



**Department of Veterans Affairs  
Office of Inspector General**

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# **Audit of VHA's Nonprofit Research and Educational Corporations**

January 25, 2007

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VA Office of Inspector General  
Washington, DC 20420

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# **Entrance Conference Overview**

- **OIG Audit Team**
- **Risk Assessment**
- **Audit Objective**
- **Audit Scope and Methodology**
- **Audit Coverage**
- **Audit Reporting**
- **Questions – Comments**

## **OIG Audit Team**

- Craig Ward – Audit Manager
- Thomas McPherson – Senior Auditor
- Charles Chiarenza – Senior Auditor
- Debra Cato – Senior Auditor
- Dennis Capps – Senior Auditor
- Jessica Blake – Auditor
- Elizabeth Butler – Management Analyst
- Kristopher Kasey – Management Analyst

## **Risk Assessment**

- Prior OIG audit reports identified inadequate policies and guidance relating to budgeting, accounting, and oversight of Non-profit Research and Education Corporations
- Establishment of new VA Non-Profit Program Office in March 2003
- OIG hotline calls identify the need to strengthen controls over Non-profit Research and Education Corporations

## **Audit Objective**

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

## **Audit Scope and Methodology**

- **Scope:** October 1, 2005, through December 31, 2006.
- **Methodology:**
  - Reviews of applicable laws, regulations, policies and guidelines
  - Interviews with VHA and Non-profit Research and Education Corporation personnel
  - Reviews of documentation to support adequate internal control procedures and program management
  - Analysis of accounting controls, transactions and supporting documentation
- **Sites:** VHA Non-Profit Program Office; Bay Pines, FL; San Francisco, CA

# Audit Coverage

1. Oversight and monitoring activities of Non-profit Research  
and Education Corporations

2. Accounting Procedures

Grants

Payroll

Fixed Assets

Budget Process

Cost Allocations

Travel Expenditures

Purchase Card Transactions

Accounting System Controls

Accounts Payable / Receivable

## **Audit Coverage (Cont.)**

3. Conflicts of Interest : VA Employees, Executive Director, and Board of Directors
4. Project Cost Development: Project Initiation, Budget, Sponsor Agreement Compliance

## **Audit Reporting**

- One report incorporating the results from the VA Non-Profit Office and Non-profit Research and Education Corporations will be issued
- The draft report will be sent to Under Secretary for Health
- The final report is scheduled to be issued by Aug 31, 2007

**QUESTIONS**

**OR**

**COMMENTS**