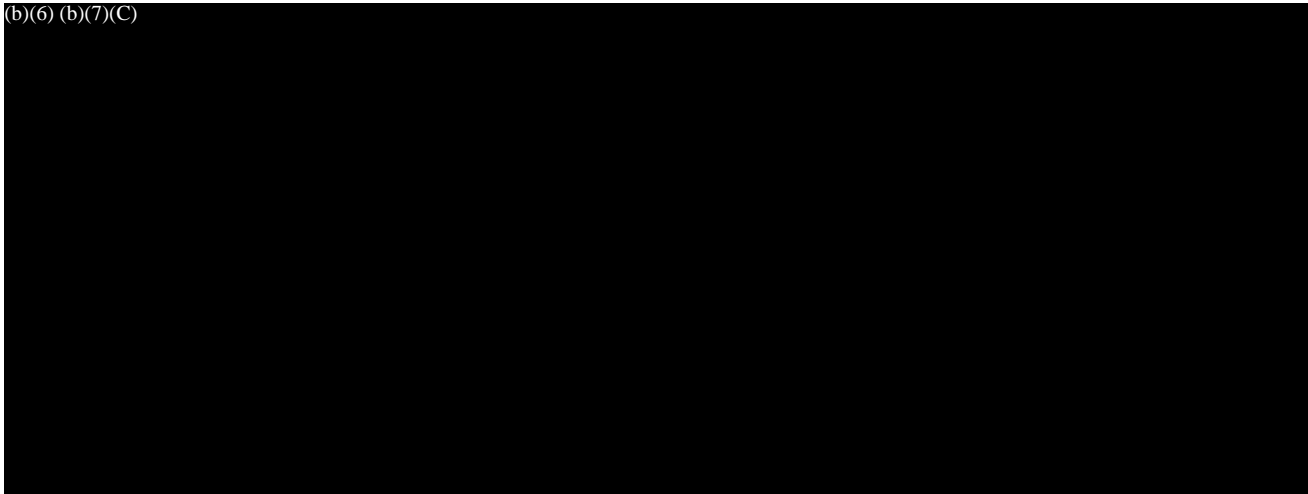
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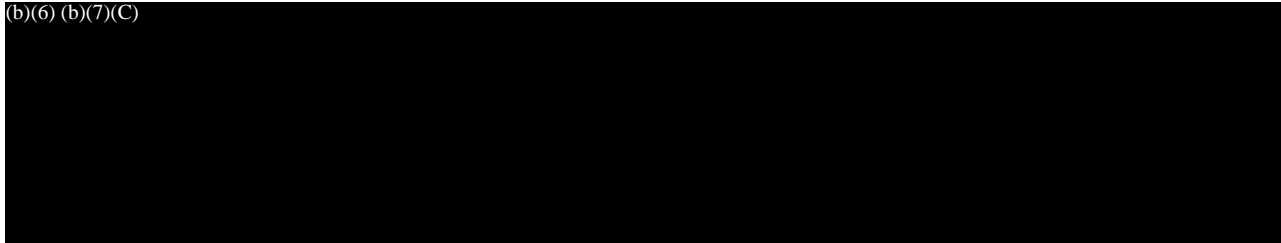
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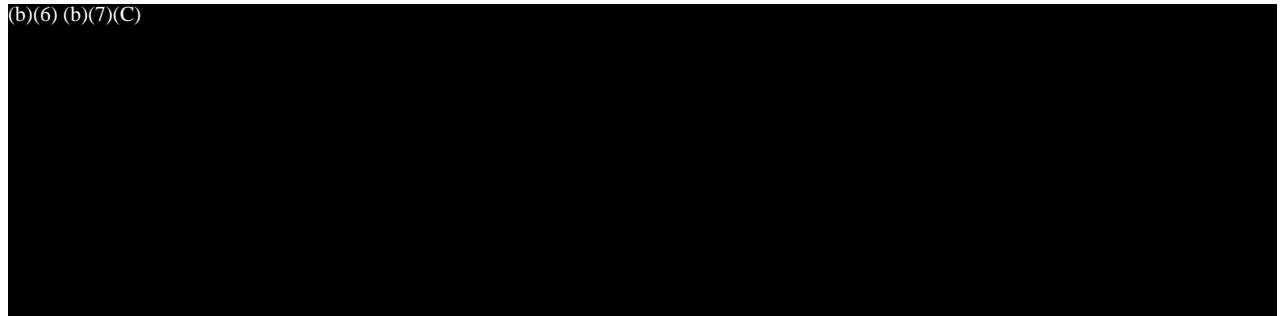
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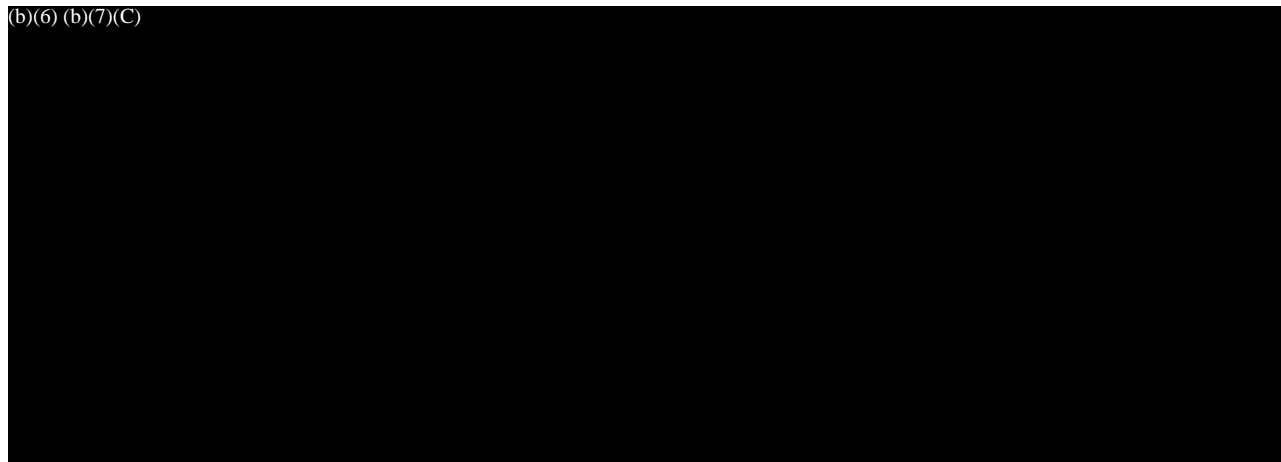
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16 Mr. Aldwell received the memorandum during the beginning of October 2014.

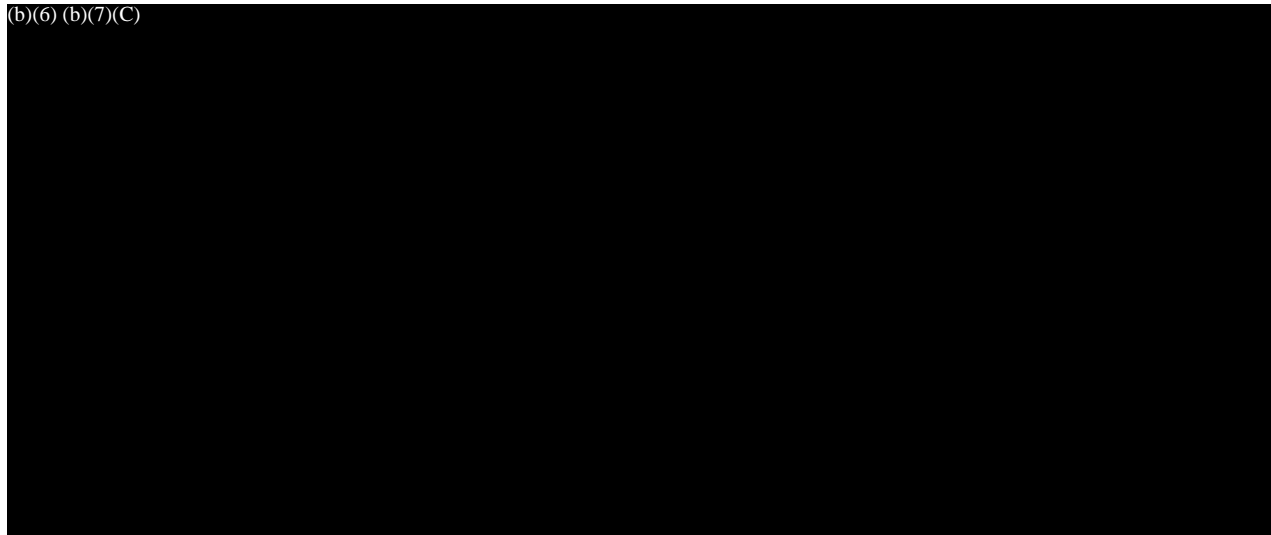
17 The initiation of the OF-69, "Assignment Agreement," is the responsibility of (b)(6). They provide the pertinent information including the IPAs' current salary. The applicant and (b)(6) representative both sign the form and forward it to OUSD-Policy for review and endorsing. OUSD-Policy must then forward the application to WHS for approval.

18 The OUSD-Policy employee did not provide a specific date for the meeting. We established the meeting occurred during October 2014 prior to the IPA extensions being approved.

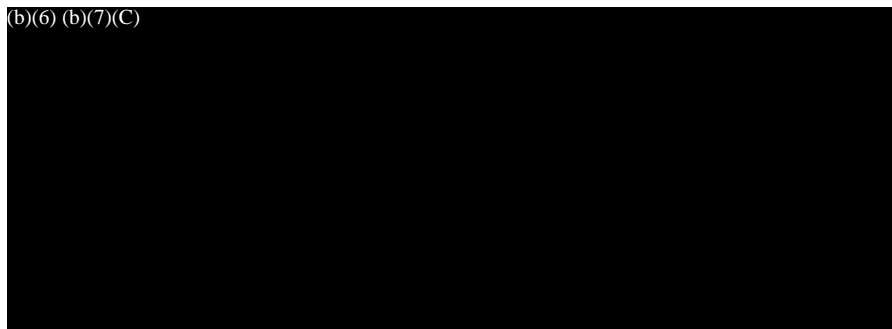
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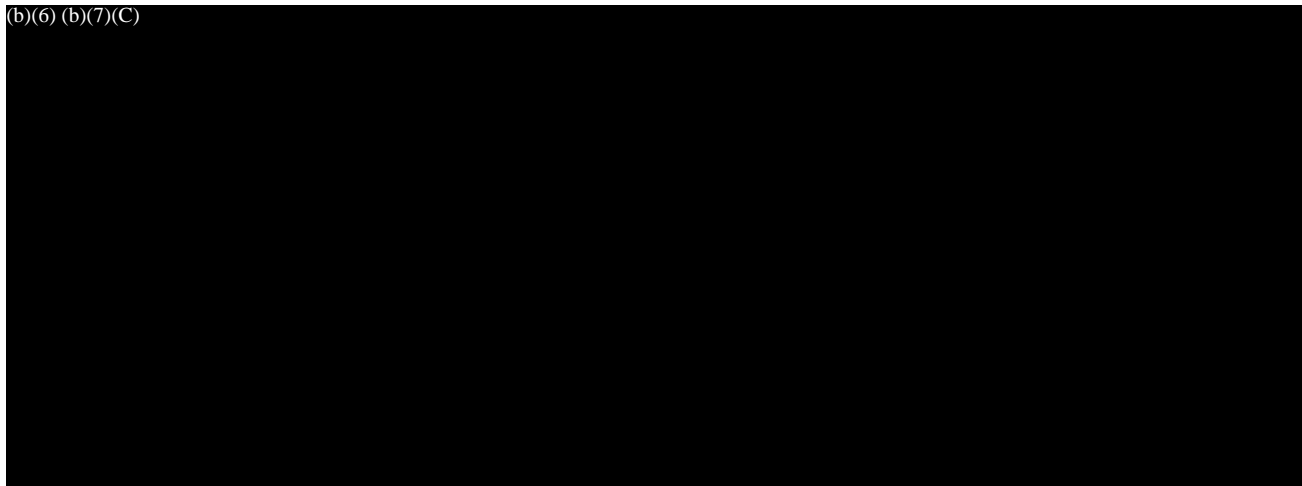
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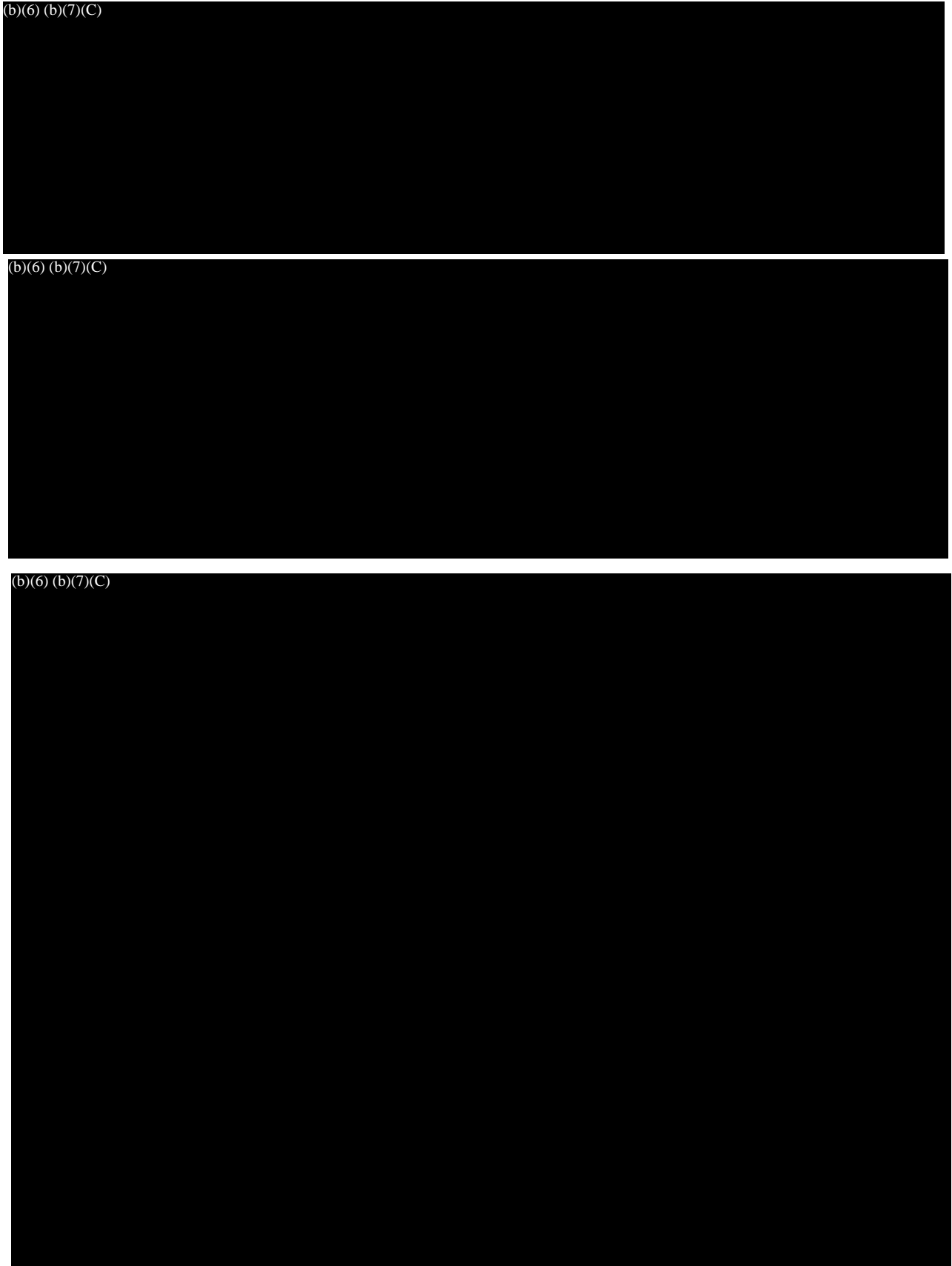
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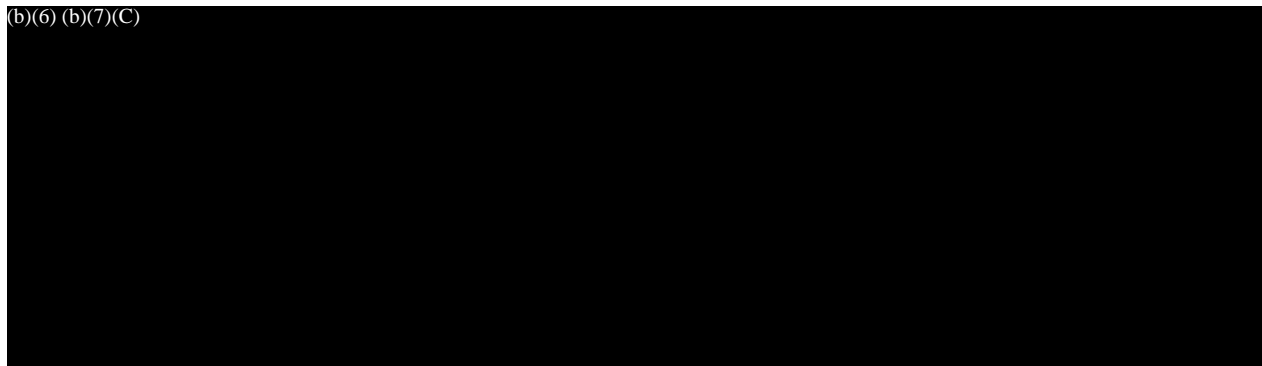
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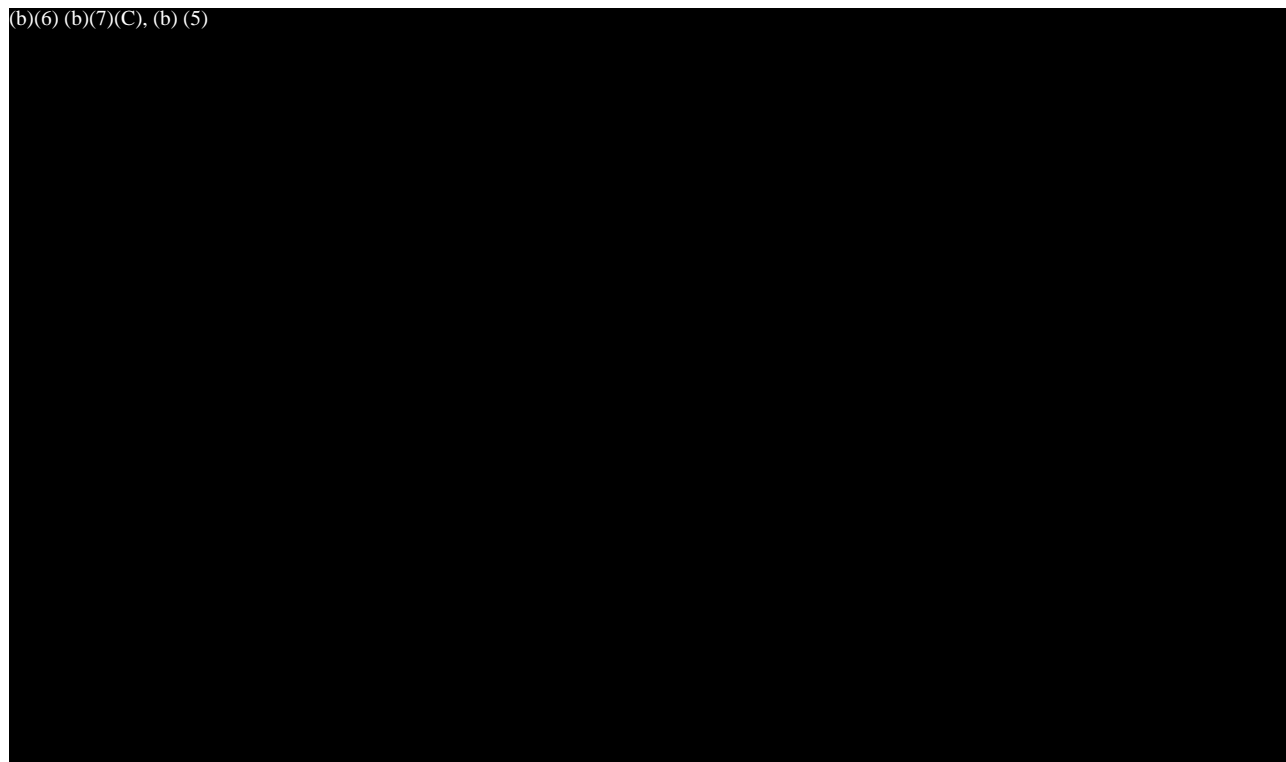
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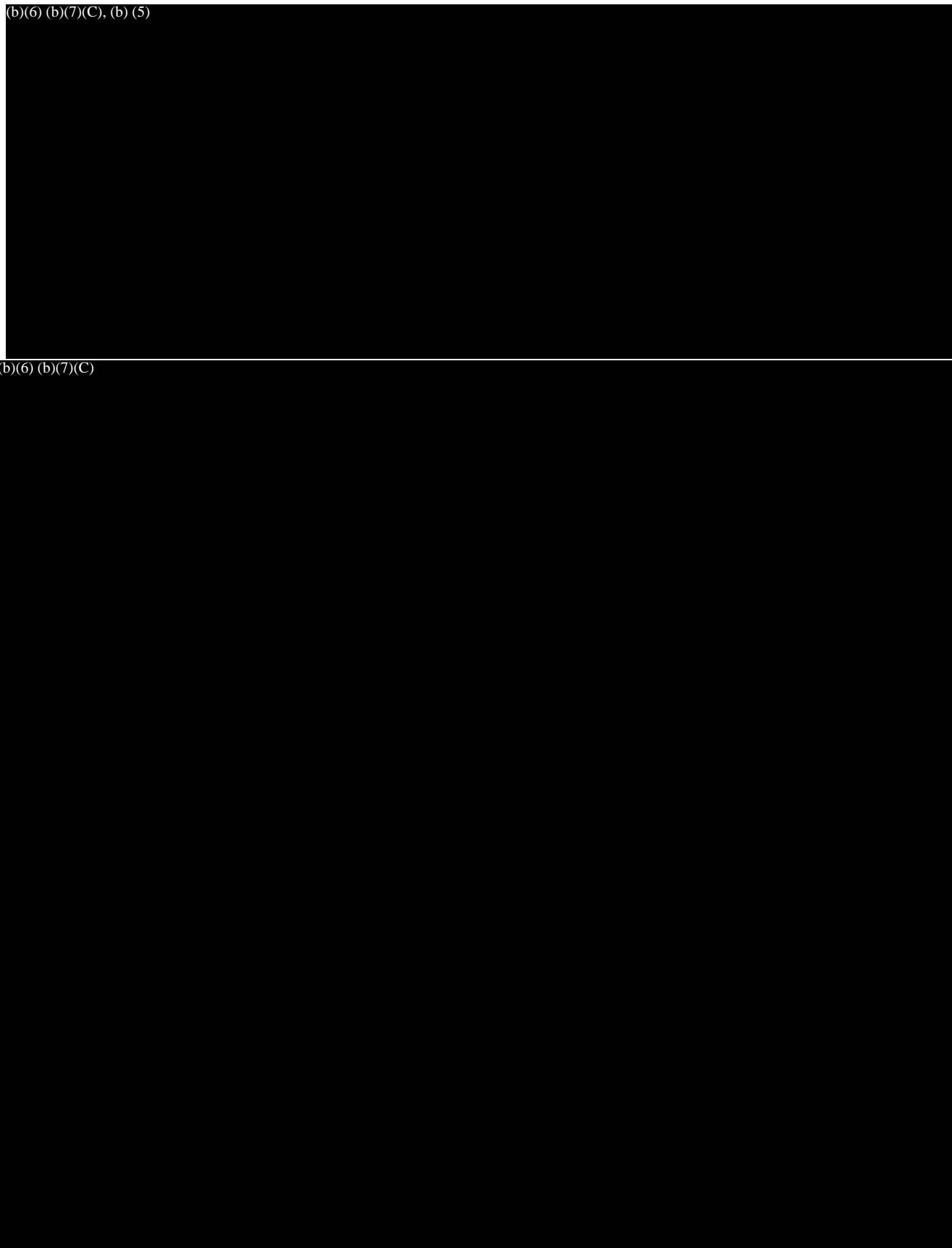
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(b)(6) (b)(7)(C)

V. OVERALL CONCLUSIONS

- A. Mr. Aldwell and Mr. Schleien failed to use the required acquisition process to procure tailored training;
- B. Mr. Aldwell endorsed the initial IPA application and IPA extension applications for an ineligible applicant. Mr. Schleien did not violate applicable standards because he did not endorse the ineligible IPA application; and
- C. Mr. Aldwell and Mr. Schleien did not improperly secure salary increases for two IPAs.

VI. RECOMMENDATION

The Under Secretary of Defense for Policy take appropriate action regarding Mr. Schleien.