



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

VHA Made Inaccurate
Payments to Part-Time
Physicians on Adjustable
Work Schedules

AUDIT

REPORT #20-01646-139

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Executive Summary

In a review completed in 2018, the VA Office of Inspector General (OIG) reported that the Oklahoma VA Health Care System had not implemented required management controls over its part-time physicians on adjustable schedules.¹ The OIG identified approximately \$507,000 in improper payments due to the healthcare system not implementing management controls.² The OIG performed this audit to determine whether the problems identified at the Oklahoma City VA Health Care System were occurring in other medical facilities across the nation—namely, whether responsible personnel at Veterans Health Administration (VHA) medical facilities adequately managed time and attendance for part-time physicians on adjustable work schedules to ensure salary payments were accurate.

VHA medical facilities may place part-time physicians on adjustable work schedules if the doctors have varying VA or non-VA patient care, research, or educational responsibilities that make adherence to fixed hours and days difficult. Adjustable work schedules help minimize managers' administrative burden, eliminating the need to make frequent changes and communicate them to the physicians' timekeepers. Part-time physicians working on adjustable work schedules sign agreements called memorandums of service-level expectations that include estimates of the number of hours the physicians will work over their agreement service years. The estimated work hours do not obligate VA to employ the physicians for the stated hours or the physicians to work those hours. The physicians may work more or less than the service hours in the agreements depending on VA and non-VA needs and the physicians' availability.³

Each pay period, VHA pays the physicians the amounts they would receive if they worked the exact number of hours contained in their agreements, regardless of how many hours they worked. The physicians record the hours they work in subsidiary time sheets in the time and attendance system. At the end of the agreements, payroll personnel reconcile the salary payments the physicians received against the hours they worked. If the physicians worked more hours than they were paid for, VHA pays the physicians for the additional hours. Conversely, if the physicians worked fewer hours than they were paid for, they owe VHA the difference.⁴

¹ VA OIG, *Review of Resident and Part-Time Physician Time and Attendance at Oklahoma City VA Health Care System*, Report No. 17-00253-93, March 28, 2018.

² Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111–204 (2010); Office of Management and Budget Circular A-123, app. C, “Requirements for Payment Integrity Improvement,” June 26, 2018. The law states that an improper payment is “any payment that should not have been made or that was made in an incorrect amount . . . under statutory, contractual, administrative, or other legally applicable requirements.” The circular notes that improper payments include those that an agency cannot determine were proper due to insufficient documentation.

³ VA Handbook 5011/12, *Hours of Duty and Leave*, January 12, 2007.

⁴ VA Handbook 5011/12.

However, VHA policy prohibits part-time physicians from working or being compensated for more than 1,820 hours during a year.⁵

The audit team reviewed a stratified sample of 134 agreements for part-time physicians on adjustable work schedules to determine whether medical facilities' payments to their physicians were accurate. For each sampled agreement, the audit team examined whether the responsible medical facility or the VA Financial Services Center (FSC) reconciled the agreement after it expired or was terminated and took actions to address any corresponding overpayments or underpayments.⁶ The audit scope and methodology and sampling methodology appear in appendixes A and B.

What the Audit Found

The OIG determined that VHA medical facilities did not adequately manage time and attendance for part-time physicians on adjustable work schedules to ensure they were paid correctly. Medical facilities, or in some cases FSC payroll personnel, did not complete required reconciliations of expired and terminated agreements, and initiate bills of collection or additional payments to correct salary overpayments and underpayments. The OIG estimated that medical facility and FSC payroll personnel did not properly reconcile and make necessary payment corrections for approximately 640 of 1,400 agreements (44 percent) that expired or were terminated in calendar year 2019. This occurred because the following key management controls were not in place and working:

- Service chiefs and certifying officials did not ensure that physicians properly recorded their hours.
- Supervisory personnel at medical facilities and the FSC did not ensure payroll personnel reconciled agreements and corrected inaccurate salary payments.
- Chiefs of staff and service chiefs did not properly evaluate physicians' agreements to determine whether they needed to be modified or terminated and take appropriate corrective actions when physicians were working significantly more or less than their agreement hours.
- Officials at regional Veterans Integrated Service Networks (VISNs) did not provide effective oversight.⁷

⁵ VHA Directive 1035, *Oversight and Improvement of the Part-Time Physician Program*, November 29, 2013.

⁶ At the time of the OIG audit, the FSC had entered into agreements to perform reconciliations for 16 medical facilities. The FSC provides a wide range of accounting and financial services to both VA and other government agencies. It was responsible for reconciling 11 of the 134 sampled agreements.

⁷ VHA is divided into 18 VISNs, which are regional networks of VHA medical facilities working together to meet local healthcare needs and provide greater access to care.

In general, these management controls were not in place and working because VISN directors did not ensure that their medical facilities complied with prescribed VA and VHA policies and procedures. Similarly, medical facility directors did not establish adequate oversight procedures to confirm that their facilities were effectively monitoring the program.

As a result, the OIG estimated that VHA medical facilities incurred approximately \$8.3 million in questioned costs during calendar year 2019, consisting of approximately \$1 million in overpayments, \$3.4 million in underpayments, and \$3.9 million in unsupported payments and unpaid hours for physicians that worked above the 1,820 hour cap because the physicians' agreements were not properly reconciled. The OIG estimated that VHA incurred an additional \$8.3 million in questioned costs during calendar year 2020 because VHA had not taken steps to ensure management controls over the physicians' salary payments were in place and operating as intended.⁸ Moreover, VHA medical facilities may have violated the prohibition against voluntary services by not correcting underpayments or preventing physicians from working above the annual limit of 1,820 hours, potentially resulting in Antideficiency Act violations.⁹

What the OIG Recommended

The OIG made nine recommendations. Seven recommendations were directed to the under secretary for health and two recommendations were to the deputy assistant secretary for finance to strengthen management controls over part-time physicians on adjustable work schedules. The recommendations included completing overdue reconciliations, correcting any related inaccurate payments, and determining whether VHA medical facilities have committed Antideficiency Act violations. Recommendations also include establishing procedures to ensure time and attendance records are validated and certified, physicians do not significantly deviate from their agreements or work more than 1,820 hours in a service year, and reconciliations and associated payment corrections are promptly completed.

Management Comments and OIG Response

The acting under secretary for health concurred or concurred in principle with all seven of the OIG's recommendations that were addressed to him. Similarly, the deputy assistant secretary for the Financial Management Business Transformation Service and acting executive director for the FSC concurred with the remaining two OIG recommendations.

Although the acting under secretary concurred with recommendations 4 through 6 and concurred in principle with recommendations 1, 2, 3, and 7, the OIG has concerns with some of the action plans provided. For recommendation 2, the corrective action plan is to assess the effectiveness of current oversight procedures, whereas this audit showed their ineffectiveness. The success of the

⁸ Appendix C explains each category of questioned costs.

⁹ 31 U.S.C. § 1342. This provision generally provides that the government may not accept voluntary services.

corrective action depends on VHA implementing new oversight procedures to periodically validate that its medical centers are making sure part-time physicians submit and validate subsidiary time sheets before time sheet certification.

For recommendation 3, to train newly assigned payroll personnel on reconciliations, the acting under secretary only committed to determining the number of new personnel and completing the overdue reconciliations. He did not indicate that VHA would ensure newly assigned payroll personnel would be trained or that procedures would be implemented to prevent future missed reconciliations due to staff turnover.

To address recommendation 4, the acting under secretary's response indicated that an assessment would be conducted to determine whether VHA needed to implement procedures to ensure that required quarterly reviews were completed by service chiefs. However, during this audit, the OIG identified several instances of physicians working significantly above or below their agreement hours and also identified several physicians working more than 1,820 hours during their service years. These instances establish that required quarterly reviews are not being conducted effectively by service chiefs. Therefore, the success of this corrective action depends on VHA establishing procedures to verify that services are conducting appropriate quarterly reviews.

While the remaining corrective action plans were acceptable, VHA included target dates of June 2023, allowing approximately two years for it to implement corrective actions, for recommendations 4 and 5. The OIG has concerns with VHA taking two years to implement corrective actions and instead recommends that VHA accelerate the timeline to complete its corrective actions within one year.

The deputy assistant secretary for the Financial Management Business Transformation Service and acting executive director for the FSC concurred with the two recommendations that were addressed to him and provided corrective action plans that were responsive to the recommendations.

The OIG will monitor VA's progress in meeting the intent of our recommendations and will close the recommendations when it receives sufficient evidence that appropriate corrective actions have been taken. The full text of management comments appears in appendixes D and E.



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Abbreviations

FSC	Financial Services Center
OIG	Office of Inspector General
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network



Introduction

The VA Office of Inspector General (OIG) conducted this audit to determine whether Veterans Health Administration (VHA) medical facilities adequately managed time and attendance for their part-time physicians on adjustable work schedules to ensure the physicians' salary payments were accurate. VHA hires qualified part-time physicians when recruitment is difficult and work requirements do not support employment of full-time physicians. Part-time physicians play a major role in meeting VA's mission by providing medical care to VA patients, supervising patient care provided by residents, and conducting medical research on a regularly scheduled tour of duty of fewer than 80 hours in a biweekly pay period.¹⁰

During a review completed in 2018, the VA Office of Inspector General (OIG) reported that the Oklahoma VA Health Care System had not implemented required management controls over its part-time physicians on adjustable schedules.¹¹ The OIG identified approximately \$507,000 in improper payments due to the healthcare system not implementing management controls.¹² The OIG performed the present audit to determine whether the problems identified at the Oklahoma City VA Health Care System were occurring in other medical facilities across the nation—namely, whether responsible personnel at Veterans Health Administration (VHA) medical facilities adequately managed time and attendance for part-time physicians on adjustable work schedules to ensure their salary payments were accurate.

VHA medical facilities may place part-time physicians on adjustable work schedules if the doctors have varying VA or non-VA patient care, research, or educational responsibilities that make adherence to fixed hours and days difficult. Adjustable work schedules help minimize managers' administrative burden, eliminating the need to make frequent changes and communicate them to the physicians' timekeepers.¹³ VHA had 1,467 agreements with 500 or more hours for its physicians on adjustable work schedules that expired or were terminated in

¹⁰ VA Handbook 5011/12, *Hours of Duty and Leave*, January 12, 2007.

¹¹ VA OIG, *Review of Resident and Part-Time Physician Time and Attendance at Oklahoma City VA Health Care System*, Report No. 17-00253-93, March 28, 2018.

¹² Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111–204 (2010); Office of Management and Budget Circular A-123, app. C, June 26, 2018. The law states that an improper payment is “any payment that should not have been made or that was made in an incorrect amount . . . under statutory, contractual, administrative, or other legally applicable requirements.” The circular notes that improper payments include those that an agency cannot determine were proper due to insufficient documentation.

¹³ VA Handbook 5011/12.

calendar year 2019 (the most recent year for which a full accounting was available).¹⁴ VHA salary payments to these physicians totaled almost \$205 million during 2018 and 2019.

Each part-time physician on an adjustable work schedule signs an agreement called a memorandum of service-level expectations, documenting the estimated annual hours the physician will work. The agreements are based on anticipated VA patient care, other work requirements, and physician availability. Agreements include an anticipated level of commitment and estimate the amount of time a physician is expected to dedicate to administrative, educational, patient care, and research activities.¹⁵ However, VHA policy prohibits part-time physicians from working or being compensated for more than 1,820 hours during a year.¹⁶

According to VA policy, the agreement does not obligate VA to provide a physician with the level of employment included in the memorandum, nor does it obligate a physician to provide the expected level of service. The policy states that the agreement does not constitute an employment contract, and the physician may work more or less than the service hours in the agreement depending on the variability of the VA and non-VA needs the physician is responsible for addressing.¹⁷ The agreement contains the following directions:

If this memorandum expires or is terminated, the hours of service I have provided and salary and benefits I have received during the term of this memorandum will be compared. If I have provided service for which I have not been compensated, VHA will compensate me for such service in accordance with regulations issued by the Secretary or designee. If I have been compensated for hours of service I have not provided, I understand I am to refund such excess compensation to VHA.

Although the hours worked each biweekly pay period can fluctuate, the physicians are paid the same number of hours each pay period throughout the service year. For example, if a medical facility has a physician on an agreement for 1,300 estimated service hours over the year, it will process a time sheet for 50 hours of work each pay period (1,300 annual hours divided by 26 pay periods) in the time and attendance system to ensure that the physician is paid for 1,300 hours during the agreement service year. At the same time, the physician is required to record the actual hours worked each pay period in a subsidiary time sheet, which is also in the time and

¹⁴ Out of the sample of 134 agreements, the audit team identified five agreements that were out of the scope of the audit because the physicians on those agreements were not working on adjustable work schedules. As a result, the estimated number of agreements in scope was 1,400 instead of 1,467. The audit team eliminated agreements with fewer than 500 annual hours using a risk-based analysis. Projections and percentages do not total precisely due to rounding.

¹⁵ VA Handbook 5011/12.

¹⁶ VHA Directive 1035, *Oversight and Improvement of the Part-Time Physician Program*, November 29, 2013.

¹⁷ VA Handbook 5011/12.

attendance system. The physician's supervisor is responsible for certifying the subsidiary time sheet and ensuring that it accurately reflects attendance.¹⁸

Because the physician may work more or less than the agreement hours, a reconciliation is necessary after the agreement ends to ensure that the physician was paid the proper amount for his or her service during the period of the agreement. Accordingly, after each agreement expires or is terminated, medical facilities or VA Financial Services Center (FSC) payroll personnel are responsible for reconciling the amounts the physicians were paid against the amounts they should have been paid based on the attendance data recorded in the subsidiary time sheets.¹⁹ Medical facilities or FSC payroll personnel are also responsible for correcting any overpayments or underpayments identified after time sheet reconciliation by either initiating a collection to correct overpayments or sending out additional payments to correct underpayments.²⁰ To hold medical facilities or FSC payroll personnel, physicians, and their supervisors accountable for fulfilling these responsibilities so that physicians receive accurate salary payments, VHA medical facilities must have sound management controls in place.

¹⁸ VA Handbook 5011/12.

¹⁹ At the time of the OIG audit, the FSC had entered into agreements to perform reconciliations for 16 medical facilities. The FSC provides a wide range of accounting and financial services to both VA and other government agencies. It was responsible for reconciling 11 of the 134 sampled agreements.

²⁰ VA Handbook 5011/12; VHA Office of Finance, *Financial Management & Accounting Systems Alert, Part-Time Physicians Reconciliations*, vol. 2011, issue 4, February 28, 2011.

Results and Recommendations

Finding: VHA Incurred about \$16.6 Million in Questionable Payments to Part-Time Physicians on Adjustable Work Schedules

VHA medical facilities did not adequately manage time and attendance for part-time physicians on adjustable work schedules to ensure they were paid correctly. Personnel at medical facilities (or in some cases, at the FSC) did not complete required reconciliations of expired and terminated agreements, and initiate bills of collection or additional payments to correct salary overpayments and underpayments. The OIG estimated that medical facility and FSC payroll personnel did not properly reconcile and make necessary payment corrections for approximately 640 of 1,400 agreements (44 percent).²¹ This occurred because key management controls were not in place and working:

- Service chiefs and certifying officials did not ensure the physicians properly recorded their hours.
- Supervisory personnel at medical facilities and the FSC did not ensure payroll personnel reconciled agreements and corrected inaccurate salary payments.
- Chiefs of staff and service chiefs did not properly evaluate physicians' agreements to determine whether they needed to be modified or terminated and take appropriate corrective actions when physicians were working significantly more or less than their agreement hours.
- Officials at regional Veterans Integrated Service Networks (VISNs) did not provide effective oversight.

In general, the management controls were not in place and working because VISN directors did not ensure that their medical facilities complied with prescribed VA and VHA policies and procedures. Similarly, medical facility directors did not establish adequate oversight procedures to confirm that their facilities were complying.

As a result, the OIG estimated that VHA medical facilities incurred approximately \$8.3 million in questioned costs during calendar year 2019, consisting of approximately \$1 million in overpayments, \$3.4 million in underpayments, and \$3.9 million in unsupported payments and unpaid hours for physicians that worked above the 1,820 annual hour cap because the physicians' agreements were not properly reconciled.²² The OIG estimated that VHA incurred an

²¹ The audit scope and methodology and sampling methodology appear in appendixes A and B.

²² Office of Management and Budget Circular A-123, app. C, "Requirements for Payment Integrity Improvement," June 26, 2018. Appendix C explains each category of questioned costs.

additional \$8.3 million in questioned costs during calendar year 2020 because VHA medical facilities and VISNs had not taken steps to ensure management controls over the physicians' salary payments were in place and operating as intended. Moreover, VHA medical facilities may have violated the prohibition against voluntary services by not correcting underpayments or preventing physicians from working above the annual limit of 1,820 hours, potentially resulting in Antideficiency Act violations.²³

What the OIG Did

The audit team reviewed a statistical sample of 134 agreements that were expired, terminated, or reconciled in calendar year 2019. For each agreement, the team

- reviewed the subsidiary time sheets submitted by the physician and calculated whether the hours the physician worked were over, under, or on target with their agreement; and
- validated whether the VHA medical facility or FSC reconciled the agreement and took appropriate actions to correct any overpayment or underpayment.

The audit team also evaluated responses to questionnaires the OIG sent to physicians, service chiefs, time sheet-certifying officials, and chiefs of staff to determine whether critical internal controls were in place and operating effectively.

Service Chiefs and Certifying Officials Did Not Ensure Physicians Recorded Their Hours

Service chiefs and certifying officials did not take sufficient actions to ensure physicians recorded their hours worked and their leave taken in the time and attendance system. VA requires part-time physicians on adjustable work schedules to record their time and attendance daily.²⁴ As previously noted, part-time physicians record and validate their hours each pay period in subsidiary time sheets in the time and attendance system. VA also requires service chiefs (service line managers and other supervisors) to certify time and attendance records for their employees and ensure the records reflect actual performance.²⁵ Validated and certified subsidiary time sheets are required because payroll personnel need accurate data to determine how many hours the physicians should have been paid during the agreements' service years for reconciliation purposes. Based on incomplete time sheets identified in the sample review of agreements, the OIG estimated that about 330 of 1,400 agreements (22 percent) could not be reconciled when they expired or were terminated because physicians did not record all their time

²³ 31 U.S.C. § 1342. This provision generally provides that the government may not accept voluntary services.

²⁴ VA Handbook 5011/12.

²⁵ VA Handbook 5011/12.

in the time and attendance system. Example 1 illustrates the case of one such physician whose agreement was in the OIG's sample.

Example 1

An anesthesiologist at the VA San Diego Healthcare System signed an agreement specifying 1,300 annual hours of work from October 14, 2018, through October 12, 2019. When the OIG asked if the agreement had been reconciled, a program specialist from the Office of the Director at the VA San Diego Healthcare System replied that reconciling the agreement was not possible because of an incomplete subsidiary time sheet for the 18th pay period of calendar year 2019. The physician ultimately validated the time sheet, and the administrative officer certified it on July 29, 2020. The OIG determined that the physician was overpaid approximately \$11,000 because he worked 1,230 hours, which was 70 hours shy of the 1,300 hours he was paid for in accordance with his agreement.

In most cases, medical facilities were able to obtain the missing time and attendance data needed to reconcile the agreements after the audit team asked whether the sampled agreements had been reconciled. However, physicians and medical facilities were unable to provide the missing data for seven agreements as of October 2020 that therefore could not be reconciled during the audit. The OIG categorized these as questioned costs due to lack of documentation because the audit team could not determine whether the physicians worked more or less than their agreement hours. Example 2 describes a questioned cost due to a lack of supporting documentation that arose because the healthcare system was missing validated and certified time sheets for eight pay periods and could not determine whether the physician was over or under the agreement hours.

Example 2

A nephrology physician in the medical specialty care service at the Atlanta VA Health Care System had an agreement to work 1,820 hours from February 18, 2018, through February 17, 2019. The time and attendance system showed that eight of the 26 pay periods during that year lacked validated and certified time sheets. The physician was paid for 1,820 hours (70 hours for each of 26 pay periods) but recorded just 1,573.5 hours of certified work and leave. Therefore, 246.5 hours of pay (1,820 minus 1,573.5 hours) were unsupported by certified time sheets. Using the physician's hourly salary, the audit team calculated that the 246.5 hours of pay constituted an unsupported salary payment of approximately \$23,000 due to lack of documentation.

Supervisors Did Not Ensure Payroll Personnel Reconciled Agreements and Corrected Inaccurate Payments

Medical facilities or FSC payroll personnel either did not reconcile all salary payments made to part-time physicians on adjustable work schedules against work performed, or they completed the reconciliations but did not correct the inaccurate payments for approximately 640 of 1,400 agreements (44 percent), as required. Part-time physicians on adjustable work schedules sign agreements with their medical facilities based on anticipated VA patient care or other work requirements and physician availability. These agreements document the anticipated annual hours each part-time physician will work. The physicians are paid based on the anticipated annual hours in their agreements, but they can work more or less than their agreement hours to meet VHA's needs.²⁶ Consequently, medical facilities or FSC payroll personnel must reconcile each agreement to ensure the physicians' salary payments are accurate.

After each agreement expires or is terminated, medical facilities or FSC payroll personnel are responsible for reconciling salary and benefits paid to part-time physicians against the amount of work performed during the terms of the agreements and calculating any overpayments or underpayments. They are also responsible for correcting the inaccurate payments. In most cases, medical facilities or FSC payroll personnel simply did not reconcile the agreements. Example 3 provides details of a physician's unreconciled agreement, which resulted in an underpayment.

Example 3

An infectious disease physician in the medicine service at the Edward Hines Jr. VA Hospital in Hines, Illinois, had an agreement to work 520 hours from November 25, 2018, through November 23, 2019. The physician recorded 689.75 validated and certified hours in the time and attendance system during the year covered by the agreement. As a result, the hospital owed the physician approximately \$15,600 for 169.75 hours of work (689.75 minus 520). The payroll supervisor stated that the reconciliation was not completed because the physician had not submitted a time sheet for the pay period ending on December 8, 2018. However, the audit team determined that this time sheet was validated on December 6, 2018, and certified on December 7, 2018, which was 11 months before the physician's agreement expired. Thus, medical facility personnel should have reconciled the agreement when it expired.

In some cases, although medical facility or FSC payroll personnel reconciled the part-time physicians' agreements, they did not take actions to correct overpayments and underpayments

²⁶ VA Handbook 5011/12.

until after the OIG's inquiry. Example 4 provides an illustration of an underpayment that a medical facility did not resolve after it reconciled a physician's agreement.

Example 4

A surgeon at the Tennessee Valley Healthcare System had an agreement for 1,300 hours of work from March 17, 2018, through March 16, 2019. The physician recorded 1,444 hours in his time sheets in the time and attendance system during the period of the agreement. As a result, the Tennessee Valley Healthcare System owed the physician approximately \$20,300 for 144 hours of work (1,444 minus 1,300). Although payroll personnel reconciled the physician's agreement in April 2019, they did not pay the physician until July 2020 when prompted by the OIG's inquiry. According to the healthcare system, the payroll technician responsible for reconciling the agreement was new to the position, and the task slipped unnoticed.

The OIG determined that 30 of the 38 medical facilities from which the OIG's sample of agreements was drawn did not reconcile and correct inaccurate payments for one or more of the sampled agreements before the OIG's inquiry. Various medical facility and VISN officials provided the following explanations:

- Agreement reconciliations were not completed in 2019 due to staffing turnover but were resumed in March 2020 after discovery of inaction.
- The technician responsible for processing the reconciliation missed it due to being new to the position.
- Both human resources and fiscal employees have transferred to other positions. The reconciliations are part of a backlog that has grown because of the loss of these employees.
- Following the transition to the new VA Time and Attendance System in July 2018, an assignment to the proper employee for completing the reconciliations was not made.
- The missed reconciliation happened just after the facility switched to the new VA Time and Attendance System. With this change, human resources personnel were no longer able to access the files required to reconcile the records. This responsibility was shifted to payroll by the national office after human resources personnel were denied access.

VHA medical facility directors are responsible for establishing procedures for monitoring compliance with VHA and VA policy.²⁷ Accordingly, directors need to establish oversight

²⁷ VHA Directive 1035.

procedures that ensure timely reconciliation of agreements for part-time physicians on adjustable work schedules. To overcome staffing turnover, directors need to

- reassign reconciliations with due dates to appropriate personnel when employees originally responsible for the reconciliations leave before the agreements' expirations or terminations,
- adequately train new employees on the reconciliation procedures, and
- ensure supervisors monitor agreements to verify that all reconciliations and associated payment corrections are completed timely.

Chiefs of Staff and Service Chiefs Did Not Effectively Monitor Physicians' Work Hour Compliance with Agreements

VHA requires service chiefs (or individuals at a similar level, such as service line managers and other supervisors) to evaluate the need for the continuation or modification of adjustable work schedule agreements quarterly.²⁸ Service chiefs should take action when physicians consistently work significantly above or below the anticipated hours in the agreement. In addition, VHA requires medical facility chiefs of staff, in conjunction with the appropriate service chiefs, to review the use of all part-time physicians at least annually. For those on adjustable work schedules, annual reviews should address whether the adjustable schedules are still appropriate.²⁹

The OIG found that chiefs of staff and service chiefs did not effectively evaluate agreements to see whether they should be modified or take related corrective actions when appropriate.

Example 5 shows a physician continuing to work at a level significantly above the agreement hours for two consecutive agreement service years.

Example 5

A pulmonary physician at the VA Western New York Healthcare System in Buffalo had an agreement for 1,040 hours from February 18, 2018, through February 16, 2019. The physician recorded 1,552 hours of work in the time and attendance system, which was 512 hours over the agreement hours (1,552 minus 1,040). As a result, the medical facility owed the physician approximately \$53,500 for the 512 hours. Moreover, the physician was also almost 400 hours over for the following year's agreement.

Example 6 presents the case of a physician who worked significantly more than agreed upon for two consecutive years and over the annual limit of 1,820 hours as well.

²⁸ VHA Directive 1035; VA Handbook 5011/12.

²⁹ VHA Directive 1035.

Example 6

A surgeon at the Minneapolis VA Health Care System had an agreement for 1,664 hours from April 1, 2018, through March 30, 2019. The surgeon recorded 2,469.5 hours in the time and attendance system. Not only did this exceed the 1,820 hours pay limitation for an agreement, but the total significantly exceeded the annual number of hours (2,080) associated with a full-time employee.³⁰ Because VHA policy prohibits part-time physicians from working more than 1,820 hours in a year, the surgeon was not paid approximately \$96,100 for 649.5 hours (2,469.5 minus 1,820) that were above the 1,820 hour limit. In addition, the surgeon worked 2,278 hours during his next agreement, which was 458 hours (2,278 minus 1,820) over the limit.

In both cases, the issues identified during the audit team's analysis of the sampled agreements continued to exist during the service years associated with the physicians' subsequent agreements. Had the service chiefs and chiefs of staff conducted more effective evaluations, these issues, as well as the previously mentioned issue of missing time and attendance data needed to reconcile agreements, would have been addressed before the agreements ended. The OIG estimated there were 170 agreements that either had unsupported salary payments because of missing time and attendance data or exceeded the annual cap of 1,820 hours resulting in approximately \$3.9 million in questioned costs.

The OIG concluded the lack of effective oversight increases the likelihood that medical facilities will incur large overpayments and underpayments that can affect budgeting and staffing decisions. Accordingly, service chiefs need to conduct more effective quarterly reviews and bring these cases to the attention of their chiefs of staff and medical facility directors so corrective actions, such as adjusting the part-time physicians' duties or hiring additional physicians, can be taken. By conducting effective quarterly reviews, service chiefs can mitigate patterns of physicians working significantly above or below their agreement hours. They can keep part-time physicians informed of issues and take appropriate actions to ensure the overall appropriate number of hours are worked. Should conditions warrant, service chiefs should decrease or increase annual service-level expectations to meet changing patient and VA workload requirements.

Veterans Integrated Service Network Oversight Was Lacking

VA policy states that Veterans Integrated Service Network (VISN) directors are responsible for monitoring medical facility compliance with the requirements of the adjustable work hours

³⁰ VA Handbook 5011/12.

program.³¹ Each VISN oversees a network of VHA medical facilities within its geographic region.³² VISN directors are also responsible for recommending or taking disciplinary action against facility directors or others who fail to meet their responsibilities.³³ The audit team used a questionnaire to ask nine VISN directors to explain their oversight roles and responsibilities for the adjustable work hours program at their medical facilities. Responses from all nine VISNs indicated their roles were generally limited to ensuring their medical facilities submitted required quarterly reports documenting that their part-time physicians on adjustable work hours were performing the assigned VA duties. To satisfy the requirements of the quarterly reviews, VISN officials said medical facility officials can verify the physicians' presence using physical or electronic means. For example, officials may view the physicians at the worksite or check for patient chart entries corresponding to time periods under review.³⁴ None of the VISN directors reported any additional oversight procedures.

Some of the VISN responses also indicated that the role of the VISN in supporting the program was of a consultative nature. For example, VISN 6 officials wrote that medical facilities could raise concerns to the VISN chief financial officer and human resources officer and other VISN leaders to request assistance. Similarly, VISN 10 officials responded that the VISN provides consultative guidance to compliance officers in the field related to fact-finding for audits of part-time physicians and administrative boards of investigation. In contrast, VISN 17 officials stated that the VISN does not have a role in overseeing the program at all because it is a facility responsibility. Given the issues discussed in this audit report, the OIG concluded VISN oversight needs to be strengthened to ensure medical facilities are properly reconciling agreements for their part-time physicians on adjustable hours, correcting overpayments and underpayments, and making staffing decisions that use part-time physicians most effectively.

Effect of Inadequate Management

Because VHA medical centers did not have prescribed management controls in place and VISNs provided ineffective oversight, the OIG estimated that VHA medical facilities incurred approximately \$8.3 million in questioned costs during calendar year 2019, consisting of approximately \$1 million in overpayments, \$3.4 million in underpayments, and \$3.9 million in unsupported payments and unpaid hours for physicians that worked above the 1,820 annual hour cap because the physicians' agreements were not properly reconciled. The OIG estimated that VHA incurred an additional \$8.3 million in questioned costs during calendar year 2020 because VHA medical facilities and VISNs had not taken steps to ensure management controls over the

³¹ VHA Directive 1035; VA Handbook 5011/12.

³² VHA is divided into 18 VISNs, which are regional networks of VHA medical facilities working together to meet local healthcare needs and provide greater access to care.

³³ VA Handbook 5011/12.

³⁴ VHA Directive 1035.

physicians' salary payments were in place and operating as intended. The OIG also concluded that VHA medical facilities may have violated the prohibition against voluntary services by not correcting underpayments or preventing physicians from working above the annual limit of 1,820 hours, resulting in Antideficiency Act violations.

Conclusion

VHA needs to take actions to ensure VISNs and medical facilities have strong management controls over part-time physicians on adjustable work hours. Implementing these controls and holding part-time physicians and supervisory personnel accountable would eliminate approximately \$8.3 million in annual inaccurate payments to physicians while also helping medical facility leaders make better budgeting and staffing decisions.

Recommendations 1–9

The OIG made six recommendations to the under secretary for health to ensure medical facility directors do the following:

1. Ensure payroll personnel complete overdue reconciliations of part-time physicians on adjustable work schedule agreements and take any necessary actions to address overpayments and underpayments.
2. Establish oversight procedures to make certain that part-time physicians submit and validate their subsidiary time sheets and that supervisors promptly certify the time sheets.
3. Train newly assigned payroll personnel on agreement reconciliation procedures and develop follow-up procedures to prevent missed reconciliations because of staff turnover.
4. Implement procedures to confirm service chiefs conduct quarterly reviews of all adjustable work hour agreements that include identifying physicians with significant variances from the agreements or indicators that the cap on part-time hours is likely to be exceeded and taking corrective actions.
5. Document oversight procedures for monitoring and validating compliance with the requirements of the part-time physician on adjustable work schedules program.
6. Direct the program office, in coordination with the VA Office of General Counsel, to determine whether medical centers committed Antideficiency Act violations by not correcting underpayments and preventing physicians from working above the annual limit of 1,820 hours.

The OIG made one recommendation to the under secretary for health to ensure Veterans Integrated Service Network directors take the following action:

7. Establish oversight procedures for monitoring and validating their medical centers' compliance with the requirements of the part-time physician on adjustable work schedules program.

The OIG made two recommendations to the deputy assistant secretary for finance to ensure FSC payroll personnel do the following:

8. Complete overdue reconciliations of part-time physicians on adjustable work schedule agreements and take any necessary actions to address overpayments and underpayments.
9. Document oversight procedures for monitoring and validating that all reconciliations and payment corrections are completed when agreements expire or are terminated.

Management Comments

The acting under secretary for health, whose comments appear in appendix D, concurred, or concurred in principle, with all seven of the OIG's recommendations addressed to him and provided the following responses:

- Recommendation 1. The acting under secretary concurred in principle and reported that VHA's Office of Finance would coordinate with VISNs and medical centers to identify the number of overdue reconciliations and develop an action plan for completing the reconciliations.
- Recommendation 2. The acting under secretary concurred in principle and reported that the Offices of Workforce Management and Consulting, Operations, and Finance would review the current oversight procedures provided in VHA Directive 1035 to determine if they are effective as written.
- Recommendation 3. The acting under secretary concurred in principle and reported that VHA's Office of Finance would coordinate with VISNs and medical centers to identify newly assigned payroll personnel responsible for reconciling agreements and develop an action plan for completing overdue reconciliations.
- Recommendation 4. The acting under secretary concurred and stated that the Office of Integrity and Compliance, in coordination with relevant program offices, would assess the need to implement procedures confirming service chiefs conduct quarterly reviews of all adjustable work hour agreements that included identifying physicians with significant variances from their agreements or that were likely to exceed the cap on part-time hours.
- Recommendation 5. The acting under secretary concurred and reported that the Office of Integrity and Compliance, in coordination with relevant program offices, would document oversight procedures for monitoring and validating compliance

with the requirements of the part-time physician on adjustable work schedules program.

- Recommendation 6. The acting under secretary concurred and reported that VHA's Office of Finance would consult with the Office of General Counsel regarding potential Antideficiency Act concerns.
- Recommendation 7. The acting under secretary concurred in principle and reported that the Office of Workforce Management and Consulting, in collaboration with the Office of Operations and the Office of Finance, would review current oversight procedures provided in VHA Directive 1035 to determine if they are effective as written.

The deputy assistant secretary for the Financial Management Business Transformation Service and acting executive director for the FSC, whose comments appear in appendix E, concurred with the remaining two OIG recommendations. He provided the following responses:

- Recommendation 8. The deputy assistant secretary concurred and reported that the FSC would aggressively follow up with medical centers to obtain supporting documentation and complete overdue reconciliations and payment corrections.
- Recommendation 9. The deputy assistant secretary concurred and reported that the FSC would add escalation criteria to its standard operating procedures to ensure that reconciliations and payment corrections are completed timely.

OIG Response

The OIG offers the following response to the corrective action plans proposed by the acting under secretary for health:

- Recommendation 1. The OIG will close this recommendation when VHA provides evidence that the reconciliations have been completed.
- Recommendation 2. The acting under secretary indicated that VHA would review current oversight procedures to determine if they are effective as written, whereas this audit showed their ineffectiveness. Success of this corrective action depends on VHA implementing new oversight procedures to periodically validate that its medical centers are making sure part-time physicians are submitting and validating subsidiary time sheets before time sheet certification. The OIG will close this recommendation when VHA provides evidence that appropriate oversight procedures have been established.
- Recommendation 3. The acting under secretary did not indicate that VHA would ensure newly assigned payroll personnel receive training or implement procedures

to prevent future missed reconciliations due to staff turnover. The OIG will close recommendation 3 when VHA provides evidence that newly assigned payroll personnel have been trained on the reconciliation procedures and that procedures have been implemented to prevent missed reconciliations due to staff turnover.

- Recommendation 4. The acting under secretary responded that an assessment would be conducted to determine whether VHA needs to implement procedures to ensure service chiefs complete required quarterly reviews. Yet, during this audit the OIG identified several instances of physicians working significantly above or below their agreement hours and also identified several physicians working more than 1,820 hours during their service years. Therefore, establishing procedures to verify that service chiefs conduct appropriate quarterly reviews is critical. Accordingly, the OIG will close this recommendation when VHA provides evidence that it has implemented procedures to periodically make sure the reviews are being conducted.
- Recommendation 5. The OIG will close this recommendation when VHA provides evidence that the oversight procedures for monitoring and validating compliance with the requirements of the part-time physician on adjustable work schedules program have been documented.
- Recommendation 6. The OIG will close this recommendation when VHA provides evidence of the Office of General Counsel's determination about whether medical centers committed Antideficiency Act violations by not correcting underpayments and preventing physicians from working above the annual limit of 1,820 hours for a part-time physician.
- Recommendation 7. The acting under secretary indicated that VHA would review current oversight procedures provided in VHA Directive 1035 to determine if they are effective as written. However, written oversight procedures are ineffective if they are not in place and working at the medical center level, as the OIG found during this project. The intent of this recommendation was to implement oversight procedures above the medical center level to ensure medical centers comply with the requirements of the part-time physician on adjustable work schedules program. The OIG will close recommendation 7 when VHA provides evidence that appropriate oversight procedures have been established and implemented.

The OIG has concerns with the acting under secretary's target date of June 2023 for recommendations 4 and 5. The date allows VHA nearly two years to implement corrective actions. The OIG instead recommends VHA complete its corrective actions in one year.

As for the corrective action plans of the deputy assistant secretary for the Financial Management Business Transformation Service and acting executive director for the FSC, the OIG finds them acceptable. The OIG will close recommendation 8 when the FSC provides evidence that overdue

reconciliations and payment corrections have been completed. The OIG will close recommendation 9 when the FSC provides evidence that escalation criteria have been added to standard operating procedures to ensure that reconciliations and payment corrections are completed timely.

Appendix A: Scope and Methodology

Scope

The audit team conducted its work from March 2020 through April 2021. The audit universe was 1,467 agreements for part-time physicians on adjustable work schedules with 500 or more annual hours that expired or were terminated in calendar year 2019. In coordination with VA OIG statisticians, the audit team reviewed a statistical sample of 134 agreements to determine whether payroll staff reconciled the agreements and took appropriate actions to correct overpayments or underpayments.³⁵ The OIG conducted an on-site review at the Richard L. Roudebush VA Medical Center in Indianapolis, Indiana.

Methodology

The audit team reviewed applicable federal laws, regulations, and VA and VHA policies and procedures related to the management of time and attendance for part-time physicians on adjustable work schedules. The audit team completed a detailed analysis of data maintained in the time and attendance system for each statistically sampled physician agreement to see if physicians worked more or less than their agreement hours.

The audit team used questionnaires to determine whether payroll personnel at each medical facility reconciled the sampled agreements and took appropriate actions to correct payment issues. The audit team also sent questionnaires to chiefs of staff, service chiefs, time sheet-certifying officials, and part-time physicians to determine whether key internal controls were in place and operating at the medical facilities.

Fraud Assessment

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators and by taking actions such as the following:

- Reviewing prior part-time physician time and attendance audit and review reports
- Conducting a fraud assessment to identify fraud risks significant to the audit objective
- Examining relevant management controls over the part-time physician on adjustable work schedules program and their impact on mitigating fraud and abuse

³⁵ Of the sample of 134 agreements, the audit team identified five agreements that were out of the scope of the audit because the physicians on those agreements were not working on adjustable work schedules. As a result, the estimated number of agreements within scope was 1,400 instead of 1,467.

The OIG did not identify any instances of fraud or potential fraud during this audit.

Data Reliability

To achieve the audit's objective, the OIG relied on computer-processed data contained in the VA Time and Attendance System and reconciliation spreadsheets prepared by medical facility payroll personnel. The audit team compared select information maintained in the time and attendance system to hard copies of the agreements for each part-time physician on an adjustable work schedule in the audit sample. The team confirmed whether the time recorded in the system was validated by the physician in subsidiary time sheets and certified by an approving official for each pay period in the agreement's period of performance. The team completed its own reconciliations of the hours the physicians worked to the hours they were paid to validate the accuracy of the medical facilities' reconciliations. The team also obtained Notifications of Personnel Actions (Standard Form 50) for each sampled physician and verified that physicians' salaries used in the reconciliation spreadsheets to calculate overpayments and underpayments were consistent with their salaries on the forms.

The OIG Data Services Division obtained computer-processed data from the Personnel and Accounting Integrated Data System history extract to obtain 2018 and 2019 salary payments made to the physicians with agreements in the OIG sample. The team tested the accuracy of the payments for a select number of physicians using the salary information contained in the Notifications of Personnel Actions. The OIG concluded that the data were appropriate and sufficient for the purposes of the audit.

Government Standards

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on audit objectives. The OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Appendix B: Statistical Sampling Methodology

Approach

To accomplish its objective, the audit team reviewed a statistical sample of agreements for part-time physicians on adjustable work schedules that were expired, terminated, or reconciled in calendar year 2019 to determine if VHA medical facilities made accurate salary payments to the physicians.

Population

To determine the population, the OIG identified all the agreements for part-time physicians on adjustable work schedules with 500 or more annual hours in the time and attendance system that expired or were terminated in calendar year 2019. The audit population was 1,467 agreements.

Sampling Design

The OIG selected a statistical sample of 134 agreements from the population of agreements that were expired, terminated, or reconciled in calendar year 2019 using a stratified random sampling approach. The sample was based on agreements for part-time physicians on adjustable work schedules broken down by status (expired, reconciled, or terminated), expected work hours, and the proportion of the overall universe (high or low volume). The sample contained 12 strata:

- Stratum 1—expired agreements with annual expected work hours less than or equal to 1,040 hours from medical facilities that accounted for a low proportion of the volume of the overall universe³⁶
- Stratum 2—reconciled agreements with annual expected work hours less than or equal to 1,040 hours from medical facilities that accounted for a low proportion of the volume of the overall universe
- Stratum 3—terminated agreements with annual expected work hours less than or equal to 1,040 hours from medical facilities that accounted for a low proportion of the volume of the overall universe
- Stratum 4—expired agreements with annual expected work hours greater than 1,040 hours from medical facilities that accounted for a low proportion of the volume of the overall universe

³⁶ The audit team, in coordination with the OIG statistician, chose 1,040 hours as a factor because it represented half of a full-time employee's annual hours.

- Stratum 5—reconciled agreements with annual expected work hours greater than 1,040 hours from medical facilities that accounted for a low proportion of the volume of the overall universe
- Stratum 6—terminated agreements with annual expected work hours greater than 1,040 hours from medical facilities that accounted for a low proportion of the volume of the overall universe
- Stratum 7—expired agreements with annual expected work hours less than or equal to 1,040 hours from medical facilities that accounted for a high proportion of the volume of the overall universe
- Stratum 8—reconciled agreements with annual expected work hours less than or equal to 1,040 hours from medical facilities that accounted for a high proportion of the volume of the overall universe
- Stratum 9—terminated agreements with annual expected work hours less than or equal to 1,040 hours from medical facilities that accounted for a high proportion of the volume of the overall universe
- Stratum 10—expired agreements with annual expected work hours greater than 1,040 hours from medical facilities that accounted for a high proportion of the volume of the overall universe
- Stratum 11—reconciled agreements with annual expected work hours greater than 1,040 hours from medical facilities that accounted for a high proportion of the volume of the overall universe
- Stratum 12—terminated agreements with annual expected work hours greater than 1,040 hours from medical facilities that accounted for a high proportion of the volume of the overall universe

The overall sample size was determined based on the need for statistical precision. The OIG used a 90 percent confidence level and a simple random sample within each stratum to compute expected margins of error for each sample estimate.

Weights

The OIG statistician calculated estimates in this report using weighted sample data. Samples were weighted to represent the population from which they were drawn. The OIG statistician used the weights to compute estimates. For example, the OIG statistician calculated the error rate point estimates by summing the sampling weights for all sample records that contained the error, then dividing that value by the sum of the weights for all sample records.

Projections and Margins of Error

The point estimate (e.g., estimated error) is an estimate of the population parameter obtained by sampling. The margin of error and confidence interval associated with each point estimate is a measure of the precision of the point estimate that accounts for the sampling methodology used. If the OIG repeated this audit with multiple samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate the weighted population estimates and associated sampling errors. This software uses replication or Taylor series approximation methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement does not significantly change as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.

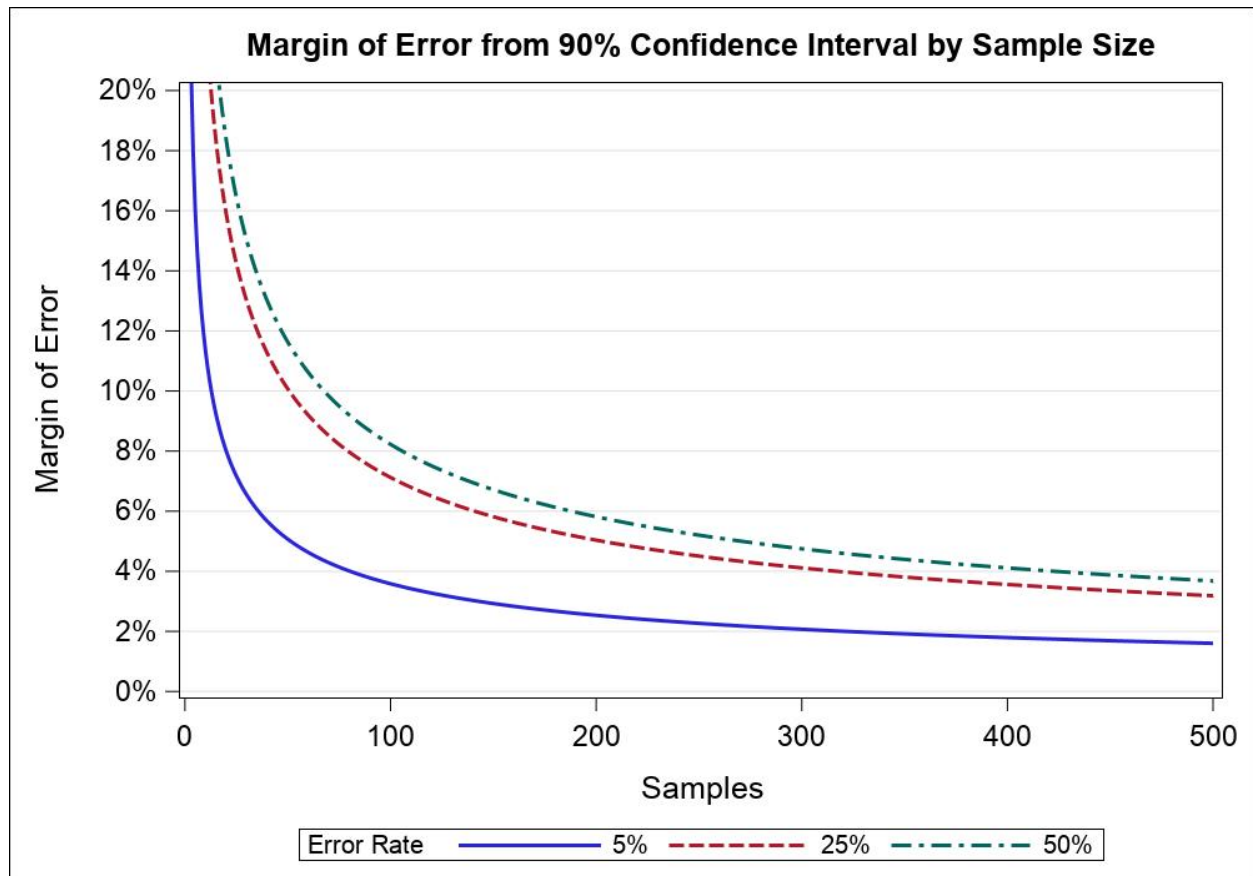


Figure B.1. Effect of sample size on margin of error.

Source: VA OIG statistician's analysis.

Projections

Table B.1 shows the projections of how many adjustable work schedule agreements for part-time physicians were missing reconciliations or were inadequately reconciled and how many overpayments and underpayments were incurred by medical centers as a result of the inadequate reconciliations.³⁷ It also shows how many agreements could not be reconciled in a timely manner because of missing subsidiary time sheets, the number of agreements with unsupported salary payments due to missing subsidiary time sheets, and the number of physicians that worked more than the annual limit of 1,820 hours.

Table B.1. Statistical Projections—Adjustable Work Schedule Payment Issues

Result	Projection	Margin of error based on 90 percent confidence interval	90 percent confidence interval lower limit	90 percent confidence interval upper limit	Occurrences in sample
Missing, incorrect, or incomplete reconciliations	636 (44)	102 (7)	534 (37)	738 (51)	58
Overpayments	134 (9)	62 (4)	72 (5)	196 (14)	13
Underpayments	378 (26)	91 (6)	288 (20)	469 (32)	33
Agreements with missing subsidiary time sheets	326 (22)	85 (6)	241 (17)	411 (28)	29
Agreements with unsupported salary payments and agreements that exceeded the 1,820-hour limit	171 (12)	67 (5)	104 (7)	239 (16)	16

Source: VA OIG statistician’s projection of payment issues based on audit team sample data analysis.

Note: The number in parentheses denotes the percentage estimates that correspond with the count estimates.

³⁷ The OIG team considered reconciliations incomplete when medical centers did not take actions to address overpayments and underpayments.

Table B.2 shows the projections for questionable payments resulting from the inadequately reconciled agreements.

Table B.2. Statistical Projections—Questionable Payments

Result	Projection (\$)	Margin of error based on 90 percent confidence interval (\$)	90 percent confidence interval lower limit (\$)	90 percent confidence interval upper limit (\$)	Occurrences in sample
Total questioned costs	8,285,157	2,936,169	5,348,988	11,221,326	62
Uncorrected overpayment amount	1,019,747	572,177	447,569	1,591,924	13
Uncorrected underpayment amount	3,365,010	1,448,759	1,916,252	4,813,769	33
Unsupported salary payment and unpaid work amount	3,900,400	2,608,226	1,292,174	6,508,626	16

Source: VA OIG statistician's projection of payment issues based on audit team sample data analysis.

Appendix C: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendations	Explanation of Benefits	Better Use of Funds	Questioned Costs
1-9	Value of salary overpayments from January 1, 2019, through December 31, 2019.	\$0	\$1 million
1-9	Value of salary underpayments from January 1, 2019, through December 31, 2019.	\$0	\$3.4 million
1-9	Value of unsupported salary payments and unpaid hours from January 1, 2019, through December 31, 2019.	\$0	\$3.9 million
1-9	Value of inaccurate salary payments and unpaid hours from January 1 through December 31, 2020.	\$0	\$8.3 million
	Total	\$0	\$16.6 million

Notes: The top estimate of \$1 million in questioned costs is related to overpayments made to physicians as a result of medical facilities or FSC payroll personnel not properly reconciling agreements and collecting overpayments for part-time physicians on adjustable work schedules.

The \$3.4 million questioned costs estimate corresponds to underpayments made to physicians as a result of medical facilities or FSC payroll personnel not properly reconciling agreements and initiating payments for part-time physicians on adjustable work schedules.

The \$3.9 million in questioned costs is an estimate of the unsupported salary payments that occurred because part-time physicians did not submit required subsidiary time sheets and the unpaid salary amount for hours physicians worked above the annual cap of 1,820 hours.

The bottom estimate of \$8.3 million is the additional questioned costs VHA medical facilities incurred during calendar year 2020 because they did not take steps to ensure management controls were in place and operating as intended. Appendix B provides details on the statistical sampling methodology, projections, and margins of error for the audit.

Appendix D: Management Comments, Under Secretary for Health

Department of Veterans Affairs Memorandum

Date: May 20, 2021

From: Acting Under Secretary for Health (10)

Subj: OIG Draft Report, VHA Made Inaccurate Payments to Part-Time Physicians on Adjustable Work Schedules (OIG 2020-01646-R6-0001) (VIEWS 05124891)

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

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) draft report on management of part-time physicians caring for Veterans in the Veterans Health Administration (VHA). Part-time physicians on adjustable work schedules bring high quality medical care to Veterans. Many part-time physicians are affiliated with academic medical institutions, perform research, serve as leaders, or supplement VHA's workforce needs during extended hours either early or late into the day. VHA values its part-time physician workforce and aims to ensure these important employees are appropriately compensated.

VHA concurs or concurs in principle with the seven recommendations made to the Under Secretary for Health. VHA's action plans are attached to this memorandum.

The OIG removed point of contact information prior to publication.

(Original signed by)

Richard A. Stone, M.D.

Attachment

Date of Draft Report: April 13, 2021

The OIG recommends the Under Secretary for Health ensure medical facility directors:

Recommendation 1. Ensure payroll personnel complete overdue reconciliations of part-time physicians on adjustable work schedule agreements and take any necessary actions to address overpayments and underpayments.

VHA Comments: Concur in Principle

The Veterans Health Administration Office of Finance will coordinate with the Veterans Integrated Service Networks and medical centers to identify the number of overdue reconciliations of part-time physicians and will coordinate an action plan to complete the overdue reconciliations.

Status: In progress Target Completion Date: January 2022

Recommendation 2. Establish oversight procedures to make certain that part-time physicians submit and validate their subsidiary time sheets and that supervisors promptly certify the time sheets.

VHA Comments: Concur in Principle

The Veterans Health Administration Office of Workforce Management and Consulting, in collaboration with the Office of Operations and Office of Finance, will review the current oversight procedures provided in VHA Directive 1035 to determine if they are effective as written.

Status: In progress Target Completion Date: April 2022

Recommendation 3. Train newly assigned payroll personnel on agreement reconciliation procedures and develop follow-up procedures to prevent missed reconciliations because of staff turnover.

VHA Comments: Concur in Principle

The Veterans Health Administration Office of Finance will coordinate with the Veterans Integrated Service Networks and medical centers to identify the number of newly assigned payroll personnel regarding reconciliations of part-time physicians and will coordinate an action plan to complete the overdue reconciliations.

Status: In progress Target Completion Date: January 2022

Recommendation 4. Implement procedures to confirm service chiefs conduct quarterly reviews of all adjustable work hour agreements that include identifying physicians with significant variances from the agreements or indicators that the cap on part-time hours is likely to be exceeded and taking corrective actions.

VHA Comments: Concur

The Veterans Health Administration Office of Integrity and Compliance, in coordination with relevant program offices, will identify existing processes and programmatic responsibility and assess the need to implement procedures confirming service chiefs conduct quarterly reviews of all adjustable work hour agreements that include identifying physicians with significant variances from the agreements or indicators that the cap on part-time hours is likely to be exceeded and take corrective actions.

Status: In progress Target Completion Date: June 2023

Recommendation 5. Document oversight procedures for monitoring and validating compliance with the requirements of the part-time physician on adjustable work schedules program.

VHA Comments: Concur

The Veterans Health Administration Office of Integrity and Compliance, in coordination with relevant program offices, will identify existing processes and programmatic responsibility to document oversight procedures for monitoring and validating compliance with the requirements of the part-time physician on adjustable work schedules program.

Status: In progress Target Completion Date: June 2023

Recommendation 6. Direct the program office, in coordination with the VA Office of General Counsel, to determine whether medical centers committed Antideficiency Act violations by not correcting underpayments and preventing physicians from working above the annual limit of 1,820 hours.

VHA Comments: Concur

The Veterans Health Administration Office of Finance will coordinate with the Veterans Integrated Service Networks and medical centers to identify the number of newly assigned payroll personnel regarding reconciliations of part-time physicians and will coordinate an action plan to complete the overdue reconciliations. The VHA Office of Finance will also consult with the Office of General Council regarding potential Antideficiency Act concerns.

Status: In progress Target Completion Date: September 2021

Recommendation 7. OIG recommends the Under Secretary for Health ensure Veterans Integrated Service Network directors establish oversight procedures for monitoring and validating their medical centers' compliance with the requirements of the part-time physician on adjustable work schedules program.

VHA Comments: Concur in Principle

The Veterans Health Administration Office of Workforce Management and Consulting, in collaboration with the Office of Operations and Office of Finance, will review the current oversight procedures provided in VHA Directive 1035 to determine if they are effective as written.

Status: In progress Target Completion Date: July 2021

The OIG made two recommendations to the Deputy Assistant Secretary for Finance to ensure Financial Services Center payroll personnel conduct the following:

Recommendation 8. Complete overdue reconciliations of part-time physicians on adjustable work schedule agreements and take any necessary actions to address overpayments and underpayments.

This recommendation will be responded to by the Deputy Assistant Secretary for Finance.

Recommendation 9. Document oversight procedures for monitoring and validating that all reconciliations and payment corrections are completed when agreements expire or are terminated.

This recommendation will be responded to by the Deputy Assistant Secretary for Finance.

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

**Appendix E: Management Comments,
Deputy Assistant Secretary, Financial Management
Business Transformation Service,
Acting Executive Director, Financial Services Center**

Date: May 4, 2021

From: Deputy Assistant Secretary, Financial Management Business Transformation Service and Acting Executive Director, Financial Services Center

Subj: Draft Report: Inaccurate Payments to Part-Time Physicians on Adjustable Work Schedules OIG 2020-01646-R6-001

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

Please see attached for the Financial Services Center's (FSC) response for the Draft Report: Inaccurate Payments to Part-Time Physicians on Adjustable Work Schedules for stations serviced by the FSC.

Thank you for the opportunity to review the report and provide feedback on actions we are taking to address your finding and ensure continuous performance improvement in this area.

The OIG removed point of contact information prior to publication.

Terry Riffel

Comments to OIG's Report

The following comments are submitted in response to the recommendations in the OIG report on Inaccurate Payments to Part-Time Physicians on Adjustable Work Schedules:

OIG Recommendations

The OIG made a total of nine recommendations. Seven recommendations are directed to the Veterans Health Administration (VHA) and two recommendations are directed to the Financial Services Center (FSC).

Recommendations 1-7: These recommendations will be addressed by VHA.

Recommendation 8: Complete overdue reconciliations of part-time physicians on adjustable work schedule agreements and take any necessary actions to address overpayments and underpayments.

FSC Comments: Concur

FSC will aggressively follow-up with physicians' home-station staff to obtain supporting documentation and complete overdue reconciliations and payment corrections.

Status: In Progress Target Completion Date: July 2021

Recommendation 9: Document oversight procedures for monitoring and validating that all reconciliations and payment corrections are completed when agreements expire or are terminated.

FSC Comments: Concur

FSC will enhance its existing oversight procedures by adding escalation criteria to our Standard Operating Procedures to ensure reconciliations and payment corrections are completed timely when agreements expire or are terminated.

Status: In Progress Target Completion Date: July 2021

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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