US DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Independent Audit Report on Invoices Submitted by a Graduate Medical Education Affiliate to the VA Nebraska–Western Iowa Health Care System

Audit | **23-02423-135** | **August 21, 2025**

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August 21, 2025

MEMORANDUM

TO: Oversight and Compliance Unit
VA Office of Academic Affiliations (OAA)
Christyann Clary, National Oversight and Compliance Officer
Andrea D. Birnbaum, Director

FROM: Larry Reinkemeyer, Assistant Inspector General
VA Office of Inspector General Office of Audits and Evaluations (52)

SUBJECT: Independent Audit Report on Invoices Submitted by a Graduate Medical Education Affiliate to the VA Nebraska–Western Iowa Health Care System

The VA Nebraska–Western Iowa Health Care System has a graduate medical education affiliation agreement with a local university. Under the agreement, the university provides the services of health professions trainees (referred to in this report as residents) to the Omaha VA Medical Center. In return, Veterans Health Administration staff provide hands-on clinical education to the residents. The Veterans Health Care Expansion Act authorizes VA to enter into such agreements.[1]

The July 1, 2016, disbursement agreement between the medical center and the university requires the medical center to document and certify VA-approved educational activities in educational activity records. VA reimburses the university for residents' daily rates and fringe benefits based on these records of residents' time and activities.

On June 25, 2021, the acting medical center director reported to the Office of Inspector General (OIG) Office of Investigations that she had received a complaint alleging that a university official falsified records to inflate the time worked in five specialties—interventional cardiology, infectious diseases, internal medicine, pulmonary and critical care medicine, and psychiatry.[2] A later complaint also alleged that the university official signed the records as the VA site director.[3] The OIG Office of Investigations closed and referred the matter to the VA Office of Academic Affiliations (OAA) to handle administratively.[4] On April 10, 2023, OAA asked the OIG Office of Audits and Evaluations to review six years of potential overbillings of residents' time (totaling

[1] Veterans Health Care Expansion Act of 1973, Pub. L. No. 93–82, 87 Stat. 179.
[2] The OIG added language to this sentence in response to a technical comment.
[3] The OIG removed language from this sentence in response to a technical comment.
[4] The OIG added language to this sentence in response to a technical comment.

about $1.9 million) and examine the potential conflict of interest arising from the university official's signature.

Scope and Methodology

The audit team conducted an assertion-based attestation examination, which involved performing procedures to obtain evidence about the university's assertion that it complied with the billing terms and conditions of its affiliation and disbursement agreements. The OIG team reviewed the spreadsheet of potential overbillings that the medical center and OAA officials provided. The team judgmentally selected for testing 125 of 739 transactions covering the five specialties for the period in question.[5] The team also corresponded and met with officials representing the university, the medical center, and OAA. To assess the accuracy of the invoices, the audit team examined support such as schedules, evaluations, and procedure logs provided by the university. The team then compared the invoiced days and rates submitted by the university to the approved daily rates and educational activity records provided by OAA and medical center representatives for the academic years July 1, 2016, through June 30, 2021. Finally, the audit team compared any certified educational activity records to the program agreements by specialty. As these agreements identified the VA site director(s), this step allowed the team to check for any potential conflicts of interest.[6]

The team conducted the audit in accordance with generally accepted government auditing standards for attestation engagements and assertion-based attestation standards established by the American Institute of Certified Public Accountants.[7] As required by attestation standards, the team planned and performed procedures to provide reasonable assurance that the university's assertion that it complied with the affiliate and disbursement agreements' terms and conditions is fairly stated in all material respects. Appendix A describes the audit standards in greater detail.

Results and Recommendations

The OIG found the medical center did not have educational activity records for July 1, 2016, through June 30, 2020, as required. The disbursement agreement requires the medical center to maintain educational activity records that accurately document resident participation by program and VA-approved postgraduate year level for the academic year (July 1 through June 30).

[5] The team used judgmental selection to focus on specialties with low transaction numbers but high potential overbillings.

[6] The OIG added language to this sentence in response to a technical comment.

[7] The standards identify three types of attestation engagements: examinations, reviews, and agreed-upon procedures engagements. This report is based on the results of an examination—referred to as simply an "audit" in this report. This audit included conducting tests and other auditing procedures necessary to accomplish the objectives. The team's responsibility was to express an opinion on the university's assertion that it complied with the terms and conditions of its VA affiliate and disbursement agreements for billing based on the audit. The OIG team asserts that its examination provides a reasonable basis for the team's qualified opinion.

Without those records, the audit team could not verify the attendance of the residents and could not determine whether the invoices were supported as required for the 125 transactions selected for testing. Therefore, VA may have overpaid for resident services from July 1, 2016, through June 30, 2020, as it has no assurance that the residents participated in clinical and educational activities during this period.

OAA and the medical center asserted that the progress notes in the Veterans Health Information Systems and Technology Architecture (VistA) system are an educational activity record that supports what they believed were overbillings. However, the progress notes were not certified or reconciled to the days invoiced by the university. The OIG attempted to verify the progress notes using the VA's proposed overbilling spreadsheet but found significant discrepancies in the days between the two. The OIG concluded the progress notes alone were not a reliable source and did not support the claims of overbilling.

For educational activity records that the medical center properly implemented and certified beginning July 1, 2020, the audit team was able to verify the attendance of the residents. The team did not identify any significant overbilling in the transactions selected for testing from the 2020 academic year (July 1, 2020, through June 30, 2021). Also, the team compared the names of the VA site directors who certified the educational activity records to those of the appointed VA site directors identified in the program letters of agreement.[8] The team found the appointed VA site directors signed educational activity records for the sampled transactions from July 1, 2020, through June 30, 2021.[9]

The OIG believes the evidence obtained from the university for the invoiced amounts was sufficient and appropriate to provide a reasonable basis for the OIG's qualified opinion: Except for the medical center's lack of educational activity records, which prevented the team from verifying residents' hours, the university's assertion that it billed in accordance with the terms and conditions of the disbursement agreement is fairly stated in all material respects. Without the educational activity records, the OIG did not have sufficient evidence to evaluate the potential overbillings. Because educational activity records were implemented in July 2020, the OIG did not make any recommendations to the medical center.

[8] The medical center did not implement educational activity records as required from July 1, 2016, through June 30, 2020.

[9] The OIG revised this sentence and added language in response to a technical comment.

VA Management Comments and OIG Response

The acting under secretary for health did not provide any management comments but did provide technical comments. The OIG considered the technical comments and made changes and edits to the report as appropriate as reflected in footnotes where relevant in the report text.

LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations
Issued from Washington, DC

Contents

Abbreviations

OAA	Office of Academic Affiliations
OIG	Office of Inspector General
VHA	Veterans Health Administration
VistA	Veterans Health Information Systems and Technology Architecture

Introduction

The VA Nebraska–Western Iowa Health Care System has a graduate medical education affiliation agreement with a local university.[10] Under the agreement, the university provides the Omaha VA Medical Center with the services of health professions trainees (referred to in this report as residents). In return, Veterans Health Administration (VHA) staff provide hands-on clinical education to the residents. VA reimburses the university for the residents' daily rate and fringe benefits in accordance with the time they spend performing VA activities.

On June 25, 2021, the acting medical center director reported to the Office of Inspector General (OIG) Office of Investigations that she had received a complaint alleging that a university official falsified records to inflate the time residents worked in five specialties—interventional cardiology, infectious diseases, internal medicine, pulmonary and critical care medicine, and psychiatry. A later complaint also alleged the university official had signed the records as the VA site director.[11] The OIG Office of Investigations closed and referred the matter to the VA Office of Academic Affiliations (OAA) to handle administratively.[12]

Once aware of the allegations, an official with OAA and the medical center's associate chief of staff for education prepared a spreadsheet comparing progress notes in the Veterans Health Information Systems and Technology Architecture (VistA) system to the days invoiced by the university for residents in each of the five specialties. Based on discrepancies between the progress notes and university invoices, they calculated that about $1.9 million in potential overbillings occurred from July 1, 2016, through July 30, 2021. On April 10, 2023, OAA asked the OIG Office of Audits and Evaluations to corroborate the spreadsheet calculations of potential overbillings and examine the potential conflict of interest arising from the signature.

The audit team conducted an assertion-based attestation examination, which involved performing procedures to obtain evidence about the assertion that the university complied with the billing terms and conditions of its affiliation and disbursement agreements. The nature, timing, and extent of the procedures selected depended on auditor judgment, including an assessment of the risks of materially misstating the assertion, whether due to fraud or error.[13]

[10] An affiliation is a relationship between VA and an educational institution or other healthcare center for education, research, and enhanced patient care. VA and its affiliates have a shared responsibility for the educational environment. VHA Handbook 1400.05, *Disbursement Agreement Procedures for Physician and Dentist Residents*, August 14, 2015. While this handbook was superseded by VHA Directive 1400.05, June 2, 2021, this report refers to the guidance applicable during the audit period.

[11] The OIG removed language from this sentence in response to a technical comment.

[12] The OIG added language to this sentence in response to a technical comment.

[13] See appendix A for more information about the audit standards.

Objectives and Responsibilities

The OIG's objectives were to determine whether

- the medical center and OAA's estimate of overbillings was adequately supported,
- the university submitted accurate invoices to the medical center for the dates in question (the university's academic years from July 1, 2016, through June 30, 2021), and
- any conflict of interest arose in the process of approving educational activity records.

The OIG team is responsible for conducting an examination in accordance with generally accepted government auditing standards for attestation engagements and assertion-based attestation engagements, as well as with attestation standards established by the American Institute of Certified Public Accountants, and for expressing an opinion on the assertion that the university billed according to its affiliation and disbursement agreements.

University officials were responsible for ensuring the invoices submitted complied with the terms and conditions in the university's affiliation and disbursement agreements. University officials were also responsible for designing, implementing, and maintaining internal controls to prevent, or detect and correct, the misstatement of claims due to fraud or error.

Responsible People and Offices

The principal people involved in executing the affiliation agreement are shown in figure 1.

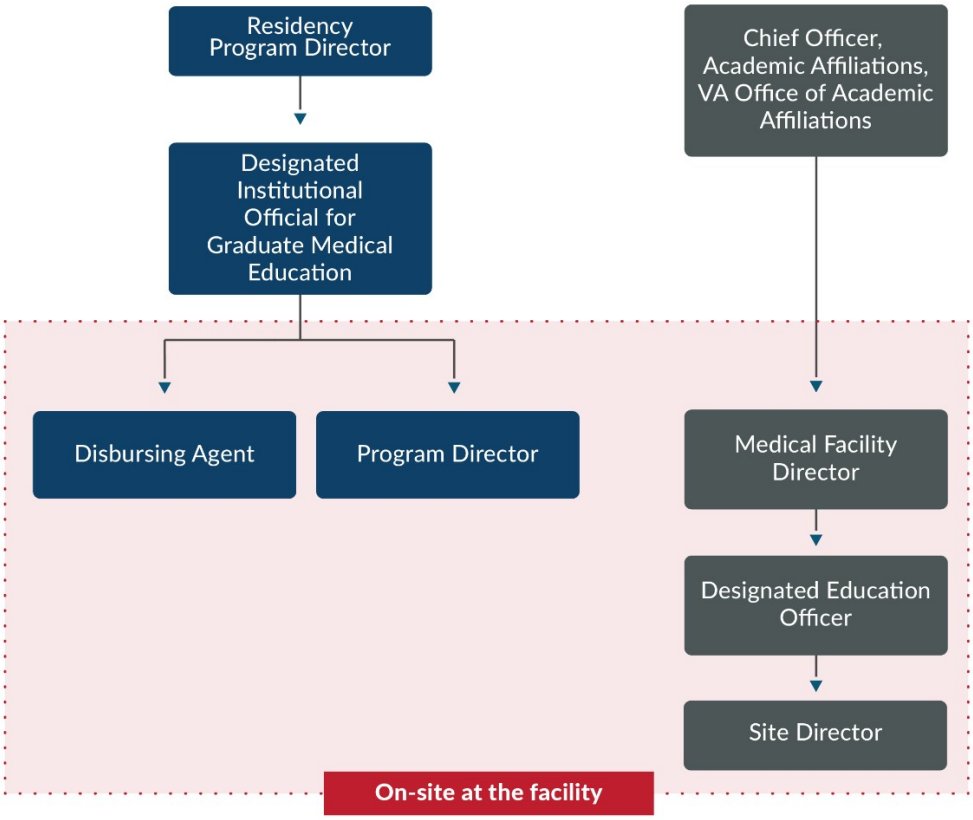

Figure 1. *Principal university and VA roles in affiliation agreements.*
Source: VA OIG summary of definitions and responsibilities in VHA 1400.05.

The responsibilities of individuals who play direct roles in administering the affiliate agreement are listed in table 1.

Table 1. Individuals' Responsibilities Under an Affiliation Agreement*

Entity	Affiliate office or position	Responsibilities
Affiliate	Designated institutional official	• Oversee and administer all accredited training programs • Ensure compliance with accrediting body institutional requirements
Affiliate	Disbursing agent	• Submit invoices to VA • Pay residents' stipends and fringe benefits
Affiliate	Program director	• Maintain accurate resident assignments • Communicate initial schedules and relevant updates to VA site directors
VA	OAA chief officer	• Establish policy for disbursement agreements • Oversee invoice reconciliation

Entity	Affiliate office or position	Responsibilities
VA	Medical center designated education officer	• Oversee disbursement agreements • Ensure affiliation agreements and program letters of agreement are in place • Reconcile educational activity records with invoices submitted by affiliate
VA	Medical center site director	• Provide certified educational activity records to the designated education officer • Certify residents' educational activity records • Approve leave (in collaboration with the program director) for VA-assigned residents

Source: VA OIG summary of definitions and responsibilities in VHA 1400.05.

** An accrediting agency grants accreditation to an educational institution or program that meets the agency's established standards and requirements. Accreditation represents a professional opinion about the quality of an educational program. VA accepts residents only when the sponsoring institution and the educational program are accredited.*

Background

Providing care for veterans and educating tomorrow's healthcare providers are statutory missions of VA, which is responsible for overseeing and managing clinical training in its medical facilities.[14] VA promotes cooperation and professional interaction with the nation's academic community based on the premise that the best health care is provided in an environment of learning and inquiry. Every year, VA funds about 10,300 physician resident positions and 360 dental resident positions, meaning it covers the stipends and benefits of residents assigned to VA.[15] The affiliation agreements VA enters into under the Veterans Health Care Expansion Act divide responsibilities as shown in table 2.

Table 2. Shared Institutional Responsibilities Under an Affiliation Agreement

Affiliate	VA
Provides residents for specific specialties, who serve as full-time-equivalent staff at VA facilities	Provides clinical training opportunities for residents
Ensures the education program complies with accreditation requirements	Ensures care for VA patients and runs the healthcare system

Source: VA OIG summary of Program Letter of Agreement.

[14] Veterans Health Care Expansion Act of 1973, Pub. L. No. 93–82, 87 Stat. 179.

[15] VHA Handbook 1400.05.

Payment Mechanism

VA reimburses the affiliate for the residents' share of salaries and benefits in accordance with the time they spend performing VA activities. This arrangement is based on a disbursement agreement, which is a payroll mechanism wherein VA allows a "disbursing agent"—in this case, the affiliate—to centrally administer salary payments and fringe benefits for physician and dental residents assigned to a VA medical center.[16] On July 1, 2016, the medical center signed a disbursement agreement with the university to pay residents serving at the medical center.

Billing Residents' Time

All billings for residents' time must be based on actual, documented assignments and activities undertaken at the medical center.[17] Residents' stipends and benefits are based on the number of days they work in a month or on an assigned rotation (if it is less than one month), multiplied by the approved daily rate. The daily rate is calculated as shown in figure 2.

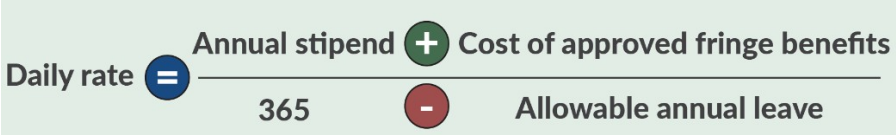

Figure 2. *Daily rate.*

Source: Disbursement agreement.

Reimbursable VA educational activities are assigned and approved by the VA residency program site director in accordance with VA guidance. On-site and off-site educational activities are eligible for reimbursement.

Reconciling and Approving Invoices for Residents' Time

The disbursement agreement requires the medical center to maintain educational activity records that accurately document resident participation by program and VA-approved postgraduate year level for the academic year, July 1 through June 30. When the medical center receives a monthly invoice from the affiliate, the center's designated education officer is supposed to reconcile all charges with the educational activity records, which are the "sole determinant" of whether VA activities were performed as billed.[18] An internal VA web page from OAA says the educational activity records "represent the primary documentation of participation in assigned clinical and educational activities, the time spent on those activities, and approved leave."[19] As shown in

[16] VHA Handbook 1400.05.

[17] VHA Handbook 1400.05.

[18] Disbursement Agreement, July 1, 2016.

[19] "Disbursement & Education Activity Records (EARs)" (web page), VHA Office of Academic Affiliations, https://dvagov.sharepoint.com/sites/vhaoaamedicaldental/SitePages/Disbursement.aspx, August 1, 2024, accessed October 22, 2024. (This website is not publicly accessible.)

figure 3, the VA site director (a VA employee) certifies and signs the educational activity records and provides them to the designated education officer (who is also a VA employee).

Figure 3. *Reconciliation process for monthly invoices.*

Source: VA OIG summary of VHA Handbook 1400.05, Disbursement Agreement Procedures for Physician and Dentist Residents.

Potential Overbillings Identified by the Medical Center and OAA

In June 2021, the VA OIG received an allegation from the acting medical center director that a university official knowingly created and submitted information to induce inappropriate reimbursement. A later complaint alleged the university's designated institutional official had signed documents, logs, and schedules reflecting that residents had worked days they were not present at the medical center. The complaint also alleged the designated institutional official signed the educational activity records as the VA site director. According to the complaint, doing so would constitute fraud, as the designated institutional official (a non-VA employee) has no authority to attest to a resident's presence at a VA center.[20]

The associate chief of staff for education (a medical center employee) prepared a spreadsheet to verify the attendance of each resident in each of the covered specialties from the university's academic years July 1, 2016 (when the disbursement agreement was issued), through June 30, 2021. The verification of the residents' attendance was based solely on progress notes maintained in VistA and extracted after invoices had been paid; the notes were not used in the reconciliation process during invoicing.

Based on the associate chief of staff's spreadsheet, OAA calculated $1.9 million in potential overbillings—or about 74 percent of the total invoiced amount of $2.6 million from academic years July 1, 2016, through June 30, 2021.[21] The medical center official calculated the overbilling by multiplying the days reported on the progress notes by the approved daily rates

[20] As noted, the OIG Office of Investigations closed and referred the matter to OAA to handle administratively. The OIG changed language to this sentence in response to a technical comment.

[21] VA paid these invoiced amounts.

and then comparing the difference in the amount shown in progress notes to the amount invoiced by the university for each resident. Table 3 summarizes the comparison.

Table 3. Summary of University's Invoiced Amounts and VA's Potential Overbilling Amounts for the Academic Years July 1, 2016, Through June 30, 2021

Specialty	Amount invoiced by university	Amount VA was potentially overbilled	Potentially overbilled amount as percentage of invoiced amount
Interventional cardiology	$108,751.96	$104,234.79	96%
Infectious diseases	$599,213.85	$296,001.76	49%
Internal medicine	$833,138.26	$567,820.55	68%
Pulmonary and critical care medicine	$818,862.76	$720,177.31	88%
Psychiatry	$264,064.56	$244,957.37	93%
Total	**$2,624,031.39**	**$1,933,191.78**	**74%**

Source: VA OIG summary of supporting overbilling spreadsheet.

Criteria

To understand the requirements of the university's billing of the medical center, the OIG team reviewed the following:

- The graduate medical education affiliation agreement between VA and the institution sponsoring graduate medical education
- The disbursement agreement for residents' stipends and fringe benefits for payment in arrears
- The program letters of agreement
- VHA Handbook 1400.05[22]
- VHA Directive 1400.05[23]
- Federal laws regarding conflicts of interest[24]

[22] The handbook took effect August 14, 2015.

[23] Effective June 2, 2021, Disbursement Agreement for Health Professional Trainees Appointed under 38 U.S.C § 7406 superseded VHA Handbook 1400.05.

[24] 18 U.S.C. §§ 203, 205, 208, and 209.

Results

The OIG believes the evidence obtained from the university for the invoiced amounts was sufficient and appropriate to provide a reasonable basis for the OIG's qualified opinion: Except for the medical center's lack of educational activity records, which prevented the team from verifying residents' hours, the university's assertion that it billed in accordance with the terms and conditions of the disbursement agreement is fairly stated in all material respects. Without the educational activity records, the OIG did not have sufficient evidence to substantiate the potential overbillings.

Even though the university's assertion that it billed in accordance with the terms and conditions is fairly stated in all material respects as of the team's fieldwork completion date of November 14, 2024, subsequent events may disclose relevant information not now discernible. Although misstatements were material, they were not pervasive because they were limited to the medical center not implementing the educational activity records from July 1, 2016, through June 30, 2020, as required by the affiliation and disbursement agreements.[25]

Finding: The Medical Center Did Not Implement Educational Activity Records Until July 2020

The OIG found that medical center officials did not implement educational activity records, resulting in payments to the university that were not adequately supported for several years. Because the medical center did not have these records for July 1, 2016, through June 30, 2020, the audit team could not verify the attendance of the university's residents and could not determine whether the invoices were supported for 107 of the 125 transactions the team selected for testing. VA has no assurance that the residents participated in clinical and educational activities during this period.

For an affiliate to be reimbursed, resident time spent on VA-approved educational activities should be documented and certified in educational activity records.[26] Medical center and OAA officials said the medical center used records provided by the university to verify and approve the university's invoiced amounts from July 1, 2016, through June 30, 2020. The OAA and medical center officials said this was in lieu of educational activity records. VHA policy and the disbursement agreement, however, make clear that educational activity records are the definitive source.[27] Without those records, the OIG team could not verify the potential overbilling alleged from July 1, 2016, through June 30, 2020. However, the OAA national oversight and compliance

[25] According to professional standards, pervasive findings are those that are not confined to specific elements or items or that represent a substantial portion of the audit subject matter.

[26] VHA Handbook 1400.05.

[27] VHA Handbook 1400.05.

officer said—and the audit team verified—that the medical center implemented educational activity records in July 2020, and OAA has implemented an oversight process that includes an annual audit. Therefore, the OIG is not making a recommendation regarding the use of educational activity records.

What the OIG Did

This examination covered academic years July 1, 2016, through June 30, 2021. The audit team selected and reviewed a judgmental sample of transactions provided by OAA: 125 of the 739 total transactions executed during that period, or roughly 17 percent. The 125 transactions totaled $464,320.71. Table 4 summarizes the tested transactions.

Table 4. Summary of All Transactions and Sampled Transaction Amounts

Specialty	Number of sampled transactions	Number of total transactions	Amount of sampled transactions	Total invoiced amounts
Interventional cardiology	10	55	$19,836.56	$108,751.96
Infectious diseases	22	114	$107,892.88	$599,213.85
Internal medicine	16	151	$108,130.88	$833,138.26
Pulmonary and critical care medicine	40	300	$130,441.12	$818,862.76
Psychiatry	37	119	$98,019.27	$264,064.56
Total	**125**	**739**	**$464,320.71**	**$2,624,031.39**

Source: VA OIG summary of OAA spreadsheet supporting overbilling and OIG spreadsheet with judgmental selection results.

To address the examination objectives, the audit team reviewed criteria and support for the 125 judgmentally selected transactions. The team also corresponded and met with university and VA officials at the medical center and OAA. To assess the accuracy of the invoices, the audit team examined support—such as schedules, evaluations, procedure logs, and work hour logs—that the university provided. The team then compared the invoiced days and rates submitted by the university to the approved daily rates and educational activity records provided by OAA and the medical center. Finally, the audit team compared the certified educational activity records to the program agreements by specialty. The team found the appointed VA site directors signed educational activity records for the sampled transactions from academic year July 1, 2020, through June 30, 2021.[28]

[28] The OIG added language to this sentence in response to a technical comment.

The university provided the audit team with schedules, evaluations, procedure logs, and work hour logs to support the invoices. These records, however, could not be relied on to support the invoices because VHA policy and the disbursement agreement say the invoiced days are supposed to be reconciled to the days reported in educational activity records.[29] By comparison, the support the university provided could not be considered adequate because educational activity records are internal documents maintained by the medical center. Medical center and OAA officials said educational activity records were not implemented until July 2020. The team did compare the invoiced days to the days reported in the schedules, procedure logs, evaluations, and work hour logs that the university provided—and the team found that the days invoiced reconciled to the support provided. However, because the audit team could not reconcile the invoiced days to the required educational activity records, the audit team could not substantiate the potential overbillings claimed by the medical center and OAA. For more details on the audit's scope and methodology, see appendix A.

VA Properly Implemented Educational Activity Records in July 2020

The medical center appears to have properly implemented and certified educational activity records beginning on July 1, 2020. Using those records, the audit team was able to verify residents' attendance, and the team did not identify any significant discrepancies in billing for the transactions tested for the 2020 academic year (July 1, 2020, through June 30, 2021). Also, the team compared the names of the VA site directors who certified the educational activity records to those of the appointed VA site directors identified in the program letters of agreement, and the team did not identify any conflicts of interest from academic year July 1, 2020, through June 30, 2021.[30] While the medical center did not implement educational activity records before July 2020, it properly did so after that date, so the OIG has no recommendations.

VistA Progress Notes Did Not Adequately Support Residents' Time

Because the medical center did not implement the educational activity records when required, the risk remains that VA may have overpaid for residents' services from July 1, 2016, through June 30, 2020. The OIG attempted to evaluate the potential overbillings even though the required educational activity records were not in place, but the OIG determined the VistA progress notes were not reliable and could not be used in lieu of the educational activity records.

In September 2024, the OIG audit team met with OAA and medical center officials to discuss the preliminary results of the transactional testing. The audit team told the officials that because the educational activity records were not implemented, the team could not substantiate the potential overbillings. In addition, the audit team made several attempts to determine why the educational

[29] VHA Handbook1400.05.11.

[30] The medical center did not implement educational activity records as required from July 1, 2016, through June 30, 2020.

activity records were not implemented, but OAA and medical center officials did not provide a response. In an October 2024 meeting, OAA and medical center officials asserted that the VistA progress notes are an educational activity record and were the basis of the proposed overbillings spreadsheet given to the audit team in June 2023.

The VHA handbook that covers disbursement agreement procedures says the educational activity record represents "the primary documentation" of participation in assigned educational activities, other allowable activities, and approved leave.[31] But it does not specify the *type* of documentation that would constitute an adequate educational activity record. It says only that the medical center must have documentation procedures in place to ensure residents assigned have participated in assigned educational activities, with no details on what that might include.

While OAA and medical center officials said VistA progress notes were used as a basis for the overbillings they had calculated, the progress notes did not conform to the requirements in the handbook regarding disbursement procedures, even if they are considered educational activity records. Specifically, the VA site director did not certify or send the progress notes to the designated education officer. As a result, the designated education officer did not reconcile the progress notes to the monthly invoices submitted by the university during the invoicing period. In addition, the OIG team noted that the progress notes did not account for residents' leave—another requirement of an educational activity record.

Although the OIG does not consider the progress notes to meet the criteria of an educational activity record, the team reviewed the medical center's spreadsheet on potential overbillings and compared the days listed with the progress notes provided by OAA and medical center officials in October 2024 for each resident associated with the 125 transactions the team selected for testing. The OIG team found that OAA's number of days did not match the number of days the OIG team identified in the progress notes. Table 5 shows the number of transactions with differences within the total sampled.

Table 5. Discrepancies in VistA Progress Notes

Specialty	Number of sampled transactions	Number of transactions with differences
Interventional cardiology	10	0
Infectious diseases	22	21
Internal medicine	16	15
Pulmonary and critical care medicine	40	33
Psychiatry	37	16

[31] VHA Handbook 1400.05.11.

Specialty	Number of sampled transactions	Number of transactions with differences
Total	**125**	**85**

Source: VA OIG analysis of tested transactions by specialty.

The OIG team identified differences in days for 85 of the 125 transactions, suggesting the progress notes are not a sufficient or reliable source to support the OAA's and medical center's overbilling calculations. For this reason, the OIG team still could not substantiate the OAA's potential overbillings of $1.9 million.

The VA official who identified and calculated the potential overbillings is no longer with VA, so the team could not determine why the number of days that person had calculated did not align with the VistA progress notes the team reviewed. As stated, the progress notes were not certified and reconciled to the days in the invoices during the actual billing period of academic years July 1, 2016, through June 30, 2021, and they did not account for the residents' leave. If they had been reconciled, these discrepancies could have been identified, addressed, and resolved by the designated education officer and university at that time.

For example, while VA showed in its overbilling spreadsheet that residents in the pulmonary and critical care medicine specialty in April 2017 were present for only three days, the progress notes showed 12 days. Similarly, although VA documented that residents in the pulmonary and critical care medicine specialty in February 2017 were present for only nine days, the support showed 21 days. Table 6 summarizes the differences in days by specialty between the overbilling spreadsheet and what the audit team found.

Table 6. Summary of Differences in Days According to VistA Progress Notes

Specialty	VA's total days according to the spreadsheet	Total verified number of days in VistA progress notes	University's total invoiced days in sample
Interventional cardiology	10	10	77
Infectious diseases	180	162	461
Internal medicine	102.5	148	337.5
Pulmonary and critical care medicine	73	207	555
Psychiatry	50	102	467
Total	**415.5**	**629**	**1,897.5**

Source: VA OIG analysis of testing by specialty.

The OIG audit team noted that the number of days VA claimed for residents' time and the number of days verified in progress notes differed significantly from the number of days the university billed for. The audit team concluded that this further underscored how the progress

notes did not provide a picture complete enough to determine the adequacy of the university's billing. The audit team could not determine whether the residents were present.[32] In addition, the audit team found that with regard to the educational activity records being finally implemented in July 2020, no significant overbillings were identified when comparing the number of days billed to the number of days reported in the records.

The OIG audit team also identified entries in the VistA progress notes that indicated days for transactions that the university did not bill for. For example, a November 2016 transaction for the pulmonary and critical care medicine specialty reported the university billed zero days, but OAA reported two days based on progress notes entries. Had the medical center paid according to the progress notes, VA would have paid the university for services not provided.[33] Based on all the discrepancies identified, the progress notes alone were not a reliable source for VA's reconciliation purposes regarding potential overbillings. Therefore, the audit team could not substantiate the potential overbilling proposed by the medical center.

OAA Improved Oversight of Its Educational Activity Records Process

During the audit, the OIG team asked whether OAA had undertaken any oversight or corrective action to ensure proper use of the educational activity records at VA facilities with resident programs. The OAA national oversight and compliance officer said OAA oversees the use of the resident disbursement procedures checklist, which includes monitoring educational activity records as required by VHA Directive 1400.05.[34] The official also said OAA has ensured the accurate use and support of educational activity records by auditing a third of VA facilities each year since academic year 2019 (July 1, 2019, through June 30, 2020).[35] The official said OAA works with the Office of Compliance to improve training and ensure accurate reimbursement of affiliates through the reconciliation of invoices to educational activity records.

The OIG team reviewed multiple internal VA audit reports that reflect findings and corrective actions regarding the tracking process for educational activity records. Because OAA has implemented an oversight process that includes an annual audit, the OIG is not making a recommendation regarding the use of educational activity records.

Conclusion

Affiliation agreements allow VA to benefit from medical residents' service and time in caring for veterans and allow the residents to gain clinical experience. But the success of agreements depends on accurate billing of residents' time. OAA became aware of potential overbillings in

[32] The OIG added language to this sentence in response to a technical comment.

[33] The OIG added language to this sentence in response to a technical comment.

[34] VA uses the resident disbursement procedures checklist to monitor and ensure accurate disbursements.

[35] OAA stated that the medical center had not previously been audited.

2021 and asked the OIG to review six years of charges for residents' time, totaling about $1.9 million. The OIG team reviewed the charges, and although the medical center did not implement the required educational activity records until July 2020—contrary to a VHA handbook and the disbursement agreement—the OIG did not identify any material overbillings or conflicts of interest for academic year July 1, 2020, through June 30, 2021. OAA's delayed implementation of the educational activity records meant the OIG also could not substantiate the potential overbilling for the period of July 1, 2016, through June 30, 2020. Because educational activity records were implemented in July 2020, the OIG did not have any recommendations for the medical center.

VA Management Comments and OIG Response

The acting under secretary for health did not provide any VA management comments but did provide technical comments.

The OIG considered the technical comments and incorporated revisions or additional language to address VHA technical comments where appropriate as noted in the footnotes throughout the report. For the reasons discussed below, the OIG did not incorporate all suggested language in the technical comments.

- VHA proposed the addition of "review of notes in VistA"; however, the audit team noted the following criteria do not include that language: VHA Handbook 1400.05 11.b(4)(d)(6)(b) states, "The VA Site Director must certify, on a monthly basis, that the records of educational activities of VA-assigned residents are accurate," and VHA Handbook 1400.05 11.c(2)(d) states, "Submitted invoices are compared to the certified educational activity records provided by the VA Site Director(s). VA records as summarized on a monthly basis and certified by the VA Site Director(s), service or section chief(s), or other appropriate designee(s), are the controlling documentation in the case of discrepancies." Also, paragraphs 8.c and 8.d of the disbursement agreement state, "The educational activity records are the sole determinant of whether VA activities were performed as billed. The VA facility must reconcile the invoice against VA educational activity records." However, the medical center stated that educational activity records were not implemented until July 2020, deviating from the requirement in place from July 1, 2016, through June 30, 2020.
- VHA requested that the OIG add that the progress notes in VistA *are a record of clinical activity.* The OIG added language to acknowledge that a VistA progress note can be used to support and reconstruct an educational activity record. However, the OAA national oversight and compliance officer stated in October 2024 that the medical center had no certified or signed educational activity records before academic year 2020, meaning no certification and reconciliation had been done on a monthly basis as required.

- VHA asked the OIG to add the following language: "VistA logins, and site director attestations" to the report. The OIG added language based on VHA's justification explaining the basis of the potential overbilling spreadsheet but could not support that logins or attestations were also used. Although the designated education officer in 2021 may have described the process of using logins and attestations, in addition to the notes, that information was shared with another OIG directorate, not the audit team, as they were not asked to do this audit until 2023.
- VHA stated the designated education officer reviewed the number of notes for the trainees and created an activity record. However, no educational activity records were provided from July 1, 2016, through June 30, 2020, as required. The medical center's associate chief of staff for education stated that educational activity records were not implemented until July 2020, and the OAA national oversight and compliance officer stated in October 2024 that the medical center had no certified or signed educational activity records before academic year 2020. Though the designated education officer may have created an activity record at a later date, it was never certified as required. Therefore, the OIG team was unable to verify the residents' attendance before July 1, 2020. The language that VHA objected to cannot be changed because it comes from the attestation guidance on modified opinions, which states the particular opinion depends on "whether the subject matter of the engagement is in accordance with (or based on) the criteria, in all material respects or, in case of the inability to obtain sufficient appropriate evidence, may be materially misstated."[36]
- VHA claimed that the lack of clinical activity and the statement by the supervising attending doctor provide evidence that a resident was not physically present. But the OIG team could not support this assertion, as no educational activity records were provided from July 1, 2016, through June 30, 2020, and this evidence was not documented during the reconciliation, as required. The OIG evaluated the potential overbillings in relation to the agreed-upon criteria identified in the report. The team did not review the created notes and computer logins with corresponding dates and times, as VHA Handbook 1400.05 11.c(2)(d) states, "Submitted invoices are compared to the certified educational activity records provided by the VA Site Director(s). VA records as summarized on a monthly basis and certified by the VA Site Director(s), service or section chief(s), or other appropriate designee(s), are the controlling documentation in the case of discrepancies." OAA itself acknowledges the medical center did not adhere to OAA policy guidance during the period under review. Moreover, the audit team's review of these progress notes used to support resident activity identified significant

[36] American Institute of Certified Public Accountants, AT-C Section 205, "Assertion-Based Examination Engagements," para. A113(a).

discrepancies, suggesting the progress notes are not a sufficient or reliable source to support the OAA's and medical center's overbilling calculations.

Appendix A: Scope and Methodology

Scope

The OIG team performed this examination from September 2023 through June 2025. The examination scope covered potential overbilling for academic years July 1, 2016, through June 30, 2021.

Methodology

To address the examination objectives, the team performed the following activities:

- Examined the affiliation and disbursement agreements in accordance with VHA Handbook standard operating procedure 1400.05
- Evaluated the Excel spreadsheet of potential overbillings compiled by the Omaha Medical Center and the VA Office of Academic Affiliations (OAA)
- Evaluated support provided by the medical center, OAA, and the university for transactions selected for testing to determine the accuracy of billing, potential conflicts of interest, and monetary impact
- Met and had correspondence with university, OAA, and medical center officials

The OIG team reviewed the spreadsheet of potential overbillings provided by the medical center and OAA officials in June 2023 based on progress notes from VistA. The team judgmentally selected 125 of 739 transactions covering five specialties—interventional cardiology, infectious diseases, internal medicine, pulmonary and critical care medicine, and psychiatry—from academic years July 1, 2016, through June 30, 2021. Judgmental sampling allowed the team to focus on specialties with low transaction numbers but high potential for overbillings. Table A.1 provides the OIG's summary of tested transaction amounts.

Table A.1. OIG's Summary of Tested Transaction Amounts

Specialty	Number of sampled transactions	Sampled transaction amounts
Interventional cardiology	10	$19,836.56
Infectious diseases	22	$107,892.88
Internal medicine	16	$108,130.88
Pulmonary and critical care medicine	40	$130,441.12
Psychiatry	37	$98,019.27

Specialty	Number of sampled transactions	Sampled transaction amounts
Total	**125**	**$464,320.71**

Source: VA OIG analysis of judgmental selection.

The team requested and received the support for the selected transactions from OAA and the university. The OIG audit team requested the university's support in August 2023 but did not receive it for the selected invoices until January 2024. In addition, OAA did not provide the progress notes to support the potential overbillings until October 2024.

Internal Controls

The OIG team learned about the internal controls over the university's invoicing process relevant to the engagement. This understanding enabled the team to identify and assess the risks of material misstatement in the invoices submitted to VA under the criteria and affiliation and disbursement agreements, to provide a basis for designing and performing procedures to respond to the assessed risk, and to obtain reasonable assurance to support the team's opinion on the university's compliance with the terms and conditions of its criteria and affiliate and disbursement agreements. However, the team did not design and perform tests of controls because the team did not intend to rely on internal controls and because the subject matter of this OIG report is not internal controls. Accordingly, the team does not express an opinion on the university's internal control system.

Data Reliability

The team relied on computer-processed data from the medical center and OAA to conduct this examination. To assess the reliability of the data, the team interviewed knowledgeable officials from the medical center and OAA and reviewed documentation about the spreadsheet and support provided by the medical center and OAA. The team sought to determine whether any data were missing from key fields or were outside the time frame requested. The team also assessed whether the data contained obvious duplication of records, had alphabetic or numeric characters in incorrect fields, or had illogical relationships among data elements. The team found the data adequate to achieve the examination objectives. The team concluded that the computer-processed data obtained from the medical center and OAA were sufficiently reliable for the team's examination purposes.

Government and Professional Standards

The OIG conducted its examination in accordance with generally accepted government auditing standards for attestation engagements and assertion-based attestation standards established by the

American Institute of Certified Public Accountants.[37] The standards require the OIG team to be independent and to meet the team's other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. The standards require that the OIG team plan and perform the examination to obtain reasonable assurance about whether the university's assertion is fairly stated in all material respects. Accordingly, the OIG team's examination included conducting tests and other auditing procedures that the team considered necessary to accomplish the objectives. The audit team's responsibility is to express an opinion on the university's assertion that it billed in accordance with its VA contracts. The OIG team believes its examination provides a reasonable basis for the team's qualified opinion.

The team provided a summary of its examination results to the university and obtained comments. The university's views are incorporated in the report as appropriate. The team achieved the examination objectives and identified corrective action without developing the elements of a finding. Generally accepted government auditing standards 7.19 and 7.48 require the elements of a finding only to the extent necessary to achieve the examination objectives or to assist oversight officials in understanding the need for taking corrective action.[38]

[37] The standards identify three types of attestation engagements: examinations, reviews, and agreed-upon procedures engagements. This report is based on the results of an examination—a type of audit that this report simply refers to as an "audit." The audit included conducting tests and other auditing procedures that were necessary to accomplish the objectives. The team's responsibility was to express an opinion on the company's assertion based on the audit. Possible opinions are unmodified and modified. An unmodified opinion is rendered only when the practitioner has been able to apply all procedures necessary to conduct the engagement according to attestation standards. A modified opinion may be of three types: a qualified opinion, an adverse opinion, and a disclaimer of opinion. The OIG team believes its audit provides a reasonable basis for the team's qualified opinion.

[38] Government Accountability Office, *Government Auditing Standards*, GAO-21-368G, April 2021.

Appendix B: VA Management Comments

Department of Veterans Affairs Memorandum

Date: June 10, 2025

From: Acting Under Secretary for Health (10)

Subj: Office of Inspector General (OIG) Report, Independent Audit Report on Invoices Submitted by a Graduate Medical Education Affiliate to the VA Nebraska–Western Iowa Health Care System (VIEWS 13225594)

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

Thank you for the opportunity to review and comment on the OIG draft report. The Veterans Health Administration (VHA) notes that the OIG did not make any recommendations. VHA has no comments and appreciates the OIG's comprehensive review.

The OIG removed point of contact information prior to publication.

(Original signed by)

Steven L. Lieberman, MD, MBA, FACHE

Attachment

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

OIG note: The agency's attachment is not included in this report.

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