Congress of the United States
Washington, DC 20515

September 17, 2014

The Honorable Robert A. McDonald
Secretary of Veterans Affairs
U.S. Department of Veterans Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Secretary McDonald:

We write to express our profound frustration that mismanagement at the West Los Angeles Veterans Affairs Medical Center (VAMC) failed to ensure our veterans received the service they have earned and deserve. Today, the Government Accountability Office (GAO) released a scathing report, which found that the West Los Angeles VAMC mismanaged land-use agreements, violated Departmental policy, and failed to collect revenue in several land-use agreements. Furthermore, the revenue the Department did collect was not used to pay for veterans' health care, as required by law. The Office of the Inspector General is also conducting an investigation into possible criminal violations involving at least one land-use agreement at the West Los Angeles VAMC.

According to the GAO, the Department's mismanagement makes it difficult to estimate how much revenue the West Los Angeles VAMC did not collect or used improperly. However, it is likely millions of dollars that could have been used for veterans' health care were either not collected or were misused. It is clear to us that the West Los Angeles VAMC violated federal law and shortchanged veterans in Southern California. We have attached a detailed list of specific instances where the West Los Angeles VAMC mismanaged these agreements, as identified by the GAO.

We are deeply disturbed by the GAO's findings and are thoroughly disappointed that the West Los Angeles VAMC has not lived up to its sacred obligation to our veterans. We urge you to take swift action to do the following:

- Bring all land-use agreements into compliance with all applicable federal laws and policies as expeditiously as possible.

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- Recover all of the revenue the West Los Angeles VAMC did not collect or misused and return these funds to the correct medical care appropriation account.

- Ensure all funds generated by existing land-use agreements are used to provide medical care to veterans in Southern California.

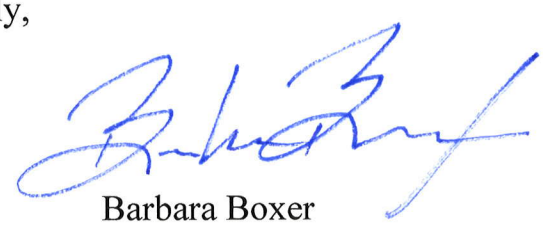
- Hold the current management at the West Los Angeles VAMC accountable.

We also ask that you provide us a detailed corrective action plan within 30 days to address the mismanagement of land-use agreements at the West Los Angeles VAMC.

We are grateful for your strong leadership in working to address the systemic problems within the Department of Veterans Affairs and we look forward to working with you closely to improve the stewardship of the West Los Angeles VAMC's campus.

Sincerely,

Dianne Feinstein
United States Senator



Barbara Boxer
United States Senator

Henry A. Waxman
United States Representative

DF/tc
enclosure

Attachment: Instances of mismanagement or abuse of land-use agreements at the West Los Angeles VAMC as identified by the Government Accountability Office (GAO).

- The West Los Angeles VAMC entered into an agreement with a land-user to operate several parking lots across the campus. However, less than a week after the agreement was signed, the VA improperly altered the contract and removed the requirement for the tenant to provide revenue to the Department of Veterans Affairs (VA), which would have totaled $960,000 for Fiscal Year (FY) 2012 alone. Furthermore, the West Los Angeles VAMC cannot account for any other benefits that this tenant provided to the VA.

- The West Los Angeles VAMC entered into a land-use agreement with a golf course on the campus. The GAO told our staff that as part of the agreement, the golf course's revenue would be split between the tenant and the VA. However, the golf course reported that it never made profits and thus no payments were made to the Department of Veterans Affairs (VA). Furthermore, the golf course installed a new irrigation system but did not get permission from the VA's Contracting Officer in Long Beach as required by VA policy.

- The West Los Angeles VAMC entered into a land-use agreement with a business that created a laundry service on the campus. However, the laundry service stopped making rental payments in 2011, but was allowed to remain on VA property until 2013 in disagreement with the VA's Contracting Officer in Long Beach who recommended the service be evicted. The GAO told our staff that this mismanagement represents at least $300,000 in lost revenue.

- The West Los Angeles VAMC entered into a land-use agreement with a non-profit organization to use a buildings on the campus and to provide revenue to the VA. However, the West Los Angeles VAMC waived the requirement for the non-profit to pay for the land-use in 2002, which is not allowed by VA policies. This represents up to $250,000 in lost revenue in FY 2012.

- The West Los Angeles VAMC entered into a land-use agreement with a user that established a community garden. However, the land-user was found to be subleasing its space to an exotic bird aviary and a food pantry, which is prohibited under VA policy.

- The West Los Angeles VAMC began discussions with the City of Los Angeles more than two decades ago to allow the City to use space on the campus for Barrington Park. The West Los Angeles VAMC never finalized a land-use agreement with the City but the GAO found signage was posted on the park that indicated the park was City property. There was no revenue provided to the VA for this use of the land and there was no agreement as to whether the VA or the City had liability for injuries that occurred on the property.

- The West Los Angeles VAMC allowed agreements with a private soccer club and university athletics department to expire even though the tenants remain on the property and pay rents.

- The Chief Financial Officer of the West Los Angeles VAMC reported to the GAO that the majority of the revenue from land-use agreements were used for salaries for facility management employees, which is in violation of VA policies that these revenues are used for veterans' health care. Furthermore, the West Los Angeles VAMC told the GAO that they expected land-use agreements to generate approximately $700,000 in FY 2012, but the GAO found that the agreements should have generated $1.5 million in FY 2012.

- The GAO found that the Sepulveda Campus had an agreement with the Defense Contracting Management Agency but failed to bill the agency for rent of $480,000 in FY 2012. This rent was not collected until FY 2013.

- The West Los Angeles VAMC failed to adhere to the best practices outlined in VA financial policies and procedures as it relates to segregation of duties. As established by Federal guidelines, no single person shall have the authority to act as both certifier and disburser for financial transactions. The GAO noted that on numerous occasions, this policy was violated.