



US DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Summary of Fiscal Year 2024 Preaward Audits for Healthcare Resource Proposals from Affiliates

Review

25-00335-183

September 16, 2025

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Executive Summary

This report summarizes the preaward audits of sole-source healthcare proposals that the VA Office of Inspector General (OIG) conducted in fiscal year (FY) 2024.

VA policy requires that contracting officers in the Veterans Health Administration (VHA) request an OIG review or audit for any sole-source healthcare proposal that has an anticipated annual value of at least \$400,000.¹ One type of acquisition for which the OIG provides preaward services is sole-source proposals that often come from VA-affiliated institutions such as colleges and schools of medicine. VA is authorized by federal law to procure healthcare resources for commercial services from affiliates on a sole-source basis without regard to laws or regulations that require competition.² Sole-source affiliate contracts for healthcare resource services that are not associated with a residency program must demonstrate that the award would represent “the best value to the government.”³ The OIG examines such proposals and provides information for contracting officers to use at their discretion as they negotiate fair and reasonable prices.

Proposals not associated with an affiliated institution may also lead to a sole-source procurement but only if the contracting officer includes a written justification, which is approved at all levels as prescribed in 41 U.S.C. § 3304(e).⁴ In FY 2024, the OIG did not examine any proposals for procurements not associated with an affiliated institution.

What the Audits Found

In FY 2024, the OIG completed 16 preaward audits of sole-source healthcare proposals.⁵ The proposals included 15 with full-time-equivalent or hourly pricing and one with per-procedure pricing.⁶ The audits were not published because they contain sensitive personal

¹ VA Directive 1663, *Health Care Resources (HCR) Contracting—Buying Title 38*, May 10, 2018. This threshold was elevated to \$750,000 on February 1, 2024, with the republication of VHA Procurement Manual, part 873, “Health-Care Resource Specialized Procurements and Sharing Agreements under Title 38 U.S.C. § 8153 SOP [Standard Operating Procedure],” para. 2.6.

² 38 U.S.C. § 8153(a)(3)(A); 38 U.S.C. § 8153(a)(3)(E) defines commercial service as “a service that is offered and sold competitively in the commercial marketplace, is performed under standard commercial terms and conditions, and is procured using firm-fixed price contracts.”

³ VA Directive 1663, para. 2.e.

⁴ 41 U.S.C. § 3304(e).

⁵ The OIG also completed two postaward audits during FY 2024, but they are not discussed in this report, which focuses only on preaward audits.

⁶ The term “full-time-equivalent pricing” means VA pays an amount that is based on the number of full-time staff needed to perform the day-to-day clinical operations of a department that cannot be performed with existing VA staff. The term “per-procedure pricing” means VA pays for the procedure itself, instead of the physician’s time, so VA pays affiliates to perform medical treatments and transplants—costs for which cover fees for inpatient hospital stays, physicians, and anesthesiologists; per diem rates; and organ acquisition.

data of physicians and other clinical personnel. This report provides an overview of the OIG's findings and recommendations from these 16 audits in the following three general areas:

- **Unsupported costs underlying proposed hourly rates.** For 13 of 15 proposals with full-time-equivalent or hourly pricing, the OIG examined hourly rate pricing and determined that the prices offered to the government were higher than the supported amounts. Unsupported amounts are costs not supported by data in the underlying accounting records. The most common issue was unsupported provider salaries. Other frequently occurring issues were unsupported administrative expenses, fringe benefit amounts, incentives, and malpractice insurance premiums.⁷ The OIG recommended contracting officers obtain lower prices than those offered to the government for all 13 proposals with hourly rate pricing.
- **Offered per-procedure prices.**⁸ The OIG reviewed one proposal with per-procedure pricing and determined that offered prices were higher than the properly calculated Medicare rates.⁹ The OIG recommended the contracting officer obtain lower prices than those offered for this proposal.
- **Potential conflicts of interest.** For six of the 16 contract proposals examined, the OIG found potential conflicts of interest for VA personnel who may have been involved in the acquisition process and who also held a position with the affiliate. These VA personnel held faculty appointments at the affiliated institutions and would also have had responsibilities such as monitoring performance of the affiliate's services. In each instance, the OIG recommended the contracting officer request an opinion from VA's Office of General Counsel as to whether these individuals would have had a financial interest in the proposal.

The combined estimated contract value of these 16 proposals was about \$300.6 million; the OIG preaward audits identified over \$121.7 million in potential cost savings. Contracting officers use OIG price recommendations on submitted proposals to help negotiate better prices than those offered in affiliates' proposals, but there is no guarantee that the government will achieve the price recommended by the OIG.

As of May 2025, VA contracting officers had awarded contracts for 15 of the 16 proposals and had sustained about \$47.5 million in cost savings based, in part, on the OIG's evaluation of cost

⁷ Fringe benefit amounts are expenses to the employer for items such as retirement contributions, social security tax, and health insurance premiums.

⁸ Each procedure has a set fee that is based on the Medicare price list using the associated current procedural terminology code as well as any procedure support costs.

⁹ VHA Procurement Manual, part 873, attachment 3, "MSO [Medical Sharing Office]—HCR [Health-Care Resources] Pricing SOP [Standard Operating Procedure]," February 1, 2024.

data submitted by the contractors. This report provides a summary of the preaward audits of these proposals and an overview of the OIG's findings.¹⁰

VA Management Comments

The VA acting under secretary for health acknowledged that the draft report contained no recommendations, and he provided no comments. Appendix C provides the full text of the response.



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for Audits and Evaluations

¹⁰ Appendix A details OIG-identified cost savings for the FY 2024 preaward audits. Appendix B outlines this report's scope and methodology.

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Abbreviations

FAR	Federal Acquisition Regulation
FY	fiscal year
OIG	Office of Inspector General
VHA	Veterans Health Administration



Introduction

At the request of contracting officers, the VA Office of Inspector General (OIG) conducts preaward audits of proposals that contractors submit to VA. The primary purposes of this work are to determine whether the prices in the proposals are supported by actual costs, provide information VA can use for negotiations, and determine whether the proposed prices are fair and reasonable.¹¹ Preaward audits support informed decision-making and help prevent fraud, waste, and abuse. The audits are not published because they contain sensitive personal data of the physicians and other clinical personnel. Contracting officers use OIG price recommendations to help negotiate better prices than those offered in affiliates' proposals, but there is no guarantee that the government will achieve the price recommended by the OIG.

The OIG provides preaward audits of sole-source proposals from VA-affiliated institutions, such as colleges and schools of medicine. VA is authorized by federal law to procure healthcare resources from affiliates on a sole-source basis without regard to laws or regulations that require competition.¹² Contracting officers are required to request field pricing verification assistance from the OIG when the estimated value of the contract is at least \$400,000 per year.¹³

This report summarizes the findings and effects of the OIG's 16 audits of sole-source healthcare resource proposals in fiscal year (FY) 2024. Appendix A contains a list of the 16 preaward audits that shows the OIG-recommended cost savings and the savings achieved by VA contracting officers as of May 2025.

VA's Participation in Medical Education and Training Programs

One of VA's missions established in federal law is to assist in education and training programs for students and residents in the healthcare professions.¹⁴ VA participates in the programs of 151 of the 157 schools of medicine accredited by the Liaison Committee on Medical Education and 35 of the 37 Commission on Osteopathic College Accreditation medical schools that are affiliated with VA. More than 60 other clinical health education programs are represented by VA's affiliations with over 1,500 academic institutions.

¹¹ VA Directive 1663, *Health Care Resources Contracting—Buying*, May 10, 2018.

¹² 38 U.S.C. § 8153(a)(3)(A). 38 U.S.C. § 8153(a)(3)(E) defines commercial service as “a service that is offered and sold competitively in the commercial marketplace, is performed under standard commercial terms and conditions, and is procured using firm-fixed price contracts.”

¹³ VA Directive 1663. This threshold was elevated to \$750,000 on February 1, 2024, with the republication of Veterans Health Administration (VHA) Procurement Manual, part 873, “Health-Care Resource Specialized Procurements and Sharing Agreements under Title 38 U.S.C. § 8153 SOP [Standard Operating Procedure],” para. 2.6.

¹⁴ 38 U.S.C. § 7406 as implemented by VA Directive 1400.09(1), *Education of Physicians and Dentists*, September 9, 2016, amended December 26, 2018.

Policy for Awarding Sole-Source Contracts

VA has legal authority to acquire healthcare resources, healthcare professionals, and medical procedures through other-than-full-and-open competition, such as sole-source procurement.¹⁵ For those procurements with an affiliated institution or with a teaching hospital, individual physician, or practice group associated with the affiliated institution, there is no legal requirement to provide written justification for the use of sole-source procedures. However, VA Directive 1663 requires a written justification demonstrating that a sole-source award would represent “the best value to the government.”¹⁶

VA Directive 1663 sets forth VA policy to implement the federal law on sharing healthcare resources and allows sole-source contracts to be awarded to affiliated institutions or other related healthcare entities. The directive says these sole-source contracts “shall be the preferred method” for procuring healthcare services when the services “include duties relating to a professional healthcare residency program.” The directive allows sole-source contracts for the use of medical equipment, space, home oxygen services, transcription services, grounds maintenance, laundry services, and other nonclinical services that can be defined as a healthcare resource; however, the OIG did not examine any proposals for these services in FY 2024.

The directive says the VA contracting officer must submit sole-source proposals valued annually at \$400,000 or more to the OIG for preaward audits and that the contracting officer may ask the OIG to help determine and validate the actual costs to the affiliated educational institution for other procurements.¹⁷ Furthermore, the directive says the OIG shall examine supporting documents, accounting records, and any other data necessary to verify costs.

According to the Federal Acquisition Regulation (FAR), contracting officers are to establish the reasonableness of offered prices through either cost or pricing data.¹⁸ As there is no competition in these sole-source procurements, the contracting officer must rely on data related to prices, such as market data, or to the costs incurred by the contractor.¹⁹ For these procurements, market prices are not available because the affiliate does not generally offer physician services in the commercial market as it does to VA. Therefore, the OIG uses the affiliate’s cost information for full-time-equivalent providers to determine the recommended rates according to the FAR and the Veterans Health Administration (VHA) pricing policy.²⁰

¹⁵ 38 U.S.C. § 8153.

¹⁶ VA Directive 1663, para. 2.e; 41 U.S.C. § 3304(e).

¹⁷ VA Directive 1663, para. 3.i. This threshold was elevated to \$750,000 with the republication of VHA Procurement Manual, part 873, on February 1, 2025.

¹⁸ FAR 15.404-1 (2025).

¹⁹ FAR 15.402 (2025).

²⁰ VHA Procurement Manual, part 873, attachment 3, “Health-Care Resources Specialized Procurement and Sharing Agreement under Title 38 U.S.C. 8153 SOP [Standard Operating Procedure],” revision #11, February 1, 2024.

Summary of Preaward Audits

The cumulative amount for the 16 sole-source healthcare proposals examined by the OIG—which are typically five-year contracts—was about \$300.6 million.²¹ The OIG team identified over \$121.7 million in potential savings from the 16 proposals reviewed.²² Contracting officers use OIG price recommendations to help negotiate better prices than those offered in affiliates’ proposals; however, there is no guarantee that the government will achieve the price recommended by the OIG. As of May 2025, VA contracting officers had awarded contracts for 15 of the 16 proposals reviewed and had sustained about \$47.5 million in cost savings based, in part, on the OIG’s evaluation of cost data submitted by the contractors.²³

What the OIG Did

In FY 2024, the OIG completed 16 preaward audits of sole-source healthcare contracts, including 15 with full-time-equivalent or hourly pricing and one with per-procedure pricing.²⁴ The OIG team had three primary objectives when reviewing the 16 sole-source healthcare proposals:

1. Determine whether the affiliate’s documentation adequately supported hourly rates and provide pricing recommendations if the rates were not supported.
2. Evaluate per-procedure prices and provide pricing recommendations using Medicare rates if an affiliate offered higher-than-Medicare rates without sufficient justification.
3. Determine whether VA providers have any potential conflicts of interest with responsibilities regarding the acquisition or resulting contract.

During the review of each proposal for hourly rates, the team asked affiliates to provide documentation that supported the various cost elements. Common cost elements included the providers’ salaries, fringe benefits, malpractice insurance premiums, continuing medical

²¹ The OIG also completed two postaward audits during FY 2024, but they are not discussed in this report, which focuses only on preaward audits.

²² Appendix A provides information on OIG-identified cost savings.

²³ The OIG also completed two postaward audits during FY 2024, but they are not discussed in this report, which focuses only on preaward audits.

²⁴ The term “full-time-equivalent pricing” means VA pays an amount that is based on the number of full-time staff needed to perform the day-to-day clinical operations of a department that cannot be performed with existing VA staff. The term “per-procedure pricing” means VA pays for the procedure itself, instead of the physician’s time, so VA pays affiliates to perform medical treatments and transplants—costs for which cover fees for inpatient hospital stays, physicians, anesthesiologists; per diem rates; and organ acquisition.

education, bonuses, and expenses associated with administering the contract.²⁵ To assess these elements, the team reviewed each affiliate’s supporting documentation, which often included salary agreements, fringe benefit data from the accounting system or forward pricing rate agreements from the cognizant audit agency, insurance billing statements, training policies, bonus policy, and past expenses.²⁶ Appendix B outlines this report’s scope and methodology.

The team discussed the documentation with affiliate representatives and VA contracting officers and evaluated the information in accordance with applicable statutory criteria and other guidance:

- 38 U.S.C. § 8153, “Sharing of Healthcare Resources”
- FAR subparts 31.2, 12.207, 16.203, and 7.105
- VA Acquisition Regulation, subparts 806.302–5
- VHA Procurement Manual, part 815.404, “Medical Sharing Office Healthcare Pricing Standard Operating Procedures”
- VA Directive 1663, *Health Care Resources Contracting—Buying*
- VHA Directive 1660.03, *Conflict of Interest for Sharing of Health Care Resources*
- Centers for Medicare & Medicaid Services, Physician Fee Schedule²⁷

The OIG’s findings in the 16 issued healthcare preaward audits are summarized below and include evaluations of the

- proposed hourly rates,
- proposal with per-procedure pricing, and
- potential conflicts of interest of VA providers.²⁸

²⁵ Fringe benefit amounts are expenses to the employer for items such as retirement contributions, social security tax, and health insurance premiums.

²⁶ A forward pricing rate agreement establishes indirect rates, typically for fringe benefits and overhead, for a set time between the contractor and the cognizant audit agency. The cognizant audit agency is the federal agency (in this case, the Department of Health and Human Services) with designated audit responsibilities that provides predominant direct funding.

²⁷ “Medicare” (web page), Centers for Medicare & Medicaid Services, accessed September 29, 2022, <https://www.cms.gov/medicare/medicare>.

²⁸ Evaluating the proposal with per-procedure pricing was not listed as a separate objective in the executive summary of this report but was considered by the summary review team. The OIG team reviews staff who are involved in the procurement of healthcare resources to determine whether they are employed with the affiliate. If so, the OIG team recommends the contracting officer seek the opinion of a deputy ethics official in the Office of General Counsel to determine whether a conflict of interest exists.

Evaluation of Proposed Hourly Rates

In 13 of the 15 audits that had only full-time-equivalent or hourly pricing, the OIG recommended contracting officers obtain lower prices than those offered to the government. The OIG recommended lower rates for common issues, such as unsupported expenses or annual hours and administrative expenses included in the hourly rates.²⁹ A proposal with unsupported rates is one in which the amounts listed are inconsistent with available data—for example, a proposal for the services of a medical professional is \$400 per hour, but the documentation shows that person’s actual hourly rate is \$250. The OIG identified about \$106.9 million in total potential cost savings attributed to hourly rates. Unsupported on-call expenses, fringe benefits, malpractice insurance, incentive, and provider salaries were the most significant and prevalent issues identified.

The OIG team identified proposed on-call expenses not supported by documentation of actual expenses in five of the 15 full-time-equivalent or hourly rate proposals examined.³⁰ VHA policy excludes on-call amounts unless the provider is paid by the affiliated institution for the on-call duty.³¹ On-call duties were typically compensated as part of providers’ base salaries. However, the examined proposals frequently included a price for on-call hours above and beyond the amount for which the affiliate compensated its providers. Therefore, the proposed on-call amounts represented profit to the affiliate.

The most common issue the OIG identified during FY 2024 was unsupported provider salaries, which were found in seven of the 15 full-time-equivalent or hourly rate proposals examined. Frequent causes of these findings were bonus or incentive amounts contingent on a provider’s performance during a specified period that were included in the base salary. According to VHA policy, salary adjustments (including supplemental compensation) shall be included in a separate line item to be paid only upon the affiliate providing evidence that the agreed-upon amount has been paid to the physician.³² The OIG recommended contracting officers obtain lower prices than those offered to the government for all 13 proposals with hourly rate pricing.

Evaluation of Hourly Rate Calculations

The number of annual hours used in the hourly rate calculation has a significant effect on its accuracy. In six of the 15 full-time-equivalent or hourly rate proposals examined in FY 2024, the affiliates’ hourly rate calculations included a reduced number of hours from an annual standard

²⁹ VHA Procurement Manual, part 873, attachment 3.

³⁰ Fifteen proposals had full-time-equivalent or hourly rate cost components, and one of the 16 had per-procedure pricing.

³¹ VHA Procurement Manual, part 873, attachment 3, para. 1.8.2.

³² VHA Procurement Manual, part 873, attachment 3, para. 1.8.1.

of 2,080 hours.³³ In each case, affiliates said they did not track the total number of hours providers worked. The OIG-recommended rates do not include paid time off unless an affiliate can also provide a reliable estimate of actual work hours. If no data or reliable estimates are available, the OIG uses the standard of 2,080 annual work hours. Annual work hours are needed to properly calculate the hourly rate of pay; using different annual work hours for this basis can cause the rate to vary significantly, as shown in table 1.

Table 1. Examples of Hourly Rates Based on Providers' Varying Work Hours, by Lowest Annual Hours

Provider	Total salary, benefits, and other costs (a)	Average weekly work hours (b)	Annual hours (b x 52 = c)	Hourly rate (a/c)
A	\$300,000	35	1,820	\$165
B	\$300,000	40	2,080	\$144
C	\$300,000	50	2,600	\$115
D	\$300,000	60	3,120	\$96

Source: VA OIG analysis.

Note: Numbers in table are rounded.

If an affiliate tracked physicians' work hours, the OIG team used the actual hours worked by the physicians and subtracted paid time off as well as training hours. In the absence of a definitive number of hours worked, the team used the standard 40-hour workweek as the basis for the rate with no allowance for paid time off.

Evaluation of Proposal with Per-Procedure Pricing

One of the 16 sole-source healthcare preaward audits was a proposal with per-procedure pricing. For this proposal, the affiliate offered rates higher than current Medicare rates, an unsupported indirect cost, and disposable items pricing.³⁴ The proposal did not have sufficient supporting documentation for the OIG team to verify costs; therefore, the OIG recommended reimbursement rates that were 100 percent of the current Medicare rates and questioned the other cost elements of the affiliate's proposal.

Evaluation of Potential Conflicts of Interest

VHA Directive 1660.03 defines a criminal conflict of interest as occurring

³³ For this review, the OIG adopted the full-time-equivalent standard of 2,080 hours found in the statements of work associated with the proposals under review.

³⁴ Each procedure has a set fee that is based on the Medicare price list using the associated current procedural terminology code as well as any procedure support costs.

when an employee participates personally and substantially in a particular matter (e.g., a contract) that would have a direct and predictable effect on the employee's own financial interest or the financial interest of the employee's spouse, minor child, general partner, any person or entity [for] whom the employee serves as an officer, director, trustee or employee, or any person with whom the employee is negotiating or has an arrangement for prospective employment.³⁵

Furthermore, the directive points out that federal law prohibits any employee from participating personally and substantially in a particular matter in which the employee has a conflict of interest.³⁶ For every potential conflict of interest identified, the OIG recommended the contracting officer request an opinion from an Office of General Counsel deputy ethics official on whether these individuals would have a financial interest in any proposal the OIG examined.

Six of the 16 proposals examined contained potential conflicts of interest for which the VHA contracting officer had not yet sought an Office of General Counsel opinion. Specifically, the OIG found and notified the contracting officer of potential conflicts of interest in awarding a proposed sole-source contract to an affiliate or other entity for which VA personnel may receive monetary benefits or have oversight responsibility for monitoring the affiliate's performance of services. Table 2 summarizes the findings on potential conflicts of interest during FY 2024.

Table 2. Extent of Potential Conflict-of-Interest Findings, by Occurrences

Employee affected	Occurrences in six proposals
Chief of staff	3
Chief of services	3
Chief of surgery	1
Technical or subject matter expert	2
Team member	1

Source: Analysis of VA OIG audits.

Note: Some proposals had more than one employee affected.

The potential conflicts of interest were for VA personnel holding faculty appointments at an affiliate, which are often necessary to supervise the affiliate's residents (student doctors). The chief of staff and chief of services typically approve requests for sole-source procurements from the affiliate and are also typically identified in the resulting contract as responsible for monitoring performance of the services procured. However, when potential conflicts of interest

³⁵ VHA Directive 1660.03, *Conflict of Interest for Sharing of Health Care Resources*, September 13, 2021.

³⁶ VHA Directive 1660.03.

are identified, a written opinion from an Office of General Counsel deputy ethics official is required to determine whether an employee has a financial interest that would disqualify the employee from participating in the procurement process and the resulting contract.³⁷ The OIG did not identify potential conflicts of interest in the remaining 10 proposals.

Conclusion

The OIG identified potential cost savings of more than \$121.7 million in the 16 sole-source healthcare resource proposals audited in FY 2024. The total value of these 16 proposals was about \$300.6 million. After the OIG audits, VHA awarded contracts for 15 of the 16 proposals by May 2025 and could leverage the OIG team's work to sustain about \$47.5 million in cost savings.

VA Management Comments

The VA acting under secretary for health acknowledged that the draft report contains no recommendations, and he provided no comments. Appendix C provides the full text of the response.

³⁷ VHA Directive 1660.03, para. 5.h.(2).

Appendix A: OIG-Identified Cost Savings for Fiscal Year 2024 Preaward Audits

The VA Office of Inspector General (OIG) identified over \$121.7 million in cost savings for the 16 reports issued in fiscal year (FY) 2024. Table A.1 shows the OIG-identified cost savings for the 15 contracts awarded as of May 2025.

**Table A.1. OIG-Identified Cost Savings for FY 2024
Preaward Audits for Awarded Contracts**

Report count	Date report issued	OIG's estimated cost savings	VA's sustained cost savings	Estimated cost savings realized	Date contract awarded
1*	11/24/2023	\$923,169	\$739,226	80.1%	3/29/2024
2	11/24/2023	\$0	\$0	0.0%	1/25/2024
3	12/13/2023	\$0	\$0	0.0%	6/27/2024
4	12/14/2023	\$3,260,278	\$2,289,916	70.2%	10/1/2024
5	12/28/2023	\$2,501,362	\$2,501,362	100.0%	7/24/2024
6	2/5/2024	\$1,256,428	\$322,858	25.7%	6/26/2024
7†	2/7/2024	\$1,172,450	\$0	0.0%	9/23/2024
8	3/1/2024	\$21,316,009	\$12,864,172	60.3%	10/1/2024
9	3/12/2024	\$2,665,584	\$522,875	19.6%	10/1/2024
10*	3/27/2024	\$4,583,206	\$1,136,259	24.8%	12/23/2024
11†	3/27/2024	\$4,015,409	\$3,896,096	97.0%	6/28/2024
12	5/2/2024	\$1,376,806	\$98,137	7.1%	10/28/2024
13	5/13/2024	\$974,865	\$19,018	2.0%	7/31/2024
14	8/6/2024	\$59,136,240	\$9,825,942	16.6%	5/14/2025
15†	8/30/2024	\$14,763,923	\$13,259,103	89.8%	6/12/2025
Totals		\$117,945,731	\$47,474,963	40.3%	

Source: OIG audits and Veterans Health Administration (VHA) contract files as of May 2025.

Note: The estimated cost savings is the difference between the offered prices and the OIG-recommended prices. VA's sustained cost savings are based on the final prices awarded by the contracting officer. Numbers are rounded, and totals do not sum due to rounding.

* The contracting officer and affiliate made changes to the requirements or made upward adjustments while negotiating these proposals. However, the contracting officer sustained part or all the OIG-recommended rates. Thus, we adjusted the OIG's estimated cost savings based on the awarded requirements.

† Regarding the OIG-recommended upward adjustment, the contracting officer and affiliate made changes to the requirements during negotiations. The changes did not allow us to fairly compare the awarded amounts and the audited/proposed amounts.

Table A.2 shows the OIG-identified cost savings for the one contract not yet awarded at the time of this review.

**Table A.2. OIG-Identified Cost Savings for FY 2024
Preaward Audits for the Contract Not Awarded**

Report count	Date review issued	OIG's estimated cost savings	VA's sustained cost savings	Estimated cost savings realized
16	7/2/2024	\$3,739,616	\$0	0.0%

Source: OIG audits and VHA contract files as of May 2025.

Note: The estimated cost savings is the difference between the offered prices and the OIG-recommended prices. VA's sustained cost savings are based on the final prices awarded by the contracting officer.

Appendix B: Scope and Methodology

Scope

The review team conducted its work from January through July 2025. The scope was focused on summarizing the information in prior VA Office of Inspector General (OIG) preaward audits and presenting subsequent contract award data. The team assessed relevant sources of information, including contracts obtained from VA's electronic contract management system and applicable fiscal year 2024 healthcare resource preaward reports.

Methodology

The review team searched the VA electronic contract management system for the solicitations with OIG-prepared preaward audit reports and obtained the resulting contracts, if available. The team then summarized the data from the review reports and resulting contracts for presentation in this publication.

Data Reliability

The review team did not obtain or rely on computer-processed data. The team also did not perform detailed fieldwork to verify the information listed in the reports or the contracts because verification was not the focus of the review.

Government Standards

The OIG conducted this summary review 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: August 5, 2025

From: Acting Under Secretary for Health (10)

Subj: Office of Inspector General (OIG) Report, Summary of Fiscal Year 2024 Preaward Audits for Healthcare Resource Proposals from Affiliates (VIEWS 13477156)

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

1. Thank you for the opportunity to review and comment on the OIG draft report. The Veterans Health Administration (VHA) notes this report is a summary report of the healthcare audits OIG conducted in fiscal year 2024 and contains no conclusions or 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, M.D., MBA, FACHE

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 Contact and Staff Acknowledgments

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