

- The file for the Immunology Services contract (estimated total value of \$612,690) could not be located by contracting management. Therefore, we could not determine if the contract was properly processed and awarded.
- VA policy requires that the contract file contain a COTR letter signed by the employee designated to monitor contract performance and ensure that services are provided in accordance with contract terms. As a result of an internal audit about 2 years ago, all contracts now contain a signature block for acknowledgement of the COTR delegation and are filed in the official contract files. Although employees were performing monitoring duties, five contract files did not contain COTR letters signed by the employees. The five contracts were Window Washing (estimated total value of \$135,540), Electromyography Technician (estimated total value of \$47,900), Acrylic Intraocular Lens Consignment (estimated total value of \$125,000), Grounds Maintenance (estimated total value of \$516,900), and Maintenance of VITEK and VIDAS Equipment (estimated total value of \$26,240).

Contract Invoice Certification. The invoice verification process for the Fort Thomas Grounds Maintenance contract (estimated total value of \$516,900) needed improvement. Engineering Service staff were not contacting the COTR to verify that monthly services were satisfactorily provided prior to certifying the invoices for payment. The Chief of Acquisition and Materiel Management (A&MM) Service took immediate action to require Engineering Service staff to contact the COTR. In addition, he assigned the employee who certifies the invoices as an alternate COTR.

Recommended Improvement Action 1. We recommended that the VISN Director ensure the Acting Medical Center Director requires that: (a) all sole source contracts valued at \$500,000 or more are sent to the OIG for preaward audits, (b) documentation of contracting actions is maintained in contract files as required, and (c) Grounds Maintenance contract invoices are certified by the COTR prior to payment.

The VISN and Acting Medical Center Directors agreed with the findings and recommendations. They stated that all sole source contracts that meet the threshold will be sent to the OIG for preaward audits. Also, they will obtain signatures from the COTRs and place the documents in the files. Further, they took corrective action to ensure the Grounds Maintenance contract invoices are certified by the COTR prior to payment. The improvement actions taken are acceptable, and we will follow up on the planned actions until they are completed.

Supply Inventories Management – Inventory Controls Needed Improvement

Condition Needing Improvement. A&MM Service staff needed to reduce excess supply inventories and fully implement GIP. We reported these same conditions in our August 2001 CAP report. VHA policy establishes a 30-day stock level goal and