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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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Dear Senator Schweiker:

In accordance with your request dated May 18, 1971, we examined into statements made to you by certain employees of the Veterans Administration (VA) Hospital, University Drive, Pittsburgh, Pennsylvania, concerning possible hospital mismanagement.

VA has two hospitals in Pittsburgh, the Leech Farm Road VA Hospital and the University Drive VA Hospital. The University Drive VA Hospital is composed of two geographically separate divisions, the Oakland Division and the Aspinwall Division.

As agreed with your office, our examination covered the following matters: (1) inappropriate use of purchase and hire (P&H) employees, (2) use of VA laboratory facilities for nonofficial purposes, (3) denial of hospital services to a veteran, and (4) occupancy of VA housekeeping quarters by former employees.

Our examination included discussions with VA Central Office officials, University Drive VA Hospital officials, a field representative of the Federal Bureau of Investigation (FBI) at Pittsburgh, and an official of the National Institutes of Health. We reviewed VA regulations and examined VA records at the Central Office and at the University Drive VA Hospital.

The results of our examination into each of the four matters are discussed in detail in the following sections.

INAPPROPRIATE USE OF P&H EMPLOYEES

The statement was made that P&H employees, assigned to work at the VA hospital, were working on non-VA jobs but nevertheless were paid by VA. We were furnished with a copy of a statement made by the Maintenance Supervisor of the Engineering Division, University Drive VA Hospital, in which it was claimed that (1) the labor costs for certain P&H employees had been charged against a project other than the one upon which work was actually performed and (2) although the Maintenance Supervisor had been charged with keeping labor job timecards for certain P&H employees, he did not have supervisory authority over them.

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P&H employees are laborers and craftsmen hired on an hourly basis to work on nonrecurring major repair and renovation projects which have been approved by the Hospital Director or by the VA Central Office for use of P&H employees. VA Manual MP-5, part I, chapter 532, states that:

"The P&H pay basis is appropriate for the replacement of entire systems, building service equipment, and structural elements requiring personnel and equipment not normally available at the station to the extent that Federal personnel are used as distinguished from contractual personnel. This includes work necessary to extend the useful life expectancy of real property such as major maintenance to update facilities and replacement of building service systems or major items of building service equipment."

For nonrecurring major repair and renovation projects, VA procedures provide for determining whether it is less costly to do the work with (1) P&H employees only, (2) a private contractor supplemented by P&H employees (modified-contract method), or (3) a private contractor assuming responsibility for the entire project (contract method). VA officials told us that the purpose of using P&H employees was either to reduce total project costs or to accelerate project completion.

We discussed the need for and use of P&H employees at the University Drive VA Hospital with the Chief, Project Development Section, Engineering Division, who is responsible for all nonrecurring maintenance programs. He informed us that P&H employees were used for only nonrecurring major maintenance and renovation projects approved by the VA Central Office. He stated that the number of P&H employees varied with the work load and that such employees could be hired or released whenever necessary. At the time of our inquiry, there were 12 P&H employees on the payroll.

In regard to the statement that P&H employees were working on non-VA jobs, VA officials informed us that it was not uncommon, when using the modified-contract method to perform nonrecurring major repair and renovation work, for P&H employees to work partially under the direction of a contractor when performing segments of a project not included in the contract.

Under a modified-contract arrangement, for example, if a private contractor had contractual responsibility for all

phases of a construction project except plumbing installation, VA could assign P&H employees to work on the project to install the plumbing. In such cases P&H employees technically are under the direct supervision of VA supervisors; however, the P&H employees receive their instructions from the contractor to provide for effective coordination of the project.

Therefore the fact that P&H employees were paid by VA while working on VA projects under the direction of a private contractor did not necessarily constitute improper use of P&H employees. Our review of hospital records showed no evidence that P&H employees had been paid for time that they did not work on VA projects.

With regard to the Maintenance Supervisor's statement that labor costs for P&H employees were being charged to projects other than those to which the employees were assigned, we were unable to determine whether this had taken place and, if so, the extent to which labor costs had been improperly charged. The only records available that document the work performed by the P&H employees are the labor job timecards, and these show only the projects charged. Thus we could not verify the accuracy of the data provided by the labor job timecards.

The Maintenance Supervisor stated that he prepared the labor job timecards on the basis of information supplied to him by his superior, the General Foreman, rather than on the basis of personal observation since he did not have supervisory authority over the P&H employees. He advised us, however, that he had no complaints about the quality of the work performed by P&H employees or about the purposes for which they were hired.

We believe that good management practice requires the individual responsible for signing the labor job timecards to be aware of the facts to which he is certifying. We brought this matter to the attention of the Assistant Hospital Director who stated that he would determine the type of procedural changes that might be required.

USE OF VA LABORATORY FACILITIES
FOR NONOFFICIAL PURPOSES

We were furnished with written statements by two VA hospital laboratory stenographers, in regard to the claimed use of VA facilities for nonofficial purposes, that a certain doctor had performed laboratory diagnostic tests for private

physicians and that these physicians might have paid him \$10 a test for these services.

Our review showed that this doctor served as Chief of Laboratory Services from October 1954 until December 1956 and served intermittently in various capacities in Laboratory Services at the University Drive VA Hospital from December 1956 until September 1970. In September 1970 this doctor received an appointment from the hospital as a paid consultant and currently is employed as such.

The Hospital Director told us that the FBI has investigated this doctor's activities at the VA hospital. The U.S. Attorney's office, Pittsburgh, in June 1971 declined to consider prosecutive action based on facts developed by the FBI investigation.

The Investigation and Security Service, VA, started an investigation in August 1971, of the statements made concerning this particular doctor. Because of the investigation by VA's Investigation and Security Service, we believed it inappropriate at this time to more fully examine into this matter. We have, however, made arrangements to obtain a copy of the report when VA's investigation has been completed.

DENIAL OF HOSPITAL SERVICES TO A VETERAN

Our review indicated that the statement that the VA hospital staff had refused to treat a hospital patient for his diabetic condition was not accurate. According to the patient's hospital records, he was a patient at the hospital and was receiving care for his diabetic condition at the time that he was supposedly denied admission on January 12, 1971.

Hospital records also showed that the veteran had a toe amputation on October 29, 1970, and a below-the-knee amputation on December 29, 1970. He was granted several periods of home leave in April 1971. We noted that he was readmitted on May 9, 1971, and was still a patient in the hospital at the time of our fieldwork.

OCCUPANCY OF VA HOUSEKEEPING QUARTERS
BY FORMER EMPLOYEES

The statement was made that two former employees were living in VA-furnished housekeeping quarters at the Aspinwall Division. The two employees cited had been employed as an assistant hospital director and a hospital pathologist on a paid-consultant basis, respectively.

Our review showed that the former Assistant Hospital Director had been transferred to the VA Central Office on November 18, 1969. We were informed that, due to personal reasons, he had requested that his family be allowed to continue occupying housekeeping quarters at the hospital. With the approval of the Hospital Director, he continued to occupy the quarters at the VA hospital and paid the rental charge for the use of the quarters. The employee was transferred on August 8, 1971, to Saginaw, Michigan.

The Hospital Director was of the view that continued occupancy of station quarters by the former Assistant Hospital Director was proper because he had remained a VA employee and because VA regulations did not specifically prohibit occupancy of a station's housekeeping quarters by a VA employee not currently assigned to that station.

In a March 1971 Internal Audit Service report concerning the University Drive VA Hospital, VA auditors stated that, "unless otherwise approved by Central Office, housekeeping quarters should be assigned only to station employees." To comply with this recommendation, the Hospital Director requested that the Regional Medical Director review the appropriateness of occupancy of station quarters by the former Assistant Hospital Director's family.

Staff in the Regional Medical Director's office told us that the request had not been acted on because a decision had been made to transfer the employee to Saginaw and that therefore he would be moving his family to the new location. VA officials did not indicate whether occupancy of VA housekeeping quarters at a particular station by a VA employee not assigned to that station was proper or whether extenuating circumstances would permit such an arrangement.

We agree with the Hospital Director's assessment that the VA regulations do not specifically prohibit continued occupancy of station housekeeping quarters by former station employees after they are transferred to another VA location.

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In regard to the occupancy of station housekeeping quarters by a pathologist, we noted that the pathologist had been employed as a consultant at the VA hospital but that, on September 18, 1970, his employment status was changed to that of part-time resident physician. Because VA regulations permit occupancy of station housekeeping quarters by certain station employees, the pathologist was qualified to occupy, at the discretion of the Hospital Director, VA-furnished housekeeping quarters.

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We trust that the above information will serve the purpose of your inquiry.

Sincerely yours,



Deputy] Comptroller General
of the United States

The Honorable Richard S. Schweiker
United States Senate