



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

DEPARTMENT OF VETERANS AFFAIRS

Inadequate Business
Intelligence Reporting
Capabilities in the Integrated
Financial and Acquisition
Management System

MANAGEMENT ADVISORY
MEMORANDUM

MEMO # 21-02609-229

SEPTEMBER 8, 2021



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The Office of Inspector General (OIG) has released this management advisory memorandum to provide information on matters of concern that the OIG has gathered as part of its oversight mission. The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation, except for the standards for follow-up and performance measurement.

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DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL
WASHINGTON, DC 20001



July 30, 2021¹

MANAGEMENT ADVISORY MEMORANDUM

TO: Jon Rychalski, Assistant Secretary for Management/Chief Financial Officer
Office of Management (004)

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

SUBJECT: Inadequate Business Intelligence Reporting Capabilities in the Integrated
Financial and Acquisition Management System

VA's Financial Management Business Transformation Service (FMBTS) is implementing a new system to manage budgetary, financial, and contracting activities enterprise-wide. The Integrated Financial and Acquisition Management System (iFAMS) will replace several key legacy systems, including the Financial Management System. To support this effort, VA has contracted with the company CGI to implement and integrate the system. The new system went live at the National Cemetery Administration (NCA) on November 9, 2020, in the first implementation "wave."² Subsequently, iFAMS went live in two phases at the Veterans Benefits Administration (VBA) for its general operating expenses functions.³ As of the date of this memorandum, the Veterans Health Administration (VHA) has yet to go live with the new system.

The VA Office of Inspector General (OIG) initiated an audit on April 6, 2021, to determine whether FMBTS identified and addressed significant system functionality issues from the deployment of iFAMS at NCA. During this audit, the team found that NCA was experiencing significant challenges with the business intelligence (BI) reporting capabilities that it needed to support leaders in making well-informed, mission-critical decisions.

These reporting capabilities are directly related to the Financial Management Business Transformation program's goal of strengthening planning, analysis, and decision-making capabilities by improving data integrity, reporting capabilities, and BI. However, FMBTS has yet to ensure NCA has the comprehensive BI reports it needs to monitor its budget and operations. Although FMBTS is aware of these issues and has attempted some corrective actions, NCA was

¹ This memorandum was sent to the Office of Management on July 30, 2021, to provide the opportunity to review and comment. Following that period, their comments were given full consideration, and any requests for change supported by sufficient evidence were addressed before the report publication process was completed.

² There are 25 planned waves for system deployment in the notional roadmap dated April 8, 2021.

³ These two phases, both part of the VBA general operating expenses wave, went live on February 8, 2021, and May 10, 2021. General operating expenses functions include payroll, travel, and other costs that support VBA's delivery of benefits and services.

still experiencing significant challenges with BI reporting capabilities as of July 8, 2021—about eight months after go-live.

This memorandum shares the team’s significant observations from the ongoing audit to inform VA’s senior leaders and help the Office of Management, which provides strategic and operational leadership over FMBTS, determine whether additional actions are warranted.⁴ The OIG plans to publish the final report in fiscal year (FY) 2022.

BI Reporting Limitations Made It Difficult for NCA to Monitor Its Budget and Operations

As of July 8, 2021, NCA did not have a comprehensive report showing the total amount of funds available for the administration. This was despite the fact that NCA leaders had informed FMBTS in April 2019 that this report was the administration’s highest priority and that it needed to identify funding available at every level of the budget, including consolidated funds at higher levels. Central office staff needed this consolidated budget information to effectively oversee funding and make budget-related decisions for the administration as a whole.⁵

However, when the system went live over a year and a half after NCA notified FMBTS about this requirement, the report was not comprehensive. For example, it omitted about \$70 million in funds related to NCA central office support functions—about 21 percent of NCA’s primary operations and maintenance fund. In addition, the report did not provide a consolidated view that staff at the central office level could use to easily identify how much the administration had spent compared to its budget. NCA’s director of budget service explained that without the consolidated information in the report, central office staff cannot easily identify where actual spending does not align with planned amounts and determine if a reallocation of funds is necessary to cover the administration’s needs. FMBTS worked with CGI to partially correct this issue, and the report was updated to include the funds for NCA central office support functions that were previously omitted. However, as of July 8, 2021, the report did not reflect the amount of funds available for the administration as a whole; thus, the report still could not support central office staff in making well-informed decisions.

⁴ This memorandum provides information that has been gleaned from interviews, observations, and document reviews and was provided to the Office of Management to determine if it should take additional action on what appear to be inadequate BI reporting capabilities in iFAMS.

The OIG issues management advisory memoranda when exigent circumstances or areas of concern are identified by OIG hotline allegations or in the course of its oversight work, particularly when immediate action by VA can help reduce further risk of harm to veterans or significant financial losses. Memoranda are published unless otherwise prohibited from release or to safeguard protected information.

⁵ The administration’s budget is organized in a hierarchical structure. The higher levels of the budget represent consolidated funds for the entire administration, which are managed by central office staff, while the lower levels of the budget represent funds administered by district and cemetery staff.

Other high-priority reports used to track and forecast payroll and full-time equivalent employees were also not available for NCA's widespread use as of July 8, 2021. These reports would allow staff to monitor how much has been expended in payroll and project the funding required to pay employee salaries throughout the fiscal year. These reports are also intended to assist leaders in making well-informed decisions on whether to hire additional employees or authorize overtime. FMBTS is working towards corrective action, as payroll reports have been developed. However, as of July 8, 2021, they have not been officially rolled out for administration-wide use. Without these reports, staff are left using manual payroll spreadsheets to monitor a significant portion of the budget. In FY 2021, the payroll portion of the budget amounted to about 28 percent of the administration's overall \$720 million budget.

VA Leaders Expressed Concerns about BI Reporting Weaknesses

Leaders in NCA and the other VA administrations have expressed significant concerns about system issues, including those with BI reporting, on multiple occasions. NCA's chief financial officer (CFO) cited significant concerns with iFAMS and BI reporting in the first quarter of FY 2021's financial statement certification.⁶ The certification contained exceptions indicating NCA's CFO lacked confidence that account balances for funds under his purview were accurate. In the exceptions, he noted that there were "numerous transactional issues which continue to impede NCA's operational mission" and "NCA does not have a centralized report which outlines the administration budget execution and is supportable with transactional documents." NCA's CFO told the audit team that this was the first time he has submitted a quarterly certification with exceptions in his six years in the position. Furthermore, NCA's CFO did not submit a financial statement certification for the second quarter of FY 2021, which ended in March 2021, citing iFAMS challenges as the reason.

Other NCA leaders and central office staff have told the audit team that these issues are a hindrance to staff's performance of routine duties. To bring further attention to these issues, the then acting under secretary for memorial affairs sent a memorandum, dated June 16, 2021, to VA's assistant secretary for management and CFO.⁷ In the memorandum, the then acting under secretary for memorial affairs expressed concern about several significant system issues, including BI reporting, that were adversely impacting the effectiveness of the employees who support NCA's mission. Along with detailing concerns, he asked to be regularly informed of corrective actions taken, including providing NCA staff the ability to extract accurate daily reports that show status of funds, payroll, and full-time equivalent employees. To further discuss these concerns, he met with the VA CFO in late June 2021.

⁶ VA Financial Policy, vol. VII, chap. 1, June 2019. This policy requires administration CFOs or their designees to certify quarterly and annual financial statements to ensure the financial statements are reported in accordance with regulatory and statutory guidance.

⁷ VA's assistant secretary for management is also VA's CFO.

Leaders from VA’s other administrations also expressed concerns about BI reporting capabilities during Executive Steering Committee meetings and a program advisor meeting:⁸

- January 2021 Executive Steering Committee meeting—VHA’s deputy CFO questioned the decision to continue with system deployment at VBA after learning NCA lacked a key report used to monitor its budget.
- March 2021 Executive Steering Committee meeting—VBA’s CFO stated that VBA’s only area of concern was around BI reports, and the administration wanted to have a full understanding of the reports.
- April 2021 Executive Steering Committee meeting—VHA’s deputy CFO voted against proceeding with the second phase of the VBA general operating expenses wave due to concerns about BI reporting and potential effects on the financial statement audit.⁹
- June 2021 program advisors meeting—VBA’s program advisor stated the administration was experiencing some of the same reporting issues as NCA.

BI Reporting Issues Affected NCA’s Operations

Without comprehensive reports for routine budget and operations monitoring, NCA is not able to easily make well-informed, mission-critical decisions and resorts to workarounds. These challenges are also affecting NCA’s ability to complete mid-year reviews as FMBTS has had to request that CGI provide the financial data necessary to complete this process.¹⁰

NCA’s CFO told the audit team that reporting is iFAMS’ biggest weakness. The CFO also stated that NCA still lacks confidence in the reports, and he is frustrated with reports NCA uses to monitor budget execution. NCA staff have also expressed a significant lack of trust with BI reports and frustration because they are spending considerable time trying to understand and validate BI reports by extracting data from various reports and queries and manipulating that data in spreadsheets. As a result, NCA leaders and staff cannot efficiently obtain useful information in reports to confidently make decisions. Ultimately, the lack of trust and frustrations using the new system may inhibit user adoption, which is an important product of successful change management.

⁸ The Executive Steering Committee is chaired by the VA CFO and is the authoritative decision-making body that provides oversight for the FMBT program. Program advisors regularly meet to discuss the impact of iFAMS and the FMBT program on their respective administrations and staff offices.

⁹ Members of the Executive Steering Committee, consisting of leaders from administrations and staff offices, vote whether to proceed with each wave’s go-live.

¹⁰ In the mid-year review, NCA compares each district’s actual spending to its planned budget to determine whether districts are effectively executing their budget.

Requested Action

The OIG requests that the Office of Management inform the OIG what action, if any, the Office of Management takes to address inadequate BI reporting capabilities in iFAMS.

Office of Management Response

In the response provided by the Office of Management, FMBTS acknowledged the difficulties NCA has experienced with the iFAMS implementation and stated it has been working with the administration and end users to “ensure that NCA has a robust and comprehensive set of BI reporting capabilities in the future.” FMBTS cited various actions it has already taken, such as implementing fixes and enhancements to NCA’s highest priority report (referred to as the NCA Blotter Report in the response), delivering comprehensive payroll reports, and providing training on the system’s reporting capabilities. FMBTS also acknowledged the NCA CFO’s concerns about BI reporting weaknesses and, in response, stated that it has been conducting weekly meetings with the administration to identify, prioritize, and provide status updates for reporting challenges affecting users.

The full text of this response is included in the appendix.

OIG Response

The OIG recognizes the positive reported actions FMBTS has taken to address the inadequate BI reporting capabilities discussed in this memorandum, such as working with stakeholders and implementing solutions to address some of NCA’s concerns. The OIG will continue to monitor FMBTS’ efforts to ensure users’ needs are met as iFAMS deployment continues at NCA, other administrations, and staff offices.

Appendix: Financial Management Business Transformation Service (FMBTS) Response to OIG Management Advisory Memorandum

August 6, 2021

Background

The VA Office of Inspector General (OIG) initiated an audit on April 6, 2021, to determine whether FMBTS identified and addressed significant system functionality issues from the deployment of the Integrated Financial and Acquisition Management System (iFAMS) at NCA. The audit team found that NCA was experiencing challenges with the business intelligence (BI) reporting capabilities.

OIG released a management advisory memorandum titled *Inadequate Business Intelligence Reporting Capabilities in the Integrated Financial and Acquisition Management System*. In the memo, OIG requested that the Office of Management (OM) inform the OIG what action, if any, OM is taking to address inadequate BI reporting capabilities in iFAMS. OM's response is provided below.

FMBTS Response

The Financial Management Business Transformation (FMBT) program acknowledges the difficulties NCA is experiencing with the iFAMS implementation and has been working with both Administration leadership and end users to address these issues and ensure that NCA has a robust and comprehensive set of BI reporting capabilities in the future.

NCA has indicated that BI reporting limitations have made it difficult for them to monitor its budget and operations; the program has taken numerous steps since go-live to effectively address this, including working with NCA to identify their specific reporting requirements for monitoring budget and operations. In alignment with the reporting cadence provided by NCA, FMBT automated the running and posting of these reports, mitigating timing and security constraints, and ensuring end users have access to all reporting when needed for end of year.

FMBT recently implemented the final fixes and enhancements to the NCA Blotter Report. Directors for both budget and operations have validated that the report provides all required information. FMBT has also delivered comprehensive payroll reports; NCA leadership elected to make these available only to financial managers, but they can be rolled out Administration-wide if necessary.

Along with delivering system and reporting enhancements, FMBT conducts ad-hoc training sessions with NCA users and bi-weekly reporting sessions to demonstrate iFAMS functionality and how to effectively use its reporting capabilities. This included real-time query functionality and a summary-level "Status of Funds" report that allow Budget and Operations staff to monitor budget and transaction activity directly in the system. The firsthand training activities are supplemented by the ongoing development and distribution of self-help knowledge articles, providing users with on-demand access to standard operating procedures, quick reference guides, and desk guides on daily tasks related to financial management and reporting.

FMBT also acknowledges the concerns with BI reporting weaknesses expressed by the NCA chief financial officer (CFO). In response, FMBT has been conducting weekly meetings with NCA to identify, prioritize, and provide status updates for all reporting challenges affecting their users. FMBT has also worked with NCA to populate a dashboard to demonstrate status at-a-glance to VA leadership and track their concerns. Additionally, FMBT and NCA have created the "NCA Must Have List" that rolls up key BI

issues for elevation to NCA and FMBT/OM management. In July 2021, the Deputy Assistant Secretary (DAS) for FMBTS and the NCA CFO reviewed the list with the Principal Deputy Under Secretary for Memorial Affairs and reiterated FMBT's commitment to completing a successful annual close for NCA.

The FMBT program appreciate OIG's analysis and findings. FMBT will continue to work with NCA on improving BI reporting and resolving issues. The program looks forward to demonstrating continued progress and success.

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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