



US 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 Semiannual Report: March 2025

Review

22-00879-77

March 20, 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.



Executive Summary

In November 2021, Congress passed the VA Transparency & Trust Act of 2021 (Transparency Act) to provide oversight of VA's spending of emergency relief funding for the Families First Coronavirus Response Act (FFCRA); the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the American Rescue Plan (ARP) Act.¹ 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, including a justification for each type of obligation.

The Transparency Act also requires VA to submit reports to Congress every 14 calendar days (biweekly) detailing its obligations, expenditures, and planned uses for covered funds, as well as justification for any deviation from the plan. In addition to requirements for the department, the Transparency Act further requires the VA Office of Inspector General (OIG) to submit reports comparing the planned obligations and expenditures to how VA is obligating and expending its covered funds. The OIG must also address areas of waste, fraud, and abuse, as well as any other matters determined relevant. The initial OIG report was required within 120 days of enactment, and additional reports must be submitted semiannually for three years or until all covered funds have been expended, whichever comes first. This report is the seventh and last report, published after November 22, 2024, which marked the passage of three years.²

What the Review Found

In the inaugural report, the OIG focused on whether VA's plans provided to Congress on December 22, 2021, satisfied the requirements of the Transparency Act.³ The OIG made two recommendations, which were closed in April 2023. In the semiannual reports for September 2022 and March 2023, the OIG looked at the ARP Act spend plan and FFCRA detailed plan and reporting, respectively.⁴ There were no recommendations for the September 2022 report, and the OIG could not complete its analysis of the FFCRA funds in the March 2023 report because VA did not provide sufficient supporting documentation requested by the review team.

¹ VA Transparency & Trust Act of 2021, Pub. L. No. 117-63, 135 Stat. 1484; Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178 (2020); Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (2020); American Rescue Plan Act of 2021, Pub. L. No. 117-2, 135 Stat. 4.

² For details regarding this report's scope and methodology, see appendix A.

³ VA OIG, [VA's Compliance with the VA Transparency & Trust Act of 2021](#), Report No. 22-00879-118, March 22, 2022.

⁴ VA OIG, [VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2022](#), Report No. 22-00879-236, September 22, 2022; VA OIG, [VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: March 2023](#), Report No. 22-00879-79, March 21, 2023.

In the semiannual report for September 2023, the OIG completed its review of FFCRA actual obligations and expenditures and found VA generally did not comply with its own financial policies to process and authorize FFCRA expenditure transfers.⁵ The OIG made one recommendation, which was closed in April 2024. The March 2024 semiannual report compared VA's ARP Act spend plan obligation schedule to available monthly and biweekly reports to evaluate VA's compliance with Transparency Act reporting requirements through December 31, 2023.⁶ The review team found VA generally complied with the Transparency Act but failed to submit all required biweekly financial reports.

The September 2024 semiannual report focused on ARP Act funds, which had the largest dollar amount of open obligations as of February 29, 2024 (the beginning of that report's review period).⁷ The team found that VA appropriately obtained congressional approval for ARP Act spend plan deviations and determined open obligations met ARP Act requirements. However, VA did not consistently provide explanations to the Office of Financial Audit as required for obligations that were older than or had no activity for 90 days. The team also found biweekly reports were not submitted, and quarterly reports were submitted late. The OIG made three recommendations that, as of February 13, 2025, remain open.

This March 2025 semiannual report also focused on ARP Act funds because they had the largest outstanding balance and open obligations when compared to funds covered by the other two acts.⁸ Also, VA deobligated many ARP Act obligations *after* the funds expired, as noted in the March 2024 and September 2024 semiannual reports. The OIG found ARP fund transactions reviewed by the team followed the Transparency Act and mostly followed financial policy. The team reviewed 20 transactions (10 from the Office of Information and Technology and 10 from the Veterans Health Administration (VHA)) and found VHA did not fully conform with VA financial policy for two transactions.

While transactions complied with the Transparency Act, the OIG found VA did not comply with the financial reporting requirements of the Transparency Act but generally complied with the Consolidated Appropriations Acts of 2022 and 2023. At the time of this report's publication, VA had not submitted biweekly reports required by the Transparency Act. Further, the third-quarter and fourth-quarter fiscal year (FY) 2024 reports required by the Consolidated Appropriations Acts of 2022 and 2023 were submitted late.

⁵ VA OIG, [*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2023*](#), Report No. 22-00879-196, September 22, 2023.

⁶ VA OIG, [*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: March 2024*](#), Report No. 22-00879-93, March 20, 2024.

⁷ VA OIG, [*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2024*](#), Report No. 22-00879-249, September 17, 2024.

⁸ See appendix A for the report's scope and methodology.

What the OIG Recommended

The OIG believes VHA should follow VA's financial policy, but the errors found by the team do not appear to be material to the ARP Act fund balance of \$17,003,895,000. Therefore, the OIG is not issuing a related recommendation. Additionally, because the OIG's recommendations remain open from the September 2024 report to submit biweekly reports and timely quarterly reports, the OIG is not issuing new recommendations.

VA Management Comments and OIG Response

The acting assistant secretary for management and chief financial officer concurred with the OIG's review.⁹ The OIG will close the recommendation from the September 2024 semiannual report when sufficient and adequate evidence of implementation is received from VA. Appendix B provides the full text of the response.



LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

⁹ The report is addressed to the assistant secretary for management and chief financial officer or anyone in an acting status or performing the delegable duties of this position.

Contents

Executive Summary	i
Abbreviations	v
Introduction.....	1
Results and Recommendations	5
Finding: VA Generally Complied with the Transparency Act, VA Financial Policy, and the Consolidated Appropriation Acts of 2022 and 2023.....	5
Appendix A: Scope and Methodology.....	10
Appendix B: VA Management Comments	12
OIG Contact and Staff Acknowledgments	13
Report Distribution	14

Abbreviations

ARP	American Rescue Plan
CARES	Coronavirus Aid, Relief, and Economic Security
FFCRA	Families First Coronavirus Response Act
FY	fiscal year
OIG	Office of Inspector General
VHA	Veterans Health Administration



Introduction

On November 22, 2021, Congress passed the VA Transparency & Trust Act of 2021 (Transparency Act) to provide oversight of VA's spending related to the following three COVID-19 pandemic supplemental appropriations: the Families First Coronavirus Response Act (FFCRA); the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the American Rescue Plan (ARP) Act of 2021.¹⁰ Table 1 shows VA's reported obligations and expenditures for each covered fund as of July 31, 2024, which was the most current data available at the time the VA Office of Inspector General (OIG) began this review.

Table 1. Overview of Transparency Act Covered Funds (in Thousands)

Covered fund	Allocations (net adjustments)	Obligations	Expenditures	Open obligations
CARES Act	\$19,569,500	\$19,214,232	\$19,018,340	\$195,892
FFCRA	\$60,000	\$60,000	\$60,000	\$0
ARP Act	\$17,003,895	\$16,817,309	\$15,726,211	\$1,091,098

Source: VA's monthly reports of allocations, obligations, and expenditures for FFCRA (through September 30, 2022, which was VA's last monthly report) and for the CARES Act and the ARP Act (through July 31, 2024). Open obligations were calculated by subtracting expenditures from obligations.

Section 2(a) of the Transparency Act required VA to provide Congress a detailed plan (spend plan) outlining its intent for obligating and expending funds covered by the act, including a justification for each type of obligation. Additionally, section 2(a) requires VA to submit reports to Congress every 14 calendar days (biweekly) detailing its current obligations, expenditures, and planned uses of the funds, along with justification for any deviation from the plan.

Supplemental appropriations, such as the FFCRA, CARES Act, and ARP Act, "can be used to provide funding for unforeseen needs, such as response and recovery costs due to a disaster."¹¹ Once a particular appropriation is enacted, agencies may obligate and expend funds subject to several conditions addressed within the statute. These conditions on the availability of appropriations include

- the period during which funds are available for obligation, sometimes referred to as the *period of availability* or *duration of appropriations*;
- the *purpose(s)* for which particular funds are appropriated; and

¹⁰ VA Transparency & Trust Act of 2021, Pub. L. No. 117-63, 135 Stat. 1484; Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178 (2020); Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (2020); American Rescue Plan Act of 2021, Pub. L. No. 117-2, 135 Stat. 4.

¹¹ VA Financial Policy, "Appropriations Law," in vol. 2, *Appropriations, Funds and Related Information* (July 2024), chap. 7.

- the *amount* of appropriated funds that may be obligated and expended.¹²

Section 2(b) of the Transparency Act requires the VA OIG to submit reports comparing how VA is obligating and expending covered funds with VA's planned obligations and expenditures; any observations related to areas of fraud, waste, and abuse; and any other matter the OIG determines relevant. The OIG met its initial requirement of submitting the first report no later than 120 days after the law was enacted. The OIG is also required to submit semiannual reports for three years or until the VA Secretary has expended all covered funds, whichever comes first. This report is the seventh and last report, published after November 22, 2024, which marked the passage of three years.

This March 2025 semiannual report focuses on the ARP Act funds because they have the largest outstanding balance and open obligations when compared to funds covered by the other two acts. Also, VA deobligated many ARP Act obligations *after* the funds expired, as noted in the March 2024 and September 2024 semiannual reports. Funds not obligated during their period of availability and funds deobligated after expiration are generally unavailable for new obligations or to be obligated again. In other words, while unexpired and expired appropriations are similar, new obligations cannot be recorded against expired appropriations.¹³

Past OIG Reviews

The OIG has published six previous reports on VA's compliance with the Transparency Act. The paragraphs that follow provide details of these reports. Table 2 summarizes the date of publication and the number of recommendations for each of these six reports.

¹² Government Accountability Office, "Availability of Appropriations: Purpose," in *Principles of Federal Appropriations Law*, GAO 17-797-SP, chap. 3, pp. 3–9, 11.

¹³ VA Financial Policy, "Obligation Policy," in vol. 2, *Appropriations, Funds and Related Information* (May 2023), chap. 5, pp. 5–6, 11.

Table 2. Summary of Previous VA OIG Transparency Act Reports

Number of recommendations	Date of report
2	March 2022
0	September 2022
0	March 2023
1	September 2023
0	March 2024
3*	September 2024

Source: VA OIG analysis of previous reports.

** The three recommendations from the September 2024 report remain open as of February 13, 2025.*

All other recommendations have been closed.

The OIG published its inaugural report on March 22, 2022, and focused on whether VA's spend plans provided to Congress on December 22, 2021, satisfied the requirements of the act.¹⁴ Specifically, the team analyzed VA spend plans submitted and confirmed VA's intent to obligate and spend most of its covered funds. However, the OIG found the National Cemetery Administration's spending of covered funds on a capital project were potentially unallowable according to the act, and there was the potential for underreporting of Veterans Health Administration (VHA) Office of Information and Technology project sustainment costs on the spend plans. The OIG made two recommendations that were closed in April 2023 after VA provided sufficient responses.

The semiannual report issued on September 22, 2022, focused on whether VA's ARP Act spend plan and biweekly reports satisfied the requirements of the Transparency Act.¹⁵ During that review, the team found the funds were underobligated, but a recommendation was not made because the review team noted that there was sufficient time to obligate funds before the fund expiration date.

The next semiannual report was issued on March 21, 2023, and focused on VA's FFCRA detailed plan and biweekly reports.¹⁶ The review team could not complete its analysis of the FFCRA funds in the March 2023 semiannual report because VA did not provide sufficient supporting documentation as requested.

¹⁴ VA OIG, [VA's Compliance with the VA Transparency & Trust Act of 2021](#), Report No. 22-00879-118, March 22, 2022.

¹⁵ VA OIG, [VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2022](#), Report No. 22-00879-236, September 22, 2022.

¹⁶ VA OIG, [VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: March 2023](#), Report No. 22-00879-79, March 21, 2023.

In the semiannual report issued on September 22, 2023, the OIG completed its review of VA's FFCRA actual obligations and expenditures and VA's CARES Act detailed plan and biweekly reports.¹⁷ The review team found VHA's recordkeeping for expenditure transfers in the VA Financial Management System was inconsistent for some transactions. The OIG recommended VA provide training for VHA fiscal staff. The team reviewed the documents provided, which included documentation that training was conducted, and the recommendation was closed in April 2024.

The March 2024 semiannual report compared VA's ARP Act spend plan obligation schedule and available monthly and biweekly reports to evaluate VA's compliance with Transparency Act reporting requirements through December 31, 2023.¹⁸ The review team relied on VA's last ARP Act biweekly report as of June 6, 2023, and the most recent monthly report through December 31, 2023. The OIG found VA generally complied with the Transparency Act but failed to submit all required biweekly financial reports.

The September 2024 semiannual report focused on ARP Act funds, which had the largest dollar amount of open obligations as of February 29, 2024 (the beginning of that report's review period).¹⁹ The review team determined open obligations met ARP Act requirements. However, VA did not consistently provide explanations to the Office of Financial Audit as required for obligations that were older than or had no activity for 90 days. While VA obtained congressional approval for changes to the ARP Act spend plan, the OIG found VA failed to submit biweekly reports to Congress as required, and quarterly reports required by the Consolidated Appropriations Acts of 2022 and 2023 were not submitted in a timely manner. Furthermore, the OIG found VA's open obligations generally met ARP Act requirements but failed to fully comply with VA financial policy. The OIG made three recommendations related to the ARP Act, including that VA resume submitting biweekly reports to Congress and submit missing biweekly reports beginning from June 2023, as well as submit quarterly reports within 30 days of the end of each quarter. The OIG also recommended VA ensure administrations and staff (fiscal) offices responsible for the management of open obligations know and understand VA financial policy requirements for the review of open obligations included in the quarterly obligation monitoring reports. As of February 13, 2025, these recommendations are open, and the team will review any supporting documentation from VA to close them when the documents are provided.

¹⁷ VA OIG, [*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2023*](#), Report No. 22-00879-196, September 22, 2023.

¹⁸ VA OIG, [*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: March 2024*](#), Report No. 22-00879-93, March 20, 2024.

¹⁹ VA OIG, [*VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2024*](#), Report No. 22-00879-249, September 17, 2024.

Results and Recommendations

Finding: VA Generally Complied with the Transparency Act, VA Financial Policy, and the Consolidated Appropriation Acts of 2022 and 2023

The OIG found that the 20 transactions reviewed by the team were compliant with the Transparency Act. Specifically, the expenditures bore a logical relationship to the appropriation being charged, the expenditures were not prohibited by law, and the expenditures fell within the scope of the current appropriation and did not apply to another appropriation. However, the OIG found that for two of the 20 transactions reviewed, VHA did not fully conform with VA financial policy.²⁰ Both obligations were contract modifications that resulted in adjustments. The first obligation took four months before the contracting officer signed the modification, and the second obligation was not recorded in the accounting system of record for almost two months after the execution of the contract modification. The team found the remaining 18 transactions did conform.

Furthermore, as identified in previous OIG reports, VA continues to remain noncompliant with the biweekly reporting provisions of the Transparency Act. During the March 2024 review, the team found VA had stopped submitting the required biweekly reports in June 2023, and the OIG issued a recommendation for VA to restart its submission of the reports in its September 2024 review.²¹ VA has stated it plans to submit the reports in March 2025.

In lieu of the biweekly reports, VA submitted monthly reports for all periods under review, as well as quarterly reports. For each submitted report, the team determined whether it was accurate and timely, as well as in accordance with the appropriate acts. In addition, the team determined whether the quarterly reports were submitted in a timely manner. The review team found no significant errors with the monthly reports; however, the third-quarter fiscal year (FY) 2024 report was submitted 23 days after the end of the fiscal quarter submission date and the fourth-quarter report was submitted 77 days after the required submission date. At the time of this report's publication, the OIG's recommendations to submit biweekly reports and quarterly reports in a timely fashion (issued in the September 2024 report) remain open, so the OIG is not issuing a new recommendation.

This finding is based on the following determinations:

²⁰ The OIG reviewed 10 transactions each from the Office of Information and Technology and VHA. No recommendation was made for the two obligations due to materiality. The two transactions total about 0.01 percent of the total ARP fund balance.

²¹ VA OIG, *VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: March 2024*; VA OIG, *VA's Compliance with the VA Transparency & Trust Act of 2021 Semiannual Report: September 2024*.

- ARP fund transactions complied with the Transparency Act and mostly followed VA financial policy.
- VA did not comply with the financial reporting requirements of the Transparency Act but generally complied with the Consolidated Appropriations Acts of 2022 and 2023.

What the OIG Did

To assess VA's compliance with the Transparency Act, the review team analyzed a judgmentally selected sample of 20 transactions that occurred near or after the expiration of funds and determined whether required reporting occurred. Of those, 10 transactions were from the Office of Information and Technology and 10 were from VHA. For more on this report's methodology, see appendix A. As part of the review team's overall assessment into any area related to fraud, waste, abuse, or other matters the team deems relevant, the team requested updates on the recommendations from the September 2024 semiannual report. The team also reviewed federal laws, regulations, VA policy, and supplemental information to understand what is required of VA regarding compliance with the act, the act's covered funds, and overall reporting requirements. Finally, the team analyzed monthly and quarterly reports.

ARP Fund Transactions Complied with the Transparency Act and Mostly Followed VA Financial Policy

For all 20 ARP fund transactions reviewed, the OIG found VA followed the Transparency Act.²² However, the OIG found two obligations that did not fully follow VA financial policy.²³ These two obligations were contract modifications that resulted in adjustments. The first obligation (\$880,549) was a contract modification that was recorded in the accounting system, but due to an administrative processing oversight by VHA's Office of Finance, it took four months before the contracting officer signed the modification.

The second obligation (\$1,063,342) was a contract modification that was not recorded in the accounting system of record for almost two months after the execution of the contract modification. When the team asked VHA to explain this delay, VHA stated the VA central office sent the funds two months after the contracting officer signed the contract adjustment. However, VA's financial policy says an obligation's validity must be substantiated through evidence to be recorded, and finance staff should record each obligation in the accounting system within the

²² Government Accountability Office, "Availability of Appropriations: Purpose," in *Principles of Federal Appropriations Law*, GAO 17-797-SP, chap. 3, pp. 3–9.

²³ VA Financial Policy, "Obligation Policy," chap. 5.

monthly accounting period in which the obligation occurs. The review team did not note any errors with the other 18 sample items.

The OIG believes VHA should follow VA's financial policy. However, because the errors the OIG found do not appear to be material to the ARP Act fund balance of \$17,003,895,000, the OIG is not issuing a recommendation at this time. The OIG has contacted the VA Office of Management and made it aware of the items found to support compliance with transactions going forward.

VA Did Not Comply with the Reporting Requirements of the Transparency Act but Generally Complied with the Consolidated Appropriations Acts of 2022 and 2023

The OIG found VA did not submit biweekly reports as required by the Transparency Act. Instead of biweekly reports, VA submitted monthly reports, which the team reviewed. The team determined the financial reports submitted to the OIG were accurate. However, for the quarterly reports reviewed, the team determined they were submitted late according to the reporting requirements of the Consolidated Appropriations Acts of 2022 and 2023.

Biweekly Reports

As a result of the September 2024 review, the OIG recommended VA's assistant secretary for management and chief financial officer confirm VA has resumed submitting biweekly reports and to submit reports from June 2023 to present as required by the Transparency Act.²⁴ VA responded to the recommendation by stating VA's assistant secretary for management and chief financial officer will commence sending biweekly reports to Congress while engaging with Congress on the continued need for biweekly reports, with a target completion date of March 2025. As of February 13, 2025, biweekly reports have not been submitted.

Because the review team did not receive biweekly reports, they analyzed ARP monthly reports for June through September 2024; they did not identify any significant accounting errors. The review team also determined the monthly reports were accurate. Although VA was not required to submit monthly ARP Act reports according to the Transparency Act or the Consolidated Appropriations Acts of 2022 and 2023, the information could be used concurrently with the biweekly reports to further review VA's obligations and expenditures. While biweekly reports contain the same information as the monthly report, biweekly reporting allows Congress to receive spending updates more quickly and are required by the Transparency Act.

²⁴ VA Transparency & Trust Act of 2021 § 2(a).

Quarterly Reports

The review team assessed whether quarterly reporting occurred as required by the Consolidated Appropriations Acts of 2022 and 2023. These acts require VA to submit quarterly reports 30 days after the end of the quarter. The review team found VA did not always meet deadlines for submitting quarterly reports. When these reports are submitted to Congress late or not at all, transparency suffers, and oversight of emergency funds cannot function as intended.

For this review, the OIG found that the ARP Act Quarterly Report for the third quarter of FY 2024 was submitted 23 days after the end of the fiscal quarter submission date. The fourth-quarter report was also late, submitted 77 days after the required submission date. Therefore, while VA did submit the quarterly reports, it did not ensure ARP Act quarterly reports were submitted on time as required by the Consolidated Appropriations Acts.

As a result of the September 2024 review, the OIG made a recommendation to VA's assistant secretary for management and chief financial officer to confirm that required quarterly reports are submitted to Congress within the time frame established by law. Timely submittal of quarterly reports is a continuous issue noted by the OIG. Because the recommendation is still open and VA has yet to determine a process to ensure timely reporting, the OIG is not issuing a new recommendation.

Conclusion

According to its financial policy, VA should record fully supported obligations in the month they occur. If obligations do not include evidence to substantiate their validity, they should not be recorded within the financial system of record per VA financial policy. As noted above, the OIG did not issue a recommendation, as the identified issues were not material to the ARP fund balance.

Furthermore, when financial reports are not submitted as the laws require, Congress does not have timely and accurate information on how ARP Act funds are being spent. VA should submit biweekly reports as required by the Transparency Act. VA should also submit quarterly reports within 30 days of the fiscal quarter as required by Consolidated Appropriations Acts of 2022 and 2023. Due to the open recommendations in this area, the OIG is not issuing new recommendations in this report.

VA Management Comments

The acting assistant secretary for management and chief financial officer concurred with the finding that VHA should follow VA's financial policy related to contract modifications that

result in adjustments.²⁵ The acting assistant secretary stated that VA is deploying a new financial management system that will improve compliance with VA financial policy; VA expects acquisition and finance functions will be integrated when the migration is complete and that recording delays will not occur. Regarding biweekly reporting, the assistant secretary agreed that VA has not always met the reporting requirements. VA is working to close out the recommendation from the September 2024 semiannual report related to the finding about biweekly reporting. The full text of the acting assistant secretary's comments appears in appendix B.

OIG Response

The OIG is aware of the new financial system deployment. Staff will close the recommendations from the September 2024 semiannual report when VA provides sufficient documentation demonstrating adequate responses.

²⁵ The report is addressed to the assistant secretary for management and chief financial officer or anyone in an acting status or performing the delegable duties of this position.

Appendix A: Scope and Methodology

Scope

The review team conducted its work from September 2024 through February 2025. The team analyzed a judgmentally selected sample of transactions that occurred near or after the expiration of funds, determined whether required reporting occurred, and provided a synopsis of prior iterations of the VA Transparency & Trust Act of 2021 reviews.

Methodology

The review team judgmentally selected 20 transactions from the American Rescue Plan (ARP) Act funds. Transactions from both financial systems VA is using were pulled, and those selected were chosen mainly because they indicated a high net increase in obligations or expenses near or after the expiration of ARP funds. Transactions included obligations, obligation adjustments, and expense adjustments. The team reviewed VA policy for each transaction to determine

- whether transactions were in accordance with the ARP Act's purpose, and
- whether transactions occurred during the funds' period of availability.²⁶

Ten of the transactions were from the Veterans Health Administration and the remaining 10 were from the Office of Information and Technology.

For each transaction, the team requested source documentation—which included contracts, contract modifications, agreements, journal voucher documents, and original transaction records—to identify the transaction's purpose. The team then compared the purpose of each transaction to the May 2023 spend plan submitted to Congress and the relative ARP Act sections to determine whether the purpose of the transaction was allowable. The team reviewed the respective ARP Act funds' obligation period of availability, as well as the obligation/expenditure adjustment source documents.

Internal Controls

The team determined performing an internal control step was not necessary unless internal control deficiencies were noted during the review. The team did not find any significant internal control deficiencies.²⁷

²⁶ VA Financial Policy, "Obligation Policy," in vol. 2, *Appropriations, Funds and Related Information* (May 2023), chap. 5, pp. 5–6.

²⁷ Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

Data Reliability

The Office of Inspector General (OIG) obtained data for ARP Act transactions that occurred near or after the expiration of funds. The data were obtained from VA's financial management systems (Financial Management System and Integrated Financial and Acquisition Management System). While performing the review, the team determined the data provided were consistent with source documentation. As a result, the team determined the data were sufficient and reliable for the purposes of the team's analysis to support the results and conclusions of the report.

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 B: VA Management Comments

Department of Veterans Affairs Memorandum

Date: February 27, 2025

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

Subj: Draft Report, Review of VA's Compliance with the Transparency and Trust Act of 2021
Semiannual Report: March 2025 (project number 2022-00879-AE-0123)

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

1. Thank you for the opportunity to review and respond to the Office of Inspector General (OIG) draft March 2025 semiannual report on the Department of Veterans Affairs' (VA) compliance with the Transparency and Trust Act of 2021.
2. OM agrees with the OIG finding that the Veterans Health Administration (VHA) should follow VA's financial policy related to contract modifications that result in adjustments. VA is in the process of deploying a new financial management system, iFAMS, that will improve compliance with the VA financial policy. VA expects, when VHA fully migrates to iFAMS, where acquisition and finance functions are integrated, the obligation will record automatically in the accounting system of record and such delays will not occur.
3. OM agrees with OIG's finding that VA has not always met biweekly reporting of Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136), or CARES Act, and The American Rescue Plan Act of 2021 (P.L. 117-2), or ARP, funding. VA is working to close out the recommendation from the September 2024 semiannual report on this finding.

The OIG removed point of contact information prior to publication.

(Original signed by)

Edward J. Murray

*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.
----------------	---

Review Team	Gregory Gladhill, Director Neslihan Cerezo Bobbie Duncan Preston Roland Keila Tugwell-Core Mónica Vega Morales
--------------------	---

Other Contributors	Yvette Banker Allison Bennett
---------------------------	----------------------------------

Report Distribution

VA Distribution

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

OIG reports are available at www.vaoig.gov.