



Department of Veterans Affairs Office of Inspector General

Combined Assessment Program Review of the Spokane VA Medical Center Spokane, Washington

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 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 November 14–18, 2005, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the Spokane VA Medical Center, which is part of Veterans Integrated Service Network (VISN) 20. 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 130 employees.

Results of Review

The CAP review covered 13 operational activities. The medical center complied with selected standards in the following six activities:

- Controlled Substances Accountability
- Employee Survey Results Management
- Environment of Care
- Government Purchase Card Program
- Laboratory and Radiology Services
- Pharmacy Security

We identified the following organizational strength:

- Inpatients reported high satisfaction with care and services.

We also identified seven activities that required additional management attention and made the following recommendations to improve operations:

- Evaluate cost-effective alternatives for procuring ambulance services.
- Ensure that fee-basis provider invoices are properly supported.
- Improve inpatient insurance billing procedures.
- Improve QM procedures for patients who experience adverse events and resolve key committee action items.
- Strengthen equipment accountability controls.
- Improve engineering supply inventory controls.

- Identify and terminate inactive Veterans Health Information Systems and Technology Architecture (VistA) user accounts and require all system users to complete computer security awareness training.

This report was prepared under the direction of Ms. Claire McDonald, Director, and Mr. Gary Abe, Audit Manager, Seattle Audit Operations Division.

VISN 20 and Medical Center Directors Comments

The VISN and Medical Center Directors agreed with the CAP review findings and provided acceptable improvement plans. (See Appendixes A and B, pages 11–18, for the full text of the Directors’ comments.) We will follow up on the planned actions until they are completed.

(original signed by:)
JON A. WOODITCH
Deputy Inspector General

Introduction

Medical Center Profile

Organization. Located in Spokane, WA, the medical center provides a broad range of general inpatient and outpatient health care services. A mobile clinic, outfitted with two examination rooms, provides selected primary care services to veterans residing in remote areas outside of the metropolitan Spokane area. The medical center is part of VISN 20. The medical center's primary service area includes Spokane and 20 counties in eastern Washington, northern Idaho, and western Montana. The veteran population in the service area is about 100,000.

Programs. The medical center provides medical, surgical, psychiatric, nursing home care services, and limited specialty care, including urology and orthopedics. Most specialty care is provided by VISN 20 tertiary care medical centers, based on availability, or by non-VA providers on a fee basis. The medical center has 46 authorized hospital beds and 38 nursing home beds.

Affiliations and Research. The medical center is affiliated with the University of Washington School of Medicine's Family Practice and Internal Medicine Program and supports training opportunities in nursing, dentistry, and several allied health programs. The medical center also has sharing agreements with Fairchild Air Force Base and the Washington and Idaho States' Department of Veterans Affairs.

Resources. The medical center's fiscal year (FY) 2005 medical care budget was \$79.3 million, a 7 percent increase over FY 2004 funding of \$74.4 million. FY 2005 staffing was 596 full-time equivalent employees (FTE), including 37.8 physician FTE and 129.6 nursing FTE.

Workload. In FY 2005, the medical center treated 21,449 unique patients, a 5 percent increase from 20,488 unique patients in FY 2004. The inpatient average daily census, including nursing home patients, was 26.6 and the outpatient workload was 210,342 patient visits.

Objectives and Scope of the CAP Review

Objectives. CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA health care 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 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 management controls. Patient care administration is the process of planning and delivering patient care. QM is the process of monitoring the quality of care to identify and correct harmful practices and 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 13 activities:

Automated Information Systems Security	Laboratory and Radiology Services
Controlled Substances Accountability	Medical Care Collections Fund
Employee Survey Results Management	Pharmacy Security
Environment of Care	Quality Management
Equipment Accountability	Service Contracts
Fee-Basis Care	Supply Inventory Management
Government Purchase Card Program	

The review covered medical center operations for FYs 2005 to 2006 through November 2005 and was done in accordance with OIG standard operating procedures for CAP reviews.

As part of the review, we used interviews to survey patient satisfaction with the quality of care. We interviewed 30 patients during the review and discussed the results with medical center managers.

We also presented 4 fraud and integrity awareness briefings for 130 employees. These briefings covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

Activities needing improvement are discussed in the Opportunities for Improvement section (pages 5–10). For these activities, we make recommendations. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. For those activities not discussed in the Opportunities for Improvement section, there were no reportable deficiencies.

Follow-Up on Prior Recommendations. As part of this review, we also followed up on the recommendations resulting from our prior CAP review of the medical center (*Combined Assessment Program Review of VA Medical Center Spokane, Washington*, Report No. 00-02062-22, January 19, 2001). In the report, we made recommendations to improve management of controlled substances accountability, information technology security, supply inventory management, and service contracts. The VISN and Medical Center Directors had adequately addressed the recommendations cited in the prior CAP review report.

Results of Review

Organizational Strength

Inpatients Reported High Satisfaction with Care and Services. For FY 2005, the medical center's inpatient satisfaction scores were the highest in the Veterans Health Administration (VHA). According to VHA's Survey of Healthcare Experiences of Patients (SHEP), the medical center scored 93 percent in overall quality of inpatient care compared to the national average of 77 percent. During our site visit, our inpatient interviews confirmed the SHEP results. For example, 90 percent of the 15 inpatients interviewed generally felt involved in decisions about their care and 87 percent rated the quality of care as excellent or very good.

Opportunities for Improvement

Service Contracts – Cost-Effective Alternatives For Procuring Ambulance Services Needed To Be Considered

Condition Needing Improvement. The medical center needed to consider cost-effective alternatives when procuring ground ambulance services. The Federal Acquisition Regulation (FAR) requires contracting officers to evaluate alternative sources when determining the reasonableness of proposed contract prices.

As of October 31, 2005, the medical center had 74 service contracts (estimated annual cost = \$19.9 million). To determine if contract administration and negotiation procedures were effective, we reviewed 10 service contracts (estimated annual cost = \$7.4 million). Nine of the contracts were awarded in accordance with FAR requirements. However, for the remaining contract, a ground ambulance services contract for the 5-year period of December 2002–November 2007, the contracting officer had not considered more cost-effective procurement alternatives. In FY 2005, the contract cost for ground ambulance services was \$476,171.

The medical center awarded the noncompetitive ground ambulance services contract to the only ground ambulance company in the Spokane area. The contracting officer accepted the company's proposed prices without performing a price analysis or considering other procurement alternatives. One viable alternative that had not been considered was to lease a U.S. General Services Administration (GSA) ambulance. We estimated that the annual cost of this option, including lease, equipment, supplies, and personnel expenses, would be approximately \$100,000. Leasing a GSA ambulance instead of using the contract would save the medical center an estimated \$752,342 $[(\$476,171 - \$100,000) \times 2 \text{ remaining contract years}]$.

Recommendation 1. We recommended that the VISN Director ensure that the Medical Center Director requires that contracting staff consider cost-effective alternatives when procuring ground ambulance services.

The VISN and Medical Center Directors agreed with the finding and recommendation and reported that prior to issuing a new solicitation or exercising the next option year of the current contract, they will review and evaluate cost-effective alternatives for procuring ground ambulance services and request an OIG audit prior to awarding a sole source contract. The target completion date is November 2006. The improvement plan is acceptable, and we will follow up on the completion of the planned action.

Fee-Basis Care – Provider Invoices Needed To Be Properly Documented

Condition Needing Improvement. Medical center management needed to ensure that fee-basis providers submit adequate documentation to support their billings. Under the fee-basis program, the medical center may authorize veterans to obtain health care at VA expense from non-VA providers. VA policy requires that service providers include supporting documentation with their invoices to ensure that fee-basis care is authorized and that diagnoses and procedure codes and payments are accurate. During FY 2005, the medical center spent about \$7.8 million on fee-basis care.

To evaluate fee-basis program controls, we reviewed a sample of 15 paid invoices (value = \$47,222). Of the 15 invoices, 7 (value = \$19,087, or 40 percent of the sampled invoices value) did not have adequate supporting documentation. For example, one invoice included two charges totaling \$2,450 for magnetic resonance imaging (MRI), but the provider had not submitted MRI results with the invoice. The Accounts Receivable supervisor agreed to review the seven invoices identified by our review to ensure they were proper.

Recommendation 2. We recommended that the VISN Director ensure that the Medical Center Director requires that fee-basis staff only approve payments for invoices that have adequate supporting documentation.

The VISN and Medical Center Directors agreed with the finding and recommendation and reported that as of November 21, 2005, payments for invoices are no longer approved without adequate supporting documentation. The improvement plan is acceptable, and we will follow up on the completion of the planned action.

Medical Care Collections Fund – Inpatient Fee-Basis Insurance Billing Procedures Needed To Be Improved

Condition Needing Improvement. The medical center needed to strengthen health insurance billing procedures for fee-basis care. Under the Medical Care Collections Fund (MCCF) program, VA medical facilities are authorized to bill health insurance carriers for the treatment of certain insured veterans. In FY 2005, the medical center billed insurance companies \$11.5 million and collected \$3.7 million (32 percent).

During the 6-month period January–June 2005, the medical center paid fee-basis providers \$386,072 for care provided to VA patients who had health insurance. To determine whether the medical center had billed insurance carriers appropriately for fee-basis care, we reviewed a sample of 30 payments (value = \$98,820) made to fee-basis providers. Of the 30 payments, 11 (value = \$22,238, or 23 percent of the sampled payments) were billable insurance claims that had not been billed. The 11 payments had

not been billed because MCCF staff had incorrectly determined that the care was for service-connected conditions. During our review, MCCF staff recognized this problem and promptly billed the insurance companies for the 11 payments. By correctly reviewing fee-basis payments, MCCF staff could increase insurance billings by an estimated \$88,797 (\$386,072 x 23 percent). Based on the medical center's FY 2005 collection rate of 32 percent, this could result in additional insurance collections of \$28,415 (\$88,797 x 32 percent = \$28,415).

Recommendation 3. We recommended that the VISN Director ensure that the Medical Center Director requires MCCF staff to review fee-basis payments to determine whether insurance carriers can be billed.

The VISN and Medical Center Directors agreed with the finding and recommendation and reported that as of November 2005, patient discharges from non-VA inpatient care is tracked and reviewed to determine possible billing of insurance carriers. In addition, monthly follow-up is completed by a supervisor to ensure that all cases are adequately reviewed. The improvement plan is acceptable, and we will follow up on the completion of the planned action.

Quality Management – Procedures For Patients Who Experience Adverse Events Needed To Be Improved And Action Items Followed Up

Conditions Needing Improvement. While the QM program was generally effective and appropriate review structures were in place for all program activities reviewed, we identified two areas that needed improvement.

Rights to File Claims Not Disclosed. When adverse events occur in patient care, VHA policy requires staff to discuss the events with the patients and to inform them of their rights to file tort or benefits claims. The medical center policy did not require this notification. During January–September 2005, four patients experienced adverse events that resulted from inpatient care at the medical center. Although clinicians had discussed the adverse events with all four patients, they had not documented advising the patients of their rights to file claims.

Action Items Not Followed Up. While we found evidence of improvements in several areas, we noted inadequate documentation of follow-up on action items in the Clinical Executive Council (CEC) and the Quality Resources Board. For example, our review of CEC meeting minutes found 10 agenda items that required further actions but no evidence of follow-up. Joint Commission on Accreditation of Healthcare Organizations standards require that committee chairs, program coordinators, and other responsible staff members follow up on all identified action items until resolution.

Recommendation 4. We recommended that the VISN Director ensure that the Medical Center Director requires that: (a) responsible staff members inform patients who experience adverse events of their rights to file claims and document the discussions, (b) the QM Coordinator revises the medical center policy to include the VHA requirement for adverse event disclosure, and (c) key committees establish action item tracking mechanisms.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that a formal process will be implemented to ensure that responsible staff members inform patients who experience adverse events of their right to file claims and document these discussions. The target completion date is May 2006. Also, the medical center policy will be revised to include the VHA requirement for adverse event disclosure. In addition, a tracking system to document follow-up action items for key committees was initiated in December 2005. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Equipment Accountability – Equipment Accountability Controls Needed To Be Strengthened

Conditions Needing Improvement. Acquisition, Nutrition, and Materiel Management Service (AN&MMS) management needed to improve procedures to safeguard and account for nonexpendable equipment (items costing more than \$5,000 with an expected useful life of more than 2 years). VA policy requires that quarterly spot checks and periodic inventories be conducted to ensure that equipment is properly accounted for and recorded on Equipment Inventory Lists (EILs).

As of November 4, 2005, the medical center had 33 EILs containing 964 items (total value = \$13.1 million). To determine whether equipment accountability was adequate, we reviewed a sample of 20 equipment items (value = \$228,900) from 6 EILs. We identified two deficiencies that required corrective actions.

EILs Not Updated. EIL information was inaccurate for 6 (30 percent) of the 20 items. Five items on the Information Resource Management EIL could not be located. The sixth item was a Radiology Service color video printer that had been exchanged for a new printer, but the EIL had not been updated to reflect the new serial number.

Quarterly Spot Checks Not Done. AN&MMS staff were not conducting quarterly spot checks of inventories. Spot checks are necessary to ensure the accuracy of information and to determine if equipment accountability policies are being followed.

Recommendation 5. We recommended that the VISN Director ensure that the Medical Center Director requires that (a) EILs are updated to accurately reflect the status of all equipment and (b) quarterly inventory spot checks are performed.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that the process of updating EILs to accurately reflect the status of equipment had been initiated and a full consolidated memorandum receipt (CMR) review will be completed by May 2006. In addition, a quarterly spot check was completed in January 2006, and future checks will be a part of the inventory process. The target completion date to evaluate the effectiveness of the plan is July 2006. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Supply Inventory Management – Engineering Supply Inventory Controls Needed To Be Improved And Inventories Reduced

Conditions Needing Improvement. The medical center needed to manage engineering supply stock levels more effectively. VHA policy establishes a 30-day supply goal and requires that medical facilities use VA's Generic Inventory Package (GIP) to manage inventories of most types of supplies. Inventory managers can use GIP reports to establish normal stock levels, analyze usage patterns to determine optimum order quantities, and conduct periodic physical inventories.

To determine whether engineering stock levels were reasonable, we selected a sample of 10 items (value = \$6,411). For each of these 10 items, we compared the quantities on hand with engineering technicians' estimates of supply requirements. We found that 7 of the 10 items had inventories that substantially exceeded the medical center's needs, with inventory levels ranging from 36 to 351 days of supply. The estimated value of stock exceeding 30 days was \$1,741, or 27 percent of the sample value. Although GIP was being used to manage the seven items, inventories exceeded current needs because engineering supply managers had not established normal stock levels in GIP for these items.

Recommendation 6. We recommended that the VISN Director ensure that the Medical Center Director requires engineering supply managers to (a) establish normal stock levels in GIP and (b) reduce engineering supply inventory to a 30-day level.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that monthly inventory levels are being reviewed and reasonable stock levels will be established in GIP by June 2006. In addition, procedures have been implemented to reduce most items in the inventory to a 30-day level by February 2007. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

Automated Information Systems Security – Inactive User Accounts Needed To Be Terminated And Security Training Completed

Conditions Needing Improvement. We reviewed medical center automated information systems (AIS) policies and procedures to determine whether controls were adequate to protect AIS resources from unauthorized access, disclosure, modification, destruction, or misuse. We identified two deficiencies that needed corrective actions.

Inactive Accounts Not Terminated. VistA access accounts had not been terminated for some inactive users. We reviewed VistA access for a sample of 30 accounts and found that 13 (43 percent) of the accounts were for valid users. However, the other 17 (57 percent) accounts should have been terminated because these users no longer worked at the medical center or did not have a continued need for access. Ten of the invalid accounts had never been used.

Annual AIS Security Training Not Completed. VHA policy requires that all individuals with computer system access receive annual AIS security refresher training. As of September 30, 2005, 46 (6 percent) of 714 computer system users had not received the required training.

Recommendation 7. We recommended that the VISN Director ensure that the Medical Center Director requires that (a) inactive VistA user accounts are promptly identified and terminated and (b) annual refresher training is provided to all computer system users.

The VISN and Medical Center Directors agreed with the findings and recommendations and reported that as of January 2006, all inactive VistA user accounts will be promptly identified and terminated. In addition, all employees who have not completed annual AIS security training will be notified and provided access to online training. Users that do not comply will have their access removed until compliance is met. The target date for completion of training is September 1, 2006. The improvement plans are acceptable, and we will follow up on the completion of the planned actions.

VISN 20 Director Comments

**Department of
Veterans Affairs**

MEMORANDUM

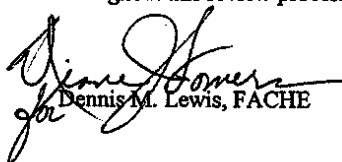
Date: January 17, 2006

From: Director, VA Northwest Network (10N20)

Subj: CAP Review of the Spokane VA Medical Center, Spokane, WA

To: Claire McDonald, Director, Seattle Audit Operations Division (52SE)

1. Attached is VISN 20's response to the draft OIG CAP Site Review for Spokane VAMC. I appreciate the opportunity to review and comment on your draft. As you can see, we agree with your recommendations and have provided an action plan as requested.
2. If you should have any questions about this response or documentation provided, please contact Donna Dehart at (509) 434-7204.
3. I appreciate the courtesy and cooperativeness displayed by the OIG team throughout this review process.


Dennis M. Lewis, FACHE

Medical Center Director Comments

Department of Veterans Affairs

Memorandum

Date: January 17, 2006

From: Director, Spokane VA Medical Center (668/00)

Subj: CAP Review of the Spokane VA Medical Center, Spokane, WA

To: Network Director, Northwest Network (10N20)

1. Attached is the response to the OIG CAP Site Review.

2. I appreciate the support we received by the VISN 20 staff throughout this review process.



J.M. Manley
Medical Center Director

Attachment

**Spokane VA Medical Center
Response to the Office of Inspector General
Combined Assessment Report**

Comments and Implementation Plan

1. Service Contracts Cost-Effective Alternative For Procuring Ambulance Services

Recommendation 1. The VISN Director ensures the Medical Center Director requires contracting staff consider cost-effective alternatives when procuring ground ambulance services.

Concur with recommended improvement actions

a. Explore cost-effective alternatives for ground ambulance service.

Planned Action:

In accordance with your recommendation and prior to issuing a new solicitation or exercising the next option year of the current contract in November 2006, we will review and evaluate alternatives to include but not limited to the following options:

(1) Utilize the VISN air ambulance contract for patient transports to the VAMC Portland and/or Puget Sound Health Care System.

(2) Lease of ambulance(s) from General Service Administration; as well, review staffing and Department of Transportation (DOT) requirements for Washington, Idaho, Montana, and Oregon to perform our own patient transports.

(3) Purchase vs. lease of ambulance(s), as well, review staffing and DOT requirements for Washington, Idaho, Montana, and Oregon to perform our own patient transports.

(4) Negotiate separate line items in our current and any future contract for flat rates to transport via ground those patients which are medically unable to fly to VAMC Portland and Puget Sound Health Care System.

(5) Request OIG audit prior to awarding a new sole source ambulance contract in accordance with the Federal Acquisition Regulation (FAR).

2. Fee Basis Care: Provider Invoices Should Be Properly Documented

Recommendation 2. The VISN Director ensures the Medical Center Director requires fee basis staff only approve payments for invoices having adequate supporting documentation.

Concur with recommended improvement actions

a. Pay only invoices with proper documentation.

Planned Action:

We initiated the policy to get proper documentation prior to the CAP review; however, it was not fully implemented. As of November 21, 2005, we are completely following the new policy, and no payments for invoices are paid without proper documentation. We are getting good compliance from fee basis providers who are seeking payment.

3. Medical Care Collections Fund: Inpatient Fee-Basis Insurance Billing Procedures Should Be Improved

Recommendation 3. The VISN Director ensures the Medical Center Director requires MCCF staff to review fee-basis payments to determine whether insurance carriers can be billed.

Concur with recommended improvement actions

a. Complete billing for inpatient (non-VA Fee Basis) care.

Planned Action:

Effective November 2005, we track discharges from non-VA inpatient care that allow for review of each case to determine billing capability. After bills are paid by the fee basis staff, we review the documentation with a clinician to determine possible billing due to service-connection status of the veteran patient. These are also reviewed by the coding staff to ensure that coding submitted by the vendor is consistent with the documentation

given to us by the non-VA provider. Monthly follow up is made by the supervisor to ensure all cases receive full review.

4. Quality Management: Procedures for Patients Who Experience Adverse Events Should Be Improved and Action Items Followed Up

Recommendation 4. The VISN Director ensures the Medical Center Director requires: (a) responsible staff members inform patients who experience adverse events of their right to file claims and document the discussions, (b) the QM coordinator revise the medical center policy to include the VHA requirement for adverse event disclosure, and (c) key committees establish action item tracking mechanisms.

Concur with recommended improvement actions

a. Responsible staff members inform patients who experience adverse events of their right to file claims and documents the discussions.

Planned Action:

Review VHA Directive 2005-049, *Disclosure of Adverse Events to Patients*, by January 2006. Consult with other facilities regarding successful implementation of the mandate. Define a Spokane VAMC process to meet the intent of the directive by February 2006. Request Regional Counsel review and provide consultation on the proposed process by May 2006. The quality manager, in consultation with the Chief of Staff, will be responsible for informing patients who experience adverse events of their right to file claims and document discussions (May 2006).

b. The QM coordinator revise the medical center policy to include the VHA requirement for adverse event disclosure.

Planned Action:

Spokane VAMC policy, *NM 11-84-04, Disclosure of Injury Resulting from Care or Services*, is in the process of revision will be completed by February 2006.

c. Key committees establish action item tracking mechanisms.

Planned Action:

Implement a tracking system to document follow-up action items for the Clinical Executive Board (CEB) and Quality Resource Board (QRB). A tracking log will be attached to committee minutes and pending items will be brought forward to the next agenda for reporting of follow-up actions. Implementation for CEB is December 2005 and for QRB January 2006.

5. Equipment Accountability: Equipment Accountability Controls Should Be Strengthened

Recommendation 5. The VISN Director ensures the Medical Center Director requires (a) EILs are updated to accurately reflect the status of all equipment and (b) quarterly inventory spot checks are performed.

Concur with recommended improvement actions

a. EILs are updated to accurately reflect the status of all equipment.

Planned Action:

We have started to modify our process of adds, moves, and changes to keep the location field up to date. Nine hundred (900) items have already been added into the IRM EIL with correct locations, which were not previously identified as belonging to the IRM EIL. Additional scanners have been ordered to improve the adds, moves process, and we will continue to improve the process over the next 2 months (February 2006). System improvements and new process implementation will be monitored for effectiveness through May 2006. A full CMR will be completed in May 2006. In June/July 2006, we will verify effectiveness of plan after results of the full CMR are evaluated.

b. Quarterly inventory spot checks are performed.

Planned Action:

Acquisition, Nutrition & Materiel Management Service (AN&MMS) is in the process of updating all of the IRM equipment into the equipment file by February 2006. A quarterly spot check was implemented into the inventory process to help increase accountability. Items from EIL sheets will be randomly reviewed quarterly, after the end-user inventories their lists. For

January the only EIL list pertained to security. One hundred percent of the items listed were accounted for by supply. See attachment for the list that was reviewed in January and the names of those that verified equipment (January 2006). It is advised that this recommendation be removed as active process is in place.

6. Supply Inventory Management – Engineering Supply Inventory Controls Should Be Improved and Inventories Reduced

Recommendation 6. The VISN Director ensures the Medical Center Director requires engineering supply managers to (a) establish normal stock levels in GIP and (b) reduce engineering supply inventory to a 30-day level.

Concur with recommended improvement actions

a. Establish normal stock levels in GIP.

Planned Action:

Monthly set points are being reassessed by Engineering & Technology Service, who will then provide information to AN&MMS to update the GIP database (June 2006).

b. Reduce engineering supply inventory to a 30-day level.

Planned Action:

Engineering staff will be given training on the requirements to stock items to the 30-day limits and have any stock piles used before new purchases are made. By February 2007, we will have identified all items that are on the list for monthly reorders and either have those items down to 30-day limits or be frozen from additional purchases until the level has reached the 30-day limit. The same approach will be taken for non-recurrent items. The set points will be identified and orders will be frozen until their levels are reached. By February 2007, we expect to have 95% of items at the set point limits or a review and explanation generated for any items that have not reached the limit.

7. Automated Information Systems Security: Inactive User Accounts Should Be Terminated and Security Training Completed

Recommendation 7. The VISN Director ensures the Medical Center Director requires (a) inactive VistA user accounts are promptly identified and terminated and (b) annual refresher training is provided to all computer system users.

Concur with recommended improvement actions

a. Inactive VistA user accounts are promptly identified and terminated.

Planned Action:

Software program procured automates the process of identifying users that have not used their account in 76 days (January 2006). IRM will receive the list and notify users. IRM will also determine if they should be terminated and process terminations. This program will cover all situations except for the group of users given access but never used their access at all. A separate routine will be created locally and run automatically every month to identify that group (February 2006).

b. Annual refresher training is provided to all computer system users.

Planned Action:

All employees who have not completed Cyber Security training are notified and given information to access online training. All users must complete the training by September 1, 2006, and annually thereafter. Users that do not comply will have their access removed until compliance is met.

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendation</u>	<u>Explanation of Benefits</u>	<u>Better Use of Funds</u>
1	Lease ground ambulance services.	\$752,342
3	Increase MCCF collections from insurance carriers for fee-basis care.	28,415
6	Reduce excess engineering supply inventory.	1,741
	Total	\$782,498

OIG Contact and Staff Acknowledgments

OIG Contact	Claire McDonald (206) 220-6654
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Acknowledgments	Gary Abe Daisy Arugay Kevin Day Gary Humble Theresa Kwiecinski Thomas Oberhofer Michelle Porter Ron Stucky Orlando Velasquez Julie Watrous
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Report Distribution

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Non-VA Distribution

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Government Accountability Office
Office of Management and Budget
U.S. Senate: Patty Murray and Maria Cantwell
U.S. House of Representatives: Cathy McMorris

This report will be available in the near future on the OIG's Web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. This report will remain on the OIG Web site for at least 2 fiscal years after it is issued.