Department of Veterans Affairs
Office of Inspector General

Combined Assessment Program Review of the Northampton VA Medical Center Leeds, Massachusetts

Report No. 04-00627-172

July 30, 2004

VA Office of Inspector General
Washington, DC 20420

Office of Inspector General
Combined Assessment Program Reviews

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

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Executive Summary

Introduction

During the week of January 26-30, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the Northampton VA Medical Center (referred to as the medical center). The purpose of the review was to evaluate selected operations, focusing on patient care administration, quality management (QM), and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to 150 employees. The medical center is under the jurisdiction of Veterans Integrated Service Network (VISN) 1.

Results of Review

This CAP review focused on 22 areas. As indicated below there were no concerns identified in 13 of the areas. The remaining nine areas resulted in recommendations or suggestions for improvement.

The medical center complied with selected standards in the following areas:

- Acute Medical Care Units
- Behavioral Health Care
- Clinic Waiting Times
- Delinquent Accounts Receivable
- Environment of Care
- Information Technology Security
- Medical Care Collections Fund Billing
- Nursing Home Care Unit
- Pharmacy Security
- Physician Conflicts of Interest
- Primary Care Clinics
- Quality Management
- Unliquidated Obligations

Based on our review of these 13 areas, the following organizational strengths were identified:

- The QM program was comprehensive and provided effective oversight.
- Unliquidated obligations were managed effectively.

We identified nine areas that needed additional management attention. To improve operations, the following recommendations were made:

- Strengthen monitoring of contractor performance and improve documentation of contracting activities.
- Establish controls to strengthen accountability and effectively manage engineering and medical supplies inventories.
- Improve controlled substances accountability.

Suggestions for improvement were made in the following areas:

- Strengthen accountability and effectively manage equipment inventories.
- Improve controls over the disposition of Personal Funds of Patients (PFOP) accounts.
- Enhance the Patient Complaint Program by improving data analysis and follow-up.
- Ensure that employee and volunteer drivers who provide patient transportation services receive initial and periodic medical evaluations.
- Strengthen oversight of the Government Purchase Card Program.
- Strengthen oversight of inactive General Post Fund (GPF) accounts.

This report was prepared under the direction of Mr. Thomas L. Cargill, Jr., Director, Bedford Audit Operations Division and Mr. Philip D. McDonald, CAP Review Coordinator, Bedford Audit Operations Division.

VISN 1 and Medical Center Directors' Comments

The VISN 1 Director and the Medical Center Director agreed with the CAP review findings, recommendations, and suggestions, and provided acceptable improvement plans. (See Appendixes A and B, pages 12-17 for the full text of the Directors' comments.) We will follow up on the implementation of the recommended improvement actions until they are completed.

(original signed by:)
RICHARD J. GRIFFIN
Inspector General

Introduction

Medical Center Profile

Organization. Located in Leeds, MA, the Northampton VA Medical Center is a primary and long-term care facility that provides a broad range of inpatient and outpatient health care services. Outpatient care is also provided at three community-based outpatient clinics located in Greenfield, Pittsfield, and Springfield, MA. The medical center is part of VISN 1 and serves a veteran population of about 180,000 in a primary service area that includes 4 counties in Massachusetts.

Programs. The medical center provides primary care, medical, mental health, geriatric and extended care, and rehabilitation services. The medical center had 132 operating beds and 64 nursing home beds.

Affiliations and Research. The medical center is affiliated with the University of Hartford in Connecticut and the Greenfield and Holyoke Community Colleges in Massachusetts. There is no current research activity conducted.

Resources. In Fiscal Year (FY) 2003, medical care expenditures totaled $62 million, 4.6 percent less than FY 2002 expenditures. FY 2002 medical care expenditures totaled $65 million. FY 2002 staffing was 600 full-time equivalent employees (FTE), while FY 2003 staffing was 584 FTE.

Workload. In FY 2003, the medical center treated 12,900 unique patients, a 1 percent decrease from FY 2002. In FY 2003, the average daily census, including nursing home patients, was 177. The outpatient workload was 154,630 visits.

Objectives and Scope of the CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA health care services. The objectives of the CAP review program are to:

- Conduct recurring evaluations of selected medical center operations, focusing on patient care, QM, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and the requirement to refer suspected criminal activity to the OIG.

Scope. We reviewed selected clinical, financial, and administrative activities to evaluate the effectiveness of QM, patient care administration, and general management controls. QM is the process of monitoring the quality of patient care to identify and correct harmful or potentially harmful practices or conditions. Patient care administration is the process of planning and delivering patient care. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met. The review covered medical center operations for FY 2003 and FY 2004 through December 31, 2003, and was done in accordance with OIG standard operating procedures for CAP reviews.

In performing the review, we inspected work areas; interviewed managers, employees, and patients; and reviewed clinical, financial, and administrative records. The review covered the following activities:

- Acute Medical Care Units
- Behavioral Health Care
- Clinic Waiting Times
- Controlled Substances
- Delinquent Accounts Receivable
- Engineering and Medical Supplies Management
- Environment of Care
- Equipment Inventory
- General Post Fund Accounts
- Government Purchase Card Program
- Information Technology Security
- Medical Care Collections Fund Billing
- Nursing Home Care Unit
- Patient Complaint Program
- Patient Transportation Services
- Personal Funds of Patients
- Pharmacy Security
- Physician Conflicts of Interest
- Primary Care Clinics
- Service Contracts
- Quality Management
- Unliquidated Obligations

As part of the review, we used questionnaires and interviews to survey patient and employee satisfaction with the timeliness of service and the quality of care. Questionnaires were sent to all medical center employees, 82 of whom responded. We also interviewed 30 patients during the review. The interview and survey results were discussed with medical center managers.

During the review, we presented 2 fraud and integrity awareness briefings that were attended by 150 medical center employees. The briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strengths section of the report (page 3). Activities needing improvement are discussed in the Opportunities for Improvement section (pages 4-11). For these activities, we make recommendations or suggestions. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. Suggestions pertain to issues that should be monitored by VISN and medical center management until corrective actions are completed. For the activities not discussed in the Organizational Strengths or Opportunities for Improvement sections, there were no reportable deficiencies.

Results of Review

Organizational Strengths

The Quality Management Program Was Comprehensive and Provided Effective Oversight. The facility had an effective QM program to monitor and improve the quality of patient care. With strong leadership support, the program fostered a culture of continuous improvement and active participation by all disciplines. Sophisticated and standardized data collection and analysis techniques facilitated early problem identification and resolution. Managers consistently considered provider-specific QM results from peer review and utilization management activities when re-privileging health care providers. Positive patient satisfaction surveys and leading scores on many of Veterans Health Administration (VHA) required performance measurements reflect the medical center's commitment to excellence.

Additionally, under the QM program, the medical center developed the Falling Heroes program to reduce patient falls and associated injuries. Fall risk assessment scales, color-coded patient identifiers, and employee education were introduced to raise awareness of prevention strategies. The use of electronic communication and interdepartmental consultations fostered interdisciplinary collaboration. Low cost innovative products were purchased and used on all high-risk patients. As a result of these initiatives, patient falls have been reduced by 49 percent on one ward and 24 percent on another ward.

Reviews of Unliquidated Obligations Were Timely and Well Documented. We reviewed a judgment sample of eight undelivered orders valued at $830,271 and eight accrued services payable valued at $87,844. We found that the unliquidated obligations were reviewed monthly and at the end of the fiscal year, as required. Documentation of the reviews was concise and consistent.

Opportunities for Improvement

Service Contracts – Contract Monitoring and Administration Should Be Strengthened

Condition Needing Improvement. Medical center management needed to strengthen monitoring of contractor performance and improve contract administration. To determine if contracts were properly awarded and administered, we reviewed 11 service contracts (3 clinical and 8 non-clinical service contracts valued at $2.7 million). We identified the following issues that required management attention.

Contract Monitoring. For each contract, a contracting officer's technical representative (COTR) should be designated and properly trained to monitor contractor performance and ensure that services are provided and payments are made in accordance with contract terms. The Head of the Contracting Activity (HCA), the contracting officer, and the COTR did not ensure that the Urology Services Contract was adequately monitored. Specifically, COTRs should review contractor invoices and certify that charges are appropriate. The Urology Services Contract began on December 1, 2002, and included 2 option years (valued at $420,000). We found the following deficiencies.

- From December 1, 2002, to November 20, 2003, the VA physician designated as the COTR was on leave 187 of 240 workdays. During the COTR's absence, an Administrative Officer (AO) improperly certified payments. Neither the COTR nor the AO had received COTR training until approximately 1 year after the contract began. The AO was not familiar with the terms of the contract and improperly certified payments based on usual and customary rates rather than Medicare rates as specified in the contract.

- A VA medical center administrative clerk inappropriately prepared the urologist's invoices. The urologist was required to prepare invoices and submit them to the medical center's Comptroller. The clerk applied usual and customary rates to services provided rather than the Medicare rates prescribed in the contract. As a result, the medical center overpaid the urologist approximately $57,000 for the period January 12, 2002, to November 20, 2003.

Contract Administration. VA policy requires contracting officers to conduct searches of the Government's Excluded Parties Listing System (EPLS) to determine if prospective contractors are eligible for Federal contracts. VA policy also requires contracting officers to initiate background investigations of contractor personnel with access to VA computer systems and sensitive information prior to contract performance. We identified the following deficiencies.

- Database searches of the EPLS were not conducted prior to contract award to determine if prospective contractors were eligible for Federal contracts (eight contracts valued at $2.5 million). Database searches were performed for these contracts ranging from 5 to 35 months after the contracts were awarded.

- Background investigations were initiated 4 to 14 months after contract performance began for one physician contracted to provide urology services and two technicians contracted to provide imaging services (two contracts valued at $655,000).

Recommended Improvement Action 1. We recommended that the VISN Director ensure that the Medical Center Director requires: (a) COTRs to be trained and be familiar with the terms and conditions of contracts prior to being assigned the authority to administer contracts, (b) contractors prepare invoices for payment in accordance with contract terms and conditions, (c) COTRs validate services and certify payments in accordance with contract terms and conditions, (d) contracting officers conduct database searches of the EPLS prior to contract award, (e) contracting officers initiate background investigations of contractor personnel prior to contract performance, and (f) the contracting officials to recover the $57,000 overpayment for urology services.

The VISN and Medical Center Directors agreed with the finding and recommendations. The Medical Center Director reported that as of March 1, 2004, all COTRs were trained and the training was documented. Additionally, COTRs will participate in a Pre-Construction Conference, if applicable, or the contracting officer will meet individually with them before COTR performance. The Medical Center Director also reported that all contractors were now preparing invoices for payment in accordance with the contract terms and conditions and COTRs were validating services and certifying payments in accordance with contract terms and conditions. In addition, contracting officers are conducting database searches of the EPLS prior to contract award and initiating background investigations of contractor personnel prior to contract performance. Contracting officials have recently recovered $8,000 of the overpayment for urology services and full payment is expected by September 30, 2004. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Engineering and Medical Supplies Management – Controls Should Be Established

Condition Needing Improvement. Medical center management needed to establish controls to strengthen accountability and effectively manage engineering and medical supplies inventories. During the period October 1, 2002, through December 31, 2003, the medical center spent approximately $808,000 on engineering and medical supplies. One of VHA's goals is to reduce supply inventories to 30-day levels. VHA requires medical facilities to use VA's Generic Inventory Package (GIP) to establish proper inventory levels, set reorder quantities, and track usage of supplies. The following conditions required management attention.

Engineering Supplies. Acquisition & Materiel Management Service (A&MMS) staff did not conduct an annual physical inventory of engineering supplies as required by VA policy. In addition, A&MMS staff did not use GIP or any other formal method to manage the engineering supply inventory; consequently, the quantities and dollar value of engineering supplies purchased, used, and on-hand were not accurately maintained. It was not possible to readily determine whether engineering supplies on-hand were in excess of 30-day stock levels or adequate to meet medical center needs.

Medical Supplies. Supply Processing and Distribution (SPD) Section staff did not effectively implement GIP to manage the medical supply inventory. SPD staff was not fully using GIP features to meet VHA's inventory goal of 30 days or less. The initial input of stock levels into GIP was not accurate. In November 2003, a wall-to-wall inventory was completed for all SPD supplies but GIP was not updated with the inventory results.

As of December 31, 2003, the SPD medical supply inventory was valued at $25,832. A total of $19,613 (76 percent) represented inventory greater than a 30-day stock level. We reviewed a judgment sample of 10 medical supply items valued at $2,631. Stock levels for all 10 items were in excess of 30 days and ranged from a supply level of 32 days to over 16 years. We compared the January 27, 2004, *Display Item Report* quantity to the OIG-observed actual physical count on the same date and found the actual physical count was incorrect for 6 of the 10 items sampled. The GIP quantities were overstated in 3 instances by 6 to 500 items and understated in 3 instances by 23 to 100 items.

Recommended Improvement Action 2. We recommended that the VISN Director ensures that the Medical Center Director requires A&MMS to: (a) conduct a physical inventory for engineering and medical supplies, (b) effectively implement GIP and reduce inventories to 30-day levels, and (c) conduct spot inventory checks to ensure GIP data is accurate and reliable.

The VISN and Medical Center Directors agreed with the finding and recommendations. The Medical Center Director reported that a physical inventory was conducted in SPD on March 20, 2004, and the inventory will be reduced to a 30-day level by September 30, 2004. Additionally, a physical inventory of engineering supplies will be conducted by September 30, 2004, GIP will be implemented for engineering supplies by September 30, 2004, and engineering supplies inventory will be reduced to 30-day levels by April 1, 2005. The Medical Center Director also reported that spot inventory checks in SPD will be conducted quarterly beginning in the third quarter of FY 2004 (April 1, 2004), and for engineering supplies on January 1, 2005. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Controlled Substances – Accountability Should Be Improved

Condition Needing Improvement. We reviewed pharmacy security and controlled substances accountability to determine if controls were adequate to prevent the loss or diversion of controlled substances and to ensure that controlled substances were properly accounted for. Although pharmacy access controls and security were effective, we found the following deficiencies in the accountability of controlled substances.

- VHA policy requires medical facilities to maintain a perpetual inventory of pharmacy stock of controlled substances and that Pharmacy Service staff verify the inventory at a minimum of every 72 hours and maintain the documentation for 2 years. Pharmacy Service staff did not maintain documentation of 72-hour inventories for the required 2 years. The Chief, Pharmacy Service informed us that documentation of each previous 72-hour inventory was

discarded after the following 72-hour inventory was completed. Documentation of 72-hour inventories was discarded for 172 of the 173 required 72-hour inventories in the last 2 years.

- VHA policy requires that controlled substances inspectors ensure that accountability is maintained for all controlled substances held for destruction. During an OIG-observed monthly controlled substances inspection, the inspector did not reconcile a random sample of controlled substances held for destruction to the *Drugs Held for Destruction Report*, as required.

- VHA policy requires that a program for training controlled substances inspectors be established and documented. Although the Controlled Substances Inspection Coordinator stated that controlled substances inspectors had been trained, he did not maintain documentation of training for the 35 inspectors. He indicated he would begin maintaining the training documentation.

Recommended Improvement Action 3. We recommended that the VISN Director ensure that the Medical Center Director requires that: (a) documentation of 72-hour inventories is maintained for at least 2 years, (b) a random sample of controlled substances held for destruction is reconciled to the *Drugs Held for Destruction Report* during each monthly controlled substances inspection, and (c) the Controlled Substances Inspection Coordinator documents training for controlled substances inspectors.

The VISN and Medical Center Directors agreed with the finding and recommendations. The Medical Center Director reported that as of February 1, 2004, Pharmacy Service was maintaining inventory sheets on file after the 72-hour inventory of controlled drugs was completed. As of March 1, 2004, a random sample of drugs held for destruction will be reconciled to the *Drugs Held for Destruction Report* during each monthly controlled substances inspection. In addition, as of March 1, 2004, the Controlled Substances Inspection Coordinator has documented training for controlled substances inspectors and all inspectors have received updated training. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Equipment Inventory – Accountability Should Be Strengthened

Condition Needing Improvement. Medical center management needed to strengthen accountability and effectively manage equipment inventories. VA policy requires annual equipment inventories of all items valued at $5,000 or more and items of a sensitive nature (such as firearms). A&MMS maintains all Equipment Inventory Lists (EILs) and annually provides the appropriate EIL to each service program manager or designee. Upon receipt of the EIL, the service is required to complete an inventory within 10 days for EILs with less than 100 items and within 20 days for EILs with more than 100 items. A&MMS is required to maintain an inventory log of all EILs (such as changes in location or the number of items.) The following conditions required management attention.

- The VA Police Service did not include firearms on their EIL. As a result of our review, 16 firearms were added to the VA Police Service EIL.

- Sixteen of 29 inventories were not completed within 10 days of notification that inventories were due. The inventories ranged from 13 days to 220 days overdue. One EIL with more than 100 items was not completed within 20 days of notification that an inventory was due. The inventory was overdue by 17 days.

- An inventory log of all EILs was not maintained by A&MMS. An inventory log includes the EIL numbers, the services and service program managers or designees for each EIL, the dates inventories were requested and performed, any inventory adjustments, and the dates adjustments were made to the EILs.

Suggested Improvement Action 1. We suggested that the VISN Director ensure that the Medical Center Director requires: (a) the VA Police Service to maintain an EIL that includes firearms, (b) service program managers or designees complete the annual inventories within the required timeframes, and (c) A&MMS staff to maintain an inventory log of all EILs.

The VISN and Medical Center Directors agreed with the finding and suggestion. The Medical Center Director reported that as of January 30, 2004, firearms have been included on the VA Police Service EIL and service program managers or designees will complete annual inventories within the required timeframes. In addition, A&MMS staff began maintaining an inventory log of all EILs.

Personal Funds of Patients – Disposition of Accounts Should Be Improved

Condition Needing Improvement. Medical center management needed to improve controls over the disposition of PFOP accounts of deceased veterans. Patients who are treated at VA medical facilities are able to keep personal funds on station during the course of their stay. Patients' personal funds are maintained by the medical facility in the form of individual PFOP accounts. As of November 28, 2003, the medical center had 269 PFOP accounts valued at $758,461.

VA policy requires the disposition of PFOP accounts of patients who expire to be made as promptly as possible but no later than 90 days after notifications of the next of kin or designees of the veterans' deaths. We determined that 59 accounts valued at $79,143 belonged to deceased veterans, and the accounts ranged from 90 days to several years after the veterans' deaths. Patient Services staff were unable to determine if notification letters and the required VA forms had been sent to the next of kin or designees for any of the 59 accounts. During our review, the Patient Services Supervisor initiated a computer-generated follow-up system to track the disposition status of all 59 cases. In addition, the Supervisor reported that notification letters and the required VA forms were sent to the next of kin or designees for all 59 cases.

Suggested Improvement Action 2. We suggested that the VISN Director ensure that the Medical Center Director takes action to make disposition of PFOP accounts of deceased veterans as required by VA policy.

The VISN and Medical Center Directors agreed with the finding and suggestion. The Medical Center Director reported that on January 30, 2004, the Patient Services Supervisor initiated monitoring PFOP accounts of deceased veterans and distributing funds in accordance with VA policy.

Patient Complaint Program – Data Analysis and Follow-up Should Be Improved

Condition Needing Improvement. Medical center management needed to improve data analysis and follow-up in the Patient Complaint Program. While we found that patient complaints had been categorized into broad topic areas, such as timeliness of care and employee courtesy, managers had not conducted more detailed analyses. Such analyses could identify meaningful interventions for appropriate problem resolution. For example, managers had not trended data to analyze the specific nature of the complaints, the involved areas or locations, or the associated employees. VHA policies require that patient complaints be critically analyzed and acted upon as appropriate. Prior to our onsite review, managers had identified problems related to prompt resolution of patient complaints and had initiated a process action team to address the resolution of patients' complaints.

Suggested Improvement Action 3. We suggested that the VISN Director ensure that the Medical Center Director implements procedures to critically analyze, trend, and act on data from patient complaints.

The VISN and Medical Center Directors agreed with the finding and suggestion. The Medical Center Director reported that on February 1, 2004, the medical center chartered a Process Action Team (PAT) to review systems breakdowns in obtaining prompt resolution to issues raised via the Patient Advocate to Program Managers and Service Lines. Data will be analyzed, trended, and acted upon in a timely manner to resolve patient complaints.

Patient Transportation Services – Medical Evaluations and Medical Center Policies Needed Improvement

Condition Needing Improvement. Medical center management needed to ensure that all drivers who provide patient transportation services receive initial and periodic medical evaluations. In addition, medical center policies needed to be consistent with VHA policy. Once strengthened, these procedures will provide additional assurance that patients are safe when transported by VA employees and volunteers.

VHA policy requires that employee and volunteer drivers receive initial medical evaluations and periodic evaluations at least every 4 years. Initial and periodic medical evaluations are necessary to ensure that drivers are physically capable to safely transport patients. We reviewed the Official Personnel Folders of employee drivers and found that they had not received initial and periodic medical evaluations as required.

Medical center policies on providing patient transportation did not include requirements for initial and periodic medical clearances of employees and volunteer drivers and therefore did not comply with VHA policy. Management needed to revise medical center policies accordingly.

Suggested Improvement Action 4. We suggested that the VISN Director ensure that the Medical Center Director takes action to: (a) provide and document initial and periodic medical clearances for all employee and volunteer drivers providing transportation services and (b) ensure that medical center policies are revised to comply with VHA policy.

The VISN and Medical Center Directors agreed with the finding and suggestion. The Medical Center Director reported that the Motor Vehicle Safety Program Memorandum is in the process of being modified to include the requirements for initial and periodic medical clearances for all employee and volunteer drivers. The target date for completion is May 31, 2004. In addition, all employee and volunteer drivers have had appointments established for initial physicals that will be documented, and a system established for annual reminders.

Government Purchase Card Program – Oversight Should Be Strengthened

Condition Needing Improvement. The Program Coordinator (PC) and HCA needed to strengthen oversight of the Government Purchase Card Program. The medical center had 58 cardholders and 27 approving officials. Cardholders made 11,625 purchases totaling $2.9 million from October 1, 2002, to December 17, 2003.

VHA policy requires the PC and the HCA to jointly conduct quarterly audits of cardholders and approving officials not reviewed in the monthly audits of purchase card transactions. Quarterly audits were not conducted as required. During the review period, only three cardholders and three approving officials responsible for three purchases totaling $695 were audited. As a result, 55 cardholders and 24 approving officials were not audited as part of the quarterly audits.

Suggested Improvement Action 5. We suggested that the VISN Director ensure that the Medical Center Director requires the PC and the HCA to jointly conduct quarterly audits of cardholders and approving officials in accordance with VHA policy.

The VISN and Medical Center Directors agreed with the finding and suggestion. The Medical Center Director reported that the PC and the HCA will jointly conduct quarterly audits of cardholders and approving officials as required. The target date for completion is October 1,

2004. Additionally, recruitment action has been initiated for a Purchasing Agent to allow the PC more time to devote to the audit requirements.

General Post Funds – Oversight of Inactive Accounts Should Be Strengthened

Condition Needing Improvement. Fiscal Service management needed to strengthen oversight of inactive GPF accounts. As of October 31, 2003, the medical center had 33 GPF accounts totaling $170,576. These accounts are used to account for donations received by the medical center and are intended for the benefit of patients. According to VA policy, when funds have remained inactive for a period in excess of 1 year, a determination should be made as to whether it will be feasible to expend the funds in the manner specified by the donor. If expending funds in the manner specified by the donor is not feasible, the funds must be transferred to the Recreation Therapy Account or returned to the donor.

We noted that 4 of the 33 accounts valued at $7,610 were inactive for over 1 year. Fiscal Service staff had actively followed up with Voluntary Service staff and the responsible control point officials for each of the four accounts. However, no actions were taken on the part of the control point officials to expend the funds in the manner specified by the donors, transfer the funds to the Recreation Therapy Account, or return the funds to the donors. During our review, two of the accounts were transferred to the Recreation Therapy Account, and two accounts were in the process of being utilized for the purposes specified by the donors.

Suggested Improvement Action 6. We suggested that the VISN Director ensure that the Medical Center Director takes action to monitor inactive GPF accounts and take appropriate action in accordance with VHA policy.

The VISN and Medical Center Directors agreed with the finding and suggestion. The Medical Center Director reported that on February 1, 2004, the Volunteer Program Officer met with a Business Office accountant to review inactive GPF accounts. Recommendations were made for transfer, disbursement, or return of funds to donors. The review will be conducted on an annual basis.

Appendix A

VISN 1 Director Comments

Department of Veterans Affairs **Memorandum**

Date: May 27, 2004

From: Network Director, VISN 1 (10N1)

Subject: **Combined Assessment Program Review of the Northampton VA Medical Center, Leeds, Massachusetts**

To: Office of Inspector General (50)

1. Attached is the response from the Northampton VA Medical Center to the Combined Assessment Review conducted at that facility January 26-30, 2004.

2. The medical center has carefully reviewed all items identified as opportunities for improvement and has concurred in all the recommendations that were made. Appendix C provides the detailed responses to each recommendation along with a completion date for each item. The network concurs with the monetary savings identified of $76,613.

3. If you have any questions or need additional information, please contact Mr. Bruce A. Gordon, Director, VAMC Northampton by calling (413) 582-3000.

(original signed by:)

JEANNETTE A. CHIRICO-POST, M.D.

Attachment

Appendix B

Medical Center Director Comments

Department of Veterans Affairs **Memorandum**

Date: April 30, 2004

From: Medical Center Director (631/00)

Subject: **Combined Assessment Program Review of the Northampton VA Medical Center, Leeds, Massachusetts**

To: Office of Inspector General (50)

1. Thank you for the opportunity to review the draft report of your Combined Assessment Program visit, conducted at our facility on January 26-30, 2004.

2. I have concurred with all the recommendations and suggestions for improvement and provided corrective actions and completion dates. I also accept the dollar amounts as stated.

(original signed by:)

BRUCE A. GORDON

Medical Center Director's Comments to Office of Inspector General's Report

The following Director's comments are submitted in response to the recommendations and suggestions in the Office of Inspector General Report:

OIG Recommendations

Recommended Improvement Action 1. We recommend that the VISN Director ensure that the Medical Center Director requires: (a) COTRs to be trained and be familiar with the terms and conditions of contracts prior to being assigned the authority to administer contracts, (b) contractors prepare invoices for payments in accordance with contract terms and conditions, (c) COTRs validate services and certify payments in accordance with contract terms and conditions, (d) contracting officers conduct database searches of the EPLS prior to contract award, (e) contracting officers initiate background investigations of contractor personnel prior to contract performance, and (f) the contracting officials to recover the $57,000 overpayment for urology services.

Concur **Completion Date:** March 1, 2004

a. All COTRs have been trained and the training documented. To familiarize COTR's with the terms and conditions of their contract, they will participate in the Pre-Construction Conference, if applicable, or the Contracting Officer will meet individually with them before COTR performance.

b. All contractors are preparing invoices for payment in accordance with the terms and conditions of the contract.

c. All COTRs are now validating services and certifying payments in accordance with contract terms and conditions.

d. Contracting Officers are conducting database searches of the EPLS prior to contract award. The HCA, or designee, is validating this as part of a pre-award checklist.

e. Contracting Officers are initiating background investigations of contractor personnel prior to contract performance. The HCA, or designee, is validating this prior to performance.

f. The overpayments made on the urology contract were identified by a Comptroller audit dated December 22, 2003. To date, we have recovered $8,000. Full payment is expected by September 30, 2004.

Recommended Improvement Action 2. We recommend that the VISN Director ensures that the Medical Center Director requires A&MMS to: (a) conduct a physical inventory for engineering and medical supplies, (b) effectively implement GIP and reduce inventories to 30-day levels, and (c) conduct spot inventory checks to ensure GIP data is accurate and reliable.

Concur **Target Completion Date:** See below

a. A physical inventory was conducted in SPD on March 20, 2004. We anticipate conducting a physical inventory of engineering supplies by September 30, 2004.

b. The SPD inventory will be reduced to a 30-day average level, based on the turnover rate identified on the *Stock Status Report* by September 30, 2004. We are currently recruiting for a Supply Technician. We anticipate implementing GIP for engineering supplies by September 30, 2004 and reduction to 30-day average levels, based on the turnover rate identified on the *Stock Status Report* by April 1, 2005.

c. Spot inventory checks in SPD will be conducted quarterly beginning in the third quarter FY 2004. Spot inventory checks of engineering supplies will begin January 1, 2005.

Recommended Improvement Action 3. We recommend that the VISN Director ensure that the Medical Center Director requires that: (a) documentation of 72-hour inventories is maintained for at least two years, (b) a random sample of controlled substances held for destruction is reconciled to the *Drugs Held for Destruction Report* during each monthly controlled substance inspection, and (c) the Controlled Substances Inspection Coordinator documents training for controlled substances inspectors.

Concur **Completion Date:** See below

a. As of February 1, 2004, Pharmacy began keeping inventory sheets on file after the mandatory 72-hour inventory of controlled drugs was completed.

b. As of March 1, 2004, a random sample of drugs held for destruction will be reconciled to the *Drugs Held for Destruction Report* during each monthly controlled substance inspection.

c. As of March 1, 2004, the Controlled Substances Inspection Coordinator documented training for controlled substances inspectors. All Controlled Substance Inspection Inspectors have received updated training, which was accomplished prior to March 5, 2004.

OIG Suggestions

Suggested Improvement Action 1. We suggest that the VISN Director ensure that the Medical Center Director requires: (a) the VA Police Service to maintain an EIL that includes firearms, (b) service program managers or designees complete the annual inventories within the required timeframes, and (c) A&MMS staff to maintain an inventory log of all EILs.

Concur **Completion Date:** January 30, 2004

a. Firearms are now included on the Police Service EIL.

b. Service program managers will complete annual inventories within the required timeframes.

c. A&MMS staff are maintaining an inventory log of all EILs.

Suggested Improvement Action 2. We suggest that the VISN Director ensure that the Medical Center Director takes action to make disposition of PFOP accounts of deceased veterans as required by VA policy.

Concur **Completion Date:** January 30, 2004

The Patient Services Supervisor is now monitoring PFOP accounts of deceased veterans and distributing funds in accordance with VA policy.

Suggested Improvement Action 3. We suggest that the VISN Director ensure that the Medical Center Director implements procedures to critically analyze, trend, and act on data from patient complaints.

Concur **Completion Date:** February 1, 2004

The Medical Center has chartered a Process Action Team (PAT), chaired by the Public Relations Manager, to review systems (process) breakdowns in obtaining prompt resolution to issues raised via the Patient Advocate to Program Managers and Service Lines. The PAT has met several times and has made significant recommendations for quarterly monitoring and reporting to the VAMC's Quality Council. Data is analyzed, trended and acted upon in a timely manner to resolve patient complaints.

Suggested Improvement Action 4. We suggest that the VISN Director ensure that the Medical Center Director takes action to: (a) provide and document initial and periodic medical clearances for all employee and volunteer drivers providing transportation services and (b) ensure that medical center policies are revised to comply with VHA policy.

Concur **Target Completion Date:** May 31, 2004

Medical Center Memorandum number MCM 001-50 Motor Vehicle Safety Program has been modified to include the requirements for initial and periodic medical clearances for all employee and volunteer drivers, and is presently going through the Medical Center concurrence process. All employee and volunteer drivers have had appointments established for an initial physical that will be documented, and a system has been established for annual reminders.

Suggested Improvement Action 5. We suggest that the VISN Director ensure that the Medical Center Director requires the PC and the HCA to jointly conduct quarterly audits of cardholders and approving officials in accordance with VHA policy.

Concur **Target Completion Date:** October 1, 2004

We are initiating recruitment action for a Purchasing Agent to allow the Program Coordinator more time to devote to the audit requirements. The Program Coordinator and the HCA will jointly conduct quarterly audits of cardholders and approving officials as required.

Suggested Improvement Action 6. We suggest that the VISN Director ensure that the Medical Center Director takes action to monitor inactive GPF accounts and take appropriate action in accordance with VHA policy.

Concur **Completion Date:** February 1, 2004

The Volunteer Program Officer met with a Business Office accountant and reviewed inactive GPF accounts. Recommendations were made for transfer, disbursement, or return to donors. The review will be conducted on an annual basis.

Appendix C

Monetary Benefits in Accordance with IG Act Amendments

Recommendation	Explanation of Benefit(s)	Better Use of Funds
1c and 1f	Better use of funds by: COTRs validating services and certifying payments in accordance with contract terms and conditions, and recovering the $57,000 overpayment for urology services.	$57,000
2b	Better use of funds by reducing the excess medical supply inventory.	19,613
	Total	$76,613

Appendix D

OIG Contact and Staff Acknowledgments

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	Patricia McGauley
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Appendix E

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