



DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**

*Office of Audits and Evaluations*

DEPARTMENT OF VETERANS AFFAIRS

VA's Compliance with the  
VA Transparency & Trust  
Act of 2021

REVIEW

REPORT #22-00879-118

MARCH 22, 2022



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## Executive Summary

As part of the federal government's response to the coronavirus pandemic, Congress passed legislation to provide VA with supplemental funding to support VA's mission. Accordingly, the Families First Coronavirus Response Act (FFCRA); Coronavirus Aid, Relief, and Economic Security (CARES) Act; and American Rescue Plan (ARP) Act of 2021 were enacted to provide uninterrupted care and benefits to veterans.<sup>1</sup> Table 1 shows the total funding made available to VA by each act.

**Table 1. Overview of VA's COVID-19 Supplemental Funds**

Act	Appropriation*
FFCRA	\$60,000,000
CARES Act	\$19,570,000,000
ARP	\$17,080,000,000
<b>Total</b>	<b>\$36,710,000,000</b>

*Source: Office of Inspector General analysis of VA's  
Transparency Act-related appropriations.*

*\*Some totals were rounded.*

In November 2021, Congress passed the VA Transparency & Trust Act of 2021 (the Transparency Act) to provide oversight of VA's spending of the emergency relief funding. In accordance with the Transparency Act, VA must provide a detailed plan to Congress outlining its intent for obligating and expending funds covered by the act, to include a justification for each type of obligation. Additionally, the act requires VA to submit reports to Congress every 14 calendar days (biweekly) detailing its obligations, expenditures, and planned uses, as well as justification for any deviation from the plan.

The act further states the VA Office of Inspector General (OIG) is required to submit reports comparing how VA is obligating and expending covered funds to the planned obligations and expenditures. The initial OIG report must be submitted within 120 days of the act's enactment, and additional reports must be submitted semiannually for three years or until the Secretary has expended all the covered funds (FFCRA/CARES/ARP), whichever comes first. The OIG must also address areas of waste, fraud, and abuse, as well as any other matters determined relevant.

This inaugural report focuses on whether the spend plans VA provided to Congress on December 22, 2021, satisfy the requirements of the Transparency Act. In subsequent reports, the

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<sup>1</sup> Families First Coronavirus Response Act, Pub. L. No. 116-127, March 18, 2020; Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, March 27, 2020; American Rescue Plan Act of 2021, Pub. L. No. 117-2, March 11, 2021.

OIG will assess VA's reported obligation and expenditure of funds as detailed in its biweekly reports.

## **What the Review Found**

VA submitted spend plans that generally outlined how it intended to spend the supplemental funds. The OIG review team found, however, that the National Cemetery Administration (NCA) spend plan included a shrine project to raise and realign over 17,000 headstones, replace irrigation, and repair turf in the historical sections of a cemetery. The \$3.6 million in CARES Act funds used for the Beaufort National Shrine project may have violated the law because the work did not appear to be directly related to COVID-19. According to the CARES Act spend plan, the work had been previously funded by non-COVID-19 funds that had been reallocated to support the effort to thwart COVID-19.<sup>2</sup> Further, the team identified that the ARP Act of 2021 spend plan included a stated planned use of funds that did not include a projected cost related to maintaining information technology projects. As a result, it is unclear if all planned uses are captured in VA's obligations reported in the ARP spend plan submitted to Congress.

## **What the OIG Recommended**

The OIG made two recommendations to the assistant secretary for management/chief financial officer to improve the quality and sufficiency of information reported to Congress. First, consult with appropriate VA financial and legal officials to determine whether the use of CARES Act funds for an NCA national shrine project violates the law and, if a violation occurred, take the steps necessary to remedy the violation. Second, determine obligations for sustaining essential information technology investments, update the obligation schedule as necessary, provide an updated spend plan to Congress, and include this information in future biweekly updates.

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<sup>2</sup> 31 U.S.C. § 1301. This section, known as the Purpose Statute, states that appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.

## VA Comments and OIG Response

The principal deputy assistant secretary for management/deputy chief financial officer stated that the Office of Management concurs with the OIG's findings and recommendations. The OIG considers the submitted corrective action plans acceptable and will monitor VA's progress in meeting the intent of the recommendations. The OIG will close the recommendations when it receives sufficient evidence that appropriate remedial measures have been taken. Appendix D includes the full text of VA management's comments.



LARRY M. REINKEMEYER  
Assistant Inspector General  
for Audits and Evaluations

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## **Abbreviations**

ARP	American Rescue Plan Act of 2021
CARES	Coronavirus Aid, Relief, and Economic Security Act
FFCRA	Families First Coronavirus Response Act
NCA	National Cemetery Administration
OIG	Office of Inspector General
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration



## Introduction

In response to the coronavirus pandemic, Congress passed legislation to provide VA with funding to support uninterrupted care and benefits to veterans: the Families First Coronavirus Response Act (FFCRA); the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the American Rescue Plan (ARP) of 2021 Act.<sup>3</sup> To provide oversight of VA's spending of this emergency relief funding, Congress passed the VA Transparency & Trust Act of 2021 (the Transparency Act). The Transparency Act requires VA to provide a detailed plan to Congress outlining its intent for obligating and expending funds covered by the act, to include a justification for each type of obligation. Additionally, the act requires VA to submit reports to Congress every 14 calendar days (biweekly) detailing its obligations, expenditures, and planned uses of the funds, as well as justification for any deviation from the plan.

The act states the VA Office of Inspector General (OIG) is required to submit reports comparing how VA is obligating and expending covered funds with VA's planned obligations and expenditures. The initial OIG report is required to be submitted no later than 120 days after the act was enacted, and additional reports must be submitted semiannually for three years or until the Secretary has expended all covered funds, whichever comes first. The OIG must also address areas of waste, fraud, and abuse, as well as any other matters determined relevant.

This inaugural report focuses on whether the spend plans VA provided to Congress on December 22, 2021, satisfy the requirements of the act. In subsequent reports, the OIG will assess VA's reported obligation and expenditure of funds as detailed in its biweekly reports.

Table 2 provides a brief overview of the entities discussed in this report.

**Table 2. Overview of Entities Discussed in This Report**

Entity	Description
Veterans Health Administration (VHA)	Serves over nine million enrolled veterans as the nation's largest integrated healthcare system; it also provides contingency support during national emergencies.
Veterans Benefits Administration (VBA)	Provides a variety of benefits and services to servicemembers, veterans, and their families, including compensation and pension, education, and loan guaranty.
National Cemetery Administration (NCA)	Provides burial services to members of the armed forces, veterans, and eligible spouses and children.

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<sup>3</sup> Families First Coronavirus Response Act, Pub. L. No. 116-127, March 18, 2020; Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, March 27, 2020; American Rescue Plan Act of 2021, Pub. L. No. 117-2, March 11, 2021.



Entity	Description
Office of Information and Technology	Delivers available, adaptable, secure, and cost-effective technology services to VA and acts as a steward for VA's information technology assets and resources.
Board of Veterans' Appeals	Considers and resolves decisions for appeals for veterans' benefits and services; it also conducts hearings and remands appeals for further development as required by law.
OIG	Conducts independent oversight of VA by conducting audits, inspections, investigations, and reviews that address fraud, waste, and abuse, as well as improve the efficiency, effectiveness, and integrity of VA programs and services.
Office of Human Resources and Administration/Operations, Security, and Preparedness	Identifies access management, law enforcement oversight, and emergency management and preparedness.
Financial Management Business Transformation	Leads and manages VA's financial and acquisition management system modernization effort.

Source: OIG analysis of information provided on VA websites and in the VA Functional Organization Manual.

Table 3 shows the covered funds that VA received pursuant to each act and how they were allocated across administrations and other VA entities.

**Table 3. Overview of Transparency & Trust Act Covered Funds**

Entity	FFCRA (in millions of dollars)	CARES Act (in millions of dollars)	ARP Act (in millions of dollars)	Total (in millions of dollars)*
VHA	60	16,992	16,232	33,284
VBA	0	351	648	999
NCA	0	12	0	12
Office of Information and Technology	0	2,195	100	2,295
Board of Veterans' Appeals	0	1	10	11
OIG	0	13	10	23
Office of Human Resources and Administration/Operations, Security, and Preparedness	0	3	80	83
Financial Management Business Transformation Service	0	3	0	3
<b>Total</b>	<b>60</b>	<b>19,570</b>	<b>17,080</b>	<b>36,710</b>

Source: OIG analysis of VA's Transparency Act-related appropriations, and VA's reported transfers and allocations, as of September 30, 2021.

\* Some totals were rounded.

## **Families First Coronavirus Response Act**

On March 18, 2020, the FFCRA was passed into law. The act requires agencies to report anticipated uses of the supplemental fiscal year 2020 funding to Congress, including the total amount of funding obligated and expended.<sup>4</sup> The \$60 million appropriation to VA included \$30 million each to VHA's Medical Community Care and Medical Services funds for COVID-19-related items and services.<sup>5</sup> VA's spend plan reported obligations totaling approximately \$59.80 million (99.7 percent) and expenditures totaling approximately \$59.03 million (98.4 percent) of the FFCRA supplemental appropriation.<sup>6</sup>

## **Coronavirus Aid, Relief, and Economic Security Act**

On March 27, 2020, Congress provided VA with an additional \$19.57 billion to prevent, prepare for, and respond to COVID-19 as part of the CARES Act.<sup>7</sup> VA's spend plan reported obligations totaling approximately \$19.48 billion (99.6 percent) and expenditures totaling approximately \$17.35 billion (88.6 percent) of the CARES Act supplemental appropriation.<sup>8</sup>

## **American Rescue Plan Act of 2021**

On March 11, 2021, Congress provided VA with approximately \$17.08 billion in additional funds as part of the ARP Act. Congress appropriated approximately \$16.23 billion to VHA. VHA stated they would use the funds for related healthcare operations, the administration of state home construction and state home per diem programs, and to offset the cost of veterans' copayments or other fees for cost sharing during the pandemic.<sup>9</sup> Congress also provided VBA with \$648 million for compensation and pension claims processing as well as establishing the Veteran Rapid Retraining Assistance Program.<sup>10</sup> Lastly, Congress provided various VA offices with almost \$200 million for supply chain modernization, emergency department employee leave, Board of Veterans' Appeals processing, and OIG oversight. VA's spend plan reported

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<sup>4</sup> FFCRA, division A, title VII, "General Provisions," § 1701.

<sup>5</sup> FFCRA, division A, title VI, "Department of Veterans Affairs."

<sup>6</sup> An obligation is a legal liability of the government for payment of goods or services immediately or in the future. An expenditure is the actual amount of money spent.

<sup>7</sup> Number is rounded.

<sup>8</sup> Numbers are rounded. Therefore, any differences in calculations are due to rounding.

<sup>9</sup> VA's state home construction program is a partnership between VA and the states to construct, renovate, or repair state-owned and state-operated facilities. Likewise, the state home per diem program provides those by-the-day payments to state veterans homes for the care of eligible veterans.

<sup>10</sup> The Veteran Rapid Retraining Assistance Program, enacted on March 11, 2021, offers education and training for high-demand jobs to veterans who are unemployed because of the COVID-19 pandemic.

obligations totaling approximately \$656.97 million (3.8 percent) and expenditures totaling approximately \$533.76 million (3.1 percent) of the ARP Act supplemental appropriation.<sup>11</sup>

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<sup>11</sup> Numbers are rounded. Therefore, any differences in calculations are due to rounding.

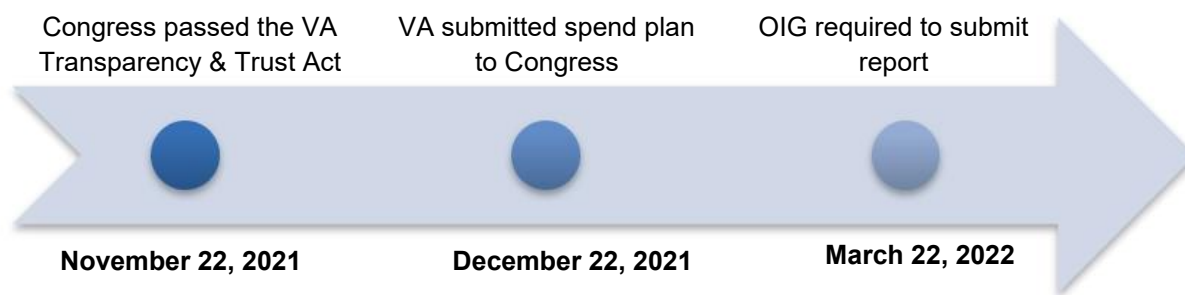
## Results and Recommendations

### Finding: VA Partially Complied with the VA Transparency & Trust Act of 2021

The Transparency Act required VA to submit spend plans to Congress for the FFCRA, CARES Act, and ARP Act of 2021, outlining its intent for obligating and expending COVID-19 funding—including justification for each type of obligation.<sup>12</sup> The OIG review team determined that VA submitted spend plans that generally outlined its planned use of the funds. However, the team found that NCA may have violated the US Code's Purpose Statute when it used \$3.6 million in CARES Act funds for a national shrine project that did not appear to be directly related to the pandemic.<sup>13</sup> According to the spend plan, funding targeted for that project was reallocated for activities related to NCA's pandemic response. Further, the team identified that the ARP Act plan included a stated planned use of funds that did not include a projected cost to support maintaining information technology projects originally started with CARES Act funds. As a result, it is unclear if all planned uses are captured in VA's obligations in the ARP Act plan it submitted to Congress.

### What the OIG Did

As seen in figure 1, VA met the requirement to submit a spend plan to Congress 30 days after the act was passed; the OIG was required to submit its inaugural report 90 days later.



**Figure 1.** Overview of relevant dates.

Source: OIG analysis.

For the inaugural report, the review team focused on its assessment of the three spend plans (FFCRA, CARES and ARP Acts) to ensure they met the intent of the act. The team evaluated whether VA's spend plans included obligations and expenditures of its COVID-19 funds, with a

<sup>12</sup> VA Transparency & Trust Act of 2021, Pub. L. No. 117-63, November 22, 2021.

<sup>13</sup> 31 U.S.C. § 1301. This section, known as the Purpose Statute, states that appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.

detailed justification for each type of obligation.<sup>14</sup> The team then compared the spend plans to the provisions of the FFCRA, CARES, and ARP Acts to determine if VA's reported planned uses of its COVID-19 funds aligned with the specified statutory purpose of the funding. As a result of this comparative analysis, the review team identified potential discrepancies between the acts' prescribed uses of the funds and VA's use of the funds in one instance. The review team also assessed federal laws and regulations, along with VA policies, and conducted interviews with appropriate VA personnel.

## Families First Coronavirus Response Act Spend Plan Elements

As seen in table 4, the FFCRA spend plan detailed obligations for two funds: medical services and medical community care.

**Table 4. Overview of Families First Coronavirus Response Act Funds**

Entity	Purpose	Appropriated amount (in millions of dollars)
VHA	Medical care and health needs including VA community care	60

*Source: OIG analysis of FFCRA funds.*

According to the spend plan, medical services funds were used to purchase COVID-19 testing materials and supplies for use throughout VA's system. This funding helped VA provide care to veterans who were identified as having COVID-19. The medical community care funds were used to pay for COVID-19 tests administered to veterans in community care settings.

## Coronavirus Aid, Relief and Economic Security Act Spend Plan Elements

The CARES Act spend plan described activities and obligations for each VA entity that received CARES Act funds, along with accomplishments and results. As seen in table 5, funds were to be used for several purposes.

<sup>14</sup> CARES and ARP Act funds provided to the OIG are included in this report for the purposes of identifying all funds VA received. Because the OIG review team cannot make an independent assessment of the OIG's use of funds, the team did not review how the OIG used the provided funds.

**Table 5. Initial Appropriation of CARES Act Funds**

Entity	Purpose	Appropriated amount (in millions of dollars)**
VHA	Medical care and health needs, including VA community care	17,238
	Funding for construction of state home facilities	150
VBA	General operating expenses	13
Office of Information and Technology	Acquisition of new equipment, telework expansion, and improvement of telehealth capabilities	2,150
OIG	Payroll, information technology requirements, office cleanings, personal protective equipment, and training	13
General administration for the department*	Personal protective equipment; sneeze guards and plexiglass barriers; and implementing a new budgetary, financial, and contracting system	6
<b>Total</b>		<b>19,570</b>

Source: OIG analysis of VA's CARES Act appropriations without transfers and spend plan.

Note: NCA did not receive an initial appropriation of CARES Act funds.

\* These funds were allocated to the Office of Human Resources and Administration/Operations, Security, and Preparedness and the Financial Management Business Transformation Service.

\*\* Some totals were rounded.

## Veterans Health Administration

VHA oversees its Office of the Chief Financial Officer, Office of Community Care, the Veterans Integrated Service Networks, and the 171 medical centers that are an integral part of VA's overall response to the COVID-19 pandemic.<sup>15</sup>

<sup>15</sup> VHA is divided into 18 Veterans Integrated Service Networks, each a shared system of care working together to better meet local healthcare needs.

### *Medical Care and Health Needs, Including VA Community Care*

According to the spend plan, the CARES Act medical care funds provided veterans with COVID-19-related health care in VHA medical facilities and the community.<sup>16</sup> The funding supported all levels of VA's COVID-19 response, from buying test kits and specialized equipment to overtime and travel costs. Further, VHA used some of the funding to add medical, surgical, and intensive care unit beds.

### *Funding for Construction of State Home Facilities*

The VA State Veterans Home Construction Program is administered by VHA and is a partnership between VA and the states to construct, renovate, or repair facilities owned and operated by the state.<sup>17</sup> There are 158 state homes for veterans. In VA's CARES Act spend plan, VA described how CARES Act funds were obligated for 37 construction grants to 17 states to make pandemic-related modifications to existing state home facilities.

### **Veterans Benefits Administration**

The spend plan described funds provided to VBA for general operating expenses such as COVID-19 mitigation; overtime; record digitization, mail, and printing services; and the Digital GI Bill.<sup>18</sup> With these funds, VBA acquired personal protective equipment and supplies for essential employees required to report to an office in person during the pandemic. VBA also used funds to deep clean and sanitize offices and to support expanding telework capabilities.

According to the spend plan, the COVID-19 global pandemic disrupted VBA's access to the evidence required to adjudicate disability claims, contributing to a backlog of over 221,000 claims.<sup>19</sup> VBA used CARES Act funds for overtime to support the reduction of its backlog, reporting as part of the plan that it was able to reduce the number of claims pending to less than 207,000.

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<sup>16</sup> Medical care funds include medical services, medical facilities, medical support and compliance, and medical community care.

<sup>17</sup> 38 USC § 8132 provides that states can construct (or acquire) facilities and provides for assistance to states to construct (or acquire) state home facilities for furnishing domiciliary or nursing home care to veterans. It also provides for expanding, remodeling, or altering existing buildings for furnishing domiciliary, nursing home, adult day health, or hospital care to veterans in state homes.

<sup>18</sup> The digital GI Bill platform will enable VA to call, email, text, and chat with GI Bill beneficiaries and grant VBA immediate access to beneficiary records and respond to questions from colleges and universities instantaneously. VA Office of Public and Intergovernmental Affairs, "VA Modernized GI Bill Platform Soon to Be a Click Away Offering Students Easier Access," news release, March 18, 2021, <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5644>.

<sup>19</sup> VBA defines the backlog as disability claims pending more than 125 days. Veterans Benefits Administration Reports, "Detailed Claims Data," accessed February 16, 2022, [https://www.benefits.va.gov/reports/detailed\\_claims\\_data.asp](https://www.benefits.va.gov/reports/detailed_claims_data.asp).

VBA used CARES Act funds for a number of other projects, including implementing a plan to digitize more than 15 million personnel records. According to the spend plan, digitization would support efficiency and updated automation that would improve and expedite claims processing, subsequently reducing the backlog and avoiding further backlog growth. Another VBA project was intended to reduce the time it takes to mail documents by creating a mobile application for users to submit documents directly to VBA. The application was planned to assist servicemembers transitioning out of the military but was expanded to serve veterans. In addition, VBA developed a contract to create its own printing and mailing services because the Government Publishing Office vendor had fallen behind in printing. According to the plan, the program is intended to send 45,000 letters per day to veterans—an increase of 5,000 letters per day.

Finally, VA's spend plan showed how the COVID-19 pandemic highlighted the shortcomings of Education Service systems: difficulty transitioning to paperless processing, additional workload burdens for VA and schools, and challenges tracking or identifying GI Bill students and schools affected by COVID-19. As such, VA allocated CARES Act funds for the Digital GI Bill to improve education benefits and customer service delivery to nearly one million students each year.

## **Office of Information and Technology**

VA's spend plan stated COVID-19 drove increased demands for health care in general and telehealth specifically. The Office of Information and Technology provided support to VHA's staff and veterans as it responded to the pandemic. In addition, it deployed emergency preparedness equipment to support temporary sites of care, testing sites, and vaccination clinics. Finally, it improved functionality for GI Bill students operating in a pandemic environment.

## **Office of Inspector General**

According to the CARES Act, OIG funds were to be used for the oversight of programs, activities, grants, and projects funded under the act. VA's spend plan for OIG listed items such as payroll costs, employee leave, personal protective equipment, training, and information technology solutions.

## **General Administration for the Department**

VA's spend plan stated it would use general administration funds totaling \$6 million for space optimization planning, safety, and other adjustments to meet emerging protocols necessary for the employee workplace. It would also use the funds for screening checkpoints, personal protective equipment, and other supplies such as barriers and air filters. The Office of Human Resources and Administration/Operations, Security, and Preparedness (HR&A/OSP) was responsible for using \$3.1 million of these funds. The Office of Financial Management Business



Transformation Program Service was responsible for using \$2.9 million of general administration funds to support the implementation of the Integrated Financial and Acquisition Management System. This system is intended to manage budgetary, financial, and contracting activities across VA.

Not all VA entities received an initial appropriation of CARES Act funds. As seen in table 6, VHA received congressional authority to transfer funds to other VA entities. Because NCA did not receive an initial appropriation of funds, VHA transferred \$12 million to NCA to assist with costs associated with the coronavirus.<sup>20</sup>

**Table 6. Overview of CARES Act Funds with Transfers**

Entity	Initial appropriation (in millions of dollars)	Transferred amount (in millions of dollars)	Final amount allocated (in millions of dollars)
VHA	17,388	-396	16,992
VBA	13	+338	351
NCA	0	+12	12
OIT	2,150	+45	2,195
Board of Veterans' Appeals	0	+1	1

Source: OIG analysis of VA-reported transfers of CARES Act funds as of September 30, 2021.

Note: The OIG and general administration did not transfer or receive funds. Additionally, the amount transferred by VHA in table 6 only includes the funds transferred out of that administration.

## The National Cemetery Administration May Have Inappropriately Used \$3.6 Million of CARES Act Funds

In the CARES Act spend plan, VA stated that NCA obligated \$11.9 million (99.1 percent) of the \$12 million in CARES Act funding it received from VHA. The VA spend plan reported that NCA would use the funds for overtime to meet increased workload for additional interments and memorial services, sanitizing supplies and personal protective equipment for employees, enhanced cleaning services, additional equipment, a delayed national shrine project, and cemetery maintenance contracts. However, the review team identified NCA may have inappropriately used \$3.6 million in CARES Act funds for the delayed cemetery national shrine project. The Beaufort National Shrine project was intended to raise and realign over 17,000 headstones, replace irrigation, and repair turf in the historical sections of the cemetery.<sup>21</sup>

<sup>20</sup> The Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, December 27, 2020, states that Congress authorized VA to transfer unobligated balances from VHA's CARES Act funds to prevent, prepare for, and respond to coronavirus, domestically or internationally, including the elimination of backlogs that may have occurred.

<sup>21</sup> The project was for a cemetery in South Carolina that encompasses over 30 acres.

However, allocating CARES Act funds for a non-COVID-19 project may be using an appropriation for something other than its original intended purpose, contrary to the Purpose Statute.<sup>22</sup>

The CARES Act spend plan stated that NCA initially intended to obligate funds for the Beaufort National Shrine project in 2020, but due to the coronavirus pandemic, the funding for the project was reallocated for NCA's COVID-19 response. As such, according to the spend plan, NCA canceled the project and used \$3.6 million of the CARES Act funds, transferred from VHA, for the project.

The transferred CARES Act funds were supposed to be used for personnel costs and other expenses to prevent, prepare for, and respond to coronavirus, domestically or internationally, including the elimination of backlogs that may have occurred.<sup>23</sup> It is unclear how the \$3.6 million of CARES Act funding for the Beaufort National Shrine project was used to meet that purpose.

The OIG recommends the assistant secretary for management/chief financial officer consult with appropriate VA financial and legal officials to determine whether the use of CARES Act funds for the Beaufort National Shrine project violates the law and, if a violation occurred, take the steps necessary to remedy the violation.

## American Rescue Plan Act of 2021 Spend Plan Elements

The ARP Act of 2021 spend plan goal was to justify the intended activities for each of the purposes detailed in table 7. In addition, the plan included accomplishments to date, expected results, risk mitigation efforts, and an obligation schedule for remaining funds.

**Table 7. Overview of ARP Act Funds**

Entity	Purpose	Appropriated amount (in millions of dollars)
VHA	Medical care and health needs including VA community care	14,482
	Reimbursement to veterans for copayment or cost-sharing costs incurred during the COVID-19 pandemic	1,000
	Funding for state home facilities	750

<sup>22</sup> 31 U.S.C. § 1301 states that except as otherwise provided by law, appropriations shall be applied only to the objects for which the appropriations were made.

<sup>23</sup> Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, December 27, 2020.

Entity	Purpose	Appropriated amount (in millions of dollars)
VBA	Veteran Rapid Retraining Assistance Program	386
	Claims processing	262
Office of Information and Technology	Supply chain modernization	100
Board of Veterans' Appeals	More hearings and reduction of the number of pending appeals	10
OIG	Oversight work in conducting audits, investigations, and other projects and activities	10
Office of Human Resources and Administration/Operations, Security and Preparedness	Emergency department employee leave fund	80
<b>Total</b>		<b>17,080</b>

Source: OIG analysis of the ARP Act of 2021 appropriations and VA's allocations as of September 30, 2021.

Note: NCA did not receive an initial appropriation of ARP Act of 2021 funds, and no funds were transferred to it.

A brief overview of how each entity planned to spend the funds follows.

## Veterans Health Administration

According to VA's ARP Act spend plan, VHA received funds to help provide veterans with medical care, including VA community care. In addition, from April 6, 2020, to September 30, 2021, the act required VA to reimburse veterans for some out-of-pocket expenses such as copayments and deductibles.<sup>24</sup> Further, VHA has 158 state home facilities that provide domiciliary, nursing home, adult day health, or hospital care to veterans.<sup>25</sup> VA stated it obligated funds for one-time payments to existing state homes to help address the significant challenges from COVID-19. It also obligated funds for grants to state homes to conduct safety upgrades, renovations, and new construction.

<sup>24</sup> American Rescue Plan Act of 2021, Pub. L. No. 117-2, March 11, 2021.

<sup>25</sup> VHA Directive 1601SH.01(1), *State Home Per Diem Program*, November 15, 2016. State homes are owned, operated, and managed by state governments; VA must formally recognize and certify a facility as a state veterans home.

## Veterans Benefits Administration

According to VA's spend plan, ARP Act funds were allocated to VBA's Veteran Rapid Retraining Assistance Program, which offers education and training for high-demand jobs to eligible veterans who are unemployed because of the COVID-19 pandemic.<sup>26</sup> Under this program, eligible veterans may receive up to 12 months of tuition and fees and a monthly housing allowance. This program will be available until December 11, 2022.

The spend plan also detailed the use of funds for VBA's claims processing. ARP funds were intended to be used to reduce the backlog of compensation and pension claims, increase scanning efforts, and implement necessary system updates and enhancements to support exam scheduling and rescheduling. According to the spend plan, VBA plans to reduce the claims backlog to 100,000 claims by April 2024.<sup>27</sup>

## Office of Information and Technology

VA is working to improve the coordination and performance of its supply chain operations to ensure access to the items needed to support veterans, including a VA-wide strategic analysis. The ARP spend plan indicates that VA allocated \$100 million to the Office of Information and Technology for supply chain modernization efforts. According to the plan, VA's chief acquisition officer is charged with leading this effort and collaborating with VA administrations and staff offices.

VA's spend plan indicated that ARP Act funds would be used for supply chain modernization efforts; however, the plan acknowledged the risk that VA may be unable to obligate these funds before they expire on September 30, 2022.

The review team contacted VA officials to determine what steps were being taken to mitigate this risk. VA officials stated they conducted meetings with congressional staff members to discuss the progress of its supply chain modernization efforts and provided a plan to obligate the funds. VA officials also informed the review team that although they cannot obligate and spend these funds until the Secretary approves their modernization plan, if their assessment results are satisfactory, VA will be able to obligate the funds before they expire on September 30, 2022. However, as of February 17, 2022, VA was still conducting its strategic analysis and assessing its supply chain management. At the time this report was published, the responsible VA staff had not yet submitted a plan for the Secretary's approval.

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<sup>26</sup> American Rescue Plan Act of 2021, Pub. L. No. 117-2, March 11, 2021, provides eligibility requirements including that veterans are at least 22 years old, but not older than 66; are unemployed because of the COVID-19 pandemic; are not rated as totally disabled because they cannot work; and are not enrolled in a federal or state jobs program.

<sup>27</sup> As of February 12, 2022, VBA's claims backlog was 256,574, according to VBA's detailed claims data, accessed February 16, 2022, [https://www.benefits.va.gov/reports/detailed\\_claims\\_data.asp](https://www.benefits.va.gov/reports/detailed_claims_data.asp).

## **Board of Veterans' Appeals**

According to the ARP Act spend plan, the \$10 million provided to the Board of Veterans' Appeals is intended to provide relief to the ongoing operations affected by the pandemic. This funding directly affects and improves operations such as scheduling of hearings. It also supports both short- and long-term efforts to improve mail processing and intake and provides support to manage appeals resulting from additional VBA spending on overtime work on compensation and pension claims. According to the spend plan, the Board of Veterans' Appeals will hire temporary employees for two-year terms and use overtime to decrease the number of pending hearings and appeals.

## **Office of Inspector General**

The spend plan states that the \$10 million provided to the OIG through ARP is meant to provide support for its oversight work in conducting audits, investigations, and other projects and activities. The OIG focus is on reviewing issues such as processing claims for compensation and pension benefits, major information technology modernization projects, and financial reviews of VA facilities. According to the ARP Act spend plan, the OIG anticipates the oversight work will result in recommendations to improve VA operations, promote timely and accurate benefits for eligible veterans, help facilitate strong stewardship of taxpayer dollars, and identify ways to enhance information systems and innovation—all of which have faced challenges in a COVID-19 environment.

## **Office of Human Resources and Administration/Operations, Security, and Preparedness**

Pursuant to the ARP Act spend plan, the \$80 million provided to the Emergency Department of Veterans Affairs Employee Leave Fund was to help specific VHA employees who were unable to work due to COVID-19 pandemic circumstances to use paid leave.<sup>28</sup> According to the spend plan, because there was a risk that VA employees may not have known about the benefit, VHA and the HR&A/OSP office worked together to raise awareness.

## **VA Did Not Provide Project Costs to Support Obligations for Information Technology Sustainment Activities Reported in Its Spend Plan**

The Transparency Act requires that VA's spend plans include its intent to obligate and spend its COVID-19 funds. Based on the OIG review team's comparison of the narrative and the

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<sup>28</sup> The specific VHA employees were those appointed under chapter 74 of 38 U.S.C., which includes personnel that the VA Secretary may find necessary for the health care of veterans.

obligation schedule, the team identified that the obligation schedule did not include all activities and dollar amounts. According to VA, these investments represent a subset of the overall information technology planned obligations that include both direct support of medical care activities and enterprise-wide investments for VHA and the Department.

When the review team requested the specific projects and milestones, VA's Office of Information and Technology Resource Management informed the review team that “[a]ll funding requested in the ARP is for sustainment of projects that were either developed/enhanced or expanded in support of COVID-19. The ARP funds will continue this sustainment.” However, similar information was already included in the spend plan.<sup>29</sup> Therefore, the team followed up to specifically request cost, project description, expected placed-in-service dates, and critical milestones for each line item. In response, the office requested an extension; however, as of February 18, 2022, this information had not been provided.

The OIG recommends the assistant secretary for management/chief financial officer determine obligations for sustaining essential information technology investments, update the obligation schedule, and provide an updated spend plan to Congress.

## Conclusion

The VA Transparency & Trust Act of 2021 was enacted to provide congressional oversight to help ensure transparency, visibility, and accountability of the approximately \$37 billion provided to VA in supplemental appropriations. VA submitted spend plans detailing its intent to obligate and spend most of its funds. However, NCA may have violated federal law when it used \$3.6 million of CARES Act funds for the Beaufort National Shrine project that was included in the spend plan. These funds did not appear to be directly related to COVID-19 conditions, although according to VA's spend plan, the funds originally allocated to support the shrine project were previously reallocated to support efforts to address COVID-19. Further, by not identifying the project cost to support all its information technology projects, it is unclear if all planned uses are captured in VA's obligations in the ARP Act plan it submitted to Congress. The OIG will continue to monitor VA's use of critical emergency relief funding to ensure it is properly used in support of veterans.

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<sup>29</sup> As part of VA's ARP Act spend plan, VA states that sustainment support for information technology investments are projects that were initiated due to the COVID-19 pandemic.

## Recommendations 1–2

The OIG made the following recommendations to the assistant secretary for management/ chief financial officer:

1. Consult with appropriate VA financial and legal officials to determine whether the use of CARES Act funds for the Beaufort National Shrine project violates the Purpose Statute and, if a violation occurred, take the steps necessary to remedy the violation.
2. Determine the obligations to sustain essential information technology investments, update the obligation schedule as necessary, provide an updated spend plan to Congress, and include this information in future biweekly updates.

## VA Management Comments

The principal deputy assistant secretary for management/deputy chief financial officer stated that the Office of Management concurs with the findings and recommendations.

For recommendation 1, the Office of Management will “request the [VA] Office of General Counsel review, evaluate, and determine whether a Purpose Statue violation occurred” in relation to the Beaufort National Shrine project. If a violation occurred, the office will take the necessary steps to redress the violation. For recommendation 2, the Office of Management, “working through its Office of Budget, will work with the Office of Information and Technology to develop a detailed plan to include cost, project description, expected placed-in-service dates, and critical milestones for each line item.” Further, this information will be used to update the ARP Act of 2021 report submitted to Congress.

Appendix D includes the full text of VA management’s comments.

## OIG Response

The OIG considers the corrective action plans acceptable and will monitor VA’s progress in meeting the intent of the recommendations. The OIG will close the recommendations when it receives sufficient evidence that appropriate measures have been taken.

## Appendix A: Scope and Methodology

### Scope

The OIG conducted its review work from December 2021 through March 2022. The review focused on whether VA's detailed spend plans submitted to Congress on December 22, 2021, complied with the Transparency Act. VA's detailed spend plans were limited to covering the supplemental funds VA received in March 2020 from the FFCRA and the CARES Act, and the supplemental funds VA received in March 2021 from the ARP Act of 2021.

### Methodology

The review team evaluated VA's spend plans, interviewed VA officials, and assessed relevant federal laws and regulations. The team also examined VA's spend plans for reasonableness by reviewing VA's reported planned use of the FFCRA, CARES, and ARP Act funds and comparing it to the statutory specified purpose of that funding. In addition, to determine the level of completeness of the spend plans, the team compared the elements of the spend plans to the respective supplemental appropriation to ensure all funds included justification. Based on its evaluation, the team made several requests to VA for methodologies and documentary evidence that would support VA's justifications for the planned use of covered funds.

Finally, the team interviewed VA officials and appropriate personnel from the Office of Management; Office of Budget; and Office of Acquisition, Logistics, and Construction.

### Internal Controls

The review team determined that internal controls were not significant to the review objective. Accordingly, as part of their work, the team did not find any significant internal control deficiencies.<sup>30</sup>

### Fraud Assessment

The review team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant within the context of the review objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators. The OIG did not identify any instances of fraud or potential fraud during this review.

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<sup>30</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.



## **Data Reliability**

As this is the inaugural report, the review team focused this review on assessing the detailed spend plans. As such, the team did not rely on data to reach this report's conclusions.

## **Government Standards**

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*.

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

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1	NCA's use of CARES Act funds may have violated the Purpose Statute when it awarded contracts for the Beaufort National Shrine project.	\$0	\$3.6 million
	<b>Total</b>	<b>\$0</b>	<b>\$3.6 million</b>

## Appendix D: VA Management Comments

### Department of Veterans Affairs Memorandum

Date: March 14, 2022

From: Principal Deputy Assistant Secretary for Management and Deputy Chief Financial Officer (004)

Subj: Draft Report, VA's Compliance with the Transparency and Trust Act of 2021 (project number 2022-00879-AE-0045)

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

1. Thank you for the opportunity to review the Office of Inspector General (OIG) draft report on the Department of Veterans Affairs (VA) compliance with the Transparency and Trust Act of 2021. OIG assigned two recommendations to the Assistant Secretary for Management and Chief Financial Officer. The Office of Management (OM) concurs with both findings and recommendations. OM's action plan is attached.

*The OIG removed point of contact information prior to publication.*

(Original signed by)

Edward J. Murray

Attachment

OFFICE OF MANAGEMENT/CHIEF FINANCIAL OFFICER

Action Plan

OIG Review of VA's Compliance with the Transparency and Trust Act of 2021  
(Project number 2022-00879-AE-0045)

**Recommendation 1. Consult with appropriate VA financial and legal officials to determine whether the use of CARES Act funds for the Beaufort National Shrine project violates the Purpose Statute and, if a violation occurred, takes the steps necessary to remedy the violation.**

The Office of Management (OM) will request the Office of General Counsel review, evaluate and determine whether a Purpose Statute violation occurred when the National Cemetery Administration used CARES Act funding for the Beaufort National Shrine project. If a violation occurred, OM will take the necessary steps to remedy the violation.

Status: In Progress

Target Completion Date: June 2022

**Recommendation 2. Determine the obligations to sustain essential information technology investments, update the obligation schedule as necessary, provide an updated spend plan to Congress, and include this information in future biweekly updates.**

OM, working through its Office of Budget, will work with the Office of Information and Technology to develop a detailed plan to include cost, project description, expected placed-in-service dates and critical milestones for each line item. This information will be used to update the American Rescue Plan (ARP) Act of 2021 report and will be transmitted to Congress.

Status: In Progress

Target Completion Date: June 2022

*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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<b>Contact</b>	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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<b>Review Team</b>	Gregory Gladhill, Director Ryan Bryner Heather Jones Jeffrey Lloyd
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<b>Other Contributors</b>	Yvette Banker Kathryn Berrada Kim Cragg
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### VA Distribution

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