



US DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

OFFICE OF ACQUISITION, LOGISTICS, AND CONSTRUCTION

A Summary of OIG Postaward Contract Reports Issued in Fiscal Years 2023 and 2024 on Vendors' Noncompliance with VA Federal Supply Schedule Contracts

Review

25-00170-115

JULY 2, 2025

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Executive Summary

The VA Office of Inspector General (OIG) receives requests from VA's National Acquisition Center to validate a vendor's data and compliance with Federal Supply Schedule (FSS) contract terms and conditions.¹ The VA FSS program supports the acquisition needs of VA and other government agencies for medical equipment, supplies, pharmaceuticals, and services.

The National Acquisition Center can ask the OIG to review FSS contracts when there are indications of contract noncompliance or vendors voluntarily disclose noncompliance.² The resulting reports are not published because they contain sensitive commercial information that is protected from release under federal law.³

To promote transparency, this report summarizes 20 reports issued by the OIG to the National Acquisition Center in fiscal years (FYs) 2023 and 2024 that identified about \$20.1 million in net overcharges under FSS contracts. This amount includes about \$6.2 million resulting from vendors' noncompliance with FSS contract terms and conditions and about \$13.8 million resulting from two False Claims Act cases.⁴

This summary review presents overall findings of the three steps the OIG completed in its postaward contract reports:⁵

1. **Evaluated vendors' compliance with FSS terms and conditions.** For each of the 20 reports, the OIG evaluated whether vendors were complying with the following terms:
 - **Billing** authorized FSS users for no more than the FSS contract price
 - **Price adjustment clause** requiring vendors' commercial sales practices to be current, accurate, and complete at the time of award or modification⁶

¹ VA National Acquisition Center Procedural Guideline 22, *OIG Contract Audit Procedures*, February 9, 2023.

² The voluntary disclosure program allows vendors to disclose noncompliance under an FSS contract.

³ 18 U.S.C. § 1905; 41 U.S.C. § 423(a); 38 C.F.R. § 1.558(c). Throughout this report, the OIG team used numbers to refer to vendors instead of their names, and the sequence of those numbers are based on the report issuance date (see appendix A).

⁴ Numbers do not sum due to rounding. The False Claims Act, 31 U.S.C. § 3729(a)(1), penalizes anyone who knowingly submits, or causes to submit, false claims to the government or improperly avoids an obligation to pay the government.

⁵ See appendix B for details on this report's scope and methodology.

⁶ General Services Acquisition Manual 552.238-117, "Price Adjustment—Failure to Provide Accurate Information (October 2023)" (web page), General Services Administration (GSA), last updated December 16, 2024, <https://www.acquisition.gov/gsam/552.238-117>.

- **Price reductions clause** requiring vendors to reduce FSS contract prices to match price reductions offered to certain other customers⁷
- **Industrial funding fee and sales reporting clause** requiring vendors to remit the correct industrial funding fee (which is built into the pricing of all FSS products and services and is a percentage not subject to negotiation paid by authorized FSS users and collected by vendors)⁸
- **Trade agreements clause** requiring vendors to deliver only US-made or designated-country end products, except where offers specified delivery of other end products⁹

In its 20 reports, the OIG identified overbillings and noncompliance with all four clauses. Other issues were vendor noncompliance with the Veterans Health Care Act of 1992 and overcharges for shipping.¹⁰

2. **Determined the application of the False Claims Act to FSS contract noncompliance.** For two False Claims Act cases, the Department of Justice coordinated with the OIG to analyze potential noncompliance related to vendors on FSS contracts. The OIG issued two False Claims Act reports in FY 2023 and determined the impact to the government was \$13,833,997 in overcharges. VA was able to recover about \$13,418,977. The difference between the OIG's recommended and VA's collected amounts for these cases is discussed in appendix A.
3. **Summarized net overcharges to the government and resulting collections and disbursements.** The OIG summarized overcharges resulting from overbillings; noncompliance with the clauses for price reductions, industrial funding fee and sales reporting, price adjustment, and trade agreements; and noncompliance with the Veterans Health Care Act of 1992 and overcharges for shipping. The OIG calculated about \$20.1 million in net overcharges to the government. VA collected or disbursed about \$19.5 million (about 97 percent) of the recommended amounts (see appendix A).

⁷ General Services Acquisition Manual 552.238-81, "Price Reductions (May 2019)" (web page), GSA, last updated February 14, 2025, <https://www.acquisition.gov/gsam/552.238-81>.

⁸ General Services Acquisition Manual 552.238-80, "Industrial Funding Fee and Sales Reporting (July 2020)" (web page), GSA, last updated February 14, 2025, <https://www.acquisition.gov/gsam/552.238-80>.

⁹ FAR 52.225-5, "Trade Agreements (November 2023)" (web page), GSA, last updated November 12, 2024, https://www.acquisition.gov/far/52.225-5#FAR_52_225_5. A "US-made end product" means a product mined, produced, or manufactured in the United States or a product that has been substantially transformed in the United States into a new and different product of commerce with a name, character, or use distinct from the original. A "designated-country end product" refers to a World Trade Organization Government Procurement Agreement country end product, a Free Trade Agreement country end product, a least-developed country end product, or a Caribbean Basin country end product.

¹⁰ Veterans Health Care Act of 1992, Pub. L. No. 102-585, § 603.

This report provides summary information about prior recommendations made to the National Acquisition Center; it does not make additional recommendations that require further response or action at this time.

VA Management Comments

The acting associate executive director of the National Acquisition Center concurred with the draft report and provided no comments. Appendix C provides the full text of the director's response.



LARRY M. REINKEMEYER
Assistant Inspector General
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Contents

Executive Summary	i
Abbreviations	v
Introduction.....	1
Summary Results for Postaward Contract Reports Issued in FYs 2023 and 2024.....	3
Appendix A: Collection and Disbursement Amounts Resulting from OIG Reports Issued in Fiscal Years 2023 and 2024.....	9
Appendix B: Scope and Methodology	11
Appendix C: VA Management Comments	12
OIG Contact and Staff Acknowledgments	13
Report Distribution	14

Abbreviations

FSS	Federal Supply Schedule
FY	fiscal year
GSA	General Services Administration
OIG	Office of Inspector General



Introduction

Under authority delegated by the General Services Administration (GSA), VA supports government agencies' acquisition needs for medical equipment, supplies, pharmaceuticals, and services through its Federal Supply Schedule (FSS) program. Federal agencies purchased about \$18.9 billion in products and services through this program during fiscal year (FY) 2023 and \$21.4 billion in FY 2024.

The VA Office of Inspector General (OIG) receives requests from VA's National Acquisition Center, which contracts with FSS vendors, to validate a vendor's data and compliance with FSS contract terms and conditions—particularly when indications suggest a vendor has violated FSS contract terms or when a vendor has voluntarily disclosed noncompliance.¹¹ Ensuring vendors' compliance helps VA's FSS program achieve its purpose: leveraging the entire federal government's purchasing power to drive volume-based discounts that provide fair and reasonable prices to all authorized FSS users.¹²

The resulting individual OIG contract reports to the National Acquisition Center about noncompliance with FSS contracts are not published because they contain sensitive commercial information protected from release under federal law.¹³ To promote transparency, this report summarizes 20 individual reports issued by the OIG in FYs 2023 and 2024.¹⁴

Purpose of OIG Postaward Contract Reports

In its reports, the OIG identifies the following types of noncompliance with FSS contract terms and any other pertinent information that results in authorized FSS users being overcharged by vendors and the OIG recommends the contract specialist issue a bill of collection to the vendor for the overcharges:

- **Overbilling.** Vendors invoice authorized FSS users for more than the FSS contract price.

¹¹ VA National Acquisition Center Procedural Guideline 22, *OIG Contract Audit Procedures*, February 9, 2023. The voluntary disclosure program allows vendors to disclose noncompliance under an FSS contract.

¹² FAR 38.101(a) and 8.404(d), "General" (web page), GSA, last updated November 12, 2024, <https://www.acquisition.gov/far/38.101>; "Use of Federal Supply Schedules" (web page), GSA, last updated November 12, 2024, <https://www.acquisition.gov/far/8.404>.

¹³ 18 U.S.C. § 1905; 41 U.S.C. § 423(a); 38 C.F.R. § 1.558(c). Throughout this report, the OIG used numbers to refer to vendors instead of their names, and the sequence of those numbers are based on the report issuance date (see appendix A).

¹⁴ For context, from FY 2022 through FY 2024, the OIG identified \$100.6 million in overcharges related to FSS contracts. A prior OIG summary report discusses about \$61.2 million in overcharges due to noncompliance with the Veterans Health Care Act of 1992 for FYs 2022 and 2023. VA OIG, *A Summary of Reviews in Fiscal Years 2022 and 2023 of Manufacturers' Noncompliance with Veterans Health Care Act Provisions on Pharmaceutical Pricing*, Report No. 24-01035-206, September 11, 2024.

- **Noncompliance with the price adjustment clause.** Vendors' commercial sales practices are not current, accurate, and complete at the time of award or modification.¹⁵
- **Noncompliance with the price reductions clause.** Vendors do not reduce FSS contract prices to match price reductions offered to certain other customers.¹⁶
- **Noncompliance with the industrial funding fee and sales reporting clause.** Vendors do not remit the correct industrial funding fee, which is built into the pricing of all FSS products and services and is a percentage (not subject to negotiation) paid by authorized FSS users and collected by vendors.¹⁷
- **Noncompliance with the trade agreements clause.** Vendors do not deliver only US-made or designated-country end products, except where a vendor's offer specified delivery of other end products.¹⁸

Collections and Disbursements from VA's Office of Revolving Funds Based on OIG's Recommendations

The VA Office of Revolving Funds uses VA's Integrated Financial and Acquisition Management System to track collections and disbursements related to OIG recommendations.¹⁹ Collections are the result of vendor debts owed to the government, which may include administrative fees, interest, and penalties.²⁰ Disbursements are the results of amounts owed to vendors.²¹ The VA Office of Revolving Funds submits quarterly reports to the OIG on amounts collected and disbursed and provides correspondence and supporting documentation for those amounts.

¹⁵ General Services Acquisition Manual 552.238-117, "Price Adjustment—Failure to Provide Accurate Information (October 2023)" (web page), GSA, last updated December 16, 2024, <https://www.acquisition.gov/gsam/552.238-117>.

¹⁶ General Services Acquisition Manual 552.238-81, "Price Reductions (May 2019)" (web page), GSA, last updated February 14, 2025, <https://www.acquisition.gov/gsam/552.238-81>.

¹⁷ General Services Acquisition Manual 552.238-80, "Industrial Funding Fee and Sales Reporting (July 2020)" (web page), GSA, last updated February 14, 2025, <https://www.acquisition.gov/gsam/552.238-80>.

¹⁸ FAR 52.225-5, "Trade Agreements (November 2023)" (web page), GSA, last updated November 12, 2024, https://www.acquisition.gov/far/52.225-5#FAR_52_225_5. A "US-made end product" means a product mined, produced, or manufactured in the United States or a product that has been substantially transformed in the United States into a new and different product of commerce with a name, character, or use distinct from the original. A "designated-country end product" refers to a World Trade Organization Government Procurement Agreement country end product, a Free Trade Agreement country end product, a least-developed country end product, or a Caribbean Basin country end product.

¹⁹ The system integrates various VA financial management and acquisition systems and subsystems for the entire financial life cycle—encompassing critical functions such as acquisitions, budget formulation, and contract management.

²⁰ VA Financial Policy, "Vendor Debts," in vol. 12, *Debt Management* (February 2021), chap. 5.

²¹ For disbursements, the OIG recommends the contract specialist determine whether the vendor is entitled to reimbursement under the FSS contract.

Summary Results for Postaward Contract Reports Issued in FYs 2023 and 2024

The OIG determined the collective impact to the government identified in the 20 reports submitted to the National Acquisition Center in FYs 2023 and 2024 was about \$20.1 million in net overcharges, which includes about \$6.2 million resulting from vendors' noncompliance with FSS contract terms and conditions and about \$13.8 million resulting from two False Claims Act cases.²² VA collected from or disbursed to vendors about \$19.5 million (97 percent) resulting from OIG recommendations.²³

What the OIG Did

The OIG took three steps when producing the 20 reports:

1. Evaluated vendors' compliance with FSS terms and conditions.
2. Determined the application of the False Claims Act to FSS contract noncompliance.
3. Summarized net overcharges to the government and resulting collections and disbursements.

The OIG then detailed the noncompliance and amounts in the 20 reports by vendor and verified the VA Office of Revolving Funds' bill of collection data. The sections that follow summarize the OIG's findings in the 20 reports related to each step. Appendix B provides more information on the team's scope and methodology.

Evaluation of Noncompliance Resulting in Overcharges

In the 20 reports, the OIG identified overbilling and noncompliance with FSS terms and conditions that included the price reductions clause and the industrial funding fee and sales reporting clause. Additionally, the team identified noncompliance with the price adjustment clause or the trade agreements clause related to two False Claims Act cases. In other areas, the OIG identified vendor noncompliance with the Veterans Health Care Act of 1992 and FSS contract shipping terms.²⁴

²² Numbers do not sum due to rounding.

²³ Appendix A provides more information on the monetary impact of the OIG's 20 reports completed in FYs 2023 and 2024.

²⁴ Veterans Health Care Act of 1992, Pub. L. No. 102-585, § 603.

Overbillings

An overbilling occurs when vendors invoice an authorized FSS user more than the FSS contract price. Among the 20 reports, the OIG identified eight with overbillings. The primary reasons cited in six of the eight reports were pricing errors, insufficient training, and inconsistent notification to the government about price changes. For one of the two remaining reports, the vendor (vendor 17) claimed it refunded the government but did not provide credit memos to support those refunds had been made; for the other report, the reason and amount for the overbilling were not specified as vendor 5 participated in a settlement agreement (discussed later in this report). Collectively, overbillings resulted in about \$389,970 in overcharges to the government.

Noncompliance with the Price Reductions Clause

Under the price reductions clause, tracking customers are established for each product at the time of the FSS contract award to monitor prices.²⁵ When a vendor lowers the price charged to tracking customers, the price reductions clause requires the vendor to lower its FSS contract price too. The OIG found noncompliance with the price reductions clause as vendors did not lower the FSS contract price in 11 of the 20 reports. The reasons and amounts of the price reductions clause noncompliance for vendors 5 and 6 were not specified as those vendors participated in settlement agreements (also discussed later in this report). Collectively, price reductions clause noncompliance resulted in about \$5.9 million in overcharges to the government.

Overpayment of Industrial Funding Fees

Under the industrial funding fee and sales reporting clause, a vendor shall report all sales under the FSS contract each quarter, and the reported sales shall include the industrial funding fee. The fee represents a percentage of the total quarterly sales reported and is remitted at the rate set by GSA.

Of the 20 reports the OIG issued, seven involved industrial funding fee and sales reporting clause noncompliance. The primary reason cited was overreporting and underreporting of FSS-eligible sales for four vendors. For example, vendors 11 and 16 overpaid the National Acquisition Center—the former by including non-FSS sales in its reporting and the latter by including government sales of products *not* on its FSS contract. Vendor 13 incorrectly reported sales after acquiring an FSS contract holder, and vendor 19 misunderstood FSS reporting responsibilities.

²⁵ General Services Acquisition Manual 552.238-81, “Price Reductions” (May 2019). The clause requires the government and the vendor to agree on a customer or category of customers as the basis of the award. FSS pricing is tracked against this customer’s (or category of customers’) pricing for the duration of the contract. A price reduction occurs when revisions or additional discounts are made to the commercial catalog, price list, or other document after the contract is awarded.

For vendor 5, the reason and amount for the fee noncompliance were not specified as part of the settlement agreement mentioned earlier. Collectively, these fee issues resulted in about \$4,128 in net disbursements to vendors.

Other Types of Noncompliance

Of the 20 reports the OIG issued in FYs 2023 and 2024, three involved disclosures of other compliance matters or noncompliance with the Veterans Health Care Act of 1992. Collectively, these issues resulted in about \$84,829 in net undercharges to the government (see table 1 in the OIG Postaward Contract Report Recommendations section of this report).

The act requires all manufacturers of covered drugs to enter into a pharmaceutical pricing agreement for each covered drug and to make these drugs available at a discount for procurement on the FSS contract.²⁶ Vendor 4 disclosed that it had failed to add covered drugs and establish temporary and permanent federal ceiling prices on time for four of its drug items, which resulted in about \$25,647 in government overcharges.²⁷ Vendor 7 contacted the National Acquisition Center requesting payment for undercharges due to an incorrect contract price for a national drug code; the OIG calculated about \$127,997 in payments owed to the vendor as a result of the incorrect pricing. For vendor 11, the OIG found shipping charges for items delivered directly to VA facilities. However, the prices in the FSS contract include standard shipping. Therefore, the OIG determined the vendor overcharged VA about \$17,521 for shipping.

OIG Analysis of the False Claims Act Related to FSS Contracts

The False Claims Act penalizes anyone who knowingly submits, or causes to submit, false claims to the government or improperly avoids an obligation to pay the government.²⁸ For two False Claims Act cases, the Department of Justice coordinated with the OIG to analyze potential noncompliance related to FSS contracts. For vendor 5, the OIG found overcharges due to overbilling and noncompliance with the trade agreements clause, the price reductions clause, and the industrial funding fee and sales reporting clause. For vendor 6, the OIG found overcharges due to noncompliance with the price reductions and price adjustment clauses. As a result, the OIG issued two False Claims Act reports in FY 2023 and determined the impact to the government was \$13,833,997 in overcharges. VA was able to recover about \$13,418,977 on behalf of the government. The difference between the OIG's recommended and VA's collected amounts is discussed in appendix A, table A.2.

²⁶ Veterans Health Care Act of 1992, Pub. L. No. 102–585, § 603 (1992). According to additional VA guidance, a covered drug is one that is commercially marketed, sold, and approved by the Food and Drug Administration under a new drug application or a biological licensing agreement.

²⁷ The items are known as national drug codes, which signify how drugs are configured for sale (based on strength, dosage, and formulation) and each item is issued a unique three-part number.

²⁸ 31 U.S.C. § 3729(a)(1).

Of the 20 reports issued by the OIG in FYs 2023 and 2024, none explained the trade agreements or price adjustment clause noncompliance; however, these were identified as noncompliance under either the settlement agreement between the Department of Justice and vendor 5 or 6. Under FSS contracts, a product must have been either made in the United States or a designated country or substantially transformed into another product (in name, character, or use). Vendor 5 voluntarily disclosed that it had misapplied the clause's substantial transformation standard. This resulted in the vendor reporting incorrect countries of origin for some products at the time of the contract award and keeping some products on the FSS contract after manufacturing locations changed.

The government may reduce the price of an FSS contract or modify it if the contracting officer determines after the award that the price negotiated increased by a significant amount because the vendor (1) failed to provide solicitation or contract information; (2) did not submit information that was current, accurate, and complete; or (3) failed to disclose pricing changes that occurred after the original submission and before the completion of contract negotiations.²⁹ The OIG found vendor 6 failed to submit current, accurate, and complete information when negotiating the contract, resulting in inflated claims for payment under the FSS contract.

OIG Postaward Contract Report Recommendations

The OIG used vendors' FSS sales data to determine overbillings and noncompliance with the price reductions clause, the industrial funding fee and sales reporting clause, the price adjustment clause, the trade agreements clause, and FSS contract shipping terms. Additionally, the OIG identified vendors' noncompliance with the Veterans Health Care Act of 1992. The team compared sales prices actually charged to authorized FSS users with the FSS contract prices that should have been charged and with sales prices to tracking customers identified in the FSS contracts. If the prices found in the sales data were higher or lower than the awarded prices to the FSS contract or tracking customer, the team multiplied the difference by the quantities sold to determine the overcharges. One of the 20 reports did not warrant a bill of collection (vendor 3). Among the remaining 19 reports, the OIG calculated about \$20.1 million in net overcharges to the government, identified in table 1.

²⁹ General Services Acquisition Manual 552.238-117, "Price Adjustment—Failure to Provide Accurate Information" (October 2023).

Table 1. Net Overcharges to the Government by Vendor

Vendor no.	Overbillings	Price reductions clause	Industrial funding fee and sales reporting clause	False Claims Act	Noncompliance with the Veterans Health Care Act of 1992 and shipping overcharges	OIG's recommended amount for bills of collection
1	—	\$21,139	—	—	—	\$21,139
2	—	\$305,866	—	—	—	\$305,866
3	—	—	—	—	—	—
4	—	—	—	—	\$25,647	\$25,647
5	—	—	—	\$12,547,347	—	\$12,547,347
6	—	—	—	\$1,286,650	—	\$1,286,650
7	—	—	—	—	-\$127,997	-\$127,997
8	\$266	\$297,697	—	—	—	\$297,963
9	—	\$1,631,915	—	—	—	\$1,631,915
10	—	\$2,570,249	—	—	—	\$2,570,249
11	—	\$254,670	-\$10,600	—	\$17,521	\$261,592
12	\$299,427	—	—	—	—	\$299,427
13	—	—	\$98	—	—	\$98
14	—	—	\$17,730	—	—	\$17,730
15	\$7,869	\$202,873	—	—	—	\$210,742
16	\$24,613	—	-\$8,914	—	—	\$15,699
17	\$5,488	—	\$2,217	—	—	\$7,704
18	\$379	\$48,195	—	—	—	\$48,574
19	—	—	-\$4,659	—	—	-\$4,659
20	\$51,928	\$584,739	—	—	—	\$636,667
Total	\$389,970	\$5,917,343	-\$4,128	\$13,833,997	-\$84,829	\$20,052,353

Source: OIG analysis of 20 reports completed in FYs 2023 and 2024.

Note: Numbers may not sum due to rounding.

The OIG recommended the contract specialist issue bills of collection to the respective vendors to resolve about \$20.1 million in net overcharges. Of the vendors identified in the 19 reports, 15 concurred with the OIG's recommended amounts. As for the other four vendors, vendor 15 partially agreed, vendors 17 and 20 did not agree with the calculated amounts, and vendor 7 was not asked to provide concurrence because the OIG recommended the contract specialist determine whether the vendor was entitled to the requested payment for undercharges.

VA collected on behalf of the government or disbursed to vendors about \$19.5 million of the recommended \$20.1 million (about 97 percent). Appendix A provides more information on the monetary impact of the 20 reports the OIG issued in FYs 2023 and 2024.

Conclusion

The federal government spends billions of dollars annually through VA's FSS program. The OIG's findings and recommendations helped VA collect about \$19.5 million in net overcharges to the government for the reports issued in FYs 2023 and 2024.

This report provides summary information about prior recommendations made to the National Acquisition Center; it does not make additional recommendations that require further response or action at this time.

VA Management Comments

The acting associate executive director of the National Acquisition Center concurred with the draft report and provided no comments. Appendix C provides the full text of the director's response.

Appendix A: Collection and Disbursement Amounts Resulting from OIG Reports Issued in Fiscal Years 2023 and 2024

The VA Office of Inspector General (OIG) recommended VA collect from or disburse to vendors about \$20.1 million based on the OIG's 20 postaward contract reports issued in fiscal years (FY) 2023 and 2024. VA collected and disbursed about \$19.5 million (97 percent) of the OIG's recommended collection or disbursement amounts. Table A.1 shows the OIG's recommended amounts and the status of VA's collected or disbursed amounts.

Table A.1. Amounts for FYs 2023 and 2024 by Vendor

Vendor no.	Report issuance date	OIG's recommended amounts	VA's collected or disbursed amounts	Date collected or disbursed	Difference
1	11/10/2022	\$21,139	\$21,139	3/13/2024	—
2	11/10/2022	\$305,866	\$305,866	9/26/2023	—
3	11/17/2022	—	—	—	—
4	12/1/2022	\$25,647	\$25,647	6/28/2023	—
5	1/10/2023	\$12,547,347	\$12,170,927	3/16/2023	-\$376,420
6	3/2/2023	\$1,286,650	\$1,248,051	2/13/2025	-\$38,600
7	3/24/2023	-\$127,997	-\$127,997	2/22/2024	—
8	3/29/2023	\$297,963	\$297,963	8/24/2023	—
9	6/23/2023	\$1,631,915	\$1,631,915	9/11/2023	—
10	6/28/2023	\$2,570,249	\$2,581,822	9/2/2024	\$11,573
11	9/21/2023	\$261,592	\$261,629	10/9/2024	\$37
12	10/24/2023	\$299,427	\$299,427	11/22/2023	—
13	11/21/2023	\$98	\$98	4/25/2024	—
14	12/6/2023	\$17,730	\$17,730	5/2/2024	—
15	1/9/2024	\$210,742	\$67,807	1/16/2025	-\$142,936
16	2/28/2024	\$15,699	\$15,699	6/25/2024	—
17	4/9/2024	\$7,704	\$7,704	7/31/2024	—

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Vendor no.	Report issuance date	OIG's recommended amounts	VA's collected or disbursed amounts	Date collected or disbursed	Difference
18	8/1/2024	\$48,574	\$48,574	10/24/2024	—
19	9/17/2024	-\$4,659	-\$4,659	3/5/2025	—
20	9/23/2024	\$636,667	\$636,667	1/14/2025	—
Total		\$20,052,353	\$19,506,008		-\$546,345

Source: OIG reports and bills of collection from VA Office of Revolving Funds.

Notes: Numbers may not sum due to rounding. A dash indicates the OIG did not make a recommendation—as the amount for vendor 3 did not warrant a bill of collection, and for the other vendors, there is no difference between the OIG's recommended amounts and the collected or disbursed amounts. A positive amount represents a collection, and a negative amount a disbursement.

Table A.2 shows the rationale for the differences between the OIG's recommended amounts and VA's collected or disbursed amounts.

Table A.2. Rationale for Differences Between Recommended and Collected or Disbursed Amounts by Vendor

Vendor no.	Difference	Rationale
5	-\$376,420	VA paid the Department of Justice this fee to process the settlement agreement on behalf of VA.
6	-\$38,600	VA paid the Department of Justice this fee to process the settlement agreement on behalf of VA.
10	\$11,573	VA collected additional interest and administrative costs resulting from the vendor's use of an installment payment plan.
11	\$37	VA collected additional interest and administrative costs due to the vendor's late payment.
15	-\$142,936	VA settled for a decreased bill of collection amount due to a contract pricing modification; however, VA collected additional interest, administrative costs, and penalties for the vendor's late payment.
Total	-\$546,345	

Source: Differences from table A.1 and rationale from VA Office of Revolving Funds.

Note: Numbers may not sum due to rounding.

Appendix B: Scope and Methodology

Scope

The review team conducted its work from January 2025 through May 2025 (the review period) and focused on summarizing the information in prior OIG postaward contract reports and presenting amounts subsequently collected or disbursed by VA in fiscal years (FYs) 2023 and 2024 and during the review period. The team assessed relevant sources of information, including examining the reports and bill of collection updates from the VA Office of Revolving Funds.

Methodology

The team summarized 20 reports issued in FYs 2023 and 2024. The team also worked with the VA Office of Revolving Funds to determine any amounts collected or disbursed by VA.

Data Reliability

The team obtained computer-processed data for the amounts VA collected or disbursed related to the OIG's reports and, due to the quarterly reporting of the data, requested updates from the VA Office of Revolving Funds. The team tested for reasonableness by comparing the amounts collected or disbursed with the OIG's recommendations in each report and verifying the amounts collected or disbursed in VA's Integrated Financial and Acquisition Management System. The team also met with an official from the VA Office of Revolving Funds to understand the office's bill of collection issuance and tracking process, including circumstances when VA may collect or disburse amounts other than what the OIG recommended. Taking all the evidence together, the team determined the data were sufficiently reliable for the purpose of this report.

Government Standards

The OIG conducted this report in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix C: VA Management Comments

Department of Veterans Affairs Memorandum

Date: May 22, 2025

From: Acting Associate Executive Director, National Acquisition Center, Federal Supply Schedule Service (003B1)

Subj: A Summary of OIG Postaward Contract Reports Issued in Fiscal Years 2023 and 2024 on Vendors' Noncompliance with VA Federal Supply Schedule Contracts

To: Audit Operations Division (52D02)

The Office of Procurement, Acquisition and Logistics (OPAL) completed its review of the subject Draft Report and concur without comments.

The OIG removed point of contact information prior to publication.

(Original signed by)

Christopher D. Parker

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

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