

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Health Administration

*Review of
Alleged Misuse of
Hurricane Sandy Funds at
VA New York Harbor
Healthcare System*

January 6, 2016
14-04152-370

Why We Did This Review

This review determined the merits of an anonymous allegation that VA wasted millions of dollars of Hurricane Sandy Disaster Relief Funds. The complainant alleged the Associate Director at the VA New York Harbor Healthcare System (VANYHHS) wasted funds by making cosmetic repairs to patient areas of the VANYHHS' Manhattan facility that were not damaged by the hurricane and by overpaying for the purchase of used equipment.

What We Concluded

Based on our onsite inspection, interviews of VANYHHS employees, and review of the Hurricane Sandy disaster damage, we concluded that the completed and ongoing repairs and relocation projects appeared to be reasonable. We did not find evidence to substantiate that VANYHHS wasted Hurricane Sandy funds by making cosmetic repairs to undamaged portions of the building. VANYHHS leadership moved patient care clinics and a Magnetic Resonance Imaging (MRI) machine to higher-level floors resulting in new construction to other previously unaffected portions of the facility. VANYHHS leadership intended the redesign to reduce the risk of future flooding to patient care areas.

We did not substantiate the second allegation that VANYHHS wasted funds by overpaying for the purchase of used equipment. Because the allegation was anonymous, we could not identify the alleged purchase of used equipment. We did find that older electrical switchgear was used to replace similar damaged equipment. We understand the VANYHHS Engineering Department opposed this decision because of the responsibility to maintain an older electrical system. However, VANYHHS leadership reported the facility needed to be fully functional in less than 6 months.

VANYHHS leadership determined that replacement of existing equipment, rather than upgrading the facility's entire electrical switch system, allowed the facility to meet the 6-month requirement and avoid further interruptions to patient services.

Because we did not substantiate the allegations, we closed this review without further action. We will report the results of additional review work pertaining to Hurricane Sandy funds at a future date.

Supplemental Data

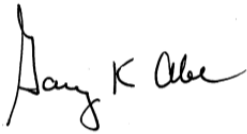
On January 29, 2013, the President signed into law the Disaster Relief Appropriations Act (Public Law 113-2). The Act provided VA with \$236.6 million of FY 2013 supplemental appropriations to improve and streamline disaster assistance in response to Hurricane Sandy. The Veterans Health Administration provided \$19.2 million of the \$236.6 million for the VANYHHS' Manhattan facility.

At the time of Hurricane Sandy, the ground floor of the VANYHHS Manhattan facility housed clinical space, a large MRI machine, engineering shops, sterile processing facilities, extensive electrical equipment, and the fire alarm system. During an onsite inspection, we observed there had been extensive damage to the ground floor.

We conducted interviews with VANYHHS staff and an onsite inspection of the VANYHHS Manhattan facility. We reviewed the Federal Acquisition Regulation (FAR) to identify acquisition flexibilities that arise from a major disaster declaration. FAR 18.104 allows agencies to limit the number of sources and full and open competition for contracting actions involving urgent requirements.

We complied with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluations to the extent possible. The evidence to review the allegations consisted of interviews, program documentation, processes, and controls related to the allegation.

For more information about this report, please contact the Office of Inspector General at (202) 461-4720.

A handwritten signature in black ink, appearing to read "Gary K. Abe". The signature is written in a cursive, flowing style.

GARY K. ABE
Acting Assistant Inspector General
for Audits and Evaluations

Report Distribution

VA

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of Acquisition, Logistics, and Construction
Office of General Counsel

NON-VA

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Kirsten Gillibrand, Chuck Schumer
U.S. House of Representatives: Yvette Clarke, Joe Crowley,
Daniel Donovan Jr., Hakeem Jeffries, Gregory Meeks, Grace Meng,
Carolyn Maloney, Jerrold Nadler, Charlie Rangel, Kathleen Rice,
José Serrano, Nydia Velázquez

This report is available on our Web site at www.va.gov/oig.

To Report Suspected Wrongdoing in VA Programs and Operations:

Telephone: 1-800-488-8244

E-Mail: vaoighotline@va.gov

(Hotline Information: www.va.gov/oig/contacts/hotline.asp)