



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the VA Medical Center Dayton, Ohio

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 May 24-28, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the VA Medical Center Dayton, Ohio (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 261 employees. The medical center is under the jurisdiction of Veterans Integrated Service Network (VISN) 10.

Results of Review

This CAP review focused on 14 areas. As indicated below, there were no concerns identified in the following three areas:

- Government Purchase Card Program
- Means Test Certifications
- Pharmacy Security

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

- Government purchase cards were appropriately used and monitored.
- Means test procedures were effective.

We identified 11 areas which needed additional management attention. To improve operations, the following recommendations were made:

- Reduce excess medical supply inventories.
- Enhance billing procedures and improve physician documentation of care provided.
- Strengthen the accounts receivable collection process by making follow-up telephone calls.
- Strengthen accountability controls over controlled substances.
- Comply with Liquid Bulk Oxygen national contract requirements and safety standards.
- Improve information technology (IT) security.
- Enhance QM controls regarding clinical reprivileging and patient complaints.

- Correct environment of care deficiencies.
- Cancel unneeded obligations.
- Improve moderate sedation documentation.

A suggestion for improvement was made in the following area:

- Fully document contracting actions in the contract files and ensure contracted services are provided before payments are made.

This report was prepared under the direction of Mr. William H. Withrow, Director, Kansas City Audit Operations Division, and Mr. Robert C. Zabel, CAP Review Coordinator, Kansas City Audit Operations Division.

VISN 10 and Acting Medical Center Director Comments

The VISN 10 Director and the Acting Medical Center Director agreed with the CAP review findings, recommendations, and suggestions and provided acceptable improvement plans. (See Appendixes A and B, pages 18-30 for the full text of the Directors' comments.) We will follow up on the implementation of recommended improvement actions until they are completed.

(original signed by:)

RICHARD J. GRIFFIN
Inspector General

Introduction

Facility Profile

Organization. Located in Dayton, Ohio, the medical center provides a continuum of care which encompasses all levels of acute, nursing home, and domiciliary care. An active ambulatory care program is provided through a variety of clinics including a primary care program designed to ensure an atmosphere of friendly, personal, and individualized patient care. Outpatient care is also provided at four community-based outpatient clinics located in Lima, Middletown, Richmond, and Springfield, Ohio. The medical center is the third oldest VA medical center, having accepted its first patient in 1867. The medical center is part of VISN 10 and serves a veteran population of about 169,000 in a primary service area that includes 15 counties in western Ohio and one county in eastern Indiana.

Programs. The medical center provides medical, surgical, and mental health services, and maintains 120 acute care, 265 nursing home care, and 115 domiciliary beds. The medical center also has a sharing agreement with Wright Patterson Air Force Base that covers a variety of areas that benefit both parties, including radiation therapy, professional radiology services, and audiology.

Affiliations and Research. The medical center is affiliated with Wright State University and Ohio State University and supports 58.2 medical resident positions in 10 training programs. Approximately 215 medical school residents, interns, and students are trained each year. The medical center also has 10 nursing students and 59 other affiliations involving various health care programs with many institutions.

Resources. The medical center's Fiscal Year (FY) 2004 medical care budget was \$177.2 million, a 2.4 percent increase over the FY 2003 budget of \$173 million. FY 2004 (through March 31, 2004) staffing was 1,664.1 full-time equivalent employees (FTE), including 84.3 physician and 475.5 nursing FTE. FY 2003 staffing was 1,599.2 FTE, including 70.1 physician and 448.3 nursing FTE.

Workload. As of March 31, 2004, the medical center treated 27,533 unique patients, a 3.8 percent increase from the same time period in FY 2003 (26,525). The patient care workload as of March 31, 2004, totaled 3,436 inpatients treated and 164,090 outpatient visits. This represented an 8.1 percent increase and a 13.4 percent increase, respectively, from workload (3,178 inpatients treated and 144,680 outpatient visits) reported for the same time period in FY 2003.

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 and benefits services. The objectives of the CAP review are to:

- Conduct recurring evaluations of selected health care facility and regional office operations focusing on patient care, QM, benefits, 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 patient care administration, QM, and general management controls. Patient care administration is the process of planning and delivering patient care. QM is the process of monitoring the quality of patient care to identify and correct harmful or potentially harmful practices or conditions. 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:

Accounts Receivable	Means Test Certifications
Contract Award and Administration	Medical Care Collections Fund
Controlled Substances Accountability	Medical Supply Inventories Management
Environment of Care	Moderate Sedation Practices
Government Purchase Card Program	Pharmacy Security
Information Technology Security	Quality Management
Liquid Bulk Oxygen Utility System	Unliquidated Obligations

The review covered facility operations for FY 2003 and FY 2004 through April 30, 2004, and was done in accordance with OIG standard operating procedures for CAP reviews.

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, 546 of whom responded. We also interviewed 17 inpatients and 9 outpatients during the review. The full survey results were provided to medical center management.

During the review, we presented four fraud and integrity awareness briefings for medical center employees. These briefings, attended by 261 employees, covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflict of interest, and bribery.

Activities that were particularly effective or otherwise noteworthy are recognized in the Organizational Strengths section of the report (page 4). Activities needing improvement are discussed in the Opportunities for Improvement section (pages 5-17). 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

Government Purchase Cards Were Appropriately Used and Monitored. Medical center employees routinely use Government purchase cards to obtain necessary items to continue service operations. We reviewed the purchase orders for five purchase card charges for IT and prosthetics items totaling \$21,154 and found that they were justified and appropriate. Also, we reviewed reconciliations and approvals for FY 2003 and found them to be appropriate and timely. We also verified that purchase cards of terminated employees were returned to the medical center as required.

Means Test Procedures Were Effective. Means tests are administered to obtain income information from certain veterans in order to determine whether they are subject to medical co-payments. Veterans Health Administration (VHA) facilities are required to retain signed means test certification forms in patients' administrative records. We reviewed means test certification forms for 30 veterans and found that all 30 veterans had completed and signed the means test certifications for the year of review (May 1, 2003, through April 30, 2004).

Opportunities for Improvement

Medical Supply Inventories Management – Inventories Should Be Reduced

Condition Needing Improvement. Acquisition and Materiel Management (A&MM) Service employees needed to reduce excess medical supply inventories. VHA policy mandates that facilities use the Generic Inventory Package (GIP) to manage inventories and establish a 30-day stock level goal. The GIP automated inventory control system assists inventory managers in monitoring inventory levels, analyzing usage patterns, and ordering supply quantities necessary to meet current demand.

As of March 31, 2004, inventory in the medical supply primary control points consisted of 45,988 items valued at \$861,263. To test the reasonableness of medical supply inventory levels, we reviewed a sample of 70 items valued at \$197,431. For 38 of the 70 (54 percent) items reviewed, the stock on hand exceeded 30 days of supply, with inventory levels ranging from 31 days to 1,230 days (almost 3.5 years) of supply. For these 38 items, the value of stock exceeding 30 days was \$146,279, or 74 percent of the total value of the 70 sampled items. Applying the 74 percent sample result to the total medical supply inventory of \$861,263, we estimated that the value of excess stock was \$637,335. According to the Chief, A&MM Service, his employees had not yet had the time to reduce stock levels to meet the 30-day supply goal.

Recommended Improvement Action(s) 1. We recommended that the VISN Director ensure that the Acting Medical Center Director requires inventory managers to reduce medical supply stock levels to meet the 30-day goal.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The medical center implemented GIP on August 31, 2004, established 30-day stock levels, and initiated daily inventories to ensure stock levels meet the 30-day supply goal. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Medical Care Collections Fund – Improved Procedures Could Increase Cost Recoveries

Condition Needing Improvement. The medical center increased Medical Care Collections Fund (MCCF) collections from \$7.3 million in FY 2002 to \$8.7 million in FY 2003, exceeding its collection goal of \$8.4 million by \$300,000.

However, medical center management could further improve MCCF program results by:

- Strengthening billing procedures for fee-basis care.¹
- Issuing bills for outpatient care that is related to inpatient care.
- Issuing bills when insurance is identified after the date of care.
- Training attending physicians to document the care provided and their supervision of residents in the medical records, and training coding staff to make correct decisions as to whether or not care is billable.
- Following up on accounts receivable with telephone calls.

We found additional billing opportunities totaling \$74,682, with estimated collections of \$29,126, as discussed in the following paragraphs.

Fee-basis Care. From October 1, 2003, to March 31, 2004, the medical center paid 2,749 fee-basis claims totaling \$240,996 to non-VA providers who provided medical care to patients with health insurance. Payments included claims for inpatient care, outpatient care, and ancillary services related to inpatient care. To determine whether the fee-basis care was billed to patients' insurance carriers, we reviewed a judgment sample of 15 claims totaling \$28,118. Of these 15 claims, 4 were not billable to the insurance carriers because the fee-basis care was for service-connected conditions or the services provided were not covered. At the time of our review, MCCF staff had not billed insurance carriers for the other 11 claims because pre-certifications² had not been obtained prior to care. However, management planned to retroactively bill for 5 of the 11 claims, as those insurance carriers allowed retroactive pre-certifications. The six remaining claims were not billable because the insurance carriers do not allow retroactive pre-certifications of care. We estimated that an additional \$25,672 could have been billed for these 11 claims if the pre-certifications had been obtained timely.

Outpatient Care. We reviewed 15 inpatient discharges occurring in February 2004 and found that MCCF staff appropriately billed for care provided at the medical center. However, we identified billing opportunities totaling \$6,366 for five outpatient care visits, related to the inpatient discharges, that were not billed. MCCF staff took immediate action and issued bills for the five visits.

Identifying Insurance. The *Unbilled Care Report*, from October 1, 2001, to March 31, 2004, listed 106 outpatient visits (6 months or older) with potential billable care totaling \$44,659. We reviewed 10 of these visits and found that the care for 3 visits was not billable under the terms of the insurance plans. However, we found additional billing

¹ Fee-basis care is medical care provided to veterans by non-VA providers. VA reimburses the non-VA providers for the care.

² Pre-certification is the process by which, prior to the episode of care, the insurance carrier evaluates the necessity of the proposed care.

opportunities totaling \$18,165 for the remaining seven visits. MCCF managers explained that at the time of care they did not know the veterans had insurance. When it was determined that the veterans did have insurance, MCCF staff immediately issued bills for the seven visits.

Documentation and Coding of Care Provided. The *Reasons Not Billable Report*, from October 1, 2003, to March 31, 2004, listed 1,282 potential billings totaling \$169,395 that were unbilled because of insufficient documentation, no documentation, or nonbillable providers (residents). We reviewed 30 potential billings totaling \$31,586 and found 29 missed billing opportunities totaling \$24,479, as discussed below.

In 20 cases, MCCF staff had not issued bills because medical care providers did not adequately document the care (diagnoses or progress notes) provided totaling \$16,782. MCCF staff obtained documentation for eight cases during our visit and issued bills totaling \$3,679. However, they were not able to obtain documentation for the remaining 12 cases totaling \$13,103.

In five cases, MCCF staff could have billed \$4,671 for the care provided by residents, but we found that the attending physicians did not document their supervision of the residents. VHA policy requires that attending physicians or residents document resident supervision by entering progress notes into the medical records.

In four cases, MCCF staff could have billed \$3,026 for the care provided, but coding staff incorrectly determined that the care was not billable. Coding staff assigned the reason “nonbillable provider (resident)” code to these four cases, which meant attending physician documentation of resident supervision was needed in order to bill for the care provided. However, the care was actually provided by a physician assistant, so attending physician documentation was not needed in order to bill for the care provided.

Collection Efforts. We reviewed a judgment sample of 10 accounts receivable as of March 31, 2004, and found that collection efforts were not always timely. Guidance provided by VHA’s Chief Business Office states that follow-up telephone calls for unpaid bills should begin within 30 days after the issuance of the bills to verify that the insurance carriers received the bills and to determine the reasons the bills remain unpaid. In three cases, telephone calls were not made within 30 days. The duration from billing date to the date of the first telephone call for the three cases averaged 50 days and ranged from 42 days to 61 days.

Potential Collections. Strengthening billing procedures for fee-basis and outpatient care, documentation of care and supervision of residents, coding, and collection efforts will enhance revenue collections. We estimated that additional billings totaling \$74,682 (\$25,672 + \$6,366 + \$18,165 + \$24,479) could have been issued. Based on the medical center’s historical collection rate of 39 percent, MCCF staff could have increased collections by \$29,126 (\$74,682 x 39 percent).

Recommended Improvement Action(s) 2. We recommended that the VISN Director ensure that the Acting Medical Center Director requires that MCCF staff: (a) strengthen the billing process for fee-basis care; (b) issue bills for outpatient care related to inpatient care; (c) issue bills when insurance is identified after the date of care; (d) train physicians to adequately document the care they provide, document their supervision of residents, and train coding staff to make correct decisions as to whether or not care is billable; and (e) follow up on accounts receivable with telephone calls within 30 days.

The VISN and Acting Medical Center Directors agreed with the findings and recommendations. The medical center implemented a new procedure to verify insurance coverage and obtain pre-certification as soon as fee care is authorized. MCCF staff now bill Emergency Room and related services as outpatient care, and they have updated their insurance files. Although MCCF staff has almost eliminated billing backlogs, they will continue close monitoring of these areas. The medical center managers have provided training to physicians and coders and are monitoring results and providing feedback. Also, MCCF employees are making telephone calls to follow up on delinquent bills. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Accounts Receivable – Medical Center Staff Could More Aggressively Pursue Delinquent Debts

Condition Needing Improvement. In addition to the MCCF receivables discussed above, we also reviewed a judgment sample of 30 non-MCCF accounts receivable with a value of \$30,956. We found collection and follow-up procedures could be improved, since the process did not include Fiscal Service staff making telephone calls to debtors. Guidance provided by VHA's Chief Business Office states that follow-up telephone calls for unpaid bills should begin within 30 days after the issuance of the bills to verify that the debtors received the bills and to determine the reasons the bills remain unpaid.

Recommended Improvement Action(s) 3. We recommended that the VISN Director ensure that the Acting Medical Center Director requires Fiscal Service staff to strengthen the collection process by making telephone calls to debtors within 30 days to arrange for payments.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. Fiscal Service staff will follow up delinquent debts over 30 days old with telephone calls. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Controlled Substances Accountability – Selected Controls and Destruction of Excess and Outdated Controlled Substances Needed Improvement

Condition Needing Improvement. While Pharmacy Service security was adequate for the areas we reviewed, the Chief, Pharmacy Service and the Controlled Substances Coordinator needed to strengthen controls to fully comply with VHA policy and help ensure accountability of controlled substances. The following deficiencies were identified.

Monthly Unannounced Controlled Substances Inspections. VHA policy requires the Controlled Substances Coordinator to ensure that monthly inspections are completed in each area where controlled substances are stored. Our review of the *Monthly Unannounced Controlled Substances Inspection* reports, for the 13-month period ending May 2004, found that the following areas containing controlled substances were not inspected: Area 1 [Outpatient Pharmacy, Emergency Room (ER), Intensive Care Unit, Cardiology, and Laboratory] for December 2003; and Area 2 (Inpatient Pharmacy and five wards) for January 2004. The inspections were not performed because the assigned inspector had resigned without notifying the Controlled Substances Coordinator and a substitute was not assigned.

In April 2004, the Controlled Substances Coordinator revised the policy for monthly inspections. Inspectors are now provided a control sheet that outlines the areas they are required to inspect. This control sheet is then reviewed by the Controlled Substances Coordinator to ensure that all areas are inspected.

Also, medical center policy requires that all assigned inspections be completed by the end of the month. For the months of September, November, and December 2003, the monthly inspections were not completed until 8 days into the following month.

72-hour Inventories of Controlled Substances. VHA policy requires a perpetual inventory of all controlled substances, verified by Pharmacy Service staff, at a minimum of every 72 hours. Our review of the Inpatient Pharmacy Vault found that, during the 3-month period ending March 31, 2004, inventories were not performed from January 9-15, 2004, and from February 12-24, 2004. According to the Chief, Pharmacy Service, the pharmacy technician designated to perform the inventories was on leave and a substitute was not assigned. The Chief, Pharmacy Service agreed to ensure that alternates are assigned when someone is not available. The 72-hour inventory is an important control in identifying discrepancies at an early stage.

Quarterly Destruction of Excess and Outdated Controlled Substances. VHA policy requires that the destruction of excess and outdated controlled substances will be witnessed and attested to by the Chief, A&MM Service (or designee), the Chief, Pharmacy Service (or designee), and the controlled substances inspector. The controlled

substances inspector is to verify that controlled substances destructions are completed at least quarterly and document the destructions on the *Monthly Unannounced Controlled Substances Inspection* reports. Our review of 11 reports, for the period April 4, 2002, through February 10, 2004, found that the controlled substances inspector did not witness the destructions.

Receipt of Controlled Substances. VHA policy prescribes that medical facilities will establish written procedures that require an individual from A&MM Service and an individual from Pharmacy Service to jointly witness the receipt of controlled substances. The medical center did not have these written procedures, and our review found that a staff member from A&MM Service was not witnessing the receipt of controlled substances.

Recommended Improvement Action(s) 4. We recommended that the VISN Director ensure that the Acting Medical Center Director requires that: (a) monthly unannounced controlled substances inspections be performed in all areas and be completed by the end of the month, (b) all controlled substances inventories are verified at least every 72 hours, (c) controlled substances inspectors witness the destruction of all excess and outdated controlled substances, and (d) a staff member from A&MM Service witnesses the receipt of controlled substances.

The VISN and Acting Medical Center Directors agreed with the findings and recommendations. The Controlled Substances Coordinator now provides inspectors a control sheet to ensure all areas are inspected monthly. All controlled substances inventories are being verified at least every 72 hours, and inspectors are now assigned to witness the destruction of excess and outdated controlled substances. The medical center has developed a policy to ensure that an A&MM Service staff member witnesses receipt of controlled substances and annotates the appropriate forms. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Liquid Bulk Oxygen Utility System – Compliance with VA National Acquisition Center Contract Requirements and National Fire Protection Association Standards Needed To Be Strengthened

Condition Needing Improvement. The Liquid Bulk Oxygen national contract is administered by the National Acquisition Center (NAC). The national contract delegates responsibility for local contract administration to the designated medical center Contracting Officer's Technical Representative (COTR). The COTR needed to execute a written mutual agreement with the vendor for the Liquid Bulk Oxygen contract to meet NAC contract requirements, and medical center management needed to better enforce National Fire Protection Association (NFPA) standards.

NAC Contract Requirements. The national contract requires the COTR, after award of the local contract, to enter into a written mutual agreement with the vendor which requires the following:

- Reference to, and a copy of, the COTR's delegation letter.
- Method of ordering and specific delivery instructions.

A copy of the written mutual agreement must be provided to the NAC, and it becomes a modification to the national contract. However, a written mutual agreement had not been executed by the COTR.

NFPA Safety Standards. NFPA standards require medical gases to be stored away from open flames and cigarette smoking areas. Our inspection found that medical center management did not adequately enforce NFPA safety standards. At Oxygen Bay Location 320, we found cigarette butts on the floor next to oxygen cylinder tanks, even though "No Smoking" signs were posted next to the tanks.

Recommended Improvement Action(s) 5. We recommended that the VISN Director ensure that the Acting Medical Center Director: (a) executes a written mutual agreement with the Liquid Bulk Oxygen vendor and forwards a copy to the NAC, and (b) educates employees and patients as to the hazard of smoking near the oxygen supplies, and enforces NFPA safety standards with respect to employees and patients smoking near oxygen supplies.

The VISN and Acting Medical Center Directors agreed with the findings and recommendations. Medical center staff has sent information regarding the designated COTR, the method of ordering, and specific delivery instructions to the NAC so personnel there can process a modification to the national contract. Engineering Service staff relocated the oxygen cylinder tanks away from the exit doors. Also, medical center staff is providing training to employees and patients on smoking policies and will monitor the no smoking areas. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Information Technology Security – Improvements Were Needed to Comply with VA and Local Policies

Condition Needing Improvement. We reviewed the medical center's IT security to determine if controls were adequate to protect automated information system resources from unauthorized access, disclosure, modification, destruction, or misuse. We found that annual security awareness training was provided, password controls were adequate, and critical data were backed up on a regular basis. However, we identified the following areas that required management attention.

Risk Assessments. The Local Area Network (LAN) and the Veterans Health Information Systems and Technology Architecture (VistA) risk assessments were not adequate. We found that the Information Security Officer (ISO) used the Automated Risk Analysis (ARA) tool for these assessments. The ARA tool uses the results of survey answers to evaluate or grade each system on overall security. However, the ARA tool does not completely assess the threats posed by natural, environmental, or man-made factors. These vulnerabilities and any other additional threats should be documented in a risk assessment plan as mandated by Federal law. Guidelines to prepare a risk assessment are published by the National Institute of Standards and Technology (NIST).

In addition, medical center managers did not develop a risk assessment for the Voice over Internet Protocol (VoIP) telecommunication system. The VoIP telecommunication system was installed at the medical center in July 2003. A risk assessment should be performed whenever a significant change occurs to a system.

Security Plans. The VistA and LAN security plans were adequate. However, there was no VoIP telecommunication system security plan. This plan should include items such as system identification, rules of behavior, assignment of security responsibility, system environment, sensitivity of information handled, and management controls. NIST guidelines state the plan should ensure the VoIP telecommunication system has a level of security commensurate with the risk and magnitude of the impairment that could result from the loss, misuse, disclosure, or modification of the information contained in the system.

Contingency Plans. The medical center contingency plans for the LAN, VistA, and Information Resources Management (IRM) Service were adequate. However, a contingency plan for the VoIP telecommunication system had not been developed. Contingency plans establish prescribed procedures for the staff to reduce the impact of disruptions in services and facilitate the resumption of normal operations. A plan needs to be developed to define threats, vulnerabilities, and the interim measures to recover the VoIP telecommunication system. Guidelines to prepare a contingency plan are published by NIST.

Storage of IRM Service Back-up Tapes. IRM Service back-up tapes are stored on a rack in a secure, remote, and environmentally-controlled location. It is located in a separate building from the computer room with three fire doors (two are required) separating the two areas. However, there is no sprinkler system in the room, and the back-up tapes are not stored in fireproof and waterproof containers, as required by NIST.

Telecommunication Room Controls. The VoIP telecommunication room is in a locked, temperature-controlled building with only one entrance. VA Police monitor the entrance with a closed circuit television. However, there was no sign-in log, and water sensors and plastic tarps were not in place to protect equipment from water damage. The Chief,

IRM Service agreed to correct the identified deficiencies and add a motion detection system.

Storage of New Computer Equipment. The room where new computer equipment is stored needs to be properly secured. The room is located in an old day room with large single-pane glass windows covered with cardboard. The locks have been removed from the double doors to the ward where the computer storage room is located, and there are no cameras monitoring the room. This room should be secure to protect the new computers and accessories valued at up to \$100,000. The ISO agreed to implement measures to ensure the room is secure.

Recommended Improvement Action(s) 6. We recommended that the VISN Director ensure that the Acting Medical Center Director improves IT security by: (a) revising the LAN and VistA risk assessments and developing a VoIP telecommunication system risk assessment in accordance with NIST guidelines; (b) implementing a VoIP telecommunication system security plan and contingency plan in accordance with NIST guidelines; (c) storing back-up tapes in fireproof and waterproof containers in a room that has a sprinkler system; (d) adding a sign-in log, water sensors, and plastic tarps to ensure the VoIP telecommunication room is secure and safe from damage; and (e) adding a monitoring or alarm system to ensure the room where new computer equipment is stored is not accessed by unauthorized personnel.

The VISN and Acting Medical Center Directors agreed with the findings and recommendations. The ISO will work with IRM to revise the LAN and VistA risk assessments and develop a VoIP risk assessment, security plan, and contingency plan. IRM will move its remote storage to a room in Building 315 that meets the security requirements and will contain a safe for the back-up tapes. A sign-in log, tarps, and a motion detector have been added to the VoIP telecommunication room to ensure security and safety. Also, the new equipment storage room has been moved to a more secure location. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Quality Management – Clinical Reprivileging and the Recording of Patient Complaints Needed Improvement

Condition Needing Improvement. The medical center had an active QM program to monitor and improve the quality of care. The medical center utilized various methods to analyze QM data, detect trends, and take actions to address identified issues. Administrative investigations, peer reviews, and root cause analyses (RCAs) were appropriately conducted and corrective actions were implemented. Physician participation was evident in the program. However, management attention was needed in the areas of clinical reprivileging and patient complaints.

Clinical Reprivileging. Clinical reprivileging is the process of renewing the privileges of practitioners who currently hold privileges within the medical center. VHA requires that the reprivileging process include appraisals of professional performance, judgments, and clinical/technical competencies and skills, based in part on provider specific performance improvement elements and benchmarks. We reviewed a judgment sample of eight physician Credentialing and Privileging (C&P) files and interviewed four clinical service chiefs. Four of the C&P files lacked provider specific performance improvement data. None of the eight files documented benchmark comparisons of provider specific performance data with internal or external comparative information. Three of the 4 clinical service chiefs had no specific process to evaluate provider performance at the time of reprivileging. One of the 4 clinical service chiefs developed a form to evaluate provider performance improvement data in practice areas unique to that service. QM management had preliminary plans to expand its provider database to include provider specific performance improvement data as well as benchmarking data.

Patient Complaints. The VHA Patient Advocacy Program requires that all veterans and their families, who are served in VHA medical facilities and clinics, have their complaints addressed in a convenient and timely manner. Each patient complaint is to be identified, resolved, classified, and utilized to improve overall service to veterans. According to VHA policy, all patient complaints are to be entered into VistA, or a similar database, so that the data can be integrated into both medical center and VISN strategic and customer service plans. During an interview with the Patient Advocate, we found that, while the great majority of complaints were cataloged, not all patient complaints were input into a database.

Recommended Improvement Action(s) 7. We recommended that the VISN Director ensure that the Acting Medical Center Director requires that: (a) clinical service chiefs coordinate with QM to develop a method to track and benchmark provider specific performance data for analysis at the time of reprivileging, and (b) the Patient Advocate inputs all patient complaints into VistA or a similar system so that the data can be integrated into both medical center and VISN strategic and customer service plans.

The VISN and Acting Medical Center Directors agreed with the findings and recommendations. Medical center management is establishing provider specific performance data for reprivileging purposes, and Patient Advocates will input all complaints into the VistA system. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Environment of Care – Security Issues Needed Management Attention

Condition Needing Improvement. Safety and security in the ER needed improvement. In March 2004, an armed patient took a nurse hostage in the ER. The patient was shot by a VA police officer, and the patient is now awaiting trial. The ER is located in an open area that provides easy access to the main building through several hallways. A system

of video cameras monitors various areas of the medical center, including the ER. Employees stated that changes in the physical layout of the ER, as well as increasing the presence of security guards, would help deter similar incidents. The medical center is in the process of completing an RCA of the incident. Preliminary recommendations from the RCA team were to take specific steps to improve security in the medical center, including the ER.

Recommended Improvement Action(s) 8. We recommended that the VISN Director ensure that the Acting Medical Center Director implements measures to improve overall security in the medical center.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. Medical center management has increased overall security by making ER and other medical center patrol checks, installing panic alarms in the ER and throughout the medical center, and planning a maintenance project to improve ER security. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Unliquidated Obligations – Undelivered Orders and Accrued Services Payable Should Be Thoroughly Reviewed

Condition Needing Improvement. VA policy requires Fiscal Service employees to analyze undelivered orders and accrued services payable reports each month to identify outstanding obligations and to contact the requesting services to determine whether the obligations are still needed. If an obligation is not needed, Fiscal Service employees should cancel it and reprogram the funds. While Fiscal Service employees were performing the required analyses and following up with the requesting services as to continued need, we identified two obligations totaling \$10,141 that were inadvertently overlooked and should have been canceled.

Undelivered Orders. As of April 30, 2004, the medical center had 318 undelivered orders totaling \$4.3 million. Of these, 43 undelivered orders totaling \$240,084 were delinquent (over 90 days). We reviewed a judgment sample of 12 orders and found that one order totaling \$8,641 was no longer needed and should have been canceled.

Accrued Services Payable. As of April 30, 2004, the medical center had 345 accrued services payable totaling \$3.9 million. Of these, 11 accrued services payables totaling \$63,853 were delinquent. We reviewed a judgment sample of 8 payables and found 1 payable totaling \$1,500 was no longer needed and should have been canceled.

Recommended Improvement Action(s) 9. We recommended that the VISN Director ensure that the Acting Medical Center Director cancels the two obligations that were identified.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation and decreased the obligations by the amounts we identified. The improvement actions are acceptable, and we will follow up on the planned actions until they are completed.

Moderate Sedation Practices – Pre-Sedation and Post-Sedation Information Should Be Documented in Patient Records

Condition Needing Improvement. VHA policy and Joint Commission on Accreditation of Healthcare Organizations standards require that patients will have a pre-sedation assessment, which must include a review of medical, anesthesia, and medication histories. It must also include a physical examination, assignment of an American Society of Anesthesiologists (ASA) classification, an anesthesia plan of care, and identification of a responsible person to accompany the patient home post-sedation. We reviewed a judgment sample of 10 patient records and required documentation was incomplete in 3 records. Two records did not identify a responsible person for post-sedation assistance, and 1 record did not contain the ASA classification of the patient.

Recommended Improvement Action(s) 10. We recommended the VISN Director ensure that the Acting Medical Center Director requires that complete patient data is documented for all patients undergoing procedures using moderate sedation.

The VISN and Acting Medical Center Directors agreed with the findings and recommendation. The medical center's policy requires the ASA classification and a person responsible for post-sedation assistance. Medical center management will reeducate sedation providers on the policy and procedures. The improvement plans are acceptable, and we will follow up on the planned actions until they are completed.

Contract Award and Administration – Documentation of Contracting Actions and Monitoring of Contracts Needed Strengthening

Condition Needing Improvement. To determine if contracts were properly awarded and administered, we reviewed a judgment sample of 10 current contracts with an estimated total value of \$7.3 million. Overall contracting activities were adequate, but we identified two areas that needed improvement.

Contract Documentation. Contracting officers are required to establish files containing documentation of significant contracting actions, including written justifications for exercising option years and COTR letters that delegate and describe duties and responsibilities. We found documentation deficiencies in 2 of the 10 contracts reviewed.

- The Federal Acquisition Regulation requires contracting officers to establish and maintain files to document all contracting actions. The contract files for Wheelchair

Van/Hired Car Services (yearly value of \$500,900) and for Transcription Services (yearly value of \$504,300) did not contain Price Negotiation Memorandums.

- VA policy requires that a COTR be assigned in writing to monitor contract performance to ensure that services are provided in accordance with contract terms. Although a staff member was performing monitoring duties as the COTR for the Wheelchair Van/Hired Car Services contract, there was no documentation officially assigning the staff member as the COTR.

COTR Monitoring of Contracts. Our review found that COTRs were not adequately monitoring four of the contracts. The COTRs should monitor the contracts to verify that contracted services were provided. The four contracts that were not monitored were the Ear, Nose, and Throat Services contract (yearly value of \$157,850); Obstetrics and Gynecology Services contract (yearly value of \$140,000); Orthopedic Surgeon contract (yearly value of \$300,000); and Adult Day Health Care contract (yearly value of \$20,000). The COTRs were approving the invoices without ensuring that the services had been provided. The Chief, Acquisition Section of A&MM Service agreed that the COTRs need to adequately monitor the contracts and contract invoices.

Suggested Improvement Action(s) 1. We suggested that the VISN Director ensure that the Acting Medical Center Director requires that: (a) necessary documentation of contracting actions be included in the contract files, and (b) monitoring of contracts by COTRs be strengthened.

The VISN and Acting Medical Center Directors agreed with the findings and suggestions. The Chief, Acquisition Management Section reviewed all contract files and corrected noted deficiencies. Also, the Chief, A&MM Service has provided training sessions for COTRs and instructed Contracting Officers to make sure that COTRs understand their responsibilities. Periodic audits have been planned to monitor progress. The improvement plans are acceptable.

VISN 10 Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: September 14, 2004

From: Network Director, VA Healthcare System of Ohio, VISN 10 (10N10)

Subject: **Combined Assessment Program (CAP) Review of the VA Medical Center Dayton, Ohio**

To: Director, Kansas City Audit Operations Division

Please find attached the comments from the Acting Director, VA Medical Center Dayton, Ohio on pages 19 - 30.

I concur with the Medical Center comments and actions taken or to be taken.

(original signed by:)
CLYDE L. PARKIS

Acting Medical Center Director Comments

**Department of
Veterans Affairs**

Memorandum

Date: September 14, 2004

From: Acting Director, VA Medical Center Dayton, Ohio
(552/00Q)

Subject: **Combined Assessment Program (CAP) Review of the
VA Medical Center Dayton, Ohio**

To: Director, Kansas City Audit Operations Division

Please find attached our comments regarding the CAP
review of Dayton VA Medical Center on pages 20 – 30.

(original signed by:)

LINDA D. SMITH

Acting Director's Comments to Office of Inspector General's Report

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

OIG Recommendation(s)

Recommended Improvement Action(s) 1. We recommend that the VISN Director ensure that the Acting Medical Center Director requires inventory managers to reduce medical supply stock levels to meet the 30-day goal.

Concur **Target Completion Date:** August 2004

As mandated by VACO, GIP was implemented in designated areas by August 31, 2004. With this implementation, 30-day stock levels were established and items are inventoried daily by the Item Managers to ensure stock levels meet the 30-day supply goal.

Recommended Improvement Action(s) 2. We recommend that the VISN Director ensure that the Acting Medical Center Director requires that MCCF staff: (a) strengthen the billing process for fee-basis care; (b) issue bills for outpatient care related to inpatient care; (c) issue bills when insurance is identified after the date of care; (d) train physicians to adequately document the care they provide, document their supervision of residents, and train coding staff to make correct decisions as to whether or not care is billable; and (e) follow up on accounts receivable with telephone calls within 30 days.

Concur **Target Completion Date:** October 2004

a) A new procedure has been implemented, whereby insurance coverage will be verified, and pre-certification obtained, if required, as soon as fee basis care is authorized by the Chief of Staff.

b) MCCF now bills Emergency Room and related services as an outpatient bill even when the patient is admitted later that same day. Previously, the procedure was to roll those charges into the inpatient admission. Completed June 2004.

c) MCCF staffing shortages have presented us with numerous challenges in keeping our insurance buffer file current. Insurance files are now current and billing backlogs almost eliminated. This area will continue to be monitored closely. Completed August 2004.

d) Training of attending physicians on the proper documentation of care and supervision provided in all clinics was initiated in January 2004 by Patient Business Service outpatient coders on site during clinic hours. Coding supervisors are auditing results and providing feedback to attendings to improve training effectiveness. Completed January 2004. MCCF forwards all billable cases for validation to coding. Refresher courses have been provided with both coding and billing staff on proper use of denial codes for non-billables. Completed September 2004.

e) We are improving our third party delinquent bill collection process by making telephone follow-up calls.

Recommended Improvement Action(s) 3. We recommended that the VISN Director ensure that the Acting Medical Center Director requires Fiscal Service staff to strengthen the collection process by making telephone calls to debtors within 30 days to arrange for payments.

Concur **Target Completion Date:** May 2004

Fiscal Staff will improve the collection process by following up delinquent debts over 30 days old with telephone calls for non-MCCF bills.

Recommended Improvement Action(s) 4. We recommend that the VISN Director ensure that the Acting Medical Center Director requires that: (a) monthly unannounced controlled substances inspections be performed in all areas and be completed by the end of the month, (b) all controlled substances inventories are verified at least every 72 hours, (c) controlled substances inspectors witness the destruction of all excess and outdated controlled substances, and (d) a staff member from A&MM Service witnesses the receipt of controlled substances.

Concur

Target Completion Date: May 2004

a) In April 2004, the Controlled Substance Coordinator revised the policy for monthly inspections. Inspectors are now provided a control sheet that outlines the areas they are required to inspect. This control sheet is then reviewed by the Controlled Substance Coordinator to ensure all areas are inspected. Any inspections that are not completed are immediately reassigned for completion by a Controlled Substance Inspector by the end of the month. Completed April 2004.

b) All controlled substance inventories are being verified at least every 72 hours.

c) Controlled Substance Inspectors are now assigned to witness the destruction of excess and outdated controlled substances.

d) A written Memorandum of Understanding outlining the procedures for ordering and receiving controlled substances was put into effect between A&MMS and Pharmacy Service on May 11, 2004. These procedures are in accordance with the VA Handbook 7127-5, Section 101-1, where the A&MMS accountable officer witnesses the receipt of all controlled substances by Pharmacy Service and receipt is annotated by both employees on the appropriate forms.

Recommended Improvement Action(s) 5. We recommend that the VISN Director ensure that the Acting Medical Center Director: (a) executes a written mutual agreement with the Liquid Bulk Oxygen vendor and forwards a copy to the NAC, and (b) educates employees and patients as to the hazard of

smoking near the oxygen supplies and enforces NFPA safety standards with respect to employees and patients smoking near oxygen supplies.

Concur **Target Completion Date:** February 2005

a) NAC Contract Requirements: Information regarding designated COTR, method of ordering, and specific delivery instructions have been sent to the NAC so they can process a modification to the national contract. A&MMS has made several calls to the NAC regarding status of this modification. On September 7, 2004, the NAC informed A&MMS they are in the process of verifying the information Dayton submitted. Once verified, the modification will be signed and a copy faxed to this Medical Center.

NFPA Safety Standards: A&MMS significantly reduced the quantity of cylinders being stored. Engineering Service removed the oxygen cylinder storage rack from its location between the exit doors and lift, and reinstalled a smaller section of the rack (to support the reduced number of cylinders being stored) at an alternate location at the Building 320 dock, further away from the exit doors, lift, and compactor. Completed August 2004.

(b) A refresher-training course will be provided to Collateral Duty Safety Officers on the smoking policy and NFPA Safety Standards. The Collateral Duty Safety Officers will then educate the employees in their areas. Learning Resource Center will track completion of this training through Synquest by setting up a single file name that everyone will use to document the training. We will continue to conduct hazardous surveillances in problematic no smoking areas. Statistics are being maintained as to date/time, building, and whether the violation involved a patient, visitor, or employee. Once a representative sample is gathered, additional corrective action measures will be taken. A “No Smoking” safety topic will be provided during a Safety Environment of Care Committee meeting. The Patient Educator will ensure patients are briefed on the hazards of smoking near and with oxygen. A handout will be provided to them.

Recommended Improvement Action(s) 6. We recommend that the VISN Director ensure that the Acting Medical Center Director improves IT security by: (a) revising the LAN and Vista risk assessments and developing a VoIP telecommunication system risk assessment in accordance with NIST guidelines, (b) implementing a VoIP telecommunication system security plan and contingency plan in accordance with NIST guidelines, (c) storing back-up tapes in fireproof and waterproof containers in a room that has a sprinkler system, (d) adding a sign-in log, water sensors, and plastic tarps to ensure the VoIP telecommunication room is secure and safe from damage, and (e) adding a monitoring or alarm system to ensure the room where new computer equipment is stored is not accessed by unauthorized personnel.

Concur **Target Completion Date:** December 2004

a) Risk Assessments will be re-accomplished for the LAN and Vista Systems. The ISO will work with IRM as well as the Network ISO to assure all risks to our systems are addressed. Risk assessments are a critical part of the certification and accreditation process, which has begun for each facility in the VISN. While the VoIP is an integrated part of the LAN, we recognize the OIG's desire to see a separate risk assessment and security plan for this utility. The ISO will work with IRM as well as the Telecommunication Manager to complete these.

b) A contingency plan for VoIP will be accomplished during the process of completing the risk assessment and security plan.

c) IRM has been given a storage room in building 315 to use for remote storage. This new location is protected by a sprinkler system. It is also environmentally controlled and secured by use of a lock that is not on the Grand Master Key system. A fire safe of adequate size to house all of our backup media as well as archive media has been ordered. We anticipate the move to this new location will be coordinated with arrival of the fire safe.

d) A sign-in log has been established and is located at the entrance to the telephone switch room. A number of plastic tarps, sufficient to cover the VoIP equipment are available and a motion detector has been installed. The telephone switch room has concrete flooring and does not have raised flooring that would contain plenum based wiring. Therefore, the need for any under the floor water sensors is negated. The existing water sprinkling systems are tied into the fire notification system, which alerts several staff members if the sprinklers are activated.

e) IRM has been given a new room to use for new equipment storage. This room does not have any windows on internal walls and has been re-keyed to our secure key that is not on the Grand Master keying system. IRM has contacted Biomedical Engineering as well as Police Service about having either an alarm or remote monitor cameras installed. Pricing for both options is being reviewed and once a decision is made we will implement the most appropriate solution.

Recommended Improvement Action(s) 7. We recommend that the VISN Director ensure that the Acting Medical Center Director requires that: (a) clinical service chiefs coordinate with QM to develop a method to track and benchmark provider specific performance data for analysis at the time of reprivileging, and (b) the Patient Advocate inputs all patient complaints into VistA or a similar system so that the data can be integrated into both medical center and VISN strategic and customer service plans.

Concur **Target Completion Date:** December 2004

a) This issue is scheduled to be discussed at the Clinical Executive Board (CEB) meeting in September 2004. We are establishing data sets, which will be included in the provider file for re-privileging purposes based on medical specialty.

The following data sets will be considered:

Performance Measures (National Benchmark)
National Surgical Quality Improvement Program Data
(National Benchmark)
Peer Reviews

Autopsy Rate (National Benchmark)
Medical Record Completion Rate (JCAHO Standard)
Length of Stay/Utilization Review Data (National Benchmark)
Residency Supervision Compliance
Blood Utilization (Local Benchmark)
Drug Utilization (Local and VISN Benchmark)
AFIP (National Pathology Benchmark)
Relative Value Units (VISN Radiology & Nuclear Medicine Benchmark)

The documentation and review of this data will be available in both Vet Pro and the minutes of the Professional Standards Board. The Credentialing Coordinator has discussed the issue with the clinical Service Chiefs. The Service Chiefs are already documenting performance improvement/quality assurance activities in the Service Chief's comment box. The monitoring of this documentation and review will be coordinated through Quality Management Service and reported to the Director through the Performance Improvement Council.

b) The Patient Advocates will input all complaints into the Vista System.

Recommended Improvement Action(s) 8. We recommend that the VISN Director ensure that the Acting Medical Center Director implements measures to improve overall security in the medical center.

Concur **Target Completion Date:** FY 05

The following actions have been taken to increase overall security at the Medical Center:

1. Emergency Room patrol checks and walk-thrus are made every twenty minutes after normal business hours and on weekends and holidays. Routine patrols of the Medical Center have been increased.
2. Barricades have been purchased for times requiring increased security to block off all entrances except one and to block off the front of building 330.

3. Panic alarms and cameras have been installed in the ER and Prime Care areas.

4. There are seventy panic alarms installed in building 410.

5. There are a total of 383 panic alarms installed throughout the Medical Center which includes: Building 126, 302, 305, the Credit Union/Post Office, 310 to include the blood lab, 320 Pharmacy/Retail, Telephone Operator Booth, 8N Employee Health, building 340 Prime Care, building 408 Telephone Triage, Human Resource Management, and Staff Attorney offices.

6. Annual Physical Security Surveys are conducted and results and or recommendations are provided to Service Chiefs/Care Line Managers.

We also have a Non Recurring Maintenance project approved by the Network for funding in FY 05 to improve security in the Emergency Room Department. The project is entitled "Improve ER Department Security." The project's preliminary scope was developed to address general security concerns. There are recommendations from a facility RCA that are still going through an evaluation process by the assigned Medical Center groups, as to the specific nature and degree of implementation. The final recommendations of this process will presumably be included into the final scope of the project.

Recommended Improvement Action(s) 9. We recommend that the VISN Director ensure that the Acting Medical Center Director cancels the two obligations that were identified.

Concur **Target Completion Date:** May 2004

Undeliverable order 552T41000 in the amount of \$8641.00 was an obligation for Permanent Change of Station Travel and was decreased on May 4, 2004. Accrued Service Payable order 552A41023 in the amount of \$1500.00 was decreased on May 26, 2004.

Recommended Improvement Action(s) 10. We recommend the VISN Director ensure that the Acting Medical Center Director requires that complete patient data is documented for all patients undergoing procedures using moderate sedation.

Concur **Target Completion Date:** December 2004

The Dayton VAMC's policy includes the Joint Committee on Accreditation of Healthcare Organizations (JCAHO) requirements for providing moderate sedation: ASA classification, an anesthesia plan of care and identification of a responsible person to accompany the patient home post-sedation. To ensure compliance with this policy on moderate sedation, the house staff/sedation providers will be re-educated to the hospital's policy and procedure. There will be a monthly chart audit to ensure proper documentation of the JCAHO standards and requirements.

OIG Suggestion(s)

Suggested Improvement Action(s) 1. We suggest that the VISN Director ensure that the Acting Medical Center Director requires that: (a) necessary documentation of contracting actions be included in the contract files, and (b) monitoring of contracts by COTRs be strengthened.

Concur **Target Completion Date:** Ongoing

a) As a quality assurance measure, the Chief, Acquisition Management Section (AMS) conducts periodic reviews of contract files before and after award. The above deficiencies were noted in a supervisory review in January of 2004. The Acquisition Management Section has experienced a great deal of turnover in the past four years and the Contracting Officer identified in the above actions was not available for corrective action. All future actions requiring Price Negotiation memorandums will contain the necessary documentation. The Chief, AMS reviewed all contract files to ensure files contained documentation officially assigning a staff member as the COTR. Corrective Action was immediately taken on all noted deficiencies and by reviewing contract files after award, the Chief, AMS will ensure that COTRs are officially assigned on all future actions.

b) The Chief, AMS initiated an audit of all Allied Health and Physician contracts in December of 2003. Many deficiencies were noted as described above. Documented training was provided to the COTRs on proper monitoring of contracts. A follow-up audit was conducted in May of 2004. A significant improvement was noted in the monitoring of these contracts, although there were still discrepancies as noted above in the OIG report. AMS is currently working with Surgical Service to develop contracts that will be easier to monitor. In addition, AMS will conduct another audit in October of 2004. If discrepancies remain, another audit will be conducted in March of 2005. An annual audit will be conducted if no discrepancies are found. Contracting Officers have been instructed to ensure that COTRs understand their responsibilities as they relate to contract monitoring and to ensure that a COTR is designated, in writing, outlining those responsibilities. In addition, during the past year, the Chief, A&MMS has provided service-training sessions for COTRs. This training will be offered bi-annually.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefit(s)</u>	<u>Better Use of Funds</u>
1	Reducing medical supply inventories to 30-day levels.	\$637,335
2	Enhancing MCCF billings and collections.	29,126
8	Canceling unneeded obligations.	<u>10,141</u>
	Total	\$676,602

OIG Contact and Staff Acknowledgments

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