

# GAO Highlights

Highlights of [GAO-14-501](#), a report to the Chairman, Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

## Why GAO Did This Study

VA manages one of the nation's largest federal property portfolios. To manage these properties, VA uses land-use authorities that allow VA to enter into various types of agreements for the use of its property in exchange for revenues or in-kind considerations. GAO was asked to examine VA's use of land-use agreements.

This report addresses the extent to which VA (1) maintains reliable data on land-use agreements and the revenue they generate, (2) monitors the billing and collection processes at selected VA medical centers, and (3) monitors land-use agreements at selected VA medical centers. GAO analyzed data from VA's database on its land-use agreements for fiscal year 2012, reviewed agency documentation, and interviewed VA officials. GAO also visited three medical centers to review the monitoring of land-use agreements and the collection and billing of the associated revenues. GAO selected medical centers with the largest number of agreements or highest amount of estimated revenue. The site visit results cannot be generalized to all VA facilities.

## What GAO Recommends

GAO is making six recommendations to VA including recommendations to improve the quality of its data, foster collaboration between key offices, and enhance monitoring. VA concurred with the recommendations.

View [GAO-14-501](#). For more information, contact Steve Lord at (202) 512-6722 or [lords@gao.gov](mailto:lords@gao.gov).

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## LAND-USE AGREEMENTS

### Department of Veterans Affairs Needs to Improve Data Reliability and Monitoring

## What GAO Found

According to the Department of Veterans Affairs' (VA) Capital Asset Inventory system—the system VA utilizes to record land-use agreements and revenues—VA had hundreds of land-use agreements with tens of millions of dollars in estimated revenues for fiscal year 2012, but GAO's review raised questions about the reliability of those data. For example, one land-use agreement was recorded 37 times, once for each building listed in the agreement, 13 agreements terminated before fiscal year 2012 had not been removed from the system, and more than \$240,000 in revenue from one medical center had not been recorded. VA relies on local medical center staff to enter data timely and accurately, but lacks a mechanism for independently verifying the data. Implementing such a mechanism and working with medical centers to make corrections as needed would better position VA to reliably account for its land-use agreements and the associated revenues they generate.

GAO found weaknesses in the billing and collection processes for land-use agreements at three selected VA medical centers due primarily to ineffective monitoring. For example, VA incorrectly billed its sharing partners for 14 of 34 agreements at the three centers, which resulted in VA not billing \$300,000 of the nearly \$5.3 million owed. In addition, at the New York center, VA had not billed a sharing partner for several years' rent that totaled over \$1 million. VA began collections after discovering the error; over \$200,000 was outstanding as of April 2014. VA stated that it did not perform systematic reviews of the billing and collection practices at the three centers and had not established mechanisms to do so. VA officials at the New York and North Chicago centers stated that information is also not timely shared on the status of agreements with offices that perform billing due to lack of collaboration. Until VA addresses these issues, VA lacks assurance that it is collecting the revenues owed by its sharing partners.

VA did not effectively monitor many of its land-use agreements at two of the centers. GAO found problems with unenforced agreement terms, expired agreements, and instances where land-use agreements did not exist. Examples include the following:

- In West Los Angeles, VA waived the revenues in an agreement with a nonprofit organization—\$250,000 in fiscal year 2012 alone—due to financial hardship. However, VA policy does not allow revenues to be waived.
- In New York, one sharing partner—a local School of Medicine—with seven expired agreements remained on the property and occupied the premises without written authorization during fiscal year 2012.
- The City of Los Angeles has used 12 acres of VA land for recreational use since the 1980s without a signed agreement or payments to VA. An official said that VA cannot negotiate agreements due to an ongoing lawsuit brought on behalf of homeless veterans about its land-use agreement authority.

VA does not perform systematic reviews and has not established mechanisms to do so, thus hindering its ability to effectively monitor its agreements and use of its properties.