Department of Veterans Affairs
Office of Inspector General

Combined Assessment Program Review of the VA Sierra Nevada Health Care System Reno, Nevada

Report No. 03–00988–135 **July 18, 2003**

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.
- Conduct fraud and integrity awareness training for facility employees.

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 March 3-7, 2003, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Sierra Nevada Health Care System (the system), which is part of Veterans Integrated Service Network (VISN) 21. The purpose of the review was to evaluate selected health care system 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 about 105 employees.

Results of Review

The system's managers streamlined outpatient check-in procedures and overall waiting times met standards. We also found that system managers established an integrated approach to treat mental health patients who have medical problems. Agent cashier funds were properly accounted for and overall pharmacy security was adequate. In addition, patient care services employees implemented effective controls to ensure that signed means test forms were obtained from veterans, were properly processed, and were maintained in veterans' administrative folders. To improve operations, system managers needed to:

- Ensure that medical supply inventory records are accurate and strengthen inventory controls.
- Consistently document use of benchmarking in QM data analysis and define evaluation criteria for identified corrective actions.
- Document violent patient incidents in the patients' medical record progress notes.
- Follow through with planned initiatives that will address privacy and safety deficiencies in the phlebotomy area, the Intensive Care Unit (ICU), and the main kitchen.
- Strengthen Government Purchase Card Program controls.
- Enhance contract administration by documenting the award process.

VISN 21 Director and System Director Comments

The VISN 21 Director and the System Director agreed with the CAP review findings and provided acceptable improvement plans. (See Appendix A, pages 9-14 for the full text of the Directors' comments.) We will follow up on the implementation of recommended improvement actions until they are complete.

(Original signed by:)

RICHARD J. GRIFFIN
Inspector General

Introduction

Health Care System Profile

Organization. Based in Reno, NV, the system is a tertiary care system that provides inpatient and outpatient health care services. Outpatient care is also provided at two community-based outpatient clinics (CBOCs) located in Auburn, CA, and Minden, NV. The system is part of VISN 21 and serves a veteran population of about 118,356 in a primary service area that includes 20 counties in Nevada and California.

Programs. The system provides medical, surgical, mental health, geriatric, and rehabilitation services. The system operates 56 hospital beds and 60 nursing home beds. The system also has sharing agreements with the Nevada Air Guard and local military bases.

Affiliations and Research. The system is affiliated with the University of Nevada School of Medicine and the University of California at San Francisco School of Medicine and supports 31 medical resident positions. The system is also affiliated with several universities to provide clinical training opportunities for nursing, pharmacy, dental, and psychology students. In Fiscal Year (FY) 2002, the system's research program had 54 projects and a budget of $1.6 million.

Resources. The FY 2003 medical care budget is $83.3 million, a 3.3-percent increase over the FY 2002 budget of $80.6 million. In FY 2002, staffing was 737 full-time equivalent employees (FTEE), including 48 physician and 218 nursing FTEE.

Workload. In FY 2002, the system treated 22,727 unique patients, a 9-percent increase over FY 2001. The inpatient workload totaled 2,690 discharges, and the average daily census, including nursing home patients, was 91. The outpatient workload was 178,559 visits.

Objectives and Scope of 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 health care facility 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 of the need to refer suspected fraud 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.

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-surgical units
- Agent cashier
- Behavioral health care
- CBOCs
- Controlled substances accountability
- Enrollment and resource utilization
- Environment of care
- Government Purchase Card Program
- Information technology (IT) security
- Laboratory and research security
- Long-term care
- Management of violent patients
- Means test certifications
- Pharmacy security
- Primary care clinics
- QM
- Service contracts
- Supply inventory management
- Waiting times

As part of the review, we used questionnaires and interviews to survey patient and employee satisfaction with the timeliness of services and the quality of care. Questionnaires were sent to all system employees, 43 of whom responded. We also interviewed 32 patients during the review. The surveys indicated high levels of patient and employee satisfaction and did not disclose any significant issues. We discussed the survey results with system managers.

During the review, we also presented three fraud and integrity awareness briefings for system employees. About 105 employees attended these briefings, which 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.

The review covered system operations for FY 2002 and FY 2003, through February 2003, and was performed in accordance with OIG standard operating procedures for CAP reviews.

In this report we make recommendations and suggestions for improvement. 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 system management until corrective actions are completed.

Results of Review

Organizational Strengths

Streamlined Outpatient Check-In Procedures. System managers told us that in 1999, primary care patients had to wait in long lines to check in for their appointments, resulting in patient dissatisfaction. Changes made to improve patient flow included a computer program that allowed patients to check in by swiping their identification cards through the card reader. Computer monitors throughout the system instantly notified employees that the patient had arrived and displayed other information, such as safety cues and transportation aids. As a result, the amount of time patients spent waiting in line decreased and patient satisfaction improved.

Management of Appointment Waiting Times and Enrollment Was Effective. Overall waiting times met standards. Primary and Ambulatory Care employees had implemented several practices that reduced appointment delays and waiting times through the full utilization of clinical personnel and facilities.

Integrated Approach to Treating Mental Health Patients Who Have Medical Problems. System managers established the Mental Health Service Line Primary Care Team (Green Team) in 2000, to provide coordinated medical care for patients in mental health treatment programs. The Green Team was integrated with other mental health programs to ensure collaborative medical care. Green Team employees attended mental health administrative and clinical meetings, and Green Team physicians provided medical intake and consultation for the Inpatient Mental Health Unit. In 2001, the VA honored the Green Team as one of 12 innovative programs.

Agent Cashier Operations Were Sound. Agent cashier funds were properly accounted for. Unannounced audits were properly conducted, employee duties were appropriately segregated and annually transferred, and physical security was adequate.

Controlled Substances Accountability and Pharmacy Security Were Adequate. Overall pharmacy security was adequate. System employees complied with VHA policy for the administration of controlled substances. Unannounced controlled substances inspections ensured that controlled substances were accounted for. Access to controlled substances storage areas was restricted, and an intrusion detection alarm system was being used.

Means Test Certification Procedures Were Sound. Patient care services employees had implemented effective controls to ensure that signed means test forms were obtained from veterans, were properly processed, and were maintained in veterans' administrative folders.

Opportunities for Improvement

Medical Supply Inventory Management – Controls Needed to be Strengthened

Conditions Needing Improvement. The Supply Processing and Distribution (SPD) Section needed to more effectively use VA's automated Generic Inventory Package (GIP) to manage medical supply inventories. VHA policy requires medical facilities to maintain medical supply inventories at levels that will meet current operating needs. Generally, current needs can be met with inventories of no more than 30-day supplies. Inventories above those levels should be avoided so funds are not committed to retaining excess inventory.

During the 12-month period that ended January 31, 2003, the system spent about $1.5 million on medical supplies. As of that date, GIP reports showed a total inventory of 1,459 medical supply items with a stated value of $162,378. To evaluate the effectiveness of inventory management, we reviewed a judgment sample of 10 SPD medical supply items. We physically counted the items and compared the GIP inventory levels with the inventory history of each item during the 12-month period that ended January 31, 2003.

To effectively use the GIP and maintain only the level of medical supplies necessary to meet current needs, it is important to maintain accurate quantity-on-hand data by promptly recording all receipts and issues. Our review determined GIP records were inaccurate for 8 of 10 line items in our sample. For the line items reviewed, the physical quantities on hand for eight items did not agree with the recorded quantities in the GIP records. We also found that the most recent inventory history recorded in the GIP records was inaccurate and did not agree with the GIP ending balances. For example, the GIP inventory history for one of our sampled items should have had a March 4, 2003, ending balance of 1,483 after adding the beginning balance to the receipts and then subtracting the number of items issued. However, the March 4 GIP records reported there were 1,158 items on hand. Our count showed the actual physical quantity on hand for this item was 1,448. Because of the inaccurate GIP records, we could not determine whether the system's medical supply inventories exceeded current needs.

Our discussions with SPD managers disclosed that even though the GIP had been implemented, inventory managers had not received GIP training. In addition, SPD employees had not conducted a physical inventory to verify the accuracy of GIP inventories in over 4 years. SPD managers agreed that GIP training for inventory managers was needed and that a physical inventory was needed to correct inaccuracies in GIP records. SPD managers informed us that that they believed system employees removed items for patient use from medical supply inventories during SPD off-hours (i.e., nights and weekends), but did not record these issues in the GIP.

Recommended Improvement Action 1. We recommended that the VISN 21 Director ensure that the System Director implements procedures to: (a) provide GIP training to all inventory managers, (b) conduct physical inventories of all medical supply items and update GIP records to reflect actual on-hand quantities, (c) limit employee access to medical supply inventories during

night and weekend hours and properly record all issuances in the GIP, and (d) use the GIP to maintain medical supply inventories at the 30-day goal.

The VISN Director and the System Director concurred with the findings and recommendations and submitted plans for improvement. Each deficiency has been addressed and controls have been added to provide training to inventory managers, conduct physical inventories and update actual quantities, limit access to supplies, and use the GIP to manage inventories and maintain VHA's goal of 30-day supplies. The improvement plans are acceptable. We will follow up on planned actions until they are completed.

Quality Management – Consistent Use of Benchmarking and Evaluation Criteria Would Strengthen the Program

Conditions Needing Improvement. To evaluate the QM program, we interviewed key employees and reviewed policies, plans, committee minutes, investigation reports, and tort claim files. We concluded that the QM program was comprehensive and generally provided appropriate oversight of patient care. However, as discussed below, service chiefs and program coordinators did not consistently compare their results with available benchmarks or identify criteria to evaluate the effectiveness of corrective actions.

Benchmarking. Service chiefs and program coordinators had used benchmarks in data analyses in several monitoring functions, including medication usage evaluation and medical record review. However, they needed to compare facility results with available benchmarks, goals, or thresholds for all monitoring functions, as required by accreditation standards. The use of benchmarks was not documented in blood usage reviews, operative and other procedure reviews, and resuscitation outcomes. The QM Coordinator agreed that benchmarks should be used where available and documented in reports or meeting minutes.

Evaluation Criteria. Service chiefs and program coordinators had identified criteria to use in determining whether corrective actions were effective in several monitoring functions, including root-cause analyses and medication usage evaluations. However, they needed to identify criteria to evaluate the effectiveness of actions for all QM monitoring functions, as required by accreditation standards. Evaluation criteria were not consistently defined for corrective actions identified by performance improvement teams, such as the primary care performance improvement team, blood usage reviews, medical record reviews, and resuscitation outcomes. The QM Coordinator agreed that these activities should incorporate evaluation criteria when corrective actions are identified.

Suggested Improvement Actions. We suggested that the VISN Director ensure that the System Director implements procedures to consistently: (a) document use of available benchmarks, and (b) define evaluation criteria for identified corrective actions. The VISN Director and the System Director agreed and submitted plans for improvement. Each weakness has been addressed, and controls have been added to improve the QM program. The improvement plans are acceptable.

Management of Violent Patients – Incident Documentation Needed to be Improved

Condition Needing Improvement. System managers had developed a comprehensive program for preventing and managing patient violence. However, improving medical record documentation of violent incidents involving patients would strengthen the program. To evaluate the program, we reviewed policies, meeting minutes, medical records, and employee training records. We interviewed managers and conducted physical assessments of selected areas.

Incident Documentation. System managers had implemented procedures for managing violent patient incidents, including establishing the Behavioral Emergency Committee. This interdisciplinary committee reviews violent incidents and makes recommendations, takes corrective actions, and conducts follow-up analyses. We reviewed 12 incidents and found that, while employees appropriately reported violent patient incidents, they did not always enter corresponding progress notes in the patients' medical records. Clinicians had described only 4 of the 12 incidents in the medical records. For example, one patient sustained a broken finger and a skull contusion during an altercation, but there was no description of the incident in the progress notes. Documentation is important for patient care and legal purposes. The Chief of Staff agreed that violent incidents should be documented in the patients' medical records.

Suggested Improvement Action. We suggested that the VISN Director ensure that the System Director instructs clinicians to consistently document violent patient incidents in the patients' medical record progress notes and establishes a monitoring process to track compliance. The VISN Director and the System Director agreed and submitted plans for improvement. Each weakness has been addressed and controls have been added to improve the management of violent patients. The improvement plans are acceptable.

Environment of Care – Follow Through was Needed With Planned Initiatives That Will Address Identified Privacy and Safety Deficiencies

Conditions Needing Improvement. System managers maintained a generally clean and safe environment for patient care. To ensure employee and patient privacy and safety, managers needed to make improvements in Pathology and Laboratory Medicine Service (PLMS), the ICU, and Nutrition and Food Service (NFS). To evaluate the environment of care, we inspected selected clinical and non-clinical areas for general cleanliness, safety, and facility and equipment maintenance. We also inspected food preparation, service, delivery, storage, and disposal areas in the Canteen Service and in the NFS. In addition, we interviewed managers and reviewed policies and procedures, committee meeting minutes, and pest control logs.

Patient Privacy And Safety. The PLMS phlebotomy (blood draw) area did not provide adequate patient privacy. The associated waiting area was inadequate, which caused patients to wait in the

hallway, a situation that poses a safety hazard in case of emergency. The ICU did not have adequate partitions in the patient care area to maintain patient privacy. System managers told us that they had previously identified these problems and were awaiting final approval of their correction plans.

Employee Safety. The tile floor in the NFS food production area was uneven, creating a tripping hazard that compromised the safety of employees working in this area. System managers told us that they had identified the problem and submitted a correction plan.

Suggested Improvement Action. We suggested that the VISN Director ensure that the System Director follows through with planned initiatives to provide adequate patient privacy and safety in the phlebotomy area and the ICU and to correct the uneven floor in the NFS food production area. The VISN Director and the System Director agreed and submitted plans for improvements. Each weakness has been addressed and controls have been added to improve patient privacy and safety. The improvement plans are acceptable.

Government Purchase Card Program – Controls Needed to be Strengthened

Conditions Needing Improvement. System managers needed to improve controls over the Government Purchase Card Program. VHA policy requires that the duties and responsibilities of the cardholders, the Program Coordinator, and approving officials be properly segregated. Cardholders are required to complete 75 percent of purchase card reconciliations within 10 days, complete 95 percent of reconciliations within 17 days, and reconcile or dispute all purchase card charges before they are 30 days old. VHA policy further requires an approving official to certify, within 14 days of receipt of cardholders' reconciliations, that procurements are legal and proper and that the items have been received. We identified three weaknesses in Purchase Card Program controls that needed to be addressed.

- The Program Coordinator was also an active approving official, a violation of VHA's separation of duties policy.

- Purchase card reconciliations reviewed for December 2002, were not always completed within prescribed periods. Of the 986 transactions in December 2002, 695 transactions (70 percent) were reconciled within 10 days, 780 transactions (79 percent) were reconciled within 17 days, and 912 transactions (92 percent) were reconciled within 30 days.

- Approving officials were not certifying reconciled transactions within defined timeframes. Of the 2,650 transactions for the 3-month period that ended December 2002, 729 (28 percent) were not certified within 14 days.

The Program Coordinator agreed that she should not also be an approving official and that cardholders and approving officials needed refresher training on reconciliation and certification requirements.

Suggested Improvement Actions. We suggested that the VISN Director ensure that the System Director initiates procedures to comply with policy, specifically: (a) the Program Coordinator relinquishes approving official duties and responsibilities, (b) cardholders and approving officials comply with VHA Government Purchase Card Program policies for completing reconciliations and certifications, and (c) the Program Coordinator conducts annual refresher training for cardholders and approving officials. The VISN Director and the System Director agreed and submitted plans for improvement. Each weakness has been addressed and controls have been added to improve the Purchase Card Program. The improvement plans are acceptable.

Service Contracts – Contract Award Procedures Should be Improved

Condition Needing Improvement. The VISN 21 Consolidated Contracting Authority (CCA) needed to improve contract award procedures. The cost or price analyses, determinations of price reasonableness, and basis for contractor selections needed to be documented in the files of contracts awarded on a competitive basis. To determine the effectiveness of contract award procedures and contract administration, we reviewed 12 current service contracts with an estimated value of about $1.6 million. The 12 service contracts included 8 competitive and 4 noncompetitive contracts.

We identified three competitive contracts, valued at about $700,000, wherein contract award procedures needed to be improved. The contract files did not contain documentation of cost or price analyses or statements indicating that the prices established were fair and reasonable. CCA managers agreed that cost or price analyses were needed and that statements of price reasonableness should be prepared to ensure fair and reasonable contract prices are obtained and supported.

Suggested Improvement Actions. We suggested that the VISN 21 Director ensure that the Network Contracting Manager: (a) prepares cost or price analyses for competitive contracts and (b) prepares and maintains statements of price reasonableness in the contract files. The VISN Director and the System Director agreed and submitted plans for improvement. Each weakness has been addressed and controls have been added to improve the contract awarding process. The improvement plans are acceptable.

Appendix A

VISN 21 Director and System Director Comments

Department of Veterans Affairs

Memorandum

Date: May 21, 2003

From: Director, VA Sierra Pacific Network (10N21)

Subj: Response to OIG CAP Review of the VA Sierra Nevada Health Care System

To: Regional Director for Healthcare Inspections

Thru: Deputy Under Secretary for Health for Operations and Management (10N)

1. I appreciate the opportunity to provide comments to the draft report of the Combined Assessment Program (CAP) review of the VA Sierra Nevada Health Care System (VASNHCS). I carefully reviewed the report, as well as my notes from the exit briefing I attended on March 7, 2003. In addition, I discussed the findings and recommendations with senior leadership at VASNHCS and the VISN 21 office.

2. In brief, I concur with all of the findings and suggested improvement actions. The implementation plan showing specific corrective actions and target completion dates is provided in an attachment. The vast majority of the actions has already been completed or will be finished shortly. However, a couple actions requiring significant construction will take more than a year to complete.

3. I am pleased that there are no suggested improvement actions and no "negative" findings related to part-time physician timekeeping, cleanliness, Agent Cashier operations, and controlled substances. I am also pleased that interviews indicated a high level of patient and Veterans Service Organization satisfaction.

4. In closing, I would like to express my appreciation to the CAP review team. The team members are professional, comprehensive, well organized, and objective. The "real time" feedback from the team members and daily exit briefings were especially

helpful. The educational sessions regarding fraud and abuse awareness were well received. The collective efforts of the CAP review team have helped to improve our clinical and business practices at VASNHCS.

(*original signed by*:)

Robert L. Wiebe, M. D., M.B.A.

Attachment

Appendix A

VA Sierra Nevada Health Care System, Reno
Combined Assessment Program Review of March 3-7, 2003
Comments and Implementation Plan

Medical Supply Inventory Management

Recommended Improvement Action 1. We recommend that the VISN 21 Director ensure that the system Director implements procedures to: (a) provide GIP training to all inventory managers, (b) conduct physical inventories of all medical supply items and update GIP records to reflect actual on-hand quantities, (c) limit employee access to medical supply inventories during night and weekend hours and properly record all issuances in GIP, and (d) use GIP to maintain medical supply inventories at the 30-day goal.

Concur with the recommended improvement actions.

(a) The system Director will designate a single employee as the Inventory Management Technician (IMT). The primary responsibilities of the IMT will be purchases and inventory management. The IMT will receive training from Office of Acquisition and Materiel Management, VA Central Office and through an intra-VA detail to another site. In turn, the IMT will train other SPD and facility employees. The target date is July 31, 2003.

(b) System employees completed a physical inventory of all SPD items. The General Inventory Package (GIP) has been updated to reflect actual on-hand quantities. The physical inventory reduced the apparent value of medical supplies by $20,000 and the estimated turnover rate from 75 days to 37 days. This action was completed on March 31, 2003. Physical inventories will be conducted quarterly to ensure the accuracy of GIP inventories and maintain supply levels at 30 days or less.

(c) System managers have restricted access to medical supply inventories during "off" tours (i.e., nights and weekends). "Off" tour nursing supervisors have been educated regarding the correct method of recording equipment and supplies from SPD. In addition, Facilities Management Service is piloting a change of cleaning hours of SPD from "off" tours to regular business hours. These actions were completed on April 4, 2003.

System managers will install a card key system to secure the front door to SPD. Only SPD employees and "off" tour nursing employees will have direct access to SPD. A buzzer will be installed for other employees who need access to SPD. The target date is June 1, 2003.

The system has developed and implemented a charge slip system for use by SPD personnel to help properly record all issuances in GIP. This action was completed on March 31, 2003.

(d) The GIP system will be utilized for all SPD inventory. The steps outlined in Action 1 (a) through (c) above, including the establishment of the IMT, will reduce and ensure inventory levels are maintained at the 30-day goal. The target date is June 16, 2003.

QM – Consistent Use of Benchmarking and Evaluation Criteria

***Suggested Improvement Actions*.** We suggest that the VISN 21 Director ensure that the system Director implements procedures to consistently: (a) document use of available benchmarks, and (b) define evaluation criteria for identified corrective actions.

Concur with the suggested improvement actions.

(a) System managers and program coordinators will use and display available benchmarks on quality management reports and graphics. Benchmarks will be specifically used in reviews of surgical operations and other procedures, blood usage, and resuscitation outcomes. This action was implemented on March 31, 2003.

(b) Committees will define and utilize evaluation criteria when appropriate. Committee minutes will contain the following information for each topic: Discussion, Recommendations and Actions, Follow-up, Responsibility, Follow-up Date, and Expected Outcomes. This action was implemented April 30, 2003.

Management of Violent Patients

***Suggested Improvement Action*.** We suggest that the VISN 21 Director ensures that the system Director instructs clinicians to consistently document violent patient incidents in the patients' medical record progress notes and sets up a monitoring process to track compliance.

Concur with the suggested improvement action.

Clinicians, including physicians, psychologists, and nurses, will be reminded that all violent patient incidents must be documented in the medical records. If two or more patients are involved in a violent incident, then entries must be made in the medical records of all of the patients. This documentation is in addition to the completion of patient incident reports that are submitted to Quality Management. The employee who completes the incident report will ensure that descriptions of the incident and outcome

are made in the appropriate medical record(s). The Chief of Staff, Associate Chief of Staff for Primary Care, and Chief Patient Care Services will communicate these requirements to the clinical employees via electronic mail and/or staff meetings. This target date is June 1, 2003.

When Quality Management receives an incident report, Quality Management employees will check the medical record to determine if a description of the incident is recorded. Quality Management employees will continue to review the chart until the appropriate documentation is present. This action was completed on April 30, 2003.

Environment of Care

Suggested Improvement Action. We suggest that the VISN 21 Director ensures that the system Director follows through with planned initiatives to provide adequate patient privacy and safety in the phlebotomy area and the ICU and correct the uneven floor in the NFS food production area.

Concur with the suggested improvement action.

System managers will ensure adequate patient privacy and improve safety in the phlebotomy area by expanding the waiting area space. The target date is May 31, 2003.

System managers will ensure adequate patient privacy and improve safety in the ICU with a renovation linked to a Minor Construction project involving the operating rooms (i.e., Project Number 654-305). This project will upgrade the environment of care area, including toilets. The project also includes asbestos abatement and major upgrades of the electrical and ventilation systems. The target date is February 28, 2005.

System managers will replace the uneven floors and upgrade the facilities (e.g., sub floor, ceiling, and washrooms) in NFS. This will be part of a project scheduled to upgrade plumbing, electrical, and ventilation systems. The project will be awarded in 2003 and the target completion date is September 30, 2004.

Government Purchase Card Program

Suggested Improvement Actions. We suggest that the VISN 21 Director ensures that the system Director initiates procedures to comply with policy, specifically: (a) the Program Coordinator relinquishes approving official duties and responsibilities, (b) cardholders and approving officials comply with VHA Government Purchase Card Program policies for completing reconciliations and certifications, and (c) the Program Coordinator conducts annual refresher training for cardholders and approving officials.

Concur with the suggested improvement actions.

(a) The Program Coordinator has relinquished approving official duties and responsibilities. This action was completed on March 10, 2003.

(b) System employees will reconcile purchase card transactions in a timely manner. The Purchase Card Coordinator will increase the frequency of reconciliation reviews from monthly to weekly. Delinquencies will be reported to management for appropriate action (e.g., reducing authorization limits to $1 until reconciliation is completed, removing purchase card). This action was completed on May 12, 2003.

(c) System managers will require annual refresher training for all cardholders and approving officials. Purchase cards will not be issued until the cardholder and approving officials have received training. This action was implemented on April 1, 2003.

Service Contracts

Suggested Improvement Actions. We suggest that the VISN 21 Director ensures that the Network Contracting Manager: (a) prepares cost or price analyses for competitive contracts, and (b) prepares and maintains statements of price reasonableness in the contract files.

Concur with the suggested improvement actions.

(a) and (b) OIG surveyors discovered three contracts to be in non-compliance. In one contract, the price negotiation memorandum was misfiled in the subcontracting file and has subsequently been placed in the correct contract folder. In the other two contracts, the awards pre-dated the inception of the VISN 21 Consolidated Contracting Authority (CCA). When these contracts expired and were renewed, CCA developed the required cost and price analyses and placed the necessary documents in the contract files.

The CCA prepares cost or price analyses for competitive contracts and maintains price reasonableness in the contract files. CCA has instituted other improvements, including price negotiation memorandum training, standardized contract file formats, and regular audits (e.g., 15 audits per month per CCA team). These actions have been completed and are ongoing.

Appendix B

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