

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Health Administration

*Audit of
Alleged Beneficiary Travel
Processing Irregularities
at the VA Medical Center
in Phoenix, Arizona*

December 14, 2017
16-00471-10

ACRONYMS

BTP	Beneficiary Travel Program
CBO	Chief Business Office
EFT	Electronic Funds Transfer
FQAM	Fiscal Quality Assurance Manager
FY	Fiscal Year
HAS	Health Administration Services
IPERA	Improper Payments Elimination and Recovery Act
OIG	Office of Inspector General
VA	Department of Veterans Affairs
VAMC	Veterans Affairs Medical Center
VistA	Veterans Health Information Systems and Technology Architecture
VHA	Veterans Health Administration

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Highlights: Audit of Alleged Beneficiary Travel Processing Irregularities at the VAMC in Phoenix, Arizona

Why We Did This Audit

Under Title 38, United States Code, VA has the authority to reimburse eligible beneficiaries for miles traveled for the purpose of examination, treatment, or care. In October 2015, we received Hotline allegations that staff at the Carl T. Hayden VA Medical Center (VAMC) in Phoenix, AZ, did not consistently process beneficiary travel mileage claims in accordance with Veterans Health Administration (VHA) policy and guidance. In response, we sought to determine whether the VAMC:

- Reimbursed beneficiaries more than once for the same travel
- Approved travel mileage claims using PO Boxes instead of physical addresses
- Reimbursed beneficiaries primarily through cash or check and not electronic funds transfer (EFT)

What We Found

We did not substantiate the allegation that Carl T. Hayden VAMC staff improperly reimbursed beneficiaries more than once for the same travel. Specifically, we identified eight beneficiaries who staff improperly reimbursed more than once for the same travel from March 1, 2015 through February 29, 2016. However, these errors only represent about .03 percent of all 149,097 reimbursements made by VAMC staff during this time. Although we did not substantiate the allegation, we observed that the VAMC did not have written procedures requiring staff to perform actions when automated controls alerted them of potential duplicate claims and payments.

We substantiated the allegation that VAMC staff inappropriately approved beneficiary travel mileage claims using Post Office (PO) Boxes as beneficiaries' departure addresses instead of physical addresses, which violated VHA policy. However, we found that it was not a widespread practice at the VAMC. Specifically, we estimated VAMC staff inappropriately approved 6,388 of 219,545 claims (about 3 percent) for travel mileage reimbursements using PO Boxes as beneficiaries' departure addresses from October 1, 2014 through February 29, 2016.

VAMC staff inappropriately approved travel reimbursements because they lacked a local quality review program to ensure staff were calculating mileage reimbursements using physical addresses. Although the number of claims inappropriately approved was relatively small compared to the total number of claims approved during this time period, our review identified a management control weakness that needed to be addressed to reduce the risk of staff continuing to inappropriately approve travel claims.

We substantiated the allegation that VAMC staff unnecessarily reimbursed most beneficiary travel in cash, rather than by EFT. In 2012, VA published financial policy directing the use of EFT as the primary method of disbursement, and VHA began providing guidance to VAMCs nationwide to reduce cash and increase electronic payments. In FY 2014, VAMC staff paid nearly 94 percent of its total mileage reimbursements in cash; this percentage decreased slightly, to approximately 91 percent during FY 2015. For the first five months of FY 2016, the

VAMC still paid approximately 87 percent of its total mileage reimbursements in cash—a rate of reduction of only about 7 percent over the nearly two-and-a-half-year period, despite direction and guidance provided by VA and VHA. The VAMC Director, appointed in December 2015, supported the facility's adoption of cash reduction goals outlined in VHA's EFT initiative and approved the Fiscal Service and Beneficiary Travel Program (BTP) representatives' plan to advance those measures soon after her appointment.

This plan gave specific dates for staff to inform veterans of the change through flyers, letters, and social media posts; for staff to complete mass mailings to veterans requesting they provide information necessary to enroll them in EFT; and for routine progress meetings. Accordingly, VAMC staff have been implementing this plan, which was approved in January 2016 and resulted in a reduction of the VAMC's percentage of cash payments to less than 1 percent from June 1, 2016 through August 31, 2017.

As well, our review identified an opportunity for VAMC staff to improve management controls by developing and implementing written procedures for handling potential duplicate claims and payments. In addition, we found that VAMC staff did not consistently approve and reimburse claims according to policy and guidance, because the facility lacked a local quality review program to ensure staff document and use physical addresses when calculating mileage reimbursements; what's more, the facility did not prioritize reducing cash reimbursements. As a result of these weaknesses, the VAMC remained vulnerable to improper payments and missed opportunities to decrease risks associated with cash reimbursements.

What We Recommended

We recommended the Director of the Carl T. Hayden VAMC develop and implement written procedures requiring BTP and Fiscal Service staff to take appropriate actions when notified of potential duplicate claims or payments.

We also recommended the director develop and implement a quality review program to routinely ensure staff document and use physical addresses when calculating mileage reimbursements.

Because we were able to confirm that the VAMC had made significant progress reducing cash reimbursements and the related risks, we did not make any recommendations in this area.

Agency Comments

The VAMC Director concurred with our recommendations and reported corrective actions have been taken. While we consider the corrective action plans acceptable, we will keep the recommendations open until we receive sufficient evidence demonstrating additional policy has been developed and corrective actions have been implemented.



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INTRODUCTION

Objective

In October 2015, the Office of Inspector General received Hotline allegations that the Carl T. Hayden VA Medical Center (VAMC) in Phoenix, AZ, did not consistently approve and reimburse beneficiary travel mileage claims in accordance with Veterans Health Administration (VHA) policy and guidance. Our objective was to determine whether the VAMC:

- Reimbursed beneficiaries more than once for the same travel associated with medical care or services
- Approved travel mileage claims using PO Boxes as beneficiaries' departure addresses
- Reimbursed beneficiaries primarily through cash or check and not electronic funds transfer (EFT)

Beneficiary Travel Program

VA has the authority to pay the actual necessary expense of travel, including miles traveled to and/or from a department facility or other place, in connection with vocational rehabilitation or counseling or for the purpose of examination, treatment, or care for eligible veterans.¹ VA may also authorize special mode of transportation services, such as ambulance or wheelchair van, in certain circumstances.

Further regulations require beneficiary travel reimbursements be limited to travel from an eligible beneficiary's residence or from a place where the beneficiary is staying to the nearest facility able to provide care or services.² Furthermore, Office of Management and Budget defines any payment that should not have been made or was processed as a duplicate payment as an "improper payment."³

The Beneficiary Travel Program (BTP) is aligned organizationally under VHA's Chief Business Office (CBO). This program reported FY 2015 obligations of nearly \$853 million nationwide.

VAMC Reimbursement Process

The process of reimbursing beneficiaries for travel for medical care or services at the Carl T. Hayden VAMC begins when a beneficiary requests travel reimbursement from the BTP office. BTP staff are required to verify beneficiary eligibility, evidence the beneficiary traveled for medical care or services (such as a completed appointment) and that the mileage claimed originated from a physical address. BTP staff then create a claim in VA's

¹ 38 U.S.C. § 111(a), May 2010, provided a beneficiary travel reimbursement rate of 41.5 cents per mile. This rate was still in effect as of October 2016.

² 38 C.F.R. 70.30(b), July 2011, provided payment principles for beneficiary travel.

³ Office of Management and Budget Memorandum M-11-16, *Issuance of Revised Parts I and II to Appendix C of the Office of Management and Budget Circular A-123*.

Veterans Health Information Systems and Technology Architecture (VistA) system for reimbursement by cash, check, or EFT.

Once BTP staff approve the claim, Fiscal Service's agent cashiers can immediately reimburse the beneficiaries who ask for cash, and a Fiscal Service accounting technician records claims for check and EFT reimbursements in the Beneficiary Travel Payment and Reconciliation Program Database. Cash reimbursements are recorded in this database but only after they are paid.

RESULTS AND RECOMMENDATIONS

Finding 1 Carl T. Hayden VAMC Staff Properly Reimbursed Beneficiaries Only Once for Travel But Controls Could Be Strengthened

We did not substantiate the allegation that Carl T. Hayden VAMC staff improperly reimbursed beneficiaries more than once for the same travel. Specifically, from the results of our sample, we estimated only about .03 percent of the reimbursements made (or 50 of 149,097 reimbursements) from March 1, 2015 through February 29, 2016 were improperly processed more than once for the same travel. We observed the VAMC did not have written procedures that included requirements for staff to perform actions when automated controls alerted them of potential duplicate claims and reimbursements. Strengthening this management control could reduce the risk of the VAMC making potentially improper payments.

What We Did

To determine the merits of the allegation, we interviewed the medical center's BTP and Fiscal Service management and staff, and the complainant. We also reviewed reimbursements claimed from March 1, 2015 through February 29, 2016 that were recorded in the Beneficiary Travel Payment and Reconciliation Program Database (the Database). From the universe of 149,097 reimbursements recorded in the Database during this period, we identified 188 reimbursements to beneficiaries that had a corresponding reimbursement for the same dollar amount, date, and beneficiary. Of these, we reviewed a sample of 30 reimbursements and their corresponding reimbursements selected using a random probability proportional to payment value technique. For reimbursements in our sample, we reviewed electronic appointment data in VistA and examined available hard copy documentation provided by the VAMC.

Automated Controls and Staff Actions

Both VistA and the Database contain automated controls that notify BTP and Fiscal Service staff of potential duplicate claims and payments, request staff's acknowledgement, and provide staff the opportunity to ensure each claim and payment are appropriate. In addition, the acting Chief of Health Administration Services (HAS), the BTP Mobility Manager, and the Chief Accountant stated they gave verbal direction to staff to perform appropriate actions when notified by the systems of potential duplicate claims and payments.

VistA Controls and BTP Actions

When BTP staff create a travel claim in VistA for a beneficiary requesting reimbursement and a prior claim exists for the same day, automated notifications and required staff actions are as follows:

- VistA notifies the user of the potential duplicate claim.
- Based upon management's verbal direction, BTP staff are required to ensure evidence exists that the beneficiary traveled for medical care or services (such as verifying a second appointment was completed).
- If the beneficiary is requesting payment for a prior claim, BTP staff ensure the original claim has not previously been paid before recreating it, as verbally directed by management.
- BTP staff enter "yes" to continue creating the claim, if appropriate.

*Database
Controls and
Fiscal Service
Actions*

Fiscal Service staff record the claim created by BTP in the Database. If, for that beneficiary, there is another reimbursement that meets system criteria for a potential duplicate payment (such as one for the same claim date), automated notifications and required staff actions are as follows:

- The Database sends an electronic alert to the user identifying a potential duplicate payment.
- Based upon management's verbal direction, Fiscal Service staff are required to coordinate with BTP staff to ensure evidence exists that the beneficiary traveled for medical care or services.
- The Database sends an electronic notification to Fiscal Service staff to enter a justification for the potential duplicate payment.
- Fiscal Service staff enter a justification and select "continue" to record the reimbursement, if appropriate.

*Beneficiaries
Properly
Reimbursed
Once for
Travel*

We did not substantiate the allegation that the VAMC improperly reimbursed beneficiaries more than once for the same travel. We identified eight beneficiaries who staff improperly reimbursed more than once for the same travel from March 1, 2015 through February 29, 2016. These errors represent about .03 percent of all 149,097 reimbursements made by the VAMC during this time. While this percentage was not significant, we observed a management control weakness that, if corrected, could help ensure reimbursements are reviewed and made accurately to reduce the risk of the VAMC making improper payments.

*Local Written
Procedures for
Specific
Actions Not
Developed*

Management stated it provided verbal direction to staff to perform specific actions when automated controls notified them of potential duplicate claims and payments; however, the VAMC did not have written procedures that included requirements for staff to perform these actions. Furthermore, for seven of the eight duplicate reimbursements identified in our sample, we noted neither BTP nor Fiscal Service staff performed actions to help ensure duplicate payments were not made, such as coordinating with appropriate staff or verifying a corresponding appointment existed. For the eighth duplicate reimbursement, BTP staff appropriately created one claim; however, Fiscal Service staff erroneously paid the same claim more than

once without performing actions to verify the payment was appropriate when notified of the potential duplicate reimbursement. While onsite, we observed hard copy emails indicating Fiscal Service staff coordinated with BTP staff to ensure appropriateness of payments; however, Fiscal Service staff were unable to provide documentation related to the duplicate reimbursements identified in our sample.

Although BTP management developed local written procedures for processing beneficiary travel payments, it did not include requirements for staff to perform actions when notified of potential duplicate claims. Management stated it verbally instructed BTP staff to verify whether beneficiaries completed appointments for each potential duplicate claim as a means of identifying evidence that beneficiaries traveled, and to coordinate with Fiscal Service as necessary. However, when we discussed these claims with BTP staff, they stated they were unable to explain why they did not perform these actions. The BTP Traffic Manager said staff would sometimes create more than one claim for the same travel if the requesting beneficiary told them they were never reimbursed for the original claim.

Similarly, the Chief Accountant indicated she verbally directed Fiscal Service staff to coordinate with BTP to determine whether evidence of corresponding travel existed when notified of a potential duplicate payment. When we discussed these reimbursements with the Fiscal Service Accounting Technician, he stated he was unable to tell us why appropriate actions were not performed. He added that he did not routinely coordinate with BTP staff on potential duplicate payments because he felt his efforts to do so would be unsuccessful based upon prior attempts. Thus, he conceded his responsibility for exercising this control and ensuring the appropriateness of payments.

Ensuring staff receive written directions requiring performance of specific actions when alerted by automated controls of potential duplicate claims and payments will help ensure staff accountability for specific actions. Furthermore, both the Fiscal Service Chief Accountant and the BTP Mobility Manager's position descriptions include procedure development responsibilities. Specifically, the Chief Accountant's position description includes responsibilities to establish internal procedures for assigned program areas, institute procedures for improvement when needed, and recommend policy direction when changes occur in program areas. Similarly, the Mobility Manager's position description includes responsibilities to develop procedures and systems for establishing, operating, and assessing the program's effectiveness. BTP management and the Chief Accountant agreed written procedures should be developed and implemented to require appropriate actions for staff to take when notified of potential duplicate claims and reimbursements.

**Effect and
Potential Risk**

We found VAMC staff were generally reimbursing beneficiaries only once for travel, and therefore we did not substantiate the allegation. However, we observed a control weakness and recommended the VAMC establish written guidance requiring BTP and Fiscal Service staff to perform specific actions when alerted of potential duplicate claims and payments.

Recommendation

1. We recommended the Director of the Carl T. Hayden VA Medical Center develop and implement written procedures requiring Beneficiary Travel Program and Fiscal Service staff to perform appropriate actions in response to electronic alerts notifying them of potential duplicate claims and payments.

**Management
Comments**

The VAMC Director concurred with the recommendation and reported actions to address the recommendation have been implemented. Specifically, the director reported Beneficiary Travel management developed and implemented a Standard Operating Procedure subsequent to our May 2016 site visit. She reported the Standard Operating Procedure addresses the issue of duplicate claims and payments

**OIG
Response**

The VAMC Director's corrective action plan is generally responsive to the recommendation. The Standard Operating Procedure referenced by the director outlined requirements for Beneficiary Travel staff to perform in order to help ensure duplicate payments are not made if a veteran requests a claim to be reprinted, or if a veteran requests multiple claims for reimbursement for the same day. However, the director's response did not include written procedures requiring Fiscal Service staff to perform actions in response to electronic alerts notifying them of potential duplicate payments, as recommended. We will monitor the VAMC's implementation of these actions in response to our full recommendation and will close it when we receive sufficient evidence demonstrating progress in addressing the identified issues.

Finding 2 Carl T. Hayden VAMC Staff Inappropriately Used PO Boxes as Beneficiaries' Departure Addresses

We substantiated the allegation that Carl T. Hayden VAMC staff inappropriately approved beneficiary travel mileage claims using PO Boxes as beneficiaries' departure addresses instead of physical addresses, which violated VHA policy.⁴ However, we determined it was not a widespread practice at the VAMC as we estimated staff inappropriately approved only 6,388 of 219,545 claims (about 3 percent) of the travel mileage reimbursement claims using PO Boxes as beneficiaries' departure addresses from October 1, 2014 through February 29, 2016. Although the number of claims inappropriately approved was relatively small compared to the total number of claims approved during this time period, our review identified a management control weakness that needed to be addressed to reduce the risk of staff continuing to inappropriately approve travel claims.

Staff inappropriately approved these claims because VAMC management had not developed a local quality review program to ensure staff used and documented a physical address when calculating mileage reimbursements. When we presented our findings to BTP management, it stated it was surprised, as it thought staff were appropriately processing claims, and it agreed a local quality review program was necessary to ensure staff used and documented physical addresses when calculating beneficiary travel mileage. Furthermore, neither national nor local BTP policy and procedures required BTP staff to perform routine quality reviews.⁵ As a result, we estimated that, from October 1, 2014 through February 29, 2016, the VAMC inappropriately approved beneficiary travel mileage claims totaling approximately \$551,000 using PO Boxes instead of physical addresses as beneficiaries' departure addresses. Although eligible beneficiaries who complete authorized travel are entitled to receive reimbursements, we were unable to calculate how much of the \$551,000 would have been appropriate based on the beneficiaries' physical addresses. CBO staff stated they would categorize reimbursements lacking evidence that mileage was calculated using a physical departure address as improper payments. Without developing and implementing a local quality review program to ensure staff use and document physical addresses when calculating mileage, VAMC management cannot reasonably ensure reimbursements are calculated accurately.

⁴ VHA Handbook 1601B.05, *Beneficiary Travel*, July 23, 2010 and VHA Procedure Guide 1601B.05, *Beneficiary Travel Expenses and Claims Processing*, change date March 4, 2015.

⁵ This statement discusses VHA Handbook 1601B.05, *Beneficiary Travel*, July 23, 2010; VHA Procedure Guide 1601B.05, *Beneficiary Travel Expenses, Claims Processing*, change date March 4, 2015; and Standard Operating Procedure 10-10-14, *Processing Beneficiary Travel Payments*, October 10, 2014.

What We Did

To determine the merits of the allegation, we interviewed the medical center's BTP and Fiscal Service management and staff, and the complainant. We also reviewed a random sample of 50 beneficiary travel mileage claims selected from a universe of 6,940 approved by BTP staff from October 1, 2014 through February 29, 2016, where VistA listed the departure address as a PO Box. This universe represented a portion of the universe of 219,545 claims approved by staff during this period. We examined electronic documentation in VistA and hard copy documentation provided by VAMC staff to determine whether evidence existed to indicate staff used a physical address when calculating mileage for each claim in our sample.

Federal Regulations and Program Criteria

Title 38, Code of Federal Regulations, Part 70.30,⁶ states beneficiary travel reimbursement is limited to travel from an eligible beneficiary's residence or from a place where the beneficiary is staying to the nearest facility able to provide care or services. The VHA Handbook⁷ and the VHA Procedure Guide⁸ further outline this beneficiary travel requirement. Beneficiary Travel Claim Processor Training (December 2013) instructs staff that when determining appropriate mileage, PO Boxes do not qualify as residences. When we discussed Improper Payments Elimination and Recovery Act (IPERA) reviews with management and representatives from CBO, they stated that for IPERA purposes they consider reimbursements lacking evidence that mileage was calculated using a physical departure address to be improper payments.

VistA Addressed Population and VAMC Procedure

When BTP staff create a travel claim, VistA automatically populates the beneficiary's departure address with the address stored in VistA. When the system populates the departure address with a PO Box, the VAMC's Standard Operating Procedure⁹ requires staff to obtain the beneficiary's physical departure address, document this address on the claim, and calculate mileage using that address.

Staff Used Inappropriate Addresses for Claims

We substantiated the allegation that staff inappropriately approved claims using PO Boxes as beneficiaries' departure addresses. However, the errors identified during our testing allowed us to estimate staff inappropriately approved 6,388 claims. When compared to the total number of claims approved by staff during this period, this represented a relatively small percentage of claims. From our sample of 50 beneficiary travel claims, we determined staff inappropriately approved 46 beneficiary travel claims using PO Boxes as beneficiaries' departure addresses instead of physical addresses from October 1, 2014 through February 29, 2016. For all 46 inappropriately

⁶ 38 C.F.R. 70.30(b), July 1, 2011, provided payment principles for beneficiary travel.

⁷ VHA Handbook 1601B.05, *Beneficiary Travel*, Paragraph 9.c., July 23, 2010.

⁸ VHA Procedure Guide 1601B.05, Chapter 1, *Beneficiary Travel Expenses and Claims Processing*, Paragraph 9.b., change date March 4, 2015.

⁹ Standard Operating Procedure 10-10-14, *Processing Beneficiary Travel Payments*, October 10, 2014.

approved claims we identified during our sample review, there was no evidence a physical address was used to calculate mileage, such as a physical address documented in the claim's electronic or handwritten remarks.

Although BTP staff stated they were aware of the requirement to calculate mileage using a physical address and ensure it was documented on the claim, they were unable to provide specific reasons why there was no evidence the claims were calculated using a physical address. These 46 travel claims totaled approximately \$4,100 and the amount approved ranged from approximately \$1 to \$255, with a median amount of about \$65. Although eligible beneficiaries who complete authorized travel are entitled to receive reimbursements, we were unable to calculate how much of this \$4,100 would have been appropriate because none of these 46 claims had evidence of beneficiary's physical addresses.

The errors we identified during our testing of these 50 sample claims allowed us to estimate staff inappropriately approved 6,388 claims, totaling \$551,000, using a PO Box as a departure address. Although this estimate of inappropriately approved claims represents approximately 92 percent of our sample universe, it only represents about 3 percent of all 219,545 claims¹⁰ approved by the VAMC staff during this time. This number of inappropriately approved claims was relatively small compared to the total number of claims approved during this time; however, our review identified a management control weakness that needed to be addressed to reduce the risk of staff continuing to inappropriately approve travel claims and process payments without adequate support.

**Lack of a
Local Quality
Review
Program**

VAMC management lacked a local quality review program to help reasonably ensure BTP staff appropriately followed VHA policy to calculate mileage using a physical address and to document this address. When we discussed quality reviews with management, the acting Chief of HAS and BTP Mobility Manager indicated local quality reviews were completed by the Traffic Manager on an as-needed basis, and any additional reviews were completed through Fiscal Quality Assurance Manager (FQAM)¹¹ and IPERA reviews¹² if the VAMC was selected. The Traffic Manager confirmed that he was only reviewing travel claims as needed, and he stated he would

¹⁰ The universe of 219,545 represents claims approved from October 1, 2014 through February 29, 2016 and differs from the universe of 149,097 payments cited in Finding 1. The 219,545 claims were identified using a larger time period than the 149,097 and only included approved claims (whereas the universe of 149,097 represents payments made).

¹¹ FQAM reviews are conducted by Veterans Integrated Service Network staff and evaluate VAMC beneficiary travel claims for elements such as whether reimbursements were calculated correctly and signed appropriately.

¹² The Improper Payments Elimination and Recovery Act (IPERA) of 2010 required each agency to periodically review its programs and activities and identify those that may be susceptible to significant improper payments.

review claims that were brought to his attention with potential travel claim issues. He stated he does not conduct routine local quality reviews to verify whether staff accurately processed vouchers using physical departure addresses.

In addition, FQAM reviews are completed biannually and select a random sample of beneficiary travel mileage claims. Although these reviews test the accuracy of mileage calculations and may report if they identify PO Boxes used as a departure address, they do not specifically select claims at increased risk for an inappropriate departure address. Of the three FQAM reviews completed at the VAMC during our scope period, only one identified the use of PO Boxes as a departure address as an area of concern.

Furthermore, a review of the FYs 2015 and 2016 Beneficiary Travel IPERA testing procedures and sampling methodology revealed that while these reviews test the accuracy of mileage paid, including a review of the departure address, the sampling methodology indicated the sample was selected from beneficiary travel reimbursements nationwide and did not require the VAMC to be selected each year. Therefore, we concluded that while these reviews represented a national control mechanism, they did not provide adequate assurance that the VAMC was routinely reviewed to ensure compliance with VHA policy and guidance.

When we presented our findings to BTP management, it stated it was surprised as it thought staff were appropriately processing claims, and it agreed a local quality review program was necessary to routinely ensure staff used and documented physical addresses when calculating beneficiary travel mileage. Furthermore, neither local nor national BTP policy or procedures required BTP staff to perform routine quality reviews. Because of the lack of local quality reviews performed by VAMC staff, the uncertainty of being selected for an IPERA review, and FQAM reviews that do not focus on this risk area, BTP management could not routinely ensure staff calculated mileage reimbursements using a physical address as the beneficiary's departure address. Management should ensure that VAMC staff perform local quality reviews to routinely identify inappropriate departure addresses and help resolve staff errors at the VAMC.

**Effect and
Potential
Risk**

Based on the results of our sample, we estimated Carl T. Hayden VAMC staff inappropriately approved beneficiary travel mileage claims totaling \$551,000 from October 1, 2014 through February 29, 2016 using PO Boxes as beneficiaries' departure addresses instead of physical addresses. Although eligible beneficiaries who completed authorized travel were entitled to receive reimbursements, we were unable to calculate how much of the \$551,000 would have been appropriate based on the beneficiaries' physical addresses. If management does not strengthen controls in this area, it cannot reasonably ensure mileage reimbursements are calculated correctly. Furthermore, CBO staff indicated reimbursements that lacked evidence

mileage was calculated using a physical departure address were improper payments. Thus, without strengthening controls, the VAMC remained vulnerable to improper payments.

Recommendation

2. We recommended the Director of the Carl T. Hayden VA Medical Center develop and implement a quality review program to routinely ensure Beneficiary Travel Program staff document and use physical addresses when calculating mileage reimbursements.

Management Comments

The VAMC Director concurred with the recommendation and reported actions to address the recommendation have been implemented. The director reported the Beneficiary Travel Section changed its Standard Operating Procedures while the OIG was onsite. She also indicated a quality review process was started in which claims are randomly reviewed for a physical address. She reported audits currently show a 100 percent compliance rate of physical addresses being used.

OIG Response

The VAMC Director's corrective action plan is responsive to the recommendation. However, the Director's response did not include documentation supporting the facility's development of a quality review program to routinely ensure staff use appropriate addresses. We will monitor the VAMC's implementation of actions to address the identified issue and will close the recommendation when we receive sufficient evidence demonstrating the VAMC's progress.

Finding 3 The Carl T. Hayden VAMC Unnecessarily Paid Most Beneficiary Travel Reimbursements in Cash

We substantiated the allegation that the Carl T. Hayden VAMC unnecessarily paid most beneficiary travel dollar reimbursements in cash, rather than by EFT. In 2012, VA published financial policy¹³ directing the use of EFT as the primary method of disbursement, which was later followed by VHA guidance¹⁴ to VAMCs nationwide to reduce cash payments and increase EFT. However, from October 1, 2013 through February 29, 2016, VAMC management did not take sufficient actions to ensure staff reduced cash payments and increased EFT, even though the ability to reimburse beneficiaries through EFT was available.

In FY 2014, VAMC staff paid nearly 94 percent of its total beneficiary travel dollar reimbursements in cash and this percentage decreased slightly to approximately 91 percent during FY 2015. For the first five months of FY 2016, VAMC staff still paid approximately 87 percent of its total dollar reimbursements in cash—a rate of reduction of only about 7 percent over the nearly two-and-a-half-year period, despite direction and guidance provided by VA and VHA. Furthermore, compared to the average for other facilities nationwide during this time, the VAMC had significantly more beneficiary travel cash reimbursements and reduced the amount of dollar reimbursements made in cash at a significantly lower rate.

This occurred because a previous VAMC director and other interim directors at the VAMC gave priority to issues surrounding the facility's wait times for medical appointments, which gained the VAMC national attention beginning in 2014; therefore, VAMC management did not ensure sufficient actions were taken to reduce cash reimbursements in accordance with VA direction and VHA guidance. Actions to reduce cash reimbursements include informing beneficiaries of the change, obtaining direct deposit information from beneficiaries, and enrolling them as payees in VHA's payment system when appropriate. As a result, VAMC management missed the opportunity for nearly two and a half years to decrease the risks associated with cash reimbursements, such as mishandling or theft. With the support of a new director, VAMC management and staff began taking sufficient actions only at the end of our scope period; these actions significantly reduced the percent of total travel reimbursements paid in cash over just three months. We confirmed that the VAMC continued to reduce cash reimbursements through the review of payment data obtained from VA's Financial Services Center in September 2017, which indicated the facility paid less than 1 percent cash

¹³ Financial Policies and Procedures, Volume VIII, Chapter 2, *Disbursements and Collections Requirement*, May 2012.

¹⁴ VHA Office of Finance Alert, February 22, 2013 and VHA Procedure Guide 1601B.05, change date March 4, 2015.

from June 1, 2016 through August 31, 2017. Because of these actions and the VAMC's recent progress, we did not make any recommendations for additional actions to VAMC management.

What We Did

To determine the merits of the allegation, we interviewed the VHA Project Lead for the EFT initiative, the medical center's BTP and Fiscal Service management and staff, and the complainant. In addition, we reviewed Financial Management System beneficiary travel monthly reimbursement data provided by VA's Financial Services Center during the nearly two-and-a-half-year period from October 1, 2013 through February 29, 2016. We also reviewed monthly reimbursement data from March 1 through May 31, 2016 to measure the VAMC's progress in reducing cash reimbursements during the three months following our scope period.

VHA's EFT Initiative

In 2011, VHA established a national EFT initiative in an effort to comply with December 2010 Department of the Treasury amendments to Section 31 of the Code of Federal Regulations, Part 208, *Management of Federal Agency Disbursements*.¹⁵ Because of these amendments, VA was required to make all beneficiary travel reimbursements through EFT by March 2013 unless the recipient met limited exemptions. VHA's role in this initiative was to assist facilities nationwide in reducing cash reimbursements, eliminating checks, and transitioning to EFT as the primary method of reimbursement.

To receive EFT, beneficiaries had to be enrolled as payees in VHA's payment system. In February 2013, VHA provided guidance and instructions for enrolling beneficiaries to receive EFT. Once enrolled, a beneficiary is able to receive direct deposit EFT travel reimbursements.

National Policy and Direction

VA requirements published in May 2012¹⁶ directed the use of EFT as the primary method of disbursement. Also in 2012, in support of the EFT initiative, VHA began periodically corresponding with VAMCs through national conference calls and written guidance. As part of this correspondence, a VHA Office of Finance Alert in February 2013 encouraged VAMCs to reduce cash reimbursements, eliminate check reimbursements, and increase EFT reimbursements by enrolling veterans to receive direct deposit. Moreover, VA policy¹⁷ states that the VA will use EFT as the standard method for making reimbursements, with limited exceptions allowed by the Department of the Treasury.

¹⁵ 31 C.F.R. 208, *Management of Federal Agency Disbursements*. The amendments to the Code of Federal Regulations, as discussed in 75 F.R. 80315, required recipients of Federal nontax payments to receive payment by electronic funds transfer (EFT). The rule was effective February 22, 2011.

¹⁶ *Financial Policies and Procedures*, Volume VIII, Chapter 2, Disbursements and Collections Requirement.

¹⁷ VA Financial Policies and Procedures, *Agent Cashier Accountability Policy*.

Similarly, VHA guidance¹⁸ states that beneficiaries enrolled for payment processing through EFT will receive direct deposit and staff should take actions to enroll beneficiaries who are not enrolled. As of the time of our review, these policies and the procedure guide did not state a specific target amount for the reduction of beneficiary travel cash payments.

**Cash
Was the Primary
Reimbursement
Method
for the VAMC**

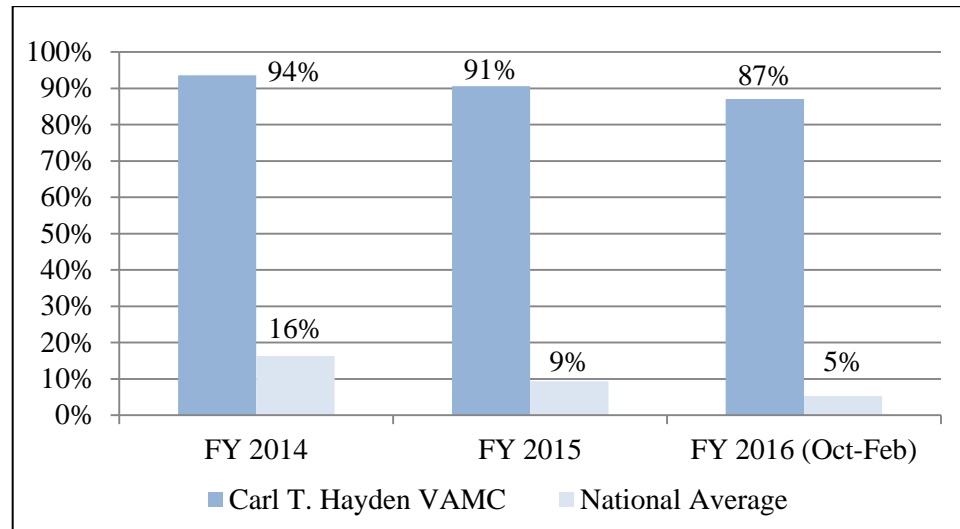
We substantiated that Carl T. Hayden VAMC staff unnecessarily paid most beneficiary travel dollar reimbursements in cash from October 1, 2013 through February 29, 2016. For example, the reimbursement data provided by VA's Financial Services Center indicated VAMC staff paid approximately 94 percent and 91 percent of total dollar reimbursements in cash for FY 2014 and FY 2015, respectively. This compared unfavorably to the average for other VHA facilities nationwide, which was about 16 percent and 9 percent of total dollar reimbursements in cash for the same time period. VAMC staff still paid about 87 percent of the total dollar reimbursements in cash for the first five months of FY 2016; this percentage fell significantly short of the nationwide average for other facilities of only about 5 percent for the same period.

Furthermore, while the average percentage of dollars reimbursed in cash by VHA facilities nationwide decreased by approximately 70 percent from October 1, 2013 to the first five months of FY 2016, the Carl T. Hayden VAMC only reduced its percentage of cash reimbursements by 7 percent.

Table 1 details the percentage of beneficiary travel cash reimbursements reported by the Carl T. Hayden VAMC and the average for other facilities nationwide.

¹⁸ VHA Procedure Guide 1601B.05, Chapter 1, *Beneficiary Travel Expenses and Claims Processing*, Paragraph 18.a. and b., change date March 4, 2015.

Table 1. Percentage of Total Dollar Cash Reimbursements by Carl T. Hayden VAMC Compared to Average Percentage for Other Facilities Nationwide From October 1, 2013 Through February 29, 2016



Source: VA OIG analysis of national beneficiary travel data provided by VA's Financial Services Center

Note: Rounded numbers were used for reporting purposes.

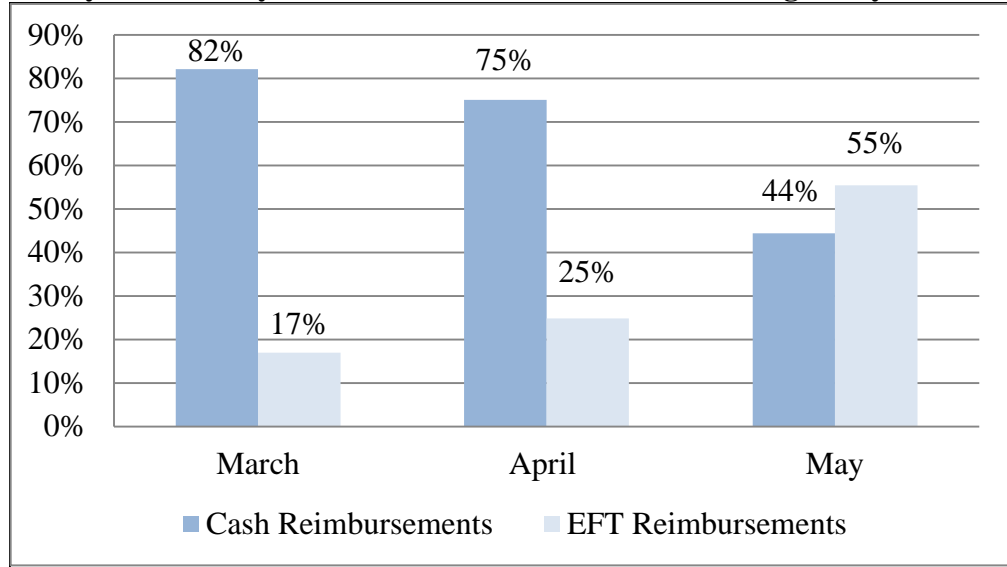
**Recent
VAMC
Cash
Reductions**

VAMC staff only began taking sufficient actions to significantly reduce the amount of total dollar beneficiary travel reimbursements paid in cash at the end of our scope period. Specifically, our analysis of VA's Financial Services Center data revealed VAMC staff paid approximately 82 percent of the VAMC's March 2016 total reimbursements in cash and reduced this percentage to about 44 percent of its May 2016 total reimbursements. This reduction decreased the risks associated with cash reimbursements, such as mishandling or theft.

Similarly, in support of VHA's initiative, the VAMC was successful in increasing the percentage of total dollar reimbursements made through EFT from approximately 17 percent in March 2016 to about 55 percent in May 2016. Check reimbursements accounted for less than 1 percent of total beneficiary travel reimbursements for each of these three months.

Table 2 details the percentage of cash reimbursements and EFT reimbursements reported by the Carl T. Hayden VAMC from March through May 2016.

Table 2. Percentage of Total Dollar Cash and EFT Reimbursements by Carl T. Hayden VAMC From March 2016 Through May 2016



Source: VA OIG analysis of Carl T. Hayden VAMC beneficiary travel data provided by VA's Financial Services Center

Note: Rounded numbers were used for reporting purposes.

To ensure the VAMC continued to be successful in its actions to reduce the use of cash and increase EFT, we requested the facility's beneficiary travel mileage reimbursement data from VA's Financial Services Center in September 2017. These data indicated VAMC staff paid less than 1 percent cash and about 94 percent EFT for travel mileage reimbursements during the period from June 1, 2016 through August 31, 2017.

Cash Reduction Initially Not a Priority

For nearly two and a half years, VAMC staff unnecessarily paid most beneficiary travel dollar reimbursements in cash rather than by EFT. This occurred because a previous VAMC Director and other interim directors at the VAMC did not place a priority on ensuring VAMC management and staff took sufficient actions to reduce reimbursements—despite direction and guidance provided by VA and VHA. According to the acting Chief of HAS and the assistant Chief Financial Officer, the VAMC's prior director and interim directors in place during the time period of our review gave priority to issues surrounding the facility's wait times for medical appointments, which gained the VAMC national attention beginning in 2014. They also indicated that these officials did not support reimbursing beneficiaries primarily through EFT because they did not want to increase negative publicity for the VAMC if beneficiaries complained about the transition from cash to EFT reimbursements.

The acting Chief of HAS and the assistant Chief Financial Officer attributed the recent, significant reduction in total dollar cash reimbursements to the VAMC Director, appointed in December 2015, and her support for the VHA

initiative. The director stated that she believed it was imperative for the VAMC to immediately implement a plan to reduce cash reimbursements and the risks associated with managing cash. Therefore, in January 2016, she approved the VAMC's Fiscal Service and BTP representatives' plan to reduce cash reimbursements. This plan gave specific dates for staff to inform veterans of the change through flyers, letters, and social media posts; for staff to complete mass mailings to veterans requesting they provide information necessary to enroll them in EFT; and for routine progress meetings. VAMC staff began taking actions within one week of the director's approval.

**Effect of
Cash
Reductions**

For nearly two and a half years, VAMC management missed the opportunity to decrease the risks associated with cash BTP mileage reimbursements, which is likely the reimbursement method most susceptible to mishandling and theft. However, because we were able to confirm that the VAMC reported significant progress reducing cash reimbursements as of August 31, 2017, we did not make any recommendations in this area.

Conclusion

We substantiated two of three allegations of inappropriate beneficiary travel mileage claims processing at the Carl T. Hayden VAMC. Although we found that the VAMC properly reimbursed beneficiaries only once for travel, we identified some instances in which staff were not using appropriate addresses when processing claims, and found that the VAMC unnecessarily paid most reimbursements in cash. Our review procedures identified control weaknesses and we made recommendations to strengthen these areas in order to improve beneficiary travel mileage reimbursement approval and payment procedures at the VAMC.

Appendix A Background

Beneficiary Travel Program

Under Section 111, Title 38, United States Code, VA has the authority to “pay the actual necessary expense of travel,” including miles traveled “to or from a Department facility or other place in connection with vocational rehabilitation” or counseling “or for the purpose of examination, treatment, or care” for certain eligible beneficiaries. In general, beneficiaries can qualify for beneficiary travel benefits by having a service-connected rating of 30 percent or more, traveling for treatment of a service-connected condition or a compensation and pension examination, receiving a VA pension, or having an annual income that does not exceed the maximum annual VA pension rate. According to the 2016 VA Income Thresholds for Cost-Free Health Care, Medications and/or Beneficiary Travel Eligibility, the maximum VA pension rate was \$12,868 for a veteran with no dependents.

VHA’s CBO was established in April 2002 as the single accountable authority for the development of administrative processes, policies, regulations, and directives associated with the delivery of VA health benefits programs. The BTP is organizationally aligned under this office and is responsible for assisting eligible beneficiaries with travel to and/or from VA or VA-authorized health care through either mileage reimbursement or special mode of transportation. Nationwide, the BTP reported obligations in FY 2015 of nearly \$853 million, which includes mileage and special modes of transportation.

VAMC Reimbursement Process

A beneficiary may apply for travel benefits orally or in writing within 30 calendar days after completing travel. Beneficiaries apply for travel reimbursement at the VA facility responsible for the medical care or services provided. Below is the general beneficiary travel mileage reimbursement process at the Carl T. Hayden VAMC, as identified during our observations and review of written procedures.

- The beneficiary requests a travel reimbursement from the BTP Office.
- BTP staff verify travel claim information, including beneficiary eligibility, evidence the beneficiary was seen for care or treatment (such as a completed appointment), and that the mileage claimed originated from a physical address.
- BTP staff create the travel claim in VistA for reimbursement by cash, check, or EFT.
- BTP staff provide printed claims to the VAMC’s Fiscal Service’s agent cashiers to immediately reimburse beneficiaries in cash. Fiscal Service staff record these reimbursements in the Database after payment.
- BTP staff provide printed claims to a Fiscal Service Accounting Technician for reimbursement by check or EFT. The technician records each claim in the Database, which then issues payment.

Prior Program Weaknesses

The OIG has previously identified BTP weaknesses. In the *Review of Cincinnati VA Medical Center Beneficiary Travel Office Allegations* (Report 10-03292-217, July 6, 2011), the OIG found that BTP staff were not always processing beneficiary travel mileage reimbursements according to policy. The OIG recommended the VAMC Director improve controls and oversight to include implementing a quality assurance program, ensuring mileage reimbursements were supported by evidence of appointments, and collecting unsupported reimbursements.

In the OIG report *Audit of the Beneficiary Travel Program* (Report 11-00336-292, February 6, 2013), the OIG reported several program deficiencies. These included not performing regular reconciliations of approved travel reimbursement data to payment data, not having sufficient procedures to reduce the risk of making duplicate payments, and not consistently verifying the accuracy of beneficiary addresses. During this audit, VHA provided the OIG with a list of program initiatives that it began in 2010 to improve oversight; however, VHA had not fully implemented all planned changes and needed to strengthen authorization and payment controls.

The OIG also reported BTP weakness at three locations in the *Review of Alleged Beneficiary Travel Irregularities at Hudson Valley Health Care System, Hampton and Lexington VA Medical Centers* (Report 15-02400-524, December 7, 2015). Specifically, the OIG either partially or fully substantiated three allegations of BTP processing irregularities and found that staff at three facilities did not consistently approve mileage reimbursement vouchers appropriately. Generally, irregularities occurred because the facilities did not fully use all of CBO's BTP enhancements and had not developed or implemented formal, routine quality reviews of approved mileage reimbursement vouchers.

Appendix B Scope and Methodology

We conducted our audit from February 2016 through September 2017 to assess the merits of the allegations. To determine whether VAMC staff improperly reimbursed beneficiaries more than once, we reviewed a sample of reimbursements from the universe of reimbursements paid by VAMC staff during the period from March 1, 2015 through February 29, 2016 with one or more corresponding reimbursement. To determine whether VAMC staff inappropriately approved mileage claims using PO Boxes, we reviewed a sample of claims from the universe of claims approved by VAMC staff from October 1, 2014 through February 29, 2016 using a PO Box as a departure address. We reviewed the universe of monthly EFT, check, and cash reimbursements made from October 1, 2013 through May 31, 2016 to determine whether the VAMC unnecessarily paid most beneficiary travel dollar reimbursements in cash and to identify any recent progress made.

Methodology

We reviewed applicable laws, policies, and procedures to assess controls over the beneficiary travel program. We conducted a site visit at the Carl T. Hayden VAMC to assess the processes and controls related to approving and reimbursing beneficiary travel mileage claims. We interviewed the VHA EFT Initiative project lead, the VAMC Director, BTP management and staff, Fiscal Service management and staff, and the complainant.

We obtained beneficiary travel reimbursements from the Beneficiary Travel Payment and Reconciliation Program Database. From the universe of 149,097 reimbursements recorded in the VAMC's database from March 1, 2015 through February 29, 2016,¹⁹ we identified 188 reimbursements that had a corresponding reimbursement for the same dollar amount, date, and beneficiary. From these, we examined a sample of 30 reimbursements and their corresponding reimbursements for a total of 60 reimbursements.

We also obtained electronic, approved beneficiary travel mileage claims from VistA. We identified 6,940 claims for which the departure address listed a PO Box, which represented a portion of the 219,545 claims approved by staff from October 1, 2014 through February 29, 2016. We determined those claims for which the departure address listed a PO Box instead of a physical address to be at increased risk for staff calculating mileage inappropriately. We then examined a sample of 50 beneficiary travel mileage claims approved by BTP staff.

¹⁹ The scope of these data differs from the scope used to test the other allegations because March 1, 2015 through February 29, 2016 was the most current, complete 12 months of data we could obtain from the VAMC's database when we began our review.

In addition, we received FMS beneficiary travel monthly reimbursement data from VA's Financial Services Center for the nearly two-and-a-half-year period from October 1, 2013 through February 29, 2016. Because management indicated it had implemented actions that reduced cash reimbursements, we also obtained and analyzed monthly reimbursement data from March 1 through May 31, 2016, the three months following our scope period. To confirm that VAMC staff continued to be successful in reducing cash and increasing EFT reimbursements, we requested beneficiary travel mileage payment data from the Financial Services Center for payments made during the period June 1, 2016 through August 31, 2017. We summarized these reimbursements to support our report conclusions.

**Fraud
Assessment**

To obtain reasonable assurance of detecting fraud that may have occurred within the context of our audit, we assessed risks applicable to fraud, illegal acts, and abuse. We considered risk factors such as the nature of the operation, internal controls, and previous audit and review findings when developing our audit steps. We interviewed VAMC BTP and Fiscal Service management and staff concerning potential fraudulent activity within the scope of our objectives. We also analyzed approved claims and reimbursements paid to identify trends. We did not identify any instances of fraud during this audit.

**Data
Reliability**

To assess data reliability of VistA, we obtained approved hard-copy travel claims for the Carl T. Hayden VAMC. We compared a sample of beneficiary travel mileage claim data with hard-copy claims to verify beneficiary name, claim date, amount payable, and total mileage amount. To assess data reliability of the Database, we obtained approved hard-copy travel claims for the Carl T. Hayden VAMC. We compared a sample of beneficiary travel reimbursement data with hard-copy claims and the Database's Beneficiary Travel Replenishment Report to verify information such as beneficiary name, claim date, and replenishment identification number. To assess the reliability of data provided by VA's Financial Services Center, we compared a sample of payment data, including amount paid and corresponding paid date, to hard-copy documents to verify this information. We considered the computer-processed data to be sufficiently reliable to support the audit objectives, findings, and recommendations.

**Government
Standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Our assessment of internal controls focused on those controls relating to our audit objectives. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C Statistical Sampling Methodology

To determine if allegations indicating Carl T. Hayden VAMC staff did not consistently approve and reimburse beneficiary travel mileage claims in accordance with VHA policy and guidance had merit, we evaluated a statistical sample of beneficiary travel mileage reimbursements from March 1, 2015 through February 29, 2016 and claims from October 1, 2014 through February 29, 2016.

Population

The universe of reimbursements that had a corresponding reimbursement for the same dollar amount, same date, and same beneficiary consisted of 188 reimbursements from March 1, 2015 through February 29, 2016. This universe was selected from all 149,097 reimbursements recorded in the Database during this period.

The universe of travel mileage claims using PO Boxes as beneficiaries' departure addresses instead of physical addresses consisted of 6,940 approved beneficiary travel mileage claims from October 1, 2014 through February 29, 2016. This universe represented a portion of the universe of 219,545 claims approved by staff during this period.

Sampling Design

We selected a random probability proportional to the value of the payment sample of 30 potential duplicate reimbursements, consisting of 60 reimbursements from March 1, 2015 through February 29, 2016. We also selected a random, statistical, stratified sample of 50 beneficiary travel mileage claims approved by BTP staff from October 1, 2014 through February 29, 2016 in which VistA listed the departure address as a PO Box with no physical address.

Weights

We calculated estimates in this report using weighted sample data. We computed sampling weights by taking the product of the inverse of the probabilities of selection at each stage of sampling. We used WesVar software to calculate population estimates and associated sampling errors.

Projections and Margins of Error

Our results did not substantiate the Carl T. Hayden VAMC staff reimbursed beneficiaries more than once for the same travel. We did substantiate, however, that the VAMC inappropriately approved travel mileage claims using PO Boxes as beneficiaries' departure addresses instead of physical addresses. The margins of error and confidence intervals are indicators of the precision of the estimates. If we repeated this audit with multiple samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time. Based on the results of our sample, we estimated Carl T. Hayden VAMC staff made 50 duplicate reimbursements from March 1, 2015 through February 29, 2016.

Table 3 details the statistical projections for duplicate reimbursements made by the VAMC during the review scope.

Table 3. Statistical Projections for Duplicate Reimbursements Made by the Carl T. Hayden VAMC From March 1, 2015 through February 29, 2016

	Point Estimate	Margin of Error Based on 90 Percent Confidence Interval	90 Percent Lower Limit	90 Percent Upper Limit
Number of Reimbursements	50	26	24	76

Source: VA OIG statistical analysis of sample results projected over the audit universe

In addition, based on the results of our sample, we estimated Carl T. Hayden VAMC staff made errors resulting in approximately \$551,183 of inappropriately approved beneficiary travel mileage claims using PO Boxes as beneficiaries' departure addresses instead of physical addresses, from October 1, 2014 through February 29, 2016.

Table 4 details the statistical projections for claims approved by the Carl T. Hayden VAMC using PO Boxes as the beneficiary's departure address instead of a physical address.

Table 4. Statistical Projections for Inappropriately Approved Claims Using PO Boxes by Carl T. Hayden VAMC From October 1, 2014 Through February 29, 2016

	Point Estimate	Margin of Error Based on 90 Percent Confidence Interval	90 Percent Lower Limit	90 Percent Upper Limit
Number of Claims	6,388	438	5,950	6,826
Amount of Claims	\$551,183	\$124,391	\$426,792	\$675,575

Source: VA OIG statistical analysis of sample results projected over the audit universe

Note: Monetary amounts were rounded to the nearest dollar and totals may not sum.

Appendix D Management Comments

Department of Veterans Affairs Memorandum

Date: October 12, 2017

From: Medical Center Director, Phoenix VA Health Care System (644/00)

Subj: Office of Inspector General (OIG) Draft Report, Audit of Beneficiary Travel Processing Irregularities at the VA Medical Center, Phoenix, Arizona, Project Number 2016-00471-R9-0027

Thru: VA Desert Pacific Healthcare Network Director (10N22)

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to review and comment on the draft report, *Audit of Beneficiary Travel Processing Irregularities at VA Medical Center Phoenix, Arizona*. I concur with the draft report content and OIG's two recommendations. I have provided the attached action plan to address all recommendations.
2. PVAHCS used input from this review to enhance our processes for Veterans and our employees.
3. If you have any additional questions, please contact me at (602) 604-3914.

(Original signed by:)

RIMAANN O. NELSON
Medical Center Director

Concur / ~~Non-concur~~

(Original signed by:)

MARIE L. WELDON, FACHE
Network Director, VISN 22 (10N22)

For accessibility, the format of the original documents in this appendix has been modified to fit in this document, in accordance with Section 508 of the Americans with Disabilities Act.

VETERANS HEALTH ADMINISTRATION (VHA)

Action Plan

*Audit of Alleged Beneficiary Travel Processing Irregularities at VA Medical Center
Phoenix, Arizona*

Date of Draft Report: October 11, 2017

Recommendations/Actions	Status	Target Completion Date
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OIG Recommendations

Recommendation 1. We recommended the Director of the Carl T. Hayden VA Medical Center develop and implement written procedures requiring Beneficiary Travel Program and Fiscal Service staff to perform appropriate actions in response to electronic alerts notifying them of potential duplicate claims and payments.

VHA Comments: Concur

Phoenix VA Health Care System (PVAHCS) Beneficiary Travel management developed and implemented a Standard Operating Procedure (SOP) subsequent to the May 2016 OIG site visit. The SOP addresses the issue of duplicate claims and payments. Beneficiary Travel leadership communicated the SOP to the Beneficiary Travel employees.

Status: Completion Date: Completed May 2016

Recommendation 2. We recommended the Director of the Carl T. Hayden VA Medical Center develop and implement a quality review program to routinely ensure Beneficiary Travel Program staff document and use physical addresses when calculating mileage reimbursements.

VHA Comments: Concur

In March 2016, the OIG recommended that PVAHCS use geocodes or landmarks for mapping purposes in the absence of a physical address. PVAHCS Beneficiary Travel Section changed its SOP to reflect that change while the OIG was on-site.

Since that time, the Beneficiary Travel Section has worked with Veterans who live in highly rural areas to pinpoint their residence on Bing Maps so that their claims may reflect geocodes or physical addresses rather than P.O. Boxes. There are exceptions for the Veterans residing on a reservation, as the street names, markers or physical addresses do not populate in Bing Maps and are not recognized by other global positioning system (GPS) programs.

A quality review process was started where reimbursement claims are randomly reviewed for a physical address. Audits currently show a 100% compliance rate of physical address being used for mapping purposes.

As additional guidance or recommendations are received regarding a national standardized quality review process, the Phoenix VA Health Care System will incorporate said guidance into the facility level quality review process.

Status: Completion Date: Completed August 2017

Appendix E **OIG Contact and Staff Acknowledgments**

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Timothy J. Crowe, Director Jessica Blake Hope Favreau Anne Mullett Nelvy Viguera Butler
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Appendix F Report Distribution

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