



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420

August 22, 2016

The Honorable Charles Grassley  
Chairman  
Committee on the Judiciary  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your August 5, 2016, letter to the Department of Veterans Affairs (VA) regarding the artwork expenditures and policies at VA. I am responding on behalf of the Department and appreciate the opportunity to provide you with more details.

We acknowledge the poor decision-making regarding artwork purchases at Palo Alto. Since June 8, 2015, artwork procurements require review and approval by the Facility Director, Veterans Integrated Service Network (VISN) Office, and the Veterans Health Administration (VHA) Central Office, based on specific thresholds and types of artwork requested to be procured. VA leadership in New Orleans, Denver, and our new Health Care Centers (HCC) have been required to follow the interim guidance while the development of a new VHA artwork policy and process was underway. Only requests that meet the VA mission of service to Veterans and are consistent with a healing environment have been approved during the interim guidance period. High cost items, sculptures, and commissioned pieces have not been approved during that period.

We know, however, of one instance where the interim policy guidance was not followed. Orlando inadvertently did not submit their approval packages based on the threshold requirements as outlined in the June 2015 interim policy. Orlando leadership has been notified that the interim guidance was not followed and appropriate staff has been made aware. The facility has acknowledged the mistake and will ensure procedures are followed in the future. No commissioned or significantly high cost items were purchased.

VHA's new policy on the Acquisition of Artwork and Decorative Items was published Department wide on August 18, 2016. Enclosed is a copy of the published VHA policy. This policy includes cost thresholds and approval levels for purchases. While VHA's purchases represent nearly all of VA's artwork expenditures, a Department-wide policy to include the Veterans Benefits Administration the National Cemetery Administration, and VA Central Office is in draft and will be completed by the end of November 2016.

The majority of artwork expenditures are required for VHA facilities. Studies from many organizations, including the National Institute of Health, consistently highlight the positive, therapeutic value of artwork. Artwork items are also used in VA Medical Centers (VAMC) to support wayfinding through facilities, noise reduction, or other creative functions that directly support the delivery of care to Veterans. VHA's guidance to the VAMCs is that artwork must be consistent with the facility or project artwork plan, reflect (as appropriate) VA's mission of service to Veterans, promote the healing environment of the facility, and be in keeping with VA's responsibility to be a good steward of public funds. Additionally, VA has increasingly begun to leverage strategic partnerships to obtain art. VA solicits

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Service Disabled Veteran Owned Small Businesses (SDVOSB) and Veteran Owned Small Businesses (VOSB) to procure artwork and other commodities and services. We also leverage the *First Impressions* program to procure artwork created by Veterans for display in regional benefits offices.

VHA art purchases typically coincide with the construction of a new facility or the renovation of an old facility. Additionally, much like furniture, VHA plans artwork based on space and the intended function of a space. For example, if we were to provide a cost estimate by facility, we would not include area or square footage devoted to non-patient care areas. Since 2010, we have activated 22 Health Care Centers and 245 Community Based Outpatient Clinics. We have increased squared footage in our medical and medical support facilities by 10.6 million square feet of new VA-owned building space and 10.7 million square feet of leased space. A large portion of the art purchased went to these new sites along with renovated spaces, updating high traffic public corridor projects, and simple replacement upgrades at existing sites.

With the exception of the detailed cost data, all information you requested in your letter is included in the enclosure. Because artwork is not identified in its own unique code, the collection of the data has required manual sorting of each activity code to distinguish artwork from furnishings and other items. This is a significant effort, and we appreciate your patience as we continue to collect and sort input from every VAMC and related facility. We expect to provide this information to you in the coming weeks.

Should you have any questions regarding the enclosed materials, please have a member of your staff contact Mr. Omar Boulware, Congressional Relations Officer, at 202-461- 6468 or by email at [Omara.Boulware@va.gov](mailto:Omara.Boulware@va.gov). Thank you for your continued support of our mission. A similar letter has been sent to Senator Leahy.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert D. Snyder". The signature is fluid and cursive, with the first name "Robert" being the most prominent part.

Robert D. Snyder  
Chief of Staff

Enclosures

**Enclosures to Response to Chairman Grassley regarding  
Artwork Purchases and Policies**

August 2016

1. VA has stated that rules regarding high-end art procurement will be changed in the future. What are the rules as they currently stand? Please provide all relevant documentation. In addition, please explain the changes that will be instituted to ensure that this type of waste will not continue and provide an estimated timeline for implementation.

**Answer:** Before June 2015, VA did not have a policy regarding artwork and ornamental furnishings for medical facilities. In June 2015, the Veterans Health Administration (VHA) implemented temporary guidance requiring higher approval levels (Medical Center Director, VISN, VHA Central Office) for artwork purchases while a permanent policy was drafted and approved. A copy of the temporary guidance was provided in VA's response to Chairman Miller on March 28, 2016. VHA's new artwork policy was published on August 18, 2016, and is attached. While VHA's purchases represent nearly all of artwork expenditures in VA, a Department-wide policy to include Veterans Benefits Administration and National Cemetery Administration facilities and VA Central Office is in draft and will be published by the end of November 2016.

2. For each VA facility, please describe the type of employee that ultimately has the authority to authorize the purchase of art. Are there any checks and balances on these decisions?

**Answer:** In VHA, ultimately the Medical Center Director is responsible for overseeing the decisions made by the project manager for the project for which artwork is purchased. The purchase of artwork and other activation items such as furniture is made by the facility Interior Designer or designee. The new policy puts in effect higher levels of approval that are required, depending on the cost thresholds for artwork procurement during a specific project (usually construction or renovation of facilities). While VHA's purchases represent nearly all of artwork expenditures in VA, a Department-wide policy to include Veterans Benefits Administration and National Cemetery Administration facilities and VA Central Office is in draft and will be published by the end of November 2016. This policy will address approval authority levels across the Department.

3. From 2004 to 2014, how much of VA's funds were budgeted for art purchases? How much was actually spent?

**Answer:** We are still determining whether and how we can collect the budgeting data you requested. We are, however, collecting spend data and plan to provide it in the next few weeks. Artwork is generally purchased within an activation contract under budget operating code (BOC) 3126, which includes purchases for other items such as

furniture and fixtures. As such, artwork is not specifically budgeted. To extract expenditures related to artwork within budget object code, data must be manually researched and sorted by each individual line item. Additionally, as the FAR directs, US Government agencies must retain contracts and related documents six years after the final payment. Therefore, it is unlikely the data exists beyond the retention period which at this time is 2010.

4. Has VA looked into whether or not any rules, regulations, or laws were violated by the purchase of the aforementioned art? If so, what was the conclusion? If not, why not?

**Answer:** Yes, VHA conducted a high level review of contracting documents. The Office of General Counsel also reviewed the documents and found the artwork was an allowable purchase. While no rules or regulations were violated, VA acknowledges that more oversight is needed for artwork purchases. Regarding Palo Alto, VHA's – National Activations Office reviewed Palo Alto's artwork procurements and plans and found that the Palo Alto was following GSA guidance and all appropriate laws/regulations related to the procurement of artwork. The review, however, did reveal limited VHA guidance on the acquisition of these types of purchases, no specific VHA policy on the subject, and a large variation of opinions on the acceptable cost of artwork or commissioned artwork. In the case of Palo Alto, the dollar amount to acquire single pieces and/or types of commissioned artwork appeared to be excessive. To address this issue, on June 8, 2015, VHA established a workgroup and placed a moratorium on the approval of artwork and decorative items at Palo Alto until VHA guidance and policy was established.

## ACQUISITION OF ARTWORK AND DECORATIVE ITEMS

1. **REASON FOR ISSUE:** This Veterans Health Administration (VHA) Directive establishes policy for procurement of Artwork and Decorative Items.
2. **SUMMARY OF CONTENTS:** This new Directive establishes:
  - a. Policy and approval process concerning the procurement of Artwork and Decorative Items across the VHA organization.
  - b. Approval of thresholds for procurement, expectation for managing artwork inventory, and the VHA approval process.
  - c. Policy that ensures all VHA Artwork and Decorative Items reflect the mission of the VHA organization and promote the healing environment for Veterans.
3. **RELATED ISSUES:** VHA Handbook 4721, VHA Handbook 1850.05
4. **RESPONSIBLE OFFICE:** The Office of Environmental Programs Service (10NA7) is responsible for the content of this Directive. Questions may be referred to 202-632-7882.
5. **RESCISSIONS:** None.
6. **RECERTIFICATION:** This VHA Directive is scheduled for recertification on or before the last working day of August 2021.

David J. Shulkin, M.D.  
Under Secretary for Health

**DISTRIBUTION:** Emailed to the VHA Publication Distribution List on 08/18/2016.

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## ACQUISITION OF ARTWORK AND DECORATIVE ITEMS

### 1. PURPOSE

This Veterans Health Administration (VHA) Directive establishes the policy and approval process concerning the procurement of artwork and decorative items for all VA medical facilities and other VHA locations, including, but not limited to major and minor construction as well as leased and new spaces. This Directive represents VHA policy for approval threshold of procurement, expectations of managing artwork inventory and the VHA approval process. **AUTHORITY:** Title 38 United States Code (U.S.C). 7301(b).

### 2. BACKGROUND

a. During a procurement review, no formal VHA policy was found on the procurement of artwork and decorative items. As a result, VHA formed an Integrated Product Team (IPT) to conduct an in-depth review of these types of acquisitions, and develop guidance and policy consistent with all applicable laws.

b. Artwork has been proven through Evidence Based Design to be effective in improving recovery for VA patients.

### 3. POLICY

a. It is VHA policy that procurement of artwork and decorative items be approved by the VA medical facility Director, the Veterans Integrated Services Network (VISN) Director, and the Office of Environmental Programs Service (EPS) as outlined in the Responsibilities section of this Directive (see paragraph 4) prior to acquisition, and that such items be consistent with the facility or project artwork plan, reflect as appropriate VA's mission of service to Veterans, promote the healing environment of the facility, and be in keeping with VA's responsibility to be a good steward of public funds. Use of Veteran produced artwork should be considered when feasible. Procurements, including artwork loaned to VHA, must be submitted through the appropriate authority, utilizing the Acquisition and Deaccession/Disposal Threshold Matrix found in Appendix A and procedures in the [EPS Interior Design Program Guide](#). **NOTE:** *This is an internal VA Web site that is not available to the public.*

b. It is VHA policy that the procurement of donated art must follow procedures outlined in the EPS Interior Design Program Guide and VHA Handbook 4721, VHA General Post Fund Procedures, but is otherwise within the discretion of the procuring facility's Director.

c. It is VHA policy that the purchase of commissioned artwork and decorative items is restricted to items approved by EPS.

**NOTE:** *Architectural artwork elements planned, designed or installed using construction funding will be reviewed for approval using the same threshold limits (Medical Facility Director, VISN Director, EPS) based on the estimated line item cost for that element within the total project cost. After VHA accepts the building or space, the VA medical facility is responsible for artwork management. See paragraphs 4.c. and 4.d.*

#### 4. RESPONSIBILITIES

a. **Office of Environmental Programs Service.** EPS is responsible for:

- (1) Reviewing all requests for commissioned artwork.
- (2) Reviewing any single request for artwork which costs \$50,000 or more, or an accumulation of purchases exceeding \$100,000 in one fiscal year.
- (3) Reviewing any request for a single decorative item that costs \$5,000 or more.
- (4) Reviewing all purchases of \$25,000 or more for the service of restoration/refurbishment of existing artwork.
- (5) Approving/disapproving artwork packages to ensure compliance with this Directive and the allowance for artwork specified in paragraph 5.a.
- (6) Notifying VA medical facilities of the approval/disapproval of the artwork package with justification to support the decision.
- (7) Reviewing and reconciling each facility's Artwork and Decorative Items Inventory.
- (8) Referring questions of acquisition or gift law to Office of General Counsel.

b. **Veterans Integrated Services Network Director.** The VISN Director is responsible for:

- (1) Ensuring VA medical facility Directors adhere to the procedures specified in this Directive.
- (2) Reviewing all requests for artwork which costs between \$25,000 and \$49,999.
- (3) Reviewing any request for a single decorative item that costs between \$2,500 and \$4,999.
- (4) Reviewing all purchases of between \$10,000 and \$24,999 for the service of restoration/refurbishment of existing artwork.

c. **VA Medical Facility Director.** The VA medical facility Director or designee is responsible for:

- (1) Ensuring facility staff adheres to this Directive.
- (2) Reviewing all requests for artwork which costs between \$2,500 and \$24,999.
- (3) Reviewing any request for a single decorative item that costs \$2,500 or more before review by the VISN.
- (4) Reviewing all purchases which cost between \$2,500 and \$9,999 for the service of restoration/refurbishment of existing artwork.



(5) Submitting artwork packages to the appropriate approval authority.

(6) Ensuring the Art Plan does not exceed the allowance for artwork specified in paragraph 5.a.

(7) Ensuring facility staff maintains an Artwork and Decorative Items inventory and submits the Inventory annually to EPS.

(8) Determining when to seek approval to dispose of a specific piece of artwork or decorative item.

(9) Referring questions of acquisition or gift law to District Chief Counsel.

d. **Interior Design Officer (IDO).** The VA medical facility IDO or designee is responsible for:

(1) Ensuring that the acquisition of artwork and decorative items is consistent with this Directive, reflects the mission of VA, and promotes the healing environment for Veterans.

(2) Developing an Art Plan for the facility that, to the greatest extent possible, will enhance the function of wayfinding, reduce noise, and support creative functions which directly contribute to the delivery of care to Veterans.

(3) Developing an Art Plan budget that does not exceed the allowance for artwork specified in paragraph 5.a.

(4) Developing the artwork package including all required documents for submission to the appropriate approving authority and, whenever possible, partnering with other public or private organizations to leverage the procurement of artwork and decorative items.

(5) Developing and maintaining the Artwork and Decorative Items inventory and submitting the Inventory annually to EPS.

**5. ACQUISITION OF ARTWORK AND DECORATIVE ITEMS.** In acquiring artwork and decorative items, the following requirements must be met:

a. **Cost and Display.**

(1) VHA's allowance for artwork will be 0.4 percent of the Estimated Construction Cost (ECC) in any project plan;

(2) Artwork must meet the Minimum Technical Requirements as outlined in the VHA Healthcare Furniture Standards for Artwork;

(3) Displays and artwork must meet all local, state and federal building, fire, life safety and Architectural Barriers Act Accessibility Guidelines (ABAAG) codes; and

(4) The display and selection of the artwork shall consider the social, cultural, and historical value, geographical subject matter and physical location of the site, either existing or planned.

b. **Records Management and Documentation.** Each VA medical facility Director or designee will be responsible for developing and maintaining an Artwork and Decorative Items Inventory. Any single piece of artwork or decorative item that is equal to or greater than \$2,500 (single item cost approval threshold) shall be maintained in the Inventory.

c. **Deaccession/Disposal.**

(1) Each VA medical facility Director or designee is responsible for determining when to seek approval to dispose of a specific piece of artwork or decorative item if the facility decides it should be de-accessed/disposed (see appendix A).

(2) The approval authority for deaccession/dispose of artwork must follow the acquisition thresholds (see appendix A).

(3) The request for de-accession/disposal must be submitted along with the inventory of proposed deaccession/disposal items identifying each item along with the reason for its de-accession/disposal.

## 6. REFERENCES

a. VHA Handbook 4721, VHA General Post Fund Procedures  
[http://www.va.gov/vhapublications/ViewPublication.asp?pub\\_ID=1570](http://www.va.gov/vhapublications/ViewPublication.asp?pub_ID=1570)

b. VHA Handbook 1850.05, Interior Design Operation and Signage  
<http://vaww.vhaco.va.gov/EPS/1850.05HK7-1-2011.pdf>

**NOTE:** This is an internal VA Web site that is not available to the public.

c. Environmental Program Services (EPS) Interior Design Program Guide,  
<https://vaww.vha.vaco.portal.va.gov/sites/DUSHOM/EPS/Projects/Forms/AllItems.aspx>.

**NOTE:** This is an internal VA Web site that is not available to the public.

d. Office of Construction & Facilities Management (CFM), Technical Information Library (TIL) <http://www.cfm.va.gov/TIL/>

e. VHA National Activations Office (10NA-NAO), Activation Process Guide Feb 2015,  
[https://vaww.visn11.portal.va.gov/sites/NAO/sitepages/act\\_docs.aspx](https://vaww.visn11.portal.va.gov/sites/NAO/sitepages/act_docs.aspx)

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## ACQUISITION AND DEACCESSION/DISPOSAL THRESHOLD MATRIX

Approval Level	Medical Facility Director	VISN Director	VHACO (NAO & EPS)
Original / Gallery Art	\$2,500 - \$24,999	\$25,000 - \$49,999	\$50,000 or more
GSA Schedule / Open Market Competition	\$2,500 - \$24,999	\$25,000 - \$49,999	\$50,000 or more
Single Item	X	\$2,500 - \$4,999	\$5,000 or more
Restoration/ Refurbishment	\$2,500 - \$9,999	\$10,000 - \$24,999	\$25,000 or more
Commissioned Art	X	X	ALL

All prices must include installation and artwork consultation services