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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

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September 25, 2017

The Honorable Michael J. Missal
Inspector General
U.S. Department of Veterans Affairs
Office of Inspector General
810 Vermont Avenue, NW
Washington, DC 20420

Dear Mr. Missal:

I am writing to request information on efforts by the U.S. Department of Veterans Affairs (VA) Office of Inspector General (OIG) to conduct oversight of the VA's medical facility construction projects.

As you are aware, the VA has long history of problems related to major construction projects. In March 2017, GAO identified several weaknesses in the VA's internal processes for managing major construction projects, including the inability to appropriately monitor contracts and estimate costs.¹ The OIG has conducted important oversight of the VA's major construction projects including a review of the replacement of the Denver Medical Center and uncovering corrupt contracting practices at VA Medical Centers in Palo Alto and Sacramento, California.²

I have previously raised concerns regarding VA's management of construction projects. In May 2017, after I requested additional oversight, the OIG directed the VA's Construction and Facilities Management (CFM) Independent Review Team to review construction issues at the Jefferson Barracks Division of the VA St. Louis Health Care System. CFM's Independent Review Team conducted a review of nine allegations from a whistleblower complaint submitted to the OIG's hotline. All nine allegations, including failure to complete contract requirements

¹ U.S. Government Accountability Office, *VA Construction: Improved Processes Needed to Monitor Contract Modification, Develop Schedules and Estimate Costs* (GAO-17-70) (Mar. 2017).

² Department of Veterans Affairs, Office of Inspector General, *Review of the Replacement of the Denver Medical Center, Eastern Colorado Health Care System* (15-03706-330) (Sep. 21, 2016); Department of Justice, U.S. Attorney's Office, Northern District of California: *Federal Investigation Yields Multiple Convictions in Connection with Bribery of Veterans Affairs Contracting Officer* (June 14, 2016).

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and construction deficiencies, were either partially or completely substantiated.³ In June 2017, I wrote a letter to Secretary Shulkin regarding a multi-year kickback scheme at the John Cochran Division of the VA St. Louis Health Care System.⁴ I remain concerned about lapses in oversight that enabled contractors to manipulate the VA's contracting processes to steer more than \$270,000 worth of construction work to co-conspirators.

In testimony prepared for a House Committee on Appropriations hearing in March 2017, you indicated that the OIG was in the process of creating a division that will be tasked with conducting oversight of the VA's major construction projects.⁵ This focused oversight is clearly needed and would provide additional checks to ensure that taxpayer money is prevented from being subject to fraud, waste or abuse. To assist me with my ongoing oversight, I request a staff briefing on the OIG's new division, including whether the OIG believes any new resources or authorities may be required to facilitate its work.

Thank you for your attention to this matter. Please have your staff contact Hannah Berner with my Committee staff at (202) 224-5065 with any questions and to schedule the briefing. Please send any official correspondence relating to this request to Amanda_Trosen@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

³ Department of Veterans Affairs, *Documentation of Findings: Office of Construction and Facilities Management Independent Review per Office of Inspector General Hotline Case Referral No. 2017-03025-HL-1038* (June 29, 2017).

⁴ Letter from Senator McCaskill to Secretary Shulkin, Department of Veterans Affairs (June 13, 2017).

⁵ House Committee on Appropriations, Subcommittee on Military Construction, Veterans Affairs and Related Agencies, *Oversight Hearing – Veterans Affairs Office of Inspector General*, 115th Cong. (Mar. 22, 2017) (docs.house.gov/meetings/AP/AP18/20170322/105735/HHRG-115-AP18-Wstate-MissalM-20170322.pdf).