

# GAO Highlights

Highlights of [GAO-18-329T](#), a testimony to Committee on Veterans' Affairs, U.S. House of Representatives

## Why GAO Did This Study

VA and USACE are nearing completion of the Denver Medical Center, which is intended to improve health care to veterans in that region. This project has suffered from substantial cost increases and delays resulting not only from unforeseen circumstances but also from mismanagement. In response, Congress mandated that VA outsource management of certain projects costing \$100 million or more. VA contracted with USACE to manage construction of the Denver project, among others. VA continues to manage other major construction projects.

In March 2017, GAO reported on opportunities to improve the management of Denver and other VA construction projects. Specifically, GAO recommended that VA: (1) establish a mechanism to monitor change orders; (2) develop a reliable activation cost estimate for the Denver project, and (3) clarify policies on integrating schedules. VA concurred with our recommendations. This statement discusses, among other objectives, VA's actions to address these recommendations.

The statement is based on GAO's March 2017 report (GAO-17-70), additional documentation VA provided to address GAO's recommendations, and selected updates on the Denver Medical Center as well as other major VA projects.

View [GAO-18-329T](#). For more information, contact Andrew Von Ah at (213) 830-1011 or [vonaha@gao.gov](mailto:vonaha@gao.gov).

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## VA CONSTRUCTION

### Actions Taken to Improve Denver Medical Center and Other Large Projects' Cost Estimates and Schedules

## What GAO Found

The Department of Veterans Affairs (VA) is taking actions to implement GAO's 2017 recommendations related to project management, as described below. However, in some cases VA has yet to fully implement these actions.

**Change orders:** In 2017, GAO found that VA did not track: (1) how long it took for change orders—changes in a project's design—to be approved and whether that amount of time met VA's guidelines, or (2) the reasons for those changes. Since then, however, VA has started tracking the time frames. Additionally, VA told GAO it is tracking the reasons for those changes as well as developing guidance on how to use this information and agreed to provide documentation. This step does not affect change orders for the Denver project (see photograph), which is managed by the U.S. Army Corps of Engineers (USACE) but, if fully implemented should improve VA's management of other projects.

**Cost Estimate for Activating Facility:** In 2017, GAO found that the most recent cost estimate of \$341 million for activating, or bringing the Denver Medical Center into full operation, had minimal supporting documentation. Although VA is improving its cost estimation process for activation in response to our recommendation, the Denver estimate does not yet meet or substantially meet the characteristics of a reliable activation cost estimate.

**Integrated Master Schedule:** In 2017, GAO found that certain activities and milestones from Denver's construction and activation schedule were not aligned with its integrated master schedule—the schedule intended to link construction and activation activities. Without a fully integrated master schedule, VA could have encountered additional delays in completing the project. GAO recommended VA clarify its guidance on linking schedules. VA said it has since aligned its construction and activation schedules for the Denver project and agreed to provide GAO documentation. VA has clarified its guidance and is working with USACE to ensure this clarification occurs on other projects.

#### Department of Veterans Affairs' Denver Medical Center Project



Source: Department of Veterans Affairs. | GAO-18-329T