Department of Veterans Affairs
Office of Inspector General

Combined Assessment Program Review of the William Jennings Bryan Dorn VA Medical Center Columbia, South Carolina

Report No. 04-01863-219

September 28, 2004

VA Office of Inspector General
Washington, DC 20420

Office of Inspector General

Combined Assessment Program Reviews

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

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

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

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Executive Summary

Introduction

During the week of July 12-16, 2004, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the William Jennings Bryan Dorn VA Medical Center (referred to as the medical center). The purpose of the review was to evaluate selected operations, focusing on patient care administration, quality management (QM), and financial and administrative controls. During the review, we also provided fraud and integrity awareness training to about 135 employees. The medical center is under the jurisdiction of Veterans Integrated Service Network (VISN) 7.

Results of Review

This CAP review focused on 15 areas. As indicated below, the medical center complied with selected standards in the following six areas. The remaining nine areas resulted in recommendations or suggestions for improvement.

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

- Bulk Oxygen Utility System
- Information Technology Purchases
- Information Technology Security
- Part-Time Physician Time and Attendance
- Pharmaceutical Cache Program
- QM Program

Based on our review, the following organizational strength was identified:

- Magnet recognition will enhance patient care and employee recruitment and retention.

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

- Improve the accuracy of supply inventory data and reduce inventories to 30-day levels.
- Reduce Medical Care Collections Fund (MCCF) related unbilled episodes of care.
- Record accounts receivable timely and document follow-up actions.
- Ascertain continuing need for contracted services before renewing contracts and improve contract file documentation.
- Comply with local policies regarding moderate sedation.
- Correct safety and environmental deficiencies.

Suggestions for improvement were made in the following areas:

- Include cash in locked boxes in the Agent Cashier unannounced audits, separate the duties of MCCF program supervisor from the Agent Cashier auditor, and update accounting technician position descriptions.
- Separate responsibilities for the Government purchase card program coordinator and final certifying authority.
- Require mailroom staff to sign for custody of mail-out controlled substances and secure packages containing controlled substances.

This report was prepared under the direction of Ms. Verena Briley-Hudson, Director, and Ms. Katherine Owens, CAP Review Coordinator, Chicago Regional Office of Healthcare Inspections.

VISN 7 Director Comments

The VISN Director agreed with the CAP review findings and agreed in part with suggested improvement action 1a. Acceptable improvement plans were provided. (See Appendix A, beginning on page 15 for the full text of the Director's comments.) We consider all review issues to be resolved, and we will follow up on implementation of planned improvement actions.

(original signed by Jon A. Wooditch,

Deputy Inspector General for:)

RICHARD J. GRIFFIN
Inspector General

Introduction

Medical Center Profile

Organization. Located in central South Carolina, the medical center consists of a tertiary care hospital; a large outpatient clinic in Greenville; and community-based outpatient clinics (CBOC) in Florence, Rock Hill, Sumter, Orangeburg, and Anderson, South Carolina. The medical center serves a primary service area that includes all 39 counties in South Carolina and 6 counties in Georgia. Certain fiscal and contracting functions are centralized at Augusta VA Medical Center.

Programs. The medical center provides comprehensive primary, specialty, and geriatric care services. It has 122 acute care beds; 94 long-term care beds; and offers medical, surgical, and psychiatric care.

Affiliations and Research. The medical center has 42 affiliation agreements with local institutions including the University of South Carolina School of Medicine, College of Pharmacy, and College of Nursing. It supports 48 residents and fellows, and provides rotational training to approximately 170 university residents, interns, and students. Sharing agreements are in place with Moncrief Army Community Hospital at Fort Jackson and Shaw Air Force Base in Sumter, South Carolina.

During Fiscal Year (FY) 2003, there were 30 active research principal investigators and 65 active research projects. The total research funding for FY 2003 from VA, National Institutes of Health, and industry sources was $13.2 million.

Resources. The medical center's operating budget for FY 2003 was approximately $167 million. The FY 2004 operating budget is $188 million. Staffing for FY 2003 was 1,324 full time employee-equivalents (FTE). FY 2004 staffing is currently 1,346 FTE.

Workload. The medical center treated 46,689 unique patients in FY 2002 and 51,603 unique patients in FY 2003. Inpatient workload totaled 4,294 discharges in FY 2003. The average daily bed census for FY 2003 was 76 for acute care. The outpatient workload totaled 429,116 visits for FY 2002 and 501,160 visits for FY 2003.

Decisions Relating to Recommendations of the Commission on Capital Asset Realignment for Enhanced Services (CARES). On February 12, 2004, the CARES Commission issued a report to the Secretary of Veterans Affairs describing its recommendations for improvement or replacement of VA medical facilities and the Secretary published his decisions relative to the Commission's recommendations in May 2004. With regard to Columbia VA Medical Center, the Secretary concluded that:

"A new CBOC associated with the Columbia VAMC will be developed through the National CBOC Approval Process. The new CBOC has been targeted for priority

implementation by 2012…VA will develop plans for the renovation of nursing home care units at Columbia using the long-term care strategic plan…VA will make necessary inpatient ward renovations at Columbia to ensure that local veterans are cared for in safe and efficient facilities designed to provide high quality health care...VA will explore the feasibility of collocating the Columbia Veterans Benefits Administration (VBA) Regional Office at the Columbia VAMC through enhanced use lease. VBA will develop a collocation feasibility study by September 2004.…" Go to http://www1.va.gov/cares/ to see the complete text of the Secretary's decision.

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, quality management, 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 QM, patient care administration, and general management controls. QM is the process of monitoring the quality of patient care to identify and correct harmful or potentially harmful practices or conditions. Patient care administration is the process of planning and delivering patient care. Management controls are the policies, procedures, and information medical centers use 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	Information Technology Security
Agent Cashier	Medical Care Collections Fund
Bulk Oxygen Utility System	Moderate Sedation
Contracting	Part-Time Physician Time and Attendance
Controlled Substances Accountability	Pharmaceutical Cache Program
Environment of Care	Quality Management Program
Government Purchase Cards	Supply Inventory Management
Information Technology Purchases	

As part of the review, we used questionnaires and interviews to survey employee and patient satisfaction with the timeliness of service and the quality of care. We made electronic survey questionnaires available to all medical center employees and 162 responded. We also interviewed 30 patients during the review. The survey results were generally positive and were shared with medical center managers.

During the review, we presented four fraud and integrity awareness training sessions for the medical center's employees. About 135 employees attended these sessions, which covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

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

In this report we make recommendations and suggestions for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective actions are implemented. Suggestions pertain to issues that should be monitored by VISN and medical center management until corrective actions are completed.

Results of Review

Organizational Strength

Magnet Recognition Will Enhance Patient Care and Employee Recruitment and Retention. In 2002, senior managers designated certification under the Magnet Nursing Services Recognition Program[1] as one of the five strategic goals for the medical center. The recognition program provides a framework to recognize excellence in:

- The management philosophy and practices of nursing services.
- Adherence to standards for improving the quality of patient care.
- Leadership of the Nurse Administrator, in supporting professional practice and continued competence of nursing personnel.
- Attention to the cultural and ethnic diversity of patients and their significant others, as well as the care providers in the system.

The medical center began a 2-year process[2] to prepare for application to the American Nurses Credentialing Center (ANCC) for recognition as a center for excellence. There are no Magnet facilities in South Carolina. The Tampa VA Medical Center and the Michael E. DeBakey Houston VA Medical Center are the only VA medical centers that have achieved Magnet status. A steering committee and work groups were formed to develop an action plan to strengthen compliance with ANCC standards. Three areas of focus to improve health care delivery methods and communication included philosophy, governance, and staffing. To facilitate the application process, an educational program for all staff was developed and key individuals received specific Magnet training. Working toward Magnet certification to create an environment and culture for outstanding patient outcomes is a laudable goal that will increase this medical center's ability to provide the highest quality patient care and to attract and retain professional nurses and other health care professionals.

[1] The Magnet Nursing Services Recognition Program was developed by the American Nurses Association (ANA) in 1990. It was based upon a 1983 American Academy of Nursing's study of 163 hospitals to identify and describe variables that created an environment that attracted and retained well-qualified nurses who promoted quality patient care. In 1997, the program criteria were revised using the Scope and Standards for Nurse Administrators (ANA, 1996).

[2] In anticipation of applying for recognition, the medical center implemented a 2-year plan to prepare the organization. Once a formal written application is submitted to the ANCC, the medical center has 2 years in which to submit documentation to describe how each standard is met. If documentation is approved, the ANCC board makes an extensive site visit.

Opportunities for Improvement

Supply Inventory Management – Inventory Controls Needed To Be Strengthened

Condition Needing Improvement. Veterans Health Administration (VHA) policy establishes a goal that medical facilities carry no more than a 30-day supply of medical, prosthetic, and other types of supplies. To assist medical facilities in meeting the goal, VHA policy also requires use of the automated Generic Inventory Package (GIP) for medical supplies and recommends its use for other types of supplies. The policy also recommends use of the automated Prosthetics Inventory Package (PIP) for prosthetics supplies. Inventory managers can use GIP and PIP to analyze usage patterns, establish normal stock levels, determine optimum order quantities, and help conduct physical inventories.

In FY 2004, the medical center spent $9.1 million on medical, prosthetic, engineering, and janitorial supplies. Logistics Administrative Support Service staff used GIP to manage medical, engineering, and janitorial supplies and PIP to manage prosthetics supplies. To determine the accuracy of the quantities and values of supplies reported in the two systems and to test the reasonableness of inventory levels, we reviewed inventory data and a judgment sample of line items from each system. Reported stock quantities were not accurate, and there was excess inventory.

Reported Stock Quantities. Our physical inventories of 10 line items from each of 8 inventory control points revealed significant variances between amounts recorded in GIP and PIP and amounts actually on hand. Recorded amounts for 8 of 10 janitorial supply line items were in error. For prosthetic supplies, recorded amounts for 5 of 10 line items were in error, and recorded amounts for 2 of 10 engineering line items were in error. There were also errors among medical supply line items: 10 of 10 for operating room supplies, 9 of 10 for Supply Processing and Distribution supplies, 8 of 10 for radiology supplies, 7 of 10 for cardiac catheterization laboratory supplies, and 5 of 10 for dental supplies. The differences between recorded amounts and actual counts ranged between 1 and 139 items. Inaccuracies in inventory data can lead to unexpected shortages of needed supplies or premature orders for replenishment of supplies.

Excess Inventories. Logistics Administrative Support Service staff needed to monitor supply usage to adjust stock levels to achieve the 30-day supply goal. As of July 2, 2004, Days of Stock on Hand reports showed that there were significant numbers of medical, engineering, and janitorial supply items that exceeded 30-day levels. The value of the excess stock was $296,552. Excess supply inventories tie up funds that could be put to other uses.

Recommended Improvement Action 1. We recommended that the VISN Director ensure that the Medical Center Director takes action to: (a) improve the accuracy of GIP and PIP data; and (b) reduce inventory levels to a 30-day supply.

The VISN Director agreed with the findings and recommendations. Managers have established procedures and training to improve the accuracy of GIP and PIP data. Managers are reviewing inventory on a continuous basis to reduce levels to a 30-day supply. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Medical Care Collections Fund – Accounts Receivable Needed To Be Recorded More Timely

Condition Needing Improvement. MCCF staff verified patient insurance, identified billable episodes of care, and billed appropriate amounts. However, improvement was needed in the timeliness of recording MCCF accounts receivable.

The medical center did not meet VISN 7's 45-day standard to record MCCF billings. As of July 13, 2004, the average time between an episode of care and the recording of an accounts receivable was 71 days. From June 29, 2003, to May 15, 2004, the medical center had 10,547 unbilled episodes of care, which were valued at about $3 million. According to the MCCF supervisor, emphasis had been on collecting past due accounts receivable rather than on recording new MCCF accounts receivable. This contributed to a backlog of unbilled episodes of care. Based on past collection performance, there is a potential for collecting about $1.2 million[3] when the $3 million in unbilled episodes of care is eventually billed.

Recommended Improvement Action 2. We recommended that the VISN Director ensure that the Medical Center Director takes action to reduce unbilled episodes of care.

The VISN Director agreed with the finding and recommendation. The referenced unbilled encounters have been billed. Additional MCCF staff have been authorized to ensure unbilled encounters remain within established parameters. The improvement plan is acceptable, and we will follow up on planned actions until they are completed.

Accounts Receivable – Recording and Follow-Up Procedures Needed To Be Improved

Condition Needing Improvement. Medical center Fiscal Service staff were responsible for recording non-MCCF accounts receivable. However, because VISN officials had

[3] The value of unbilled episodes of care was $2,977,781. Based on the medical center's past experience, about 25 percent of that amount, or about $744,445, will be unbillable for a variety of reasons. Of the remainder, about 53 percent, or about $1,183,668 [($2,977,781 – $744,445) x .53 = $1,183,668], will probably be collected based on past medical center experience.

centralized certain fiscal functions, Fiscal Service staff at Augusta VA Medical Center, Augusta, Georgia were responsible for maintaining, reconciling, following up, and collecting accounts receivable for the medical center at Columbia. As of May 31, 2004, there were 183 accounts receivable valued at $170,863. Eighty-five (46 percent) of these, valued at $54,226, were more than 90 days old and were considered delinquent. We reviewed a judgment sample of 28 delinquent accounts receivable valued at $28,532. There were two areas where both Fiscal Service staffs could improve accounts receivable procedures.

Creating Bills for Collection and Recording Accounts Receivable. VA policy requires that Bills for Collection be created as soon as an amount of indebtedness has been identified. In addition, amounts due from debtors should be accounted for as assets from the time the debts are known, should be recorded in the period in which earned, and should consist of the total amounts actually due.

Columbia Fiscal Service staff did not record 14 employee-related accounts receivable, valued at $17,423, until 8 to 242 days (average of 57 days) after the amounts of indebtedness were known. According to Columbia Fiscal Service staff, unwritten local policy was to offset as much as possible of an employee-related debt against an employee's last salary check before creating a Bill for Collection and before recording an account receivable. The account receivable, once recorded, would record only the net balance of the debt after the employee's last salary check had been deducted from the total debt. As a consequence, collection action on any account receivable balance was delayed, reducing the likelihood of collection, and accounting records did not fairly represent the size of debts involved.

VA policy also requires that accounts receivable be recorded in the period earned. In October 2004, Columbia Fiscal Service staff recorded an account receivable of $1,950 for anesthetist services provided to a nearby military hospital. However, the services the account receivable represented were actually provided in September 2003. As a result, the medical center's FY 2003 assets were understated and its FY 2004 assets were overstated by $1,950.

Follow-up and Collection Procedures. VA policy requires that accounts receivable be aggressively pursued for collection and that collection actions be fully documented in accounting records. Augusta Fiscal Service staff stated that they routinely followed up on delinquent accounts receivable with telephone calls and certified letters during monthly reconciliations. However, for 18 of the 27 (67 percent) accounts receivable in our judgment sample, accounting records did not document follow-up collection actions beyond the automatically generated routine demand letters and referrals to the Treasury Offset Program.

Recommended Improvement Action 3. We recommended that the VISN Director ensure that: (a) Columbia Fiscal Service staff create Bills for Collection and record

accounts receivable timely; and (b) Augusta Fiscal Service staff follow-up on delinquent accounts receivable and document all follow-up actions.

The VISN Director agreed with the findings and recommendations. Fiscal Service staff are recording accounts receivable more timely and follow-up is documented on either the Account Profile or the 853 Monthly Reconciliation. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Contracting – Contract Administration and Documentation Needed To Be Improved

Condition Needing Improvement. Federal Acquisition Regulations (FAR) and VA Acquisition Regulations require that contract prices and terms be reasonable and properly documented and that contracting officers monitor contractor performance to ensure that payments to vendors reflect actual services provided. Contracting services were provided to the medical center by contracting officers at Augusta. We reviewed a judgment sample of 10 contracts with an estimated annual value of $1.6 million and found that contracting officers needed to document modifications to contracts, ensure that a continuing need for contracted services existed before exercising optional contract extensions, and ensure that relevant contract documentation was included in contracting records.

Contract Administration. Contracting staff modified a valet parking contract after the contract was awarded. The modification increased the number of parking attendants from one to three and added a management fee. The original contract, awarded on May 1, 2003, was for 1 year and had an estimated value of $45,040. The changes increased the contract's estimated value to $99,120. However, there was no documentation in contracting records to support the increase in the number of parking attendants or the added management fee.

In addition, the original contract noted that there had been an emergency need for the contract. However, there was no documentation to show that the emergency need still existed when an option year was exercised on April 30, 2004. In addition, the records did not show that the contracting officer or a contracting officer's technical representative had reviewed the contract's justification before exercising the option.

Contract Documentation. FAR requires that contracting records contain all documentation relevant to the justification, solicitation, award, and administration of contracts. Documentation of various kinds was missing from records for 9 of 10 contracts. For example, records for four contracts did not contain price negotiation memoranda. A price negotiation memorandum documents the considerations controlling the contract, including any significant differences between the contractor's and the contracting officer's negotiation positions. Other missing documents included evidence of pre-solicitation market research and copies of solicitation mailing lists.

Recommended Improvement Action 4. We recommended that the VISN Director ensure that contracting officers: (a) document the justification for contract modifications and ascertain continuing need for services before exercising extensions to contracts; and (b) include required documentation in contracting records.

The VISN Director agreed with the findings and recommendations. Managers will develop an "Exercise of Option Checklist" to ensure compliance with the FAR. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Moderate Sedation – Policies Needed to be Enforced and Training Requirements Needed Clarification

Condition Needing Improvement. Clinical managers needed to ensure that pre-procedure assessments were performed in accordance with medical center policy, and physicians fulfilled VHA requirements for cardiopulmonary resuscitation (CPR) certification. Clinical managers also needed to ensure that training and competency standards were established for registered nurses (RNs) who administer moderate sedation.

VHA regulations require that health care facilities establish guidance for providing care to patients receiving all types of anesthesia, including moderate sedation. Moderate sedation is a drug-induced depression of consciousness used to control pain and discomfort associated with minor surgical procedures and diagnostic examinations. Patients who receive moderate sedation retain their ability to respond to verbal and tactile commands unlike patients who receive general anesthesia. No special measures are required to maintain the patients' cardiovascular functioning or spontaneous ventilation during the performance of procedures.

Pre-procedure Assessments. According to the medical center's moderate sedation policy, all patients who require moderate sedation will have a pre-procedure assessment performed by a licensed independent practitioner "up to 30 days prior to the procedure." The purpose of this assessment is to determine each patient's health status, and should include an airway assessment and the assignment of an American Society of Aesthesia (ASA) classification.[4] The policy also indicates that the physician who actually performs the procedures will "re-evaluate" patients prior to the start of the procedures to assess any changes in the patients' health status. While documentation in eight medical records reviewed showed that all the patients were evaluated immediately before the procedures began, five patients did not receive pre-procedure assessments during the 30-day timeframe prior to the procedures.

[4] The ASA classification is used to evaluate the patient's anesthesia risk.

CPR Certification. Three physicians, who performed procedures that require the administration of moderate sedation, did not have Basic Cardiac Life Support (BCLS) or CPR certification. VHA regulations require that all clinically active employees have CPR certification, whether through a BCLS program or another acceptable program.

Training and Competency Standards. The medical center's moderate sedation policy did not establish training guidelines for RNs who administer moderate sedation. A review of the training records for two RNs who administer moderate sedation showed that both received moderate sedation training in the past year. However, one received training by reviewing a medical center video and the other attended a community conference. The policy should establish guidelines defining the type of training that is minimally acceptable and the frequency this training should be required (e.g., annually or every 2 years).

A review of the scopes of practice for four RNs who administer moderate sedation revealed that only one had specific competency standards related to this clinical function. Clinical managers agreed that all RNs who administer moderate sedation should have competency standards that relate specifically to the performance of this function. They began correcting this condition while we were on site.

Recommended Improvement Action 5. We recommended that the VISN Director ensure that the Medical Center Director requires that: (a) pre-procedure assessments be performed in accordance with the medical center's moderate sedation policy; (b) all clinically active employees are CPR certified; and (c) training guidelines and specific competency standards are established for RNs who administer moderate sedation.

The VISN Director agreed with the findings and recommendations. The moderate sedation policy is being revised to clarify the medical center's pre-procedure assessment requirements. All clinically active employees will be CPR certified in 2005, the medical center's CPR policy will be revised, and training guidelines will be disseminated. Specific competency standards have been completed. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Environment of Care – Safety and Environmental Deficiencies Needed To Be Corrected

Condition Needing Improvement. Patient care and common areas were clean and well-maintained. We conducted environment of care inspections on seven inpatient units, two outpatient areas, the Magnetic Resonance Imaging (MRI) area, and the Nutrition & Food Service (N&FS) kitchen. Managers took immediate actions to correct patient safety and infection control concerns identified during the inspections. However, managers needed to ensure that sharp instruments and cleaning products were secured, work orders were

initiated to correct problems identified in N&FS, and pest prevention measures were followed-up timely. Additionally, managers needed to ensure that infection control and fall risks were minimized.

Security of Sharp Instruments and Cleaning Products. Scissors and tweezers were found in an unlocked cart in an inpatient hallway and supplies, including needles used for starting intravenous (IV) solutions, were found in an unlocked cabinet. Additionally, a scalpel and needle were in an unlocked drawer in an outpatient examination room. Sharp items that are accessible could be used as a weapon. There were unsecured cleaning products on three inpatient units. It is necessary to secure these products in all patient care areas to prevent accidental or purposeful ingestion.

Pest Prevention Measures. In the N&FS main kitchen there were areas where water was actively dripping or pooling. Damp and wet areas may harbor pests. There were openings around ceiling penetrations, such as around water pipes leading through ceiling tiles, which required repair. Openings should be sealed to minimize pest entry. Additionally, pest control devices in the main kitchen were damaged or ineffective. These devices needed to be regularly checked by the pest control technician and replaced as necessary.

Infection Control Practices. Dayroom furniture on three inpatient units had cracked or torn surfaces, and a damaged mattress in a patient room needed replacing. Furniture and mattresses with compromised surfaces may present an infection control risk to patients.

Thresholds In Patient Rooms. On unit 2 West, the threshold between each patient bedroom area and restroom was unusually high. This unit had been recently renovated and had been occupied approximately 3 weeks at the time of our visit. A patient reported that both he and his visually impaired roommate had tripped over the threshold, and that patients with IVs experienced difficulty wheeling the IV stands over the thresholds into the restrooms. A nursing employee also told us that a staff member had tripped on a threshold while in a patient's room. Thresholds that are too high present a fall risk to patients and employees.

Recommended Improvement Action 6. We recommended that the VISN Director ensure that the medical center Director requires that: (a) sharp instruments and cleaning products are secured; (b) sites of dripping and pooling water and openings around ceiling penetrations are corrected in the N&FS main kitchen; (c) pest control devices are checked regularly and replaced as needed; (d) furniture and mattresses in patient care areas are inspected regularly and removed from service if damaged; and (e) thresholds in patient rooms on unit 2 West are modified to reduce the risk of falls.

The VISN Director agreed with the findings and recommendations. Staff have been instructed to secure sharps and cleaning products, and this need has been added to the checklist for weekly Environmental Rounds. Material is on order to correct bathroom

thresholds and other recommended repairs have been completed. The improvement plans are acceptable, and we will follow up on planned actions until they are completed.

Agent Cashier – Unannounced Audit Procedures Needed To Be Improved and Duties Needed To Be Separated

Condition Needing Improvement. Physical security of the Agent Cashier's area and equipment was adequate. Safe combinations were appropriately under the control of the Medical Center Director, and Agent Cashier unannounced audits were performed every 90 days as required. However, there were two areas that needed to be improved.

Locked Cash Boxes. VA policy requires that unannounced audits of the Agent Cashier's cash advance include the total amount of cash on hand, including cash in locked boxes. Agent Cashier auditors did not account for cash contained in locked cash boxes during two of the previous four unannounced audits prior to our review. In both cases, the Agent Cashier and the alternate Agent Cashier to whom the boxes were assigned were on leave at the time of the unannounced audits, but Agent Cashier auditors awaited their return before counting the contents of the boxes. In addition, on one of those occasions, the employee to whom the box was assigned had returned from leave 2 days before the cash in the box was eventually counted.

Spare keys to the cash boxes were located in the Medical Center Director's office, and the Agent Cashier auditors should have used them to open the cash boxes at the time of the audits. Delaying completion of an audit to await the return of an Agent Cashier or alternate Agent Cashier compromises the integrity of audit results.

Separation of Duties. The MCCF program supervisor was also an Agent Cashier auditor. This violated VA separation of duties principles. The duties of the MCCF supervisor included responsibility for establishing and maintaining accounts receivable records, recording payments, and writing off accounts receivable. This employee should not have access to Agent Cashier funds or records because such funds and records frequently include MCCF collections.

Position descriptions for two alternate Agent Cashiers showed that their primary functions were as accounting technicians responsible for certifying vouchers for payment. This would have violated VA separation of duty policies. However, according to medical center management, these position descriptions were out of date, and these two staff did not certify vouchers for payment. Their duties had changed when the VISN centralized voucher payment functions to Augusta. Position descriptions for the accounting technicians needed to be updated.

Suggested Improvement Action 1. We suggested that the VISN Director ensure that the Medical Center Director takes action to: (a) open Agent Cashier and alternate Agent Cashier cash boxes and include their contents in unannounced audits when assigned

cashiers are unavailable; (b) remove the MCCF supervisor as an Agent Cashier auditor; and (c) update accounting technician position descriptions to show that they no longer certify vouchers for payment.

The VISN Director agreed with the findings and suggestions in 1b and 1c. The MCCF supervisor has been removed as an Agent Cashier auditor and accounting technician position descriptions are being updated. The improvement plans are acceptable, and the VISN Director will follow up on planned actions until they are completed.

The VISN Director agreed in part with the finding and suggestion in 1a and will seek VA Central Office (VACO) guidance concerning the finding.

Government Purchase Cards – Duties Needed To Be Separated

Condition Needing Improvement. During the first 7 months of FY 2004, cardholders executed 21,803 purchase card transactions totaling $9.1 million. Cardholders and approving officials performed timely reconciliations and approvals. However, Government purchase card coordinator and certifying functions needed to be separated.

VA policy requires that there be a clear separation of duties among staff who make Government purchase card purchases, authorize purchase card transactions, and record purchase card transactions. The Assistant Chief, Fiscal Service served as both the overall Government purchase card program coordinator and the final certifying authority over the legitimacy of purchase card transactions. This violated VA separation of duties principles.

Suggested Improvement Action 2. We suggested that the VISN Director ensure that the Medical Center Director takes action to separate responsibilities for the Government purchase card program coordinator and the final certifying authority.

The VISN Director agreed with the finding and suggestion. A new Chief, Logistics has been hired and the Purchase Card Coordinator position will be reassigned back to Logistics. The improvement plan is acceptable, and the VISN Director will follow up on planned actions until they are completed.

Controlled Substances Accountability – Controls over Mail-Out Controlled Substances Needed To Be Strengthened

Condition Needing Improvement. Accountability and physical security of controlled substances in Pharmacy Service were generally effective, and the number of employees accessing vaults was within prescribed limits. Pharmacy Service staff maintained a perpetual inventory of controlled substances and conducted required biennial inventories. Pharmacy Service staff destroyed expired and unusable controlled substances quarterly, as required. However, controls over mail-out prescriptions needed to be improved.

Pharmacy Service staff could improve procedures for transferring custody of mail-out controlled substances to medical center mailroom staff. Pharmacy Service staff placed controlled substances in sealed shipping packages provided by a private parcel delivery company. Medical center mailroom staff picked up these packages for later delivery to the parcel delivery company. However, mailroom staff did not provide any confirmation of receipt for these controlled substances, such as signing a control log. Consequently, control over packages containing controlled substances was lost at the point mailroom staff took custody.

In addition, mailroom staff could provide better security over mail-out controlled substances awaiting pick up by the parcel delivery company. Because the parcel delivery company provided the packaging, packages containing controlled substances could be distinguished easily from other packages. Prior to pickup by the parcel delivery company, these packages were stored in full view of all mailroom staff and other persons who might have been in the mailroom. Controlled substances awaiting pick-up by the parcel delivery company could be better secured to reduce the risk of loss or theft.

Suggested Improvement Action 3. We suggested that the VISN Director ensure that the Medical Center Director takes action to require that mailroom staff sign for custody of mail-out prescriptions containing controlled substances and secure packages containing controlled substances.

The VISN Director agreed with the finding and suggestion. A procedure has been implemented that requires mailroom staff to sign for mail-out prescriptions containing controlled substances, and a room has been designated to secure the packages until they are picked up by the courier.

Appendix A

VISN Director Comments

Department of Veterans Affairs **Memorandum**

Date: September 14, 2004

From: VISN Director

Subject: William Jennings Bryan Dorn VA Medical Center Columbia, South Carolina

To: Director, Office of Inspector General

Thru: Director, Management Review Office (105B)

1. We have reviewed the draft report of the Inspector General's Combined Assessment Program (CAP) of the William Jennings Bryan Dorn VA Medical Center. We concur with the findings and recommendations. However, we do not concur with Suggested Improvement Action 1a concerning counting an Agent Cashier's cash box when he/she is not present. We will be requesting guidance from VACO as to this requirement as explained in our response in the report. I concur with all the comments and planned actions.

2. Also, on page one it was noted in the Introduction that the medical center's operating budget for FY 2003 and 2004 was $210 million. The correct figures are $167 million for FY 2003 and $188 million for FY 2004.

3. I appreciate the opportunity for this review as a continuing process to improve the care to our veterans.

(original signed by:)
Linda F. Watson

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

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

OIG Recommendations

Recommended Improvement Action 1. We recommend that the VISN Director ensure that the Medical Center Director takes action to: (a) improve the accuracy of GIP and PIP data; and (b) reduce inventory levels to a 30-day supply.

Concur **Target Completion Date:** 1/14/05

Corrective Action: (1) We have started posting receipts and issues twice daily to the primary user. (2) We are conducting weekly random spot inventories from the primaries to improve accuracy. (3) We have established standard operating procedures and training to address and improve the accuracy of GIP. (4) We are reviewing the days of stock on hand report on a continuous basis to reduce levels and excess where needed.

Recommended Improvement Action 2. We recommend that the VISN Director ensure that the Medical Center Director takes action to reduce unbilled episodes of care.

Concur **Target Completion Date:** Complete

Corrective Action: Our facility, with assistance from MCCR staff from two other VISN 7 facilities and two billing contractors, has billed the unbilled encounters referenced in the draft report. Also, additional staff have been authorized to enable MCCR to keep its unbilled encounters within established parameters.

Recommended Improvement Action 3. We recommend that the VISN Director ensures that: (a) Columbia Fiscal Service staff create Bills for Collection and record accounts receivable timely; and (b) Augusta Fiscal Service staff follow-up on delinquent accounts receivable and document all follow-up actions.

Concur **Target Completion Date:** Complete.

Corrective Action: (a) The payroll staff at the Columbia VAMC have been made aware of the IG findings. Staff are recording accounts receivable in a more timely manner. (b) Aggressive follow-up is now documented on either the Account Profile or the 853 Monthly Reconciliation.

Recommended Improvement Action 4. We recommend that the VISN Director ensure that contracting officers: (a) document the justification for contract modifications and ascertain continuing need for services before exercising extensions to contracts; and (b) include required documentation in contracting records.

Concur **Target Completion Date:** 10/31/04

Corrective Action: An "Exercise of Option Checklist" will be developed for use covering specifically what has to be done in accordance with the Federal Acquisition Regulation (FAR).

Recommended Improvement Action 5. We recommend that the VISN Director ensure that the Medical Center Director requires that: (a) pre-procedure assessments be performed in accordance with the medical center's moderate sedation policy; (b) all clinically active employees are CPR certified; and (c) training guidelines and specific competency standards are established for RNs who administer moderate sedation.

Concur **Target Completion Date:** 3/15/05

(a) Pre-procedure assessments are performed in accordance with the medical center's moderate sedation policy. The policy is being revised for further clarification regarding this issue. (b) All clinically active employees will be CPR certified in 2005 and the medical center's CPR policy will be revised. (c) The medical center training guidelines are in place and will be disseminated. Specific competency standards have been completed.

Recommended Improvement Action 6. We recommend that the VISN Director ensure that the medical center Director requires that: (a) sharp instruments and cleaning products are secured; (b) sites of dripping and pooling water and openings around ceiling penetrations are corrected in the N&FS main kitchen; (c) pest control devices are checked regularly and replaced as needed; (d) furniture and mattresses in patient care areas are inspected regularly and removed from service if damaged; and (e) thresholds in patient rooms on unit 2 West are modified to reduce the risk of falls.

Concur **Target Completion Date:** 12/1/04

Corrective Action: (a) Nursing leadership made staff aware of findings and instructed all employees not to leave sharps and cleaning products out and unsecured. This item has been added to the checklist for weekly Environmental Rounds by the Leadership, Quality Management, Infection Control, Safety and Facility Management. (b) The drippy pot/pan washer and the drippy vegetable sink have been repaired. Staff have been reminded to mop up water spills. Escutcheon plates have been put around ceiling penetrations in dish room to prevent further problems. (c) Prior to the IG's departure all openings in the ceiling were sealed, all leaking equipment was fixed and the Pest Controller was informed on improvement of trap monitoring in the kitchen. (d) All noted furniture was replaced prior to the IG's departure. Furniture will be inspected on weekly Environmental Rounds. (e) Material is on order to correct the bathroom thresholds.

OIG Suggestions

Suggested Improvement Action 1. We suggest that the VISN Director ensure that the Medical Center Director takes action to: (a) open Agent Cashier and alternate Agent Cashier cash boxes and include their contents in unannounced audits when assigned cashiers are unavailable; (b) remove the MCCF supervisor as an Agent Cashier auditor; and (c) update accounting technician position descriptions to show that they no longer certify vouchers for payment.

Concur, In Part **Target Completion Date:** 9/15/04

Corrective Action: (a) We will ask VACO for guidance concerning this suggestion. We do not believe it is correct to count an employee's cash box when he/she is not present. We have surveyed several other facilities and they do not count employees' cash boxes when they are not present. (b) The MCCF supervisor has been removed as an Agent Cashier auditor. The memo change has been sent forward for the Director's signature. (c) Accounting Technician position descriptions are being updated.

Suggested Improvement Action 2. We suggest that the VISN Director ensure that the Medical Center Director takes action to separate responsibilities for the Government purchase card program coordinator and the final certifying authority.

Concur **Target Completion Date:** 11/15/04

A new Chief, Logistics has just been hired and the Purchase Card Coordinator position will be reassigned back to Logistics.

Suggested Improvement Action 3. We suggest that the VISN Director ensure that the Medical Center Director takes action to require that mailroom staff sign for custody of mail-out prescriptions containing controlled substances and secure packages containing controlled substances.

Concur **Target Completion Date:** Complete.

The Mailroom staff are now signing for the mail-out prescriptions containing controlled substances. A room was identified to keep controlled substances mail-outs secured until packages are picked up by the courier.

Appendix B

Monetary Benefits in Accordance with IG Act Amendments

Recommendation	Explanation of Benefit(s)	Better Use of Funds	Questioned Costs
1b	Reducing excess supply inventory would free funds for other uses.	$296,552	
2	Billing unbilled episodes of care for MCCF.	$1,200,000	
	Total	$1,496,552	$0

Appendix C

OIG Contact and Staff Acknowledgments

OIG Contact	Verena Briley-Hudson, Director, Chicago Office of Healthcare Inspections (708) 202-2672
Acknowledgments	David Bigler Paula Chapman Larry Chinn Patricia Conliss Steve Fulmer William Gerow Kevin Gibbons Theresa Golson Freddie Howell, Jr. Dana Martin Katherine Owens Leslie Rogers Cherie Palmer Raymond Tuenge William Wells Jaclyn Yamada

Appendix D

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