



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON REGIONAL OFFICE  
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FALLS CHURCH, VIRGINIA 22046

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OCT 22 1974

Dr. James C. Hart  
Veterans Administration Hospital  
University and Woodland Avenues  
Philadelphia, Pennsylvania 19104

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Dear Dr. Hart:

We have completed our audit of the Veterans Canteen Service (VCS) facilities at the Veterans Administration (VA) Hospital, Philadelphia, Pennsylvania. While we found the financial operations of the canteen generally in order, we did observe one VA administrative matter which we believe warrants your attention.

As you know, the Philadelphia hospital bills VCS for the cost of space and utilities provided the canteen. Department of Medicine and Surgery Supplement MP-3, Change 13, paragraph 303.05, dated August 27, 1965, requires that these charges be adjusted whenever any significant change occurs to insure that charges reflect the current situation. The instruction also requires an annual review as of July 1, with records of the review to be maintained for audit. Problems in computing space and utility charges have been noted in prior audits at other VA hospitals. Because of this, VA recently reissued guidelines for space and utilities charges (Engineering Services Letter No. 7, May 3, 1974). This letter reemphasized the need for each field station to review its charges to VCS annually and to update the charges when a significant change occurs.

Our audit of charges at the Philadelphia hospital in July 1974 revealed that the rate used in fiscal year 1974 for air-conditioning had not been updated, resulting in an undercharge of approximately \$470 during the first 11 months of the year. In addition, minor computation errors resulted in an overcharge of approximately \$74 for electricity during the same period. We discussed the matter with the Chief of Engineering Service, who updated the charges and adjusted the June cost transfer voucher to correct for errors made in the first 11 months of the fiscal year.

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We recommend that, in the future, charges to VCS for space and utilities be updated when significant changes occur, as well as at the annual July 1 review. We also recommend that computations be verified to avoid mathematical errors which occurred during fiscal year 1974.

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Other matters of concern discussed with your staff at our conference on July 12, 1974, are being brought to the attention of appropriate VCS officials.

We would like to express our appreciation for the prompt disposition of the errors noted above and for the courtesies and cooperation extended to us during our audit at the hospital.

Sincerely,



D. C. Pullen  
Assistant Regional Manager