US DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Independent Audit Report on a Transportation Company's Billing Practices Under a VA Healthcare System Contract

Audit	22-02369-48	April 8, 2025

BE A
VOICE FOR VETERANS
REPORT WRONGDOING
vaoig.gov/hotline | 800.488.8244

OUR MISSION

To serve veterans and the public by conducting meaningful independent oversight of the Department of Veterans Affairs.

CONNECT WITH US

Subscribe to receive updates on reports, press releases, congressional testimony, and more. Follow us at @VetAffairsOIG.

PRIVACY NOTICE

In addition to general privacy laws that govern release of medical information, disclosure of certain veteran health or other private information may be prohibited by various federal statutes including, but not limited to, 38 U.S.C. §§ 5701, 5705, and 7332, absent an exemption or other specified circumstances. As mandated by law, the OIG adheres to privacy and confidentiality laws and regulations protecting veteran health or other private information in this report.

February 24, 2025

MEMORANDUM

TO:	Director of Contracting Network Contracting Office Veterans Health Administration
FROM:	Larry Reinkemeyer Assistant Inspector General for Audits and Evaluations VA Office of Inspector General
SUBJECT:	Independent Audit Report on a Transportation Company's Billing Practices Under a VA Healthcare System Contract

VA contracted with a transportation company to provide eligible veterans with wheelchair van and other nonemergency transportation services to and from medical appointments within a certain VA healthcare system.[1] The contractor invoiced VA about $11.17 million between January 1, 2019, and December 31, 2021, under this contract. A network contracting office director expressed concerns about the service provider's potential overbillings and asked the VA Office of Inspector General (OIG) to conduct an audit.

The OIG team's objectives were to determine whether the veteran-owned company billed in compliance with the terms and conditions of the contract, in all material respects, and to calculate any potential overbillings. The OIG found the company may not have complied with contract terms related to billing for veteran transportation, resulting in an estimated $1.81 million in potential overbillings between January 1, 2019, and December 31, 2021. Of this amount, $1.34 million was related to (1) the company's methodology for billing remote trips with multiple stops as though each drop-off was a separate trip and (2) unclear contract terms.[2] The OIG also found the company used mileage estimates instead of miles traveled and may have misclassified trips, with those errors resulting in potentially overbilling VA by an additional $470,537. According to the contractor, VA did not object or instruct the company to bill

[1] The transportation company is referred to as "the company" or "the contractor" throughout the report.

[2] A remote trip is one in which the veteran pickup and drop-off addresses are outside the mileage range specified in the contract. A trip with multiple stops means the same van takes the veteran from one drop-off address to another as one consecutive trip. The contract is not clear whether a flat rate applies to each drop-off or one time for a multiple-stop (multileg) trip.

differently.[3] However, VA issued a contract modification in April 2022 that specified how to calculate billable amounts for remote trips with multiple stops.

Scope and Methodology

As stated, the OIG team reviewed billing data under the contract from January 1, 2019, through December 31, 2021, against the contract billing terms.[4] The team then calculated the billable amounts for the trips to estimate the dollar impact of any possible contract misinterpretations by the company. The team also reviewed a judgmental selection of trips invoiced from April 2022 through January 2023 to determine whether the company complied with the terms of the contract modification.

The OIG team conducted its examination in accordance with generally accepted government auditing standards for attestation engagements and assertion-based attestation standards established by the American Institute of Certified Public Accountants.[5] The standards require that the OIG team plan and perform the examination to obtain reasonable assurance about whether the company's assertion that it complied with the terms and conditions of the contract was fairly stated in all material respects. Appendix A provides additional information.

Results and Recommendation

In accordance with professional standards, the OIG team's responsibility is to express an opinion on the company's assertion that it complied with the contract terms and conditions for billing based on the audit. The team believes the evidence obtained is sufficient and appropriate to provide a reasonable basis for the team's qualified opinion. In the team's opinion, except for the potential noncompliance resulting in the effects of the overbillings as described below, the company's assertion that it billed in accordance with the terms and conditions of the contract is fairly stated in all material respects. Although misstatements were material, they were not pervasive because they were limited to only a portion of the trips that were invoiced under the contract.[6]

---

[3] While VA's oversight of invoice approvals is outside the scope of this audit, the OIG substantiated that wheelchair transportation service contract invoices with at least one other company were not verified before approval. VA OIG, *Alleged Mismanagement of Contracts for Wheelchair-Accessible Transportation Services by the Health Administration Service at the Dallas VAMC in Texas*, Report No. 23-03128–213, September 25, 2024.

[4] The OIG team limited its data review to the three years of complete invoices (January 1, 2019, through December 31, 2021), as this was sufficient coverage of trips invoiced during the applicable performance period.

[5] The standards identify three types of attestation engagements: examinations, reviews, and agreed-upon procedures engagements. This report is based on the results of an examination—a type of audit referred to as simply an "audit" in this report. This audit included conducting tests and other auditing procedures necessary to accomplish the objectives.

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

The OIG found about $1.81 million in potential overbillings. This amount made up over 16 percent of the $11.17 million invoiced between January 1, 2019, and December 31, 2021. The company's calculations for remote trips with multiple stops treated each stop as a completely new trip, leading to an estimated $1.34 million in excess mileage and base rate fees.[7] These potential overbillings were a result of the company using a billing methodology that may not have been consistent with contract terms. As to the additional amount of $470,537, the OIG team identified potential overstatements due to the use of estimated versus actual mileage of $227,116 and overbillings related to misclassifying trips, resulting in potential overbillings of $243,421. As noted, the interpretation of contract terms is a matter for VA and the contractor to resolve.

Based on the review of the judgmental selection of invoices submitted after the April 2022 contract modification, the OIG determined the company's billing methodology complied with the modification. Based on a review of selected invoices from April 2022 through January 2023, the team found that the company began identifying and calculating remote trips with multiple stops in accordance with the contract modification. In July 2023, VA modified the contract again, setting a flat fee for each pickup and drop-off, which removed the prior contract requirements to calculate billings by trip.[8]

The company was responsible for following contract terms and ensuring the distance traveled resulted in the most economical charge to the government. Because the potential overbillings discussed were due to the company's billing methodologies and unclear contract terms, the OIG recommended that the network contracting office director confer with the Office of General Counsel on whether any funds could or should be recouped.[9]

Management Comments and OIG Response

The OIG provided the VA network contracting office director with a draft of this report for review and comment. The director concurred with the OIG's finding and recommendation and provided a responsive action plan to address the recommendation. The OIG will monitor the implementation of the recommendation until the proposed action is completed. Appendix C contains the director's full comments.

The OIG provided its results to the contractor and obtained its views on the finding and conclusion. The contractor requested some information be omitted from the report and provided comments for the team's consideration, including documentation to support the claim that VA accepted the billing methodologies applied prior to the contract modifications. To address the

[7] For remote trips, a contract-specified base rate should be charged per trip along with a contract-specified rate-per-mile driven beyond the threshold.

[8] The team did not evaluate billings after the issuance of this modification, as they were outside the scope of this audit.

[9] Appendix B presents monetary benefits associated with recouping some or all identified potential overbillings.

contractor's concerns about protecting its proprietary and confidential information, the team agreed to remove certain details from the report prior to publication. The team also reviewed the documentation provided by the contractor; however, the information did not substantiate that VA explicitly agreed to the contractor's billing methodologies, nor did it impact the report discussions or finding.

LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

Contents

Introduction

A network contracting office director asked the VA Office of Inspector General (OIG) to conduct an audit of a contract for nonemergency medical transportation services. The director had identified, through internal audits, potential overbillings under the contract held by a transportation services company.[10] The contractor invoiced VA for about $11.17 million between January 1, 2019, and December 31, 2021.

To address the director's request, the OIG team conducted an assertion-based attestation examination. This work involved obtaining evidence related to the contractor's assertion that it had complied with the billing terms and conditions of its contract. The nature, timing, and extent of the procedures selected depend on the auditors' judgment, including an assessment of the risks of material misstatement of the assertion, whether due to fraud or error.

Objectives and Responsibilities

The VA OIG's objectives were to perform an examination of the company's invoices to determine whether the contractor's billing practices complied with the contract terms and conditions, in all material respects, and to calculate any potential overbillings.

The company's management was responsible for complying with the contract's terms and conditions, including the performance work statement. The company's management was also responsible for the design, implementation, and maintenance of internal controls to prevent, or detect and correct, misstatements of invoices due to fraud or error.

The OIG team is responsible for conducting an examination in accordance with generally accepted government auditing standards for assertion-based attestation engagements and assertion-based attestation standards established by the American Institute of Certified Public Accountants, as well as for expressing an opinion on the company's assertion of adherence to the billing terms and conditions of the contract.

Background

The contracted transportation company is a small business owned by a service-disabled veteran that provides nonemergency medical transportation services for eligible veteran beneficiaries who need assistance getting to medical appointments within a certain VA healthcare system.

[10] The transportation company is referred to as "the company" or "the contractor" throughout the report.

VA awarded the contract to the company in 2018 for one base year and four one-year option periods.[11] This contract provided transportation services for veterans to attend medical appointments within the specific area covered by the agreement.[12]

Two VA personnel were primarily responsible for monitoring the services provided under the contract:

- The network contracting office's contracting officer had overall responsibility for administration and was the only one with authority to make changes that would affect prices, quantities, or delivery terms and conditions.
- The contracting officer's representative assisted the contracting officer by certifying invoices for payment and placing orders for service.

Trip Basics

The contract describes two types of trips: "one-way, loaded" and "no-load." A trip is considered "loaded" when a veteran is loaded into the van and transported; a "no-load" trip, by contrast, means a veteran is not transported because the ride is canceled through no fault of the contractor. For both types of trips, a base rate of $65 should be charged per trip, and a mileage rate of $2.70 per mile also may be charged depending on the type of trip.

The contract does not define "a trip" but describes remote trips with multiple drop-off points, which are referred to in this report as "Remote, Multileg Trips," as discussed in the section that follows. For this report, each van stop at a new veteran drop-off point is referred to as a "leg."[13] Figure 1 shows a one-way, loaded trip with one leg. An empty van is dispatched from one of two VA facilities (point A) and driven to the pickup point, such as a veteran's home (point B).[14] The veteran is then loaded into the van and taken to the medical appointment (point C). The travel between the three points, taken together, constitutes one leg, as shown in figure 1.

[11] The contract was extended through March 2024 and the company was not selected as the new awardee for the contract-specified area.

[12] The company has held multiple contracts for various VA healthcare systems for similar transportation services; these were outside the audit scope.

[13] The contract does not have a term for each instance of a pickup and drop-off (expressed as one row of data), so the OIG team used the term "leg" to define each consecutive pickup and drop-off in a trip.

[14] Throughout the report, the facilities used as the mileage threshold locations are referred to as "VA facilities." The radius around each one is used to establish the billable mileage of a trip.

Figure 1. *One-way trip with one leg (one drop-off point).*
Source: OIG review of contract and contract modifications.

A one-way, loaded trip can be categorized as standard or remote. A standard trip occurs when the pickup or drop-off address is within a 20-mile radius of either VA facility, known as the mileage threshold.[15] If the pickup and drop-off points of a trip are both more than 20 miles from either VA facility, the trip is considered remote.

A mileage rate for each mile traveled beyond the mileage threshold is applied to both standard and remote trips. Mileage rates for loaded trips are limited to the distance the van transports the veteran (between the pickup and drop-off points) unless the trip is considered remote, in which case mileage is calculated beginning at the mileage threshold.[16] If both the pickup and the drop-off are within 20 miles of either facility, only the base rate is applied for the standard trip flat fee.

Remote, Multileg Trips

One contract clause included an example of how the mileage should be billed for remote trips with more than one leg—such as when a veteran is transported both to and from an appointment.[17] According to this clause, when a trip is remote and has multiple legs, the contractor should be compensated for mileage incurred from the VA facility to the pickup location and from there to the first drop-off location (together considered the first leg), as well as for wait time and mileage back to the final drop-off point (often the same address as the first pickup location). As with all other trips, the clause does not include mileage from the final drop-off back to the VA facility. Moreover, other contract clauses indicate any miles driven within the mileage threshold should be excluded from invoices. For instance, one clause notes that in no event shall the contractor receive reimbursement for any mileage inside the 20-mile radius. Mileage charges are only applicable outside the 20-mile radius.

[15] The term "standard" is used in this report to describe this trip type but is not a term used in the contract.
[16] Mileage rate payments for miles traveled beyond the threshold are also applied to no-load trips.
[17] This is referred to as the "remote, multileg clause" throughout the report.

Reasonable Mileage and Wait Time

For determining reasonable mileage, the contract instructs VA to use the "Quickest Route" estimates in Google Maps or Bing, allowing for a 5 percent variance. Mileage for "out of town runs" (remote trips) is computed beginning or ending at the 20-mile threshold. According to the contract, the contractor is responsible for ensuring "pickups and drop-offs are scheduled so that the total distance traveled will result in the most economical charges to the Government."

Any time needed for the van driver to load and unload a veteran or otherwise wait for a veteran is considered "wait time." The base rate includes a 15-minute grace period at each pickup and drop-off point; beyond that, the contractor can bill an hourly rate of $20 in 15-minute increments.[18]

Contract Modifications

VA issued a contract modification in April 2022.[19] It did not change the contract price but required the contractor to clearly identify remote, multileg trips. The contract modification applied a remote scenario to the required calculations in which the van leaves the VA facility (point A) to pick up the veteran at home (point B) and then drops the veteran off at a clinic (point C) for a medical appointment. The van waits until the appointment ends and takes the veteran home. The formula follows:[20]

Base Rate + Mileage Rate ((Point A: Point B: Point C: Point B) - 20 miles) + Hourly Rate (number of hours in 15-minute increments)

Another contract modification was issued, which set a "flat rate per trip" for invoicing purposes effective June 2023.[21]

---

[18] Contract terms required payments for wait time in excess of the 15-minute grace periods to be approved in advance.

[19] All modifications before this were administrative in nature.

[20] The formula is a verbatim excerpt from the modification. An hourly rate applies to wait time beyond the grace period.

[21] Mileage calculations and wait time were removed with the implementation of a flat rate.

Results and Recommendation

The OIG team believes the evidence obtained is sufficient and appropriate to provide a reasonable basis for the OIG team's qualified opinion. In the OIG team's opinion, except for the potential noncompliance resulting in the effects of the overbillings described in the finding below, the company's assertion that it billed in accordance with the terms and conditions of the contract is fairly stated in all material respects through the team's fieldwork completion date. However, subsequent events after our review period may disclose relevant information not now discernible. Although misstatements were material, they were not pervasive because they were limited to only a portion of the trips that were invoiced under the contract.[22]

Finding: The Company May Not Have Complied with the Contract Billing Terms, Resulting in an Estimated $1.81 Million in Potential Overbillings

The OIG found the company may not have complied with contract terms related to billing for veteran transportation, resulting in an estimated $1.81 million (about 16 percent of the $11.17 million total invoiced) in potential overbillings between January 1, 2019, and December 31, 2021. Most notably, the company billed remote, multileg trips as separate one-way trips; invoiced unbillable mileage rates; and potentially disallowed base rates for each additional drop-off made in the same trip. Additionally, it did not always adhere to the 20-mile threshold, incorrectly billed standard trips as remote, and used estimates rather than traveled mileage, resulting in overbilling for distances traveled.

For the purposes of this audit, the OIG team compared the billings to the written terms of the contract and modification and identified three types of potential billing deviations. The OIG acknowledges that the interpretation of contract terms is a matter for VA and the contractor to resolve. Table 1 shows the breakdown of the three types of potential billing deviations and associated estimated overbillings.

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

Table 1. Estimated Overbillings Associated with Types of Potential Noncompliance under the Contract, January 1, 2019, through December 31, 2021

Multileg, remote calculated as one leg (A)	Standard calculated as remote (B)	Inaccurate mileage estimates (C)	Total potential overbillings (A+B+C=D)	Total the company invoiced
$1,341,157	$243,421	$227,116	$1,811,694	$11,172,251

Source: VA OIG analysis of instances of potential noncompliance.

Note: Numbers are rounded to the nearest dollar and, as a result, totals may display small discrepancies.

The OIG's finding is based on the following determinations that the company may have improperly

- billed remote, multileg trips as multiple stand-alone, one-leg trips;
- billed standard trips as remote; and
- used mileage estimates rather than miles traveled.

What the OIG Did

The OIG team reviewed the company's contract, including modifications, and examined the company's invoices against the contract criteria relating to billing practices.[23] The team held meetings and conducted interviews regarding contractor controls, processes, and interpretation of contract terms with the current VA contracting officer and responsible staff, as well as with the contractor's key staff.

To estimate overbillings, the OIG team reviewed invoices between January 1, 2019, and December 31, 2021, totaling $11,172,251.[24] The invoices consisted of 59,957 rows of data, each representing one pickup and one drop-off point, or what is referred to in this report as a trip "leg." The team obtained estimated mileage between each address and then calculated the invoiced amount in accordance with the contract terms.[25]

Remote, Multileg Trips Billed as Multiple One-Leg Trips

The OIG estimated that about $1.34 million of the total potential overbillings between January 1, 2019, and December 31, 2021, came from the methodology the company applied to

[23] The contract terms in effect prior to the April 2022 modification were used in testing the billing criteria.

[24] The OIG team limited its data review to the three years of complete invoices (January 1, 2019, through December 31, 2021), as this was sufficient to meet the audit objectives.

[25] The OIG team used internal software and Google Maps' "Quickest Route" estimates for the trips the company billed. The contract states mileage is reasonable if it was within 5 percent of the Bing or Google Maps estimate. The team applied a more conservative approach by using 10 percent to account for variances, such as timing, traffic conditions, and geographic differences affecting mileage in the year the trip was provided versus mileage calculated during the audit fieldwork period. Appendix A provides a complete description of the scope and methodology.

all invoiced remote trips with multiple legs. The contract states that a remote trip made up of two or more legs should include mileage starting from the specified VA facility's threshold and ending at the final veteran drop-off point (such as a veteran's home). The OIG team noted the company calculated mileage for each leg as a new trip, as though another van drove from a VA facility to take the veteran to the next drop-off location. This method resulted in mileage payments for the distance from the VA facility to the van's previous drop-off location.[26] The contract further specifies the contractor shall ensure the "pick-ups and destinations are scheduled so that the total distance traveled shall result in the most economical charge to the Government." The company also applied a base rate to each leg of the remote, multileg trip. The contract price schedule specifies that the base rate should be applied once per trip.

For example, the following trip scenario shows how the company invoiced one remote, multileg trip as two remote, one-leg trips. Both the pickup and drop-off points are outside the mileage threshold, the trip has multiple legs, all parts of the trip are driven by the same van, and the van incurs wait time during a veteran's appointment.

Trip Scenario

A veteran has a medical appointment. A van driver is dispatched from the VA facility, drives 126 miles to the veteran's house, loads the veteran into the van, and drives 55 miles to the appointment (also outside the mileage threshold). The same driver unloads the veteran from the van and is approved to wait two hours and 15 minutes (past the 15-minute grace period) for the appointment. During this time, the van does not make any additional trips. After the appointment, the driver loads the veteran back into the van for the ride home.

The contract established the following rates:

- $65 base rate per trip
- $2.70 mileage rate per mile traveled
- $20 wait time rate per hour

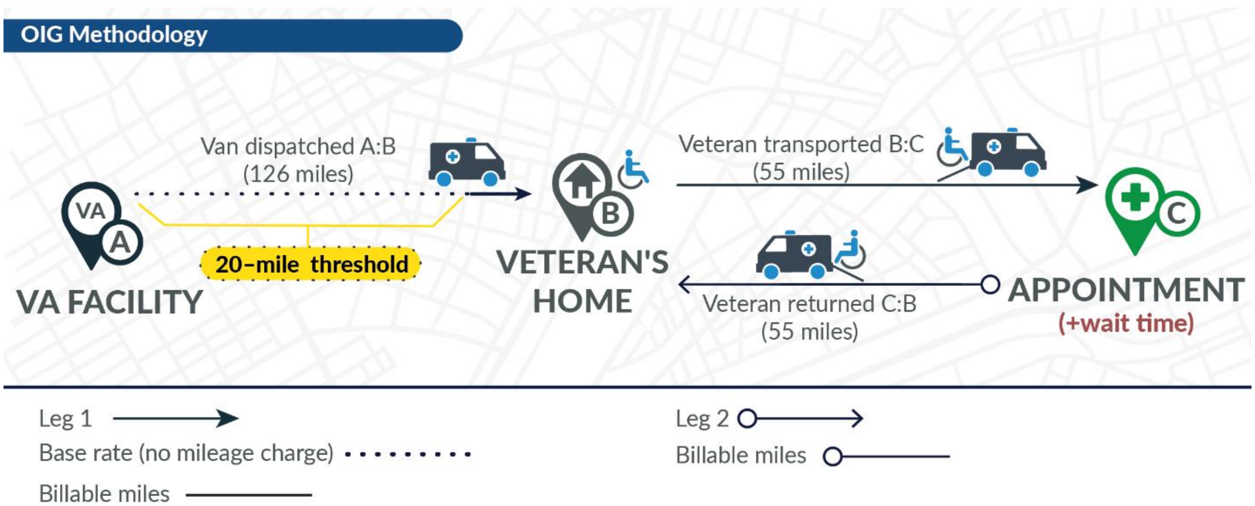
Had the above scenario been calculated as one trip with multiple stops, the bill would have been $694; however, the company would have billed $1,193 using its methodology.[27] The following sections further explain how the contract describes the treatment of remote, multileg trips and how the company billed.

[26] The OIG team's analysis noted the same van performs a multileg trip; based on the elapsed time and wait time charged, it was unlikely the van could have driven back to the VA facility and then returned to the appointment location.

[27] Calculations are rounded to the nearest whole dollar.

Contract Treatment of Remote, Multileg Trips

In the above scenario, the company should be compensated for mileage incurred from the mileage threshold of one of two VA facilities to the veteran's home, mileage from the veteran's home to the clinic, wait time, and mileage back to the veteran's home.[28] While the remote, multileg and mileage threshold clauses indicate that mileage begins at the VA facility, the contract price schedule, reasonable mileage, and mileage threshold clauses begin billable mileage for remote trips at the 20-mile radius—which is the methodology the company followed by deducting 20 miles from every trip leg. According to the contract, payments for loaded trips end at the last drop-off point, so the unloaded distance from a veteran's home to the VA facility should not be billed. The contract schedule states that the base rate is per one-way trip. Figure 2 shows how the scenario should be billed if one base rate is applied using the OIG's methodology.



Calculation

	Base rate	Mileage rate		Wait time		Total
Leg 1	$65	$2.70 x (126 + 55 - 20) miles	$435	$20 x 2.25 hours	$45	$545
Leg 2	0	$2.70 x 55 miles	$149	-	0	$149
Total	**$65**	**216 miles**	**$584**	**2.25 hours**	**$45**	**$694**

Figure 2. *OIG methodology for a remote trip with more than one leg.*
Source: OIG review of contract and contract modifications.
Note: Mileage figures are rounded to the nearest dollar.

[28] The contract clause for Remote, Multileg Trips states, "In this scenario contractor will be compensated for mileage incurred from [VA facility 1] or [VA facility 2], [the] pickup point (i.e., beneficiary's home), mileage to drop-off location (i.e., [community-based outpatient clinic]), wait time (if preapproved by the VA), and mileage to transport beneficiary back to home."

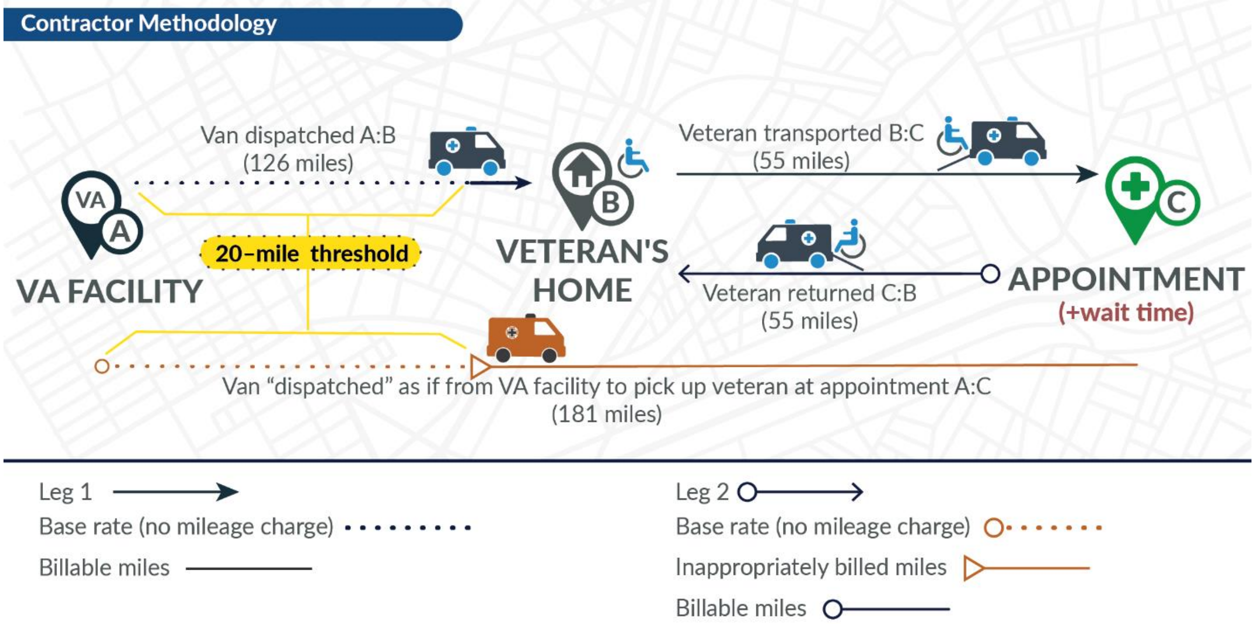
A remote, multileg trip may have more than two legs—for example, if a veteran needs to stop at a pharmacy that is one mile away from the clinic after the appointment and before going home. If the above methodology is applied, only the additional loaded mileage should be charged to VA, for a total of $2.70. This calculation is based on the miles traveled and does not include an additional base rate.[29]

The mileage calculation for either scenario is in accordance with the contract terms, as (1) only miles beginning or ending at the mileage threshold are included, (2) the trip is considered ended after the last drop-off is made, and (3) the mileage charge is based on miles traveled. Additionally, each leg was driven by the same van, and the billed wait time and the grace periods reasonably covered the elapsed time between stops, indicating it was one consecutive trip. Although this is not how the company billed VA for the trips (as explained below), VA accepted the invoices as charged.

How the Company Billed Remote, Multileg Trips

Based on its past practices, the company would have billed the trip in the scenario as two remote trips, applying a base rate to each leg and billing estimated mileage from the VA facility to each "pickup" point, as illustrated in figure 3. Because the company calculated each leg as a new trip, the "pickup" point in leg 2 is the clinic. In this scenario, the distance between the VA facility (A) and the clinic (C) is 181 miles. The same van drove all legs of the trip; if the elapsed time between stops was compared against the billed wait time and grace periods, the van could not have driven back to the VA facility and returned in time for the next "pickup."

[29] The example with a third drop-off point at a pharmacy is used for illustration and assumes no additional wait time (outside the 15-minute grace period). The OIG team did not evaluate reasons for multileg, remote trips and accepted billed wait time. Appendix A presents more information.



Calculation

	Base rate	Mileage rate		Wait time		Total
Leg 1	$65	$2.70 x (126 + 55 - 20) miles	$435	$20 x 2.25 hours	$45	$545
Leg 2	$65	$2.70 x (181 + 55 - 20) miles	$583	-	0	$648
Total	$130	377 miles	$1,018	2.25 hours	$45	$1,193

Figure 3. *The company billed remote, multileg trips as two one-way, remote trips.*
Source: OIG review of billed invoices before contract modifications.
Note: Mileage figures are rounded to the nearest dollar.

The company also applied this methodology to remote trips with more than two legs, resulting in billings for mileage not traveled from the VA facility and excess base rates if the base rate had already been charged for the single trip. If, after an appointment, a veteran needed to make an additional stop at a pharmacy one mile from the clinic, the company would have billed this as an entirely new trip. Rather than charging $2.70 for the one extra mile driven, as indicated in the contract, the company would have charged VA $502. This includes $65 for the base rate and $437 for the distance from the VA facility to the clinic less the mileage threshold (181 miles - 20 miles), plus the distance from the clinic to the pharmacy (one mile). Billing in this manner is not reflective of the route taken, and if the company scheduled a trip this way, the company did not ensure the distance traveled would result in the most economical charge to the government as required by the contract.

Monetary Impact of Different Billing Methodologies

The OIG team calculated the trips in accordance with the contract's remote, multileg clause and found the company billed remote, multileg trips as 14,431 one-leg trips, potentially overbilling

VA by about $1.34 million. The remote, multileg clause states that for remote trips with more than one leg, the contractor should bill for mileage starting at the VA facility and ending at the veteran's final drop-off location. As noted previously, the contract was unclear whether mileage within the 20-mile threshold should be excluded for remote trips. Because the company deducted 20 miles from each leg, the OIG followed this interpretation and deducted 20 miles from the first leg. Table 2 details the estimated overbilling from the company's calculation of remote, multileg trips as separate, one-leg trips.

Table 2. Contractor Billed Remote, Multileg Trips as One-Leg Trips, January 1, 2019, through December 31, 2021

Overbilling type	Potential overbilling amount
Questioned miles found in last leg	$857,725
Miles not traveled	$11,661
Duplicate base rates	$471,770
Total*	**$1,341,157**

Source: VA OIG analysis of the company's invoices.

**Numbers are rounded and may not total.*

As noted, the OIG team estimated that $857,725 of this overbilling was related to questioned miles found in the last leg of each remote, multileg trip.[30] Consider the trip scenario for which the same van is taking a veteran on a remote, multileg trip: On the last leg, the veteran is driven from the clinic back home. The trip should stop once the veteran is returned home, and the only mileage that should be billed for this leg is the distance between the clinic and the veteran's home. Instead, the company billed as though the van were dispatched from the VA facility to the clinic, then to the veteran's home.

The team also estimated $11,661 in overbillings by the company for miles that were not driven, such as the above example of the veteran making a stop at a pharmacy before being taken home. For any of the remote, multileg trips with more than two legs, the company included mileage starting from the VA facility (less 20 miles) although the van was coming directly from the prior drop-off point based on the elapsed time in the contractor's data.

Last, the company applied the $65 base rate fee to each of the 7,258 legs that were subsequent stops in a remote, multileg trip, resulting in $471,770 potential overbillings. The contract is not clear whether the base rate applies to each leg or one time for a multileg trip. As noted previously, the interpretation of contract terms is a matter for VA and the contractor to resolve.

[30] The OIG team considered a trip remote and multileg if the same van was used to transport the veteran for all legs of the trip and if the time in between the pickups was explained by wait-time charges. The Scope and Methodology section of this report explains how remote, multileg trips were defined.

During discussions with the OIG team, the company asserted that the clause for "round" trips did not make sense, as the contract pricing is for one-way trips only. However, the OIG team notes that under the contract terms, a remote trip with multiple legs is still billed as a one-way trip with multiple stops, where the distance traveled up to the last drop-off point, as in any trip, is considered in determining billable mileage.

The company stated it informed VA of its billing methodologies and that VA did not object or instruct the company to bill differently. Additionally, it noted that the mileage and cost of each trip was submitted to and approved by VA in the monthly invoices, which was the standard practice for several years. Documentation provided by the company did not substantiate that VA had provided explicit concurrence with the contractor's billing methodology.[31]

Contract Modifications Affecting Invoice Calculations

As previously noted, VA issued a modification in April 2022 that updated the contract language. The team reviewed a judgmental selection of potential remote, multileg trips invoiced from April 2022 through January 2023 and found that the company appeared to identify and calculate remote, multileg trips in accordance with the modification. Even so, the OIG found the contract modification included an example that contained mathematical errors and did not set clear parameters as to what constituted a remote, multileg trip. However, in July 2023, VA issued a modification to the price schedule that set a flat fee per trip, resolving questions about mileage application and billing for remote, multileg trips and, potentially, the need to further clarify billing terms.[32]

Standard Trips Incorrectly Billed as Remote

The OIG found the company did not consistently categorize trips as standard or remote in line with the contract's 20-mile threshold, resulting in estimated net overbillings of $243,421. Within the 59,957 rows of data the OIG team reviewed, the company miscategorized 9,882 standard trips as remote and 19 remote trips as standard; in total, the company miscategorized 9,901 trips, or over 16 percent of the data reviewed.[33]

According to the contract, if both the pickup and drop-off points are outside a 20-mile radius from either VA facility, the trip is considered "remote." If the pickup or drop-off point is within

[31] While VA's oversight of invoice approvals is outside the scope of this audit, the OIG substantiated that wheelchair transportation service contract invoices with at least one other company were not verified before approval. VA OIG, *Alleged Mismanagement of Contracts for Wheelchair-Accessible Transportation Services by the Health Administration Service at the Dallas VAMC in Texas*, Report No. 23-03128–213, September 25, 2024.

[32] Calculating the impact of this modification was outside the scope of this audit.

[33] The company considered each trip leg an individual trip. To isolate fees affected solely by the company's classification of remote trips based on the contract's mileage threshold clause, the OIG team also calculated each leg as an individual trip.

20 miles of either VA facility, the trip is not remote (referred to as "standard" in this report). Remote trips were invoiced differently from standard trips. If the company identified a trip as remote, it deducted 20 miles from the mileage estimates for each leg starting from the VA facility.[34] If the company considered a trip standard, only the "loaded" miles were considered and it deducted 20 miles from the distance starting at the pickup point. The OIG team identified 9,882 trips that the company calculated as remote but that had a pickup point that was no more than 20 miles' driving distance from one of the two VA facilities, which means they should have been calculated as standard trips.[35] For every standard trip misclassified as remote, the company's invoiced mileage was calculated using the additional distance between the VA facility and the pickup point.

The company's general manager provided a written "invoice process." The document noted a "new understanding" that identified standard trips as those with a pickup or drop-off point within 20 miles of a VA facility starting in January 2022. Before that, the company's process described different understandings of when a trip was standard, such as when either the pickup or drop-off address was a VA facility or when trips had a pickup location within 10 miles of a VA facility. This led to the criteria the company used for billing to be both inconsistently applied and not compliant with the contract terms. For example, trips that were 10 miles from a VA facility (standard trip) were sometimes treated as remote and sometimes as standard.

Estimated Mileage Versus Miles Traveled

The company invoiced VA using estimated mileage instead of miles traveled, as required by the contract.[36] The contract instructs VA to determine whether the contractor's billed miles are reasonable by using Google Maps' (or Bing's) "Quickest Route" estimate. Billed mileage exceeding 5 percent of that estimate is not considered reasonable. The team obtained mileage estimates for the billed trips using agency software and Google Maps. If the mileage billed was within 10 percent, the team considered the mileage reasonable.[37]

The OIG team found that 2,554 of the 59,957 legs reviewed included billed mileage estimates that exceeded the OIG team's 10 percent reasonableness calculation, resulting in an estimated $227,116 in potential overbillings. Although the company may not have complied with contract terms that required billed miles to be based on the distance traveled, the resulting potential overbilled mileage was not significant. Of the 8,428 addresses used in the company's billing

[34] The company deducted 20 miles from each trip to comply with the mileage threshold, which prohibits mileage fees for distances traveled within a 20-mile radius of either VA facility.

[35] To determine the proximity of the pickup to the VA facility, the OIG team used the contract's terms for determining reasonable mileage, as discussed in the Estimated Mileage versus Miles Traveled section of this report.

[36] The company estimated mileage using Bing Maps and transportation scheduling software.

[37] The team applied a more conservative 10 percent to account for variability in what the quickest route would be depending on the time, traffic conditions, and geographic differences in trip year versus audit fieldwork.

data, only 348, or just over 4 percent, had higher invoiced mileage than the OIG considered reasonable.

Conclusion

The transportation services company's compliance with contract terms, some of which were unclear, may have fallen short. Of the nearly $11.17 million VA paid between January 1, 2019, and December 31, 2021, the OIG found the company potentially overbilled VA more than $1.81 million because it employed different billing methodologies, incorrectly billed standard trips as remote, and used mileage estimates instead of miles traveled. As noted, the company was responsible for following contract terms and making sure the distance traveled resulted in the most economical charge to the government. VA modified the contract to a specified flat fee per trip, resolving the need to calculate fees based on the type of trip. However, the network contracting office director should confer with the Office of General Counsel to determine whether the identified potential overbillings could be recouped.[38]

Recommendation

The OIG recommended the network contracting office director do the following:

1. Seek the opinion of the Office of General Counsel on whether the identified potential overbillings could or should be recouped.

Management Comments

The network contracting office director concurred with the OIG's finding and recommendation and provided a responsive action plan. To address the recommendation, officials at the network contracting office will seek a review from the Office of General Counsel for a contractual course of action. Appendix C contains the full text of VA's response.

The OIG provided its results to the contractor and obtained the contractor's views on the finding and conclusion over a series of discussions and written correspondence. The contractor requested some information be omitted from the report and provided comments for the team's consideration, including documentation to support the claim that VA accepted the billing methodologies applied prior to the contract modifications.

OIG Response

The OIG considers the corrective action plan provided by the network contracting office director to be responsive to the recommendation. The OIG will monitor the implementation of the planned action and will close the recommendation once the proposed action is completed.

[38] Appendix B presents potential monetary benefits associated with recouping all identified potential overbillings.

To address the contractor's comments and to protect its proprietary and confidential information, the OIG team removed detailed contract clauses and specific dates. The team also reviewed the documentation provided by the contractor but determined the information did not indicate VA agreed with the contractor's billing methodologies, nor did it impact the report discussions or finding.

Appendix A: Scope and Methodology

Scope

The VA Office of Inspector General (OIG) team performed this examination from February 2022 through December 2024.[39] The examination scope included invoice data from January 1, 2019, through December 31, 2021. The data consisted of 59,957 rows, where each row represented a billed amount for any given pickup and drop-off point (referred to as a "leg" throughout the report).

The team reviewed a judgmental selection of potentially remote, multileg trips invoiced in April 2022, May 2022, June 2022, and January 2023. The review was limited to understanding how the company was calculating the invoiced amounts that it had identified as remote, multileg trips.

Methodology

To address the examination objective, the OIG team did the following:

- Reviewed the criteria, the company's VA contract executed September 2018, and substantive modifications.[40]
- Held meetings and conducted interviews with the contracting officer and responsible staff at the VA facilities.
- Held meetings and conducted interviews with key company staff regarding contractor controls, processes, and interpretation of contract terms.
- Merged billing information with mileage estimates from the company's routing, dispatching, and tracking software.
- Compared the mileage estimates used by the company to mileage estimates generated by agency software and Google Maps for distances between one of two VA facilities, pickup addresses, and drop-off addresses used in the company's invoicing data.

[39] The project was delayed for other priority projects. An examination is a type of audit that, although limited in scope, achieves reasonable assurance of its conclusions.

[40] Except for the modifications effective April 2022 and July 2023, all modifications made only administrative changes.

- Performed a limited review of invoiced amounts for trips that took place from April 2022 through January 2023 to determine whether the company changed its billing practices based on the contract modification.[41]

To determine what was a multileg trip, the team grouped trips by veteran, van, and date and sorted the legs of each group by estimated pickup time. Trips that were canceled, considered a shared ride, or did not fit the definition of a remote trip were excluded.[42] The pickup and drop-off addresses, trip legs, total time differences between legs, and wait hours charged were analyzed to identify remote, multileg trips. The team based remote, multileg trips on the following conditions: The trips had more than one leg, the trips had the same pickup and drop-off addresses, pickup and drop-off addresses were more than 20 miles' driving distance from either VA facility, the trips were driven by the same van, and the majority of the time between each leg of the trip could reasonably be explained by wait time.[43] If any of the conditions were not met, the team treated each leg as a one-way trip. The team numbered the legs of each trip based on estimated pickup time to apply the correct mileage and calculated the trip based on the contract terms.

Scope Limitations

The OIG team limited its examination to the company's billing data and application of the contract's billing terms.[44] The team did not verify whether wait times were approved, whether cancellations were valid, or other conditions related to the performance of the company, the VA contracting officers, or their representatives.

The mileage estimates the OIG team used to establish reasonable mileage between the VA centers, pickup addresses, and drop-off addresses in the contractor's billing data were limited to estimating the potential overbillings; potential underbillings related to the mileage estimates were not calculated.[45] Additionally, mileage estimates were limited to the company's billing data, as it was not always clear which beginning and ending points the company used in its

---

[41] The team performed a limited review of four monthly invoices (April 2022, May 2022, June 2022, and January 2023), which included determining how the company billed trips that it identified as remote.

[42] In a "shared" ride, an additional rider is picked up along the route of another scheduled trip.

[43] The team added the differences between a trip's drop-off and subsequent pickup times and compared the total to the total wait time charged considering the 15-minute grace period. If it was likely that the difference between the total drop-off to next leg pickup time and the wait time was enough for the van to complete another trip, the OIG team did not consider the trip a multileg trip.

[44] The team also limited its VA communications to the current responsible officials.

[45] The team performed additional analytical procedures to correct errors and inconsistencies identified in the OIG mileage estimates; however, not all these procedures were performed when the contractor's estimates were found to be less than those generated by the OIG team.

estimates—particularly for no-load trips, for which the company sometimes used estimates lower than any of the computable distances.[46]

Re-creating trips based on the "Quickest Route" option poses inherent limitations to accurately reconstructing past events, as the estimates depend on replicating variables such as traffic conditions and available routes that varied according to the time and date for each trip. The team used a more conservative margin of error than what was outlined in the contract terms; however, because of the aforementioned limitations, these calculated overbillings are considered only estimates.[47]

The team's ability to identify remote, multileg trips and test for wait times was limited because the company did not always document accurate pickup and drop-off times. This affected very few of the trips for which pickup and drop-off times were used in the analysis.[48] The team did not perform procedures to analyze what scenarios or circumstances merited multiple consecutive legs for the same trip. The OIG team used estimated distances and prior trip times to estimate the missing times; when this was not possible, the team took a conservative approach and treated these trips as one way.[49]

During the audit, the team identified potential duplicate trips, which appeared immaterial (less than $800 in total duplicated invoiced amounts) and posed no material threat to VA, so the team did not perform additional analysis to determine whether these were, in fact, duplicates and included the trips in the overall findings.

Internal Controls

The OIG team obtained an understanding of internal controls over the company's billing and invoicing processes relevant to the engagement. This enabled the team to identify and assess the risks of material misstatement in the company's billing calculations, design and perform procedures to respond to the assessed risk, and obtain reasonable assurance to support the OIG team's opinion on the company's billing compliance under the contract and its modifications.

[46] No-load trips are those that were canceled before a veteran was picked up by the transportation service. It is appropriate to use mileage based on the distance driven when the cancellation was received, such as midway to a pickup location.

[47] The contract states mileage is reasonable if it was within 5 percent of the Bing or Google Maps estimate, but the team applied a more conservative approach by using 10 percent to account for variances inherent to using this estimating methodology, such as timing and traffic conditions.

[48] About 2 percent of the remote trip data analyzed required estimates for the actual pickup and drop-off times recorded in the contractor's data.

[49] Time of pickup is required according to the contract.

However, the team did not design and perform tests of controls because they did not intend to rely on internal controls, and the subject matter of the report was not internal controls. Accordingly, the OIG team does not express an opinion on the company's internal control system.

Data Reliability

The OIG team relied on computer-processed data from the company and VA to conduct this examination. To assess the reliability of the data, the OIG team interviewed knowledgeable officials from the contractor and reviewed documentation about the system and processes. The team reconciled monthly invoices from VA's invoice payment processing system to the company's invoice data and found no material differences. Additionally, the team checked whether any data were missing from key fields or were outside the time frame requested and assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. The team concluded the computer-processed data obtained from the company and VA were sufficiently reliable for the team's examination purposes.

Government and Professional Standards

The OIG team conducted its examination in accordance with generally accepted government auditing standards for attestation engagements and assertion-based attestation standards established by the American Institute of Certified Public Accountants.[50] Those standards require that the OIG team be independent to meet the team's ethical responsibilities relating to the engagement. The standards also require the OIG team to plan and perform the examination to obtain reasonable assurance about whether the company's assertion that billing practices were in accordance with the contract was fairly stated in all material respects. Accordingly, the OIG team's examination included conducting tests and other auditing procedures that the team considered necessary to accomplish the objective. The team's responsibility is to express an opinion on the company's assertion that it billed in compliance with the contract based on the team's examination. The OIG team believes its examination provides a reasonable basis for the team's qualified opinion.

The OIG team provided a summary of its examination results to the contractor and obtained comments. The contractor's views are incorporated in the report as appropriate.

[50] The standards identify three types of attestation engagements: examinations, reviews, and agreed-upon procedures engagements. This report is based on the results of an examination—a type of audit referred to as simply an "audit" in this report.

The OIG team achieved the examination objectives and identified corrective action without developing all the elements of a finding. Generally accepted government auditing standards 7.19 and 7.48 require the elements of a finding only to the extent necessary to achieve the examination objectives or to the extent necessary to assist oversight officials in understanding the need for taking corrective action.[51]

[51] Government Accountability Office (GAO), *Government Auditing Standards*, GAO-18-568G, July 2018.

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

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs[52]
1	Potential overbillings related to differing contract billing methodologies from January 1, 2019, through December 31, 2021.	$0	$1,811,694
	Total	**$0**	**$1,811,694**

[52] The OIG questions costs when VA action or inaction (such as spending or failure to fully compensate eligible beneficiaries) is determined by the OIG to violate a provision of law, regulation, contract, grant, cooperative agreement, or other agreement; when costs are not supported by adequate documentation; or when they are expended for purposes that are unnecessary or unreasonable under governing authorities. Within questioned costs, the OIG must, as required by section 405 of the IG Act, report unsupported costs. Unsupported costs are those determined by the OIG to lack adequate documentation at the time of the audit. The questioned costs were based on a difference in billing methodologies and not a lack of support; therefore, of the $1,811,694 in questioned costs, $0 were unsupported costs.

Appendix C: Management Comments

Recommendation 1

Seek the opinion of the Office of General Counsel on whether the identified potential overbilling could or should be recouped.

_X_____ Concur

_______ Non-Concur

Target date for completion: March 31, 2025

Director Comments

Network Contracting Office will seek a review from the Office of General Counsel immediately and will seek to have a definitive contractual course of action prior to March 31, 2025.

The OIG removed point of contact information prior to publication.

(Original signed by Network Contracting Office director)

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

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Audit Team	Alyssa Witten, Director Kevin Aguilar Rachel Gilbert Valerie Kimball Andrew Olsen Margaret Sherman
Other Contributors	Juliana Figueiredo Dyanne Griffith Allison Tarmann

Report Distribution

VA Distribution

VA Network Contracting Office Director
Office of the Secretary
Veterans Benefits Administration
Veterans Health Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel
Office of Acquisition, Logistics, and Construction
Board of Veterans' Appeals

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

Pursuant to Pub. L. No. 117-263 § 5274, codified at 5 U.S.C. § 405(g)(6), nongovernmental organizations, and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference to the organization or entity. Comments received consistent with the statute will be posted on the summary page for this report on the VA OIG website.

OIG reports are available at www.vaoig.gov.