



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

January 19, 2017

The Honorable Gene Dodaro  
Comptroller General of the United States  
Government Accountability Office  
Washington, DC 20548

Dear Mr. Comptroller:

This letter is to report a violation of the Antideficiency Act, as required by section 1351 of Title 31, United States Code (U.S.C.).

A violation of 31 U.S.C. § 1341(a) occurred in the Department of Veterans Affairs (VA) Medical Support and Compliance (MS&C) account (36-0152) in the amount of \$9,099,174.72. The violation occurred between fiscal years (FY) 2013 and 2015 in connection with the use of MS&C funds to finance a software pilot project for the Service-Oriented Architecture Research and Development (SOARD) system. The Information Technology (IT) Systems account (36-0167) was the proper funding source for the SOARD pilot. The former Assistant Deputy Under Secretary for Health (ADUSH) for Administrative Operations of the Veterans Health Administration (VHA) was responsible for the violation.

The SOARD system was designed to modernize and replace VHA's multiple operating asset management systems with a single, web-based, integrated, enterprise-level system. This effort occurred after OIT cancelled further development of the VHA Strategic Asset Management (SAM) project in October 2011 due to multiple missed deliverables under OIT's Project Management Accountability System (PMAS). As a result, in December 2012, VHA established a partnership with OIT to replace SAM with SOARD and initiated the SOARD pilot project.

The violation occurred after OIT ended the majority of its support for the SOARD pilot project in August 2013 due to funding constraints within the IT Systems account. VHA supported the IT operations and maintenance aspects of the project in FYs 2013 through 2015 with MS&C funds instead of the required IT systems appropriations.

In its August 5, 2016, report entitled, "Veterans Health Administration: Review of Alleged Mismanagement of the Service-Oriented Architecture Research and Development (SOARD) Pilot Project" (14-00545-343), the VA Office of Inspector General (OIG) found that VHA's former ADUSH for Administrative Operations violated appropriations law and recommended that the VA Under Secretary for Health establish oversight mechanisms, seek the return of all MS&C appropriations used to pay for SOARD, and determine if VA should take administrative action against VHA senior officials involved in SOARD funding decisions. In addition, the OIG report found that

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while OIT used PMAS to manage the SOARD pilot projects, PMAS lacked sufficient controls to detect and prevent VHA's improper use of MS&C appropriations to fund SOARD.

VA's OIT recently issued revised policy guidance to clarify what constitutes IT and non-IT expenditures and to account for new technologies, to include definitions in accordance with VA's appropriations act for staff to use when obligating funds. It will be used by VA finance and contracting staff as obligations are originated. VA believes that with clearer policy guidance violations similar to this one can be avoided.

The VA Under Secretary for Health referred this matter to the VA Office of Accountability Review (OAR) for a Fact Finding Review, and OAR determined that no administrative action was warranted against any current staff in VHA. The former ADUSH for Administrative Operations is no longer employed by VA.

VA has determined that the responsible party had no knowing and willful intent to violate the Antideficiency Act.

Identical reports are being submitted to the President, the President of the Senate, and the Speaker of the House of Representatives.

Sincerely,



Robert A. McDonald