

May 1991

VA HEALTH CARE

Delays in Awarding Major Construction Contracts



144036

Human Resources Division

B-243312

May 30, 1991

The Honorable Barbara A. Mikulski
Chair, Subcommittee on VA, HUD,
and Independent Agencies
Committee on Appropriations
United States Senate

The Honorable Bob Traxler
Chairman, Subcommittee on VA, HUD,
and Independent Agencies
Committee on Appropriations
House of Representatives

The Department of Veterans Affairs (VA) fiscal year 1990 appropriation included funding for 18 major construction projects, each estimated to cost \$2 million or more. The appropriation law required that (1) working drawings contracts for these projects be awarded by September 30, 1990, and (2) construction contracts be awarded by September 30, 1991. VA's appropriation for fiscal year 1989 contained funding for 14 other projects for which construction contracts were to be awarded by September 30, 1990. Since fiscal year 1984 all of VA's annual appropriations acts have included similar contract award time limits and reporting requirements.

VA is required by these acts to report to your committees and to us the projects that did not meet these time limits. The acts also require us to review the contracting delays for reportable projects for impoundment implications under the Impoundment Control Act of 1974. As agreed with your offices, we assessed whether VA reported all projects funded through these acts for which contracts had not been awarded by September 30, 1990.

On March 26, 1991, VA reported that, as of September 30, 1990, working drawings contracts for 2 of the 18 fiscal year 1990 projects and construction contracts for 6 of the 14 fiscal year 1989 projects had not been awarded as required. VA also reported that neither working drawings nor construction contracts had been awarded by that date for nine other projects that were funded through the acts in fiscal years 1984 through 1989.

Scope and Methodology

In the Office of Assistant Secretary for Acquisition and Facilities, we interviewed staff within the Management and Budget Staff and Office of Project Management to determine the projects' current status and the reasons for the delays. We used this information to assist in determining whether any officer or employee of VA had ordered, permitted, or approved the establishment of a funding reserve in lieu of awarding contracts as required by the acts.

We reviewed the appropriations acts and VA's prior report on projects delayed as of September 30, 1989, to identify the universe of projects that were potentially reportable as of September 30, 1990. For the projects identified, we reviewed status reports of VA's major construction projects to determine which projects had contract awards made on or before September 30, 1990. We obtained copies of the award documents for the projects for which VA records showed contracts had been awarded by the end of fiscal year 1990 and compared the contracts with the status reports. Finally, we matched our list of projects that did not have contract awards to the list of projects that VA reported.

We conducted this review between January and March 1991, in accordance with generally accepted government auditing standards.

Results of Review

VA's March 26, 1991, letter to your committees and the Comptroller General correctly identifies the 17 projects that were required to but did not have working drawings or construction contracts awarded by September 30, 1990. We believe the contracting delays for 15 of the 17 projects do not constitute an impoundment of budget authority under the Impoundment Control Act. However, we are continuing to review the impoundment implications of VA's actions concerning the projects at the Dallas and Gainesville medical centers and will report our conclusions at a later date.

VA's actions for the other 15 projects showed no intent to avoid using the funds for the purpose for which they were appropriated. According to information provided by VA officials, the most common reasons for contracting delays were changes in the projects' scope or design and receipt of bids that exceeded the funds available. VA has awarded or expects to award contracts for 13 of the 17 projects by September 30, 1991. Information on the 17 projects, VA's estimated award schedule, and the primary reasons for the delays in awarding the contracts for the projects is provided in appendix I.

We did not obtain written agency comments on this report. However, we discussed its contents with VA officials and incorporated their comments as appropriate. We are sending copies of this report to the Secretary of Veterans Affairs; the Director, Office of Management and Budget; and other interested congressional parties. Copies also will be made available to others on request. If you have any questions regarding this report, please contact me on (202) 275-6207. Other major contributors to this report are listed in appendix II.



David P. Baine
Director, Federal Health
Care Delivery Issues

Major Construction Projects for Which Contracts Were Not Awarded as of September 30, 1990

Atlanta, Georgia

Type of project: Clinical addition and parking garage
Type of contract: Construction
Time limit: September 30, 1990
VA estimated award: Fiscal year 1991
Reason for delay: Contract cannot be awarded until parking garage completed; construction delayed because of local environmental concerns.

Beckley, West Virginia

Type of project: Clinical addition and alterations
Type of contract: Construction
Time limit: September 30, 1990
VA estimated award: Fiscal year 1991
Reason for delay: VA delayed solicitation of bids in the belief that increased competition would result. Bids still exceeded available funds. In addition, architect/engineer did not complete working drawings on schedule.

Brooklyn (St. Albans), New York

Type of project: Kitchen modernization; satellite dining area
Type of contract: Working drawings/construction
Time limit: September 30, 1986/September 30, 1987
VA estimated award: Fiscal year 1991/fiscal year 1992
Reason for delay: VA redesigned kitchen to incorporate new technology. In addition, asbestos removal more extensive than VA planned.

Calverton National Cemetery, New York

Type of project: Develop 90,000 gravesites
Type of contract: Construction
Time limit: September 30, 1990
VA estimated award: Fiscal year 1991
Reason for delay: VA found that small business competitive bidders were nonresponsive. Bids were canceled and the project was approved for competitive bidding.

Chicago (West Side), Illinois

Type of project: Fire/safety and patient privacy improvements
Type of contract: Construction
Time limit: September 30, 1987
VA estimated award: Fiscal year 1991
Reason for delay: Funds available were not sufficient for proposed scope. VA redesigned project to reduce scope.

Appendix I
Major Construction Projects for Which
Contracts Were Not Awarded as of
September 30, 1990

Chicago (West Side),
Illinois (Phase 2)

Type of project: Renovate two buildings
Type of contract: Construction
Time limit: September 30, 1987
VA estimated award: Fiscal year 1992
Reason for delay: Funds available were not sufficient for proposed scope. VA redesigned project to reduce scope.

Cleveland
(Brecksville), Ohio

Type of project: Fire/safety improvements
Type of contract: Construction
Time limit: September 30, 1987
VA estimated award: Fiscal year 1991
Reason for delay: Proposal submitted by small, disadvantaged contractor designated by Small Business Administration substantially exceeded government estimate.

Dallas, Texas

Type of project: Clinical addition; renovate building 2; spinal cord injury center addition
Type of contract: Working drawings
Time limit: September 30, 1989
VA estimated award: Fiscal year 1991
Reason for delay: Scope change.

East Orange, New
Jersey

Type of project: Research relocation and consolidation; clinical laboratory expansion
Type of contract: Construction
Time limit: September 30, 1985
VA estimated award: Fiscal year 1991
Reason for delay: Partial redesign because of medical center request to incorporate AIDS research capability.

Gainesville, Florida

Type of project: 290-bed psychiatric building
Type of contract: Working drawings
Time limit: September 30, 1990
VA estimated award: Fiscal year 1992
Reason for delay: VA is reevaluating where in Florida psychiatric facilities should be built.

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Leavenworth, Kansas

Type of project: Replacement domiciliary/dietetics and chiller plant
Type of contract: Working drawings
Time limit: September 30, 1990
VA estimated award: Fiscal year 1992
Reason for delay: The Congress provided funding for this project before VA's completion of preliminary design work. Thus, VA was unable to complete preliminary work to award the working drawings contract within the required time frame.

Montrose, New York

Type of project: Renovate building
Type of contract: Construction
Time limit: September 30, 1990
VA estimated award: Contract awarded January 1991
Reason for delay: Only one small, disadvantaged business bid was received and surety was declared nonresponsive.

**Newington,
Connecticut**

Type of project: Medical center modernization
Type of contract: Working drawings
Time limit: September 30, 1989
VA estimated award: Fiscal year 1991
Reason for delay: VA changed mission of medical center. Scope revised to eliminate surgical services.

**Pittsburgh (Aspinwall
Division),
Pennsylvania**

Type of project: Replacement medical center (Phase II)
Type of contract: Construction
Time limit: September 30, 1990
VA estimated award: Fiscal year 1991
Reason for delay: Bids exceeded available funds. VA requested congressional approval to transfer funds from its working reserve.¹

¹In a decision dated August 8, 1988 (B-229149), the Comptroller General determined that VA's working reserve fund is not a reserve as referred to in the Impoundment Control Act.

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Saginaw, Michigan

Type of project: 120-bed nursing home care unit
Type of contract: Construction
Time limit: September 30, 1990
VA estimated award: Fiscal year 1991
Reason for delay: Project was funded before completion of design development; funding was not adequate and VA has requested congressional approval to transfer funds from its working reserve.

San Diego, California

Type of project: Nonstructural seismic corrections (Phase III)
Type of contract: Construction
Time limit: September 30, 1987
VA estimated award: Fiscal year 1992
Reason for delay: Project delayed until additional asbestos abatement funds were made available; project divided into three phases.

Waco, Texas

Type of project: Renovate building 91 and chiller plant
Type of contract: Construction
Time limit: September 30, 1989
VA estimated award: Fiscal year 1991
Reason for delay: The bids from small, disadvantaged businesses exceeded VA estimate. The project will be competitively bid.

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