



# Office of Inspector General

## **Audit of Nonrecurring Maintenance Construction Project At Department of Veterans Affairs Domiciliary White City, Oregon**

*Reducing the scope of a road  
construction project will  
enable better use of funds.*

**Report No. 8R5-D02-127  
Date: July 24, 1998**

Office of Inspector General  
Washington DC 20420



**DEPARTMENT OF VETERANS AFFAIRS**  
**Office of Inspector General**  
**Washington DC 20420**

**Memorandum to the Director, Department of Veterans Affairs (VA) Domiciliary,  
White City, Oregon**

**Audit of Nonrecurring Maintenance Construction Project At VA Domiciliary, White  
City, Oregon**

1. The purpose of the audit was to determine if a construction project to connect Avenue L to Highway 62 was necessary or whether there were alternatives that would satisfy the needs of the domiciliary in a more cost-effective manner. We performed the audit as part of a national audit of Minor Construction and Nonrecurring Maintenance (NRM) projects. This NRM project was included in 68 projects we statistically selected for review from a national universe of 1,106 Minor Construction and NRM projects.
2. According to the project plans, a second entrance to the domiciliary would be added by building a new road adjacent to an existing gravel parking lot at the baseball field. The new road would be paved and would include curbs and gutters, sidewalks, and lighting. The project also included repair plans to existing roadways and parking lots, including the parking lot at the baseball field.
3. Our audit found that the portion of the road project to pave the baseball field parking lot was not necessary. The existing gravel parking lot was in good condition and adequately met the needs of the facility. We concluded that the estimated cost of \$275,000 to pave the parking lot could be better used for other purposes. We discussed our findings with Facilities Management Service officials and Veterans Integrated Service Network officials, and they agreed with our conclusions. As a result, we recommended that you cancel that portion of the project. You concurred with the recommendation and provided acceptable implementation plans. We consider all audit issues resolved and will follow up on implementation plans until they are completed.

For the Assistant Inspector General for Auditing

*(Original signed by)*

**WILLIAM D. MILLER**  
Director, Kansas City Audit Operations Division

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## **RESULTS AND RECOMMENDATION**

### **Eliminating the Portion of the Road Project to Pave the Baseball Field Parking Lot Will Enable Better Use of Funds**

Paving the baseball field parking lot, which was included as part of a planned entrance road construction project, was not necessary. This portion was included in the project because the new entrance road would be built adjacent to the parking lot, and facility management wanted to pave the lot in conjunction with the road. However, they did not thoroughly evaluate the need to pave the lot. The existing gravel parking lot adequately met the needs of the facility and the users of the baseball field. By canceling that portion of the project, facility officials can redistribute \$275,000 for better use.

### **The Planned Project Consisted of Three Portions**

The project to connect Avenue L on the domiciliary grounds to Highway 62 was initiated in conjunction with the Oregon Department of Transportation's plans to improve and widen Highway 62. The project was planned as follows:

- A second entrance to the domiciliary would be created by building a new road adjacent to an existing gravel parking lot at the baseball field. The new road would be paved and would include curbs and gutters, sidewalks, and lighting.
- Repairs would be made to existing roadways and parking lots on the domiciliary grounds.
- The baseball field parking lot, adjacent to the new road, would be paved.

According to Facilities Management Service staff, the cost of the project was estimated as follows:

Connect Avenue L to Highway 62	\$139,000
Repair Existing Roadway and Parking Lot	18,000
Pave Baseball Field Parking Lot	<u>275,000</u>
Total Estimated Cost	<u>\$432,000</u>

### **Paving the Baseball Field Parking Lot Was Not Necessary**

According to Facilities Management Service staff, this portion of the project was their last priority. It was included since the new road, adjacent to the baseball field parking lot, would be paved. Also, they were concerned that, in varying weather conditions, the

parking lot would become dusty or muddy, and traffic would carry the dust or mud onto the paved road.

We determined that these concerns were unfounded. The existing gravel parking lot was in good condition and adequately met the needs of the facility. Recreation Service staff agreed and stated that, in their view, paving the baseball field parking lot was not an essential part of the project. They stated that, in inclement weather, they would not allow games to be played. Thus, the parking lot would not be used when conditions were not conducive.

### **Recommendation**

We recommend that the Domiciliary Director:

Cancel the portion of the construction project to pave the baseball field parking lot and ensure that needs are thoroughly assessed when projects are submitted for approval.

*The associated monetary benefits for the Recommendation are shown in Appendix III on page 6.*

### **Domiciliary Director Comments**

Concur, the Base Bid encompasses the complete project. Bid Alternate 1 is the same as the Base Bid, except all work associated with the Stadium Parking Lot is deleted. As stated by Facilities Management Service staff, this portion of the project was the last priority (the first item to be deleted). The bid opening for this project was held on May 27, 1998.

This project was awarded for Bid Alternate 1, \$188,700 on June 8, 1998, at an actual cost savings of \$88,545.

Since this overall project was developed, new Nonrecurring Maintenance (NRM) priorities for this 56-year-old facility have arisen. The funds saved by canceling the parking lot portion of Project 8R5-041 will be used to fund these projects.

### **Office of Inspector General Comments**

The domiciliary director concurred with the recommendation and provided acceptable implementation plans. We consider all audit issues resolved and will follow up on the implementation plans.

We reduced our estimate of funds that can be better used for other purposes from \$275,000 to \$243,300. This was calculated by subtracting the actual cost of the project (\$188,700) from the amount the Director originally set aside for the project (\$432,000).

## **OBJECTIVES, SCOPE AND METHODOLOGY**

### **Objectives**

The objective of this audit was to evaluate the effectiveness of controls at the Veterans Integrated Service Network (VISN) and VA Domiciliary levels to ensure that projects are justified and that construction funds are used to meet agency goals. Specifically, we conducted this on-site review to determine if the project was justified and if alternatives had been considered that would provide the required services more cost-effectively.

### **Scope and Methodology**

This audit was performed as part of a national audit of Minor Construction and NRM projects. This NRM project was included in 68 projects statistically selected for review from a national universe of 1,106 Minor Construction and NRM projects. To meet the audit objective, we reviewed supporting documentation and analyses at the VISN and VA Domiciliary levels, interviewed VA Domiciliary staff and management, and assessed current procedures for project approval.

We did not use automated VA data to review the justification for this project. Therefore, we did not assess the reliability of any automated data during our on-site review.

The audit was made in accordance with generally accepted government auditing standards and included such tests of the procedures and records as were deemed appropriate under the circumstances. Internal controls pertaining to the areas reviewed were analyzed and evaluated. The audit included program results, economy and efficiency, and financial and compliance elements.

**BACKGROUND**

The VA Domiciliary in White City, Oregon is the nation's only freestanding domiciliary, serving as a national resource for veterans and providing residential treatment in psychiatry, addictions, geriatrics, medicine, and physical and vocational rehabilitation. The staff strives to optimize the therapeutic goal of social and vocational integration of the veterans into their communities.

The domiciliary is the administrative liaison for two Veterans Outreach Centers located in Grants Pass, Oregon and Eureka, California, and it provides support to the Eagle Point National Cemetery. It is affiliated with the Southern Oregon University Nursing School and the Oregon Institute of Technology for Dental Hygienists. Nursing, Social Work, and Dental Services also maintain active agreements with local educational institutions.

The domiciliary services veterans in Jackson, Josephine, Klamath, and Lake Counties in Southwest Oregon and veterans in the Northern California region. During Fiscal Year (FY) 1997, VA Domiciliary White City had 833 operating beds, an average daily census of 760, and 27,051 outpatient visits, in serving 5,991 veterans. Also during FY 1997, the domiciliary spent approximately \$1.1 million on NRM and station-level construction projects.



**MONETARY BENEFITS**  
**IN ACCORDANCE WITH IG ACT AMENDMENTS**

**Report Title:** Audit of Nonrecurring Maintenance Construction Project At  
VA Domiciliary, White City, Oregon

**Project Number:** 8R5-041

<b><u>Recommendation Number</u></b>	<b><u>Category/Explanation of Dollar Impact</u></b>	<b><u>Better Use of Funds</u></b>	<b><u>Questioned Costs</u></b>
<b>1</b>	Better Use of Funds. Amount VA can use elsewhere by canceling the portion of the project to pave the baseball field parking lot.  _____	\$243,300  _____	\$ -0-
		<u>\$243,300</u>	<u>\$ -0-</u>

**MEMORANDUM FROM THE DOMICILIARY DIRECTOR**

Department of  
Veterans Affairs

## Memorandum

Date: July 7, 1998

From: Director, VA Domiciliary White City, Oregon (692/00)

Subj: Draft Audit Report, Audit of Construction Project to Connect Avenue L to Highway 62 At Department of Veterans Affairs Domiciliary, White City Oregon (Project No. 8R5-041)

To: Assistant Inspector General for Auditing (52)

1. The following comments are provided in response to the memorandum of June 18, 1998.

- A. RESULTS AND RECOMMENDATION: Eliminating the Portion of the Road Project to Pave the Baseball Field Parking Lot Will Enable Better Use of Funds.

Concur, the Base Bid encompasses the complete project. Bid Alternate 1 is the same as the Base Bid, except all work associated with the Stadium Parking Lot is deleted. As stated by Facilities Management Service staff, this portion of the project was the last priority (the first item to be deleted). The bid opening for this project was held on May 27, 1998.

- B. MONETARY BENEFITS: Better Use of Funds, estimate \$275,000.

Since this overall project was developed, new NRM priorities for this 56 year old facility have arisen. The funds saved by canceling the parking lot portion of Project 8R5-041 will be used to fund these projects.

This project was awarded for Bid Alternate 1, \$188,700 on June 8m, 1998, at an actual cost savings of \$88,545.

2. If you have further questions, please contact Steven J. Broskey, Chief, Facilities Management Service, at 541.826.2111 ext. 3355.

*(Original signed by George H. Andries, Jr., FACHE:)*

George H. Andries, Jr., FACHE

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This report will remain on the OIG web site for two fiscal years after it is issued.