

REPORT OF CONTACT

VA OFFICE

VHA

IDENTIFICATION NOS. (C, XC, SS, XSS, V, X, etc.)

(NOTE: This form must be filled out in ink or on typewriter as it becomes a permanent record in veterans' folders)

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Date of Contact
1/25/2007

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BRIEF STATEMENT OF INFORMATION REQUESTED AND GIVEN

OIG Entrance Briefing: Audit of Internal Controls at VA's Non-profit Research and Education Corporations, January 25, 2007, 11:00 a.m.; VACO, Room 732

The OIG is conducting this review to determine whether VHA has effective controls over the administration of funds used for research and education activities at VA's Non-profit Research and Education Corporations. The foundation for initiating this review is based upon: 1) prior OIG audit reports identifying inadequate policies and guidance relating to budgeting, accounting, and oversight of non-profit research and education corporations; 2) the relatively recent establishment of the new VA Non-Profit Program Office in March 2003; and 3) multiple OIG hotline calls identifying the need to strengthen controls over non-profit research and education corporations. It is noteworthy that OIG was already conducting an audit of internal controls at the Bay Pines Foundation, a nonprofit corporation, to determine whether the Foundation has effective controls in place to account for non-appropriated funds used for research and education at the VA Bay Pines Health Care System. In the process of this audit, OIG decided to expand the coverage to determine whether VHA, as a whole, has effective controls over the administration of funds used for research and education activities at VA's non-profit corporations. OIG will incorporate the results from the audit the Bay Pines Foundation. Inc into this expanded coverage.

In conducting its expanded review, OIG will focus on the period from October 1, 2005 through December 31, 2006. OIG's methodology will include: 1) a review of applicable laws, regulations, policies and guidelines; 2) interviews with VHA and non-profit research and education corporation personnel; 3) a review of documentation to support adequate internal control procedures and program management; and 4) an analysis of accounting controls, transactions, and supporting documentation. During the course of its review, OIG will focus on: 1) oversight and monitoring activities; 2) accounting procedures; 3) conflicts of interest; and 4) project cost development.

As previously noted OIG plans to continue its audit at the Bay Pines Foundation and concurrently conduct its review at the VHA Non-Profit Program Office at VA Central Office (VACO), which should last approximately two weeks. OIG also plans to visit the San Francisco, CA Non-profit Corporation, which was selected due to its status as the largest non-profit corporation by revenue, in one to two weeks from the date of this entrance conference. Subsequent to an analysis of findings at these three facilities, OIG will select two other non-profit corporations for site visits, mindful of the need to include a representative sample. At the conclusion of this review, OIG will have visited 4 of the 89 nonprofit corporations in addition to the VHA Non-Profit Program Office.

During the meeting discussion, OIG stated that it is still trying to attain a firm grasp of the scope of authority and responsibility VA has over non-profit research corporations. VHA officials shared their concern that VA would not want to over-reach in their authority over non-profit corporations, especially considering their special charter and Internal Revenue Service tax-status. OIG suggested that it would take the course of first reviewing VA's authority and internal controls at the VHA Non-