



**Department of
Veterans Affairs**

Office of Inspector General

Use of General Post Funds to Purchase Day Room Furniture VA Medical Center West Los Angeles, CA

Report No.: 7R8-A16-098

Date: July 15, 1997

**Office of Inspector General
Washington DC 20420**

**DEPARTMENT OF
VETERANS AFFAIRS**

Memorandum

Date: July 15, 1997

From: Assistant Inspector General for Auditing (52)

Subj: Advisory Report: Use of General Post Funds to Purchase Day Room Furniture, VA Medical Center West Los Angeles, CA (Report No. 7R8-A16-098)

To: Director, VAMC West Los Angeles (691/00)

1. Introduction

From an anonymous source, the Office of Inspector General (OIG) received documents that raised concerns about the propriety of VA Medical Center (VAMC) West Los Angeles using \$400,433 in general post funds (GPF) for the purchase of day room furniture.¹ We performed a review to determine if this was an appropriate use of GPF. VA policy stated that non-earmarked² GPF should be used for the direct benefit of veterans, and should not be used for recurring operations or to supplement appropriations.³ Based on our review of the circumstances surrounding the furniture purchase and on a Regional Counsel opinion, we concluded that the use of GPF to purchase day room furniture was appropriate.

To evaluate the use of GPF, we reviewed furniture purchase and funding documents and interviewed VAMC staff assigned to Financial Management, Acquisition and Materiel Management Service, Community Resources, and Environmental Management Service. Our review was conducted in accordance with government auditing standards for qualifications, independence, and due professional care.

2. Review Results

On June 20, 1995, the VAMC issued four purchase orders totaling \$400,433 to buy day room furniture, remove the old furniture, and install the new furniture. On July 26, 1995, a fifth purchase order for \$26,792 was issued for transporting the furniture to the VAMC. All five purchase orders indicated that the furniture would be paid for by medical care appropriation funds. According to VAMC financial management staff, the VAMC planned to purchase the furniture using GPF moneys. They stated that the furniture purchase orders were temporarily charged to the medical care appropriation⁴ to give Community Resources an opportunity to

¹ The furniture purchased included chairs, tables, and bookcases. This furniture was placed in rooms that were used for various activities such as patient recreation, patient and visitor waiting, training, and group counseling.

² Non-earmarked GPF are gifts or donations for which donors do not specify a particular use.

³ Veterans Health Administration Supplement to MP-4, Part VII, Chapter 4, which was the governing policy when the day room furniture was purchased.

⁴ The fund control point for Interior Design under Environmental Management Service was used to purchase the day room furniture.

identify the GPF account balances available. On September 7, 1995, Financial Management staff prepared a Journal Voucher to transfer \$400,433 of non-earmarked GPF to the medical care appropriation to cover the cost of the furniture and services for removing the old furniture and installing the new furniture. The unusual practices involved in this furniture purchase could have prompted the anonymous source to send the furniture purchase documents to the OIG.

In May 1997, at the request of VAMC staff, the Regional Counsel issued an opinion on the appropriateness of using GPF to purchase day room furniture. The Regional Counsel stated that under VA policy and the Controller General's statutory interpretation, purchase of the day room furniture were for "extras" provided to veterans apart from their treatment. Therefore, these items are within the discretion allowed for purchases from non-earmarked GPF.

3. Observations

During the review, we noted two matters that warrant financial management attention.

- Amount of GPF Transferred Was Greater than Actual Payments. The \$400,433 of GPF transferred to the medical care appropriation equaled the total amount of four of the five purchase orders. However, the actual amount paid on the four purchase orders was \$372,437, or \$27,996 less than the total of the purchase orders. We believe that the GPF amount transferred should have been based on the actual cost of the furniture. VAMC staff had no explanation why the cost for the remaining transportation purchase order (\$26,792 purchase order amount and \$26,789 actual payment) was not included in the funds transferred.
- Incorrect Appropriation Was Used to Purchase the Furniture. The transfer of GPF to the medical care appropriation would not have been necessary if the correct appropriation⁵ had been used to buy the day room furniture. VAMC financial management staff stated medical care appropriation funds were used to expedite the purchase of the furniture. However, we could not identify an emergency situation that would warrant temporarily using funds from an incorrect appropriation. In our opinion, sound budgetary and accounting controls dictate that the correct appropriation be recorded when purchase orders are processed. Recording incorrect appropriations could undermine the integrity of financial management controls and the fund certification process. To illustrate, VAMC staff certified on the purchase orders that: "The supplies/services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been obligated." VAMC staff certified that they were using the correct appropriation when, in fact, they were using an incorrect appropriation.

⁵ The GPF is assigned an appropriation number for accounting purposes.

4. Conclusion

The use of GPF to purchase day room furniture was appropriate. However, we noted two matters that need financial management attention:

- Accounting transactions pertaining to the furniture purchase should be reviewed to ensure that amounts of GPF transferred to the medical care appropriation equal amounts actually paid, and appropriate accounting adjustments should be made based on results of the review.
- Accounting controls should be evaluated to determine if there is adequate assurance that correct appropriations are cited when purchase orders are processed.

5. You are not required to comment on this memorandum since we are not making any formal recommendations. However, we would appreciate receiving any comments you wish to make. If we can assist you further, please contact Mr. Jack Shigetomi, Manager, Los Angeles Audit Residency Office, at (310) 268-4336.

For The Assistant Inspector General For Auditing

(Original Signed by:)

DAVID SUMRALL

cc: Deputy Assistant Secretary for Public Affairs (80)
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