



May 2021

VETERANS AFFAIRS

Use of Additional Funding for COVID-19 Relief

Accessible Version



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GAO Highlights

Highlights of [GAO-21-379](#), a report to congressional committees

Why GAO Did This Study

As of April 14, 2021, VA reported 224,538 cumulative veteran cases of COVID-19, and 11,366 deaths. The CARES Act and Families First Coronavirus Response Act included supplemental funding for COVID-19 relief, and the Consolidated Appropriations Act, 2021, permitted VA additional flexibility to transfer these funds across the department.

The CARES Act also included a provision for GAO to report on its ongoing monitoring and oversight efforts related to the COVID-19 pandemic.

This report examines 1) VA's obligations and expenditures of COVID-19 supplemental funding, as well as its plans to obligate remaining funds, and 2) how VA oversees the use of COVID-19 supplemental funds.

GAO reviewed VA data on obligations, expenditures, and spend plans for COVID-19 supplemental funding, as well as contracting documentation and documentation on the processes and guidance VA developed to oversee the use of funds. GAO interviewed VA officials responsible for oversight of the supplemental funding, including officials from five regional networks, selected based on funding levels and geography, to gather information about their roles in overseeing the use of and accounting for supplemental funding.

VA reviewed a draft of this report and provided a technical comment, which was incorporated as appropriate.

View [GAO-21-379](#). For more information, contact Sharon M. Silas at (202) 512-7114 or silass@gao.gov.

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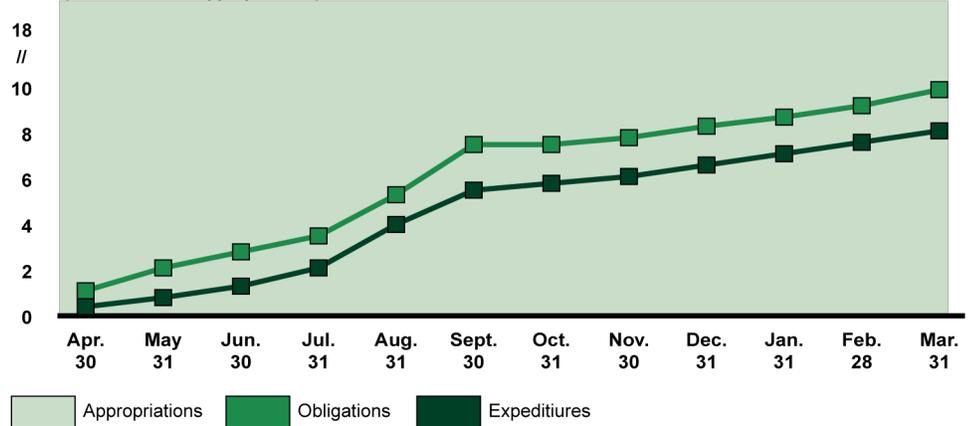
What GAO Found

The Department of Veterans Affairs (VA) received \$19.6 billion in supplemental funding—additional funding above the annual appropriation—in March 2020 to respond to the COVID-19 pandemic. GAO's analysis of VA data shows that through March 2021, VA had obligated \$9.9 billion and expended \$8.1 billion of the supplemental funding.

Department of Veterans Affairs (VA) Reported Obligations and Expenditures of CARES Act and Families First Coronavirus Response Act Funding through March 2021

Dollars (in billions)

\$19.6 (total amount of appropriations)



Source: GAO analysis of VA data. | GAO-21-379

Data table for Department of Veterans Affairs (VA) Reported Obligations and Expenditures of CARES Act and Families First Coronavirus Response Act Funding through March 2021

	Total appropriations (\$19.6 billion)	
	Obligations	Expenditures (subset of obligations)
April 30	1.1	0.4
May 31	2.1	0.8
June 30	2.8	1.3
July 31	3.5	2.1
August 31	5.3	4.0
September 30	7.5	5.5
October 31	7.5	5.8
November 30	7.8	6.1
December 31	8.3	6.6
January 31	8.7	7.1
February 28	9.2	7.6
March 31	9.9	8.1

Note: An obligation is a definite commitment that creates a legal liability to pay, and an expenditure is the actual spending of money.

The majority of the obligated supplemental funding (\$8.3 billion) was obligated by VA's Veterans Health Administration (VHA) for care provided to veterans by non-VA providers, the additional costs of salaries (such as for overtime) and related expenses of VHA staff, supplies and materials, and support for homeless veterans, due to COVID-19 response. The remaining obligations included costs of VA's transition to telehealth and telework during the COVID-19 pandemic, primarily through the Office of Information Technology (OIT). According to spend plan documents and department officials, VA plans to obligate its remaining \$9.7 billion in funding on activities including COVID-19 testing, purchasing supplies and equipment, and distributing COVID-19 vaccines.

VA mainly relies on its standard financial management processes to oversee the use of supplemental funds, including establishing new versions of standard financial codes to account for and report on use of funds through VA's financial system. VA also collected details about the use of supplemental funding, such as descriptions of the activities for which funds were obligated, that were not available in its financial system. In addition, the VA components that received the majority of the supplemental funding—VHA and OIT—set up additional processes and issued guidance specific to the use of supplemental funding, such as establishing councils to review funding requests.

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Abbreviations

COVID-19	Coronavirus Disease 2019
FFCRA	Families First Coronavirus Response Act
FMS	Financial Management System
FPDS-NG	Federal Procurement Data System-Next Generation
OIG	Office of Inspector General
OIT	Office of Information Technology
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VERA	Veterans Equitable Resource Allocation
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

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May 5, 2021

Congressional Committees

The Department of Veterans Affairs (VA) operates one of the largest health care systems in the United States and is charged with providing health care services to the nation's eligible veterans and beneficiaries through the Veterans Health Administration (VHA). VHA, like the U.S. health care system in general, has been stressed and has adapted its clinical operations to respond to the Coronavirus Disease 2019 (COVID-19), including shifting some care to telehealth. As of April 14, 2021, VA reported 224,538 cumulative veteran cases of COVID-19, including 4,458 active cases, and 11,366 deaths. We have previously reported on VA's efforts to increase its capacity to deliver COVID-19 care for veterans, through efforts such as hiring staff for VA medical centers and increasing telehealth services.¹

In addition to health care services, VA provides other services and benefits through its components.² The Veterans Benefits Administration (VBA) provides compensation and pension, education, and other benefits to veterans, and operations for some of these activities have also been affected by COVID-19, such as medical exams required for certain benefit programs.

In March 2020, the Families First Coronavirus Response Act (FFCRA) and the CARES Act collectively appropriated about \$19.6 billion to VA in supplemental funding—that is, additional funding above VA's annual

¹GAO, *COVID-19: Federal Efforts Could Be Strengthened by Timely and Concerted Actions*, [GAO-20-701](#) (Washington, D.C.: Sept. 21, 2020). GAO, *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, [GAO-21-265](#) (Washington, D.C.: Jan. 28, 2021).

²For purposes of this report, we define a component to include both department-wide offices, such as the Office of Information Technology (OIT), and the administrations that implement benefit programs.

appropriation—for COVID-19 relief.³ While the majority of the funding was to support the provision of health care services, this funding also supports information technology systems, administration of veterans' benefits, general administration, and oversight of VA's response to COVID-19 by the Office of Inspector General (OIG). The CARES Act requires VA to submit monthly reports to Congress detailing the obligations, expenditures, and planned activities related to the use of supplemental funding.⁴

The CARES Act also includes a provision for GAO to conduct monitoring and oversight of the federal government's efforts to prepare for, respond to, and recover from the COVID-19 pandemic, including reporting on the use of funds made available under the CARES Act or any other law for these purposes.⁵

In this report, we

1. describe VA's obligations and expenditures of COVID-19 supplemental funding, as well as plans for obligating remaining funds, and

³The CARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020), and the Families First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020). In March 2021, the American Rescue Plan Act of 2021 appropriated an additional \$17 billion to VA for COVID-19 relief, including \$14.48 billion for medical care and health needs. Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-117 (2021). Due to the timing of enactment of the American Rescue Plan Act of 2021, review of this funding is outside the scope of this performance audit. An appropriation provides budget authority to incur obligations and to make payments for specified purposes. Supplemental appropriations are funds enacted in an act appropriating funds in addition to those already enacted in an annual appropriation act. We will be referring to the supplemental appropriations enacted in the FFCRA and the CARES Act as supplemental funding in this report. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sept. 1, 2005).

⁴An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States whereas an expenditure is the actual spending of money. [GAO-05-734SP](#)

⁵Pub. L. No. 116-136, § 19010, 134 Stat. at 579-81. We regularly issue government-wide reports on the federal response to COVID-19. For the latest report, see GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*, [GAO-21-387](#) (Washington, D.C.: Mar. 31, 2021). Our next government-wide report will be issued in July 2021 and will be available on GAO's website at <https://www.gao.gov/coronavirus>.

2. assess how VA oversees the use of COVID-19 supplemental funds.

To describe VA's obligations and expenditures of COVID-19 supplemental funding, as well as plans for obligating remaining funds, we collected and reviewed data from VA's Financial Management System (FMS) provided by the VA Office of Management that included total obligations and expenditures as of March 31, 2021.⁶ We also reviewed data as of February 28, 2021, from VHA, the Office of Information Technology (OIT), VBA, and OIG on their obligations of COVID-19 supplemental funding by programmatic activity, and VHA's allocations of its supplemental funding. According to VA officials, obligation data provided by these components may vary from the obligations reported by the VA Office of Management, as component obligation data do not reflect high-level adjustments made at the department level. Finally, we reviewed spend plans from the above named offices indicating future planned obligations by activity. We assessed the reliability of the VA data on obligations, expenditures, and allocations by reviewing related documentation, checking for missing values and outliers, and interviewing officials knowledgeable of the data. As a result of these steps, we determined that the data were sufficiently reliable for the purpose of reporting on actual and future planned obligations, allocations, and actual expenditures.

To assess how VA oversees the use of COVID-19 supplemental funds, we reviewed documents describing financial codes used to record transactions in FMS, contracting codes for VA's contracting system, and standard reporting requirements for VA components that received COVID-19 supplemental funding. We reviewed guidance VA developed to communicate the activities for which supplemental funding may be used and the appropriate codes to record financial transactions related to supplemental funding. We also reviewed documentation of oversight processes such as council meetings, dashboard displays used to monitor use and availability of funding, and memos and emails requesting the use of supplemental funds.

We reviewed 12 VA contracts including 10 national contracts and two regional contracts. We selected 10 national contracts that had the highest total obligations between March and August 2020 with the COVID-19

⁶FMS is used to track obligations and prevent offices from obligating amounts that are greater than the funds they have available. FMS is VA's primary mechanism to track and monitor the use of all funds, including the COVID-19 supplemental funding.

National Interest Action code in the Federal Procurement Data System-Next Generation (FPDS-NG).⁷ We sought variation based on the contracting office associated with the contract by selecting no more than two contracts for each contracting office code. To obtain perspectives from regional staff, we also reviewed two regional contracts that were selected by a related GAO engagement.⁸ For each selected contract, we reviewed contract documentation and interviewed contracting officers and relevant VA officials who were knowledgeable about the financial codes for the selected contracts. We also reviewed FMS financial codes provided by VA for the 10 national contracts. This selection is not intended to be representative of all VA contracts related to COVID-19, nor did we review whether the appropriate appropriation was used to fund the contracts. We selected the contracts to provide illustrative examples about how VA coded the selected COVID-19 contracts.

For our assessment of how VA oversees the use of COVID-19 supplemental funds we relied on federal internal control standards.⁹ We determined that the monitoring and information and communication components were significant to our objective, including the underlying principles that management should (1) establish and operate monitoring activities to monitor the internal control system and evaluate results, and (2) internally communicate the necessary quality information to achieve the agency's objectives. To assess VA's monitoring activities, we reviewed documentation on processes VA developed specifically to oversee the supplemental funding to determine whether they would allow for separate accounting of and reporting on the use of supplemental funding, and provide VA with information including the amount of supplemental funding it has obligated to date, the amount remaining, and the purposes for which supplemental funding has been used. To assess VA's internal communication of quality information, we assessed the

⁷The FPDS-NG is a publicly facing data system that provides information on federal contracts at or above the micro purchase threshold (generally \$10,000, although it is increased to \$20,000 to support response to emergencies or major disasters inside the United States). National Interest Action codes track federal procurements for specific disasters, emergencies, or contingency events, such as the COVID-19 pandemic.

⁸We selected two contracts that had been awarded by Network Contracting Offices with the COVID-19 National Interest Action code in FPDS-NG. The related engagement describes VA's procurement response for COVID-19. We plan to issue the report in spring 2021.

⁹Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

means by which VA communicated guidance to its various components. We focused on assessing the processes and guidance VA developed to conduct oversight of the use of COVID-19 supplemental funding, and did not evaluate the extent to which offices and facilities adhered to them.

For both objectives, we interviewed agency officials, including officials from the VHA Office of Finance, which is responsible for all VHA financial management and accounting operations, the Office of Community Care, which oversees health care services delivered by non-VA providers to veterans and eligible beneficiaries, and five of VHA's 18 Veterans Integrated Service Networks (VISN), which are responsible for managing and overseeing VA medical centers within their networks. We identified the nine VISNs that had received the highest allocations of supplemental funding from VHA as of August 2020, based on ordering the VISNs from highest to lowest allocations. We then selected five VISNs of the nine, considering the region of the country in which each VISN is located to ensure geographic diversity. While not generalizable to all VISNs, these five selected VISNs accounted for 37 percent of funding allocated to VISNs as of that time.

We interviewed officials within the VA Office of Management, which oversees the budget and financial management on behalf of the entire department, including officials from the Financial Services Center within the Office of Management, who are responsible for accounting services and financial reports. We interviewed officials from the Office of Information Technology, which oversees information technology development and infrastructure on behalf of the department.¹⁰

We conducted this performance audit from August 2020 to May 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁰We did not interview VBA or OIG staff for this engagement since those offices received a relatively small amount of supplemental funding.

Background

Each year, VA submits a budget justification to Congress to support the President's budget request. Following enactment of its annual appropriations by Congress, VA allocates funding to the various components responsible for carrying out its mission to support veterans, such as VHA. VHA then allocates funding to the VISNs and VA medical centers that provide care to veterans. Staff in VISN and VA medical center finance offices are then responsible for managing the funding, including recording obligations, in VA's financial management system—FMS.

Use of FMS by VA program and finance officials is one aspect of the department's financial management, and helps ensure that VA's obligations and expenditures stay within authorized budget limits. According to VA officials, FMS prevents VA components from entering obligations into the system in amounts greater than the funds they have available. VA's financial management processes also generally require funds be expended solely for the purposes for which they were appropriated. VA's policies related to funding oversight further note that VA will maintain Treasury-approved appropriation accounts for accounting and reporting on program activities; VA establishes specific codes in FMS to enable this accounting and reporting. These general processes apply to the agency's annual appropriations as well as the supplemental funding VA received to respond to COVID-19.

In fiscal year 2020, VA's annual budget exceeded \$200 billion, most of which supported health care administered by VHA and benefits administered by VBA. In addition, the CARES Act and FFCRA, both enacted in March 2020, appropriated a total of \$19.6 billion to a number of existing VA appropriation accounts to prevent, prepare for, and respond to COVID-19, and to support COVID-19 testing. For instance, the CARES Act and FFCRA appropriated funding to existing VHA appropriation accounts through which VHA funds care to veterans:

- The Medical Services appropriation account funds clinical operations of VA medical centers, including staff salaries, pharmacy, and medical equipment.
- The Medical Community Care appropriation account funds claims for care by non-VA providers, also called community care.

- The Medical Support and Compliance appropriation account generally funds administration of VA medical centers.
- The Medical Facilities appropriation account funds facility-related costs including maintenance, leases, and energy costs.

The CARES Act also provided funding to existing VA appropriation accounts for construction grants to states for extended care facilities, OIT’s development and operations of information technology systems, OIG’s oversight of VA’s COVID-19 response, and general operations of VBA and the department as a whole (see table 1). Most of the funding appropriated to VA in the CARES Act is available through September 30, 2021, though the CARES Act funding for the OIG and funds appropriated in FFCRA are available through September 30, 2022.

Table 1: Supplemental Funding Appropriated to the Department of Veterans Affairs (VA) by the CARES Act and the Families First Coronavirus Response Act^a

		Appropriation amount (\$ in millions)	Percentage of total supplemental appropriations
CARES Act	Veterans Health Administration (VHA)^b	17,388.0	88.6
	VHA - Medical Community Care^c	2,100.0	10.7
	<ul style="list-style-type: none"> • Supports an increased demand for care in the community, including emergency room and urgent care. 		
	VHA - Medical Support and Compliance^c	100.0	0.5
	<ul style="list-style-type: none"> • Supports VHA’s 24-hour emergency management coordination, including overtime, travel, transportation of materials, and training. 		
	VHA - Medical Services^c	14,432.0	73.5
	<ul style="list-style-type: none"> • Supports increased demand for health care services, including telehealth, purchase of medical equipment and supplies—including personal protective equipment—and to provide additional support to vulnerable veterans, such as those experiencing or at-risk of homelessness. 		
	VHA - Medical Facilities^c	606.0	3.1
<ul style="list-style-type: none"> • Supports development of alternative sites of care, improvements in security, and reconfiguration of existing spaces to support care. 			
VHA - Grants for Construction of State Extended Care Facilities^c	150.0	0.8	
<ul style="list-style-type: none"> • Supports modification or alteration of existing facilities to prevent, prepare for, and respond to COVID-19. 			
Office of Information Technology^d		2,150.0	11.0
<ul style="list-style-type: none"> • Supports increased telework, telehealth, and call center capabilities, including purchase of devices and system bandwidth. 			

Letter

		Appropriation amount (\$ in millions)	Percentage of total supplemental appropriations
Veterans Benefits Administration^d		13.0	0.1
<ul style="list-style-type: none"> Supports increased telework and enhanced cleaning contracts. 			
Office of Inspector General		12.5	0.1
<ul style="list-style-type: none"> Supports oversight of VA's efforts to prevent, prepare for, and respond to COVID-19. 			
General Administration		6.0	<0.1
<ul style="list-style-type: none"> Expands and maintains 24-hour operations of crisis response and continuity of operation plan, as well as expands cleaning and sanitation services. 			
CARES Act total		19,569.5	99.7
Families First Coronavirus Response Act	Medical Services	30.0	0.2
	<ul style="list-style-type: none"> Provides \$30 million to VHA's Medical Services account to fund costs related to COVID-19 testing in VA medical centers. 		
	Medical Community Care	30.0	0.2
	<ul style="list-style-type: none"> Provides \$30 million to VHA's Medical Community Care account for costs related to COVID-19 testing through non-VA providers, called community care. 		
Families First Coronavirus Response Act total		60.0	0.3
Total, VA COVID-19 supplemental funding		19,629.5	100

Source: CARES Act, FFRCA, and Senate Appropriations Committee summary of COVID-19 supplemental funding. | GAO-21-379

Note: Amounts may not total due to rounding.

^aThe CARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020), and the Families First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020). Senate Appropriations Committee, *\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak*, accessed February 24, 2021, <https://www.appropriations.senate.gov/download/coronavirus-emergency-supplemental-appropriations-summary>.

^bVHA is funded through several appropriation accounts with the following purposes: Medical Services, which funds clinical operations in VA medical centers; Medical Community Care, which funds claims for non-VA provided medical care; Medical Support and Compliance, which generally funds medical facility administration; and Medical Facilities, which generally funds facility-related costs including maintenance, leases, and energy costs. VHA also administers an annual appropriation for construction grants to states for extended care facilities.

^cThese amounts are subtotals of the total CARES Act funding appropriated to VHA, and are already reflected in the VHA total of \$17.388 billion.

^dThe Veterans Benefits Administration received supplemental funding in its General Operating Expenses appropriation account, and the Office of Information Technology received supplemental funding through the Information Technology Systems appropriation account.

VHA has some flexibility to transfer funding appropriated in the CARES Act to respond to changing circumstances related to COVID-19 and veterans' needs for health care during the pandemic. For example, VHA may transfer funding from appropriation accounts for clinical care to those for administrative purposes or from appropriation accounts for care provided in VA medical centers to the appropriation account for

community care within certain parameters. Under the CARES Act, VHA received the authority to transfer funds among four of its appropriation accounts—Medical Services, Medical Community Care, Medical Support and Compliance, and Medical Facilities—for amounts of 2 percent or less of the appropriated amounts under the CARES Act and to request approval from Congress for transfers in excess of 2 percent of the appropriations. Subsequent appropriations acts included additional authority to transfer CARES Act funding outside of VHA. Specifically,

- the Continuing Appropriations Act, 2021 and Other Extensions Act, enacted in October 2020, permitted \$140 million of VHA’s Medical Services appropriation provided in the CARES Act to be transferred to the Canteen Services Revolving Fund due to revenue losses experienced during COVID-19,¹¹ and
- the Consolidated Appropriations Act, 2021, enacted in December 2020, further allowed for \$410 million of VHA’s CARES Act appropriation to be transferred to VBA, OIT, the National Cemetery Administration, and the Board of Veterans Appeals.¹²

See appendix I for more information on transfers of CARES Act funding.

VA’s COVID-19 Supplemental Funding Obligations and Expenditures through March 2021

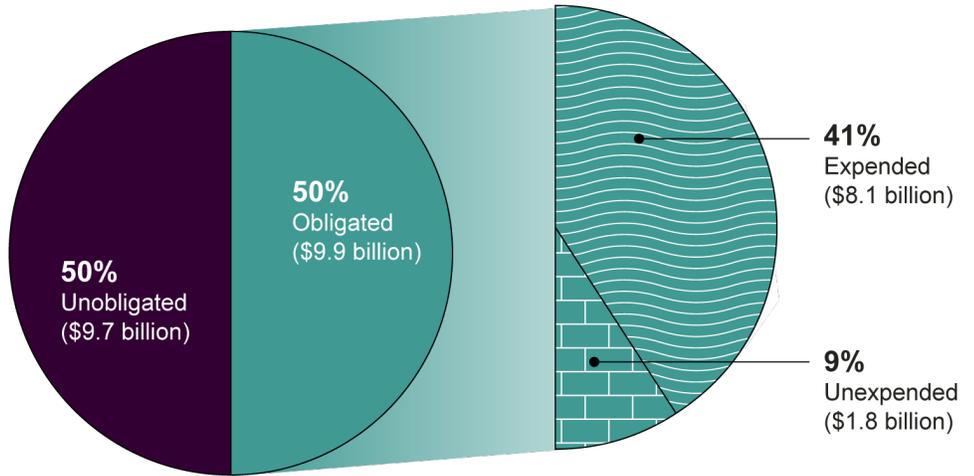
Total VA obligations and expenditures. Our analysis of VA data shows that as of March 31, 2021, VA obligated \$9.9 billion and expended \$8.1 billion of the \$19.6 billion appropriated to the department in COVID-19

¹¹Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020).

¹²The Consolidated Appropriations Act, 2021, enacted in December of 2020, permits VA to transfer \$338 million from VHA to VBA, \$26 million from VHA to the National Cemetery Administration, \$45 million from VHA to OIT, and \$1 million from VHA to the Board of Veterans Appeals. The Act also authorizes VHA to transfer \$100 million from its Medical Services account, which is used to fund care in VA medical centers, to its Medical Community Care account, which is used to fund community care, to support payments to state extended care facilities for veterans. Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 517, 134 Stat. 1182, 1689-1691 (2020).

supplemental funding.¹³ Approximately \$9.7 billion remained available for obligation. (See fig. 1.) According to VA’s spend plans, it intends to obligate nearly all remaining funds in fiscal year 2021.¹⁴

Figure 1: Amount of Department of Veterans Affairs’ (VA) COVID-19 Supplemental Funding Obligated and Expended as of March 2021 (in billions)



Source: GAO analysis of VA data. | GAO-21-379

Data table for Figure 1: Amount of Department of Veterans Affairs’ (VA) COVID-19 Supplemental Funding Obligated and Expended as of March 2021 (in billions)

	Percent (amount in billions)
Unobligated	50 (\$9.7 billion)
Obligated	50 (\$9.9 billion)

¹³COVID-19 supplemental funding refers both to funding appropriated in the CARES Act as well as the FFCRA. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States, whereas an expenditure is the actual spending of money. See [GAO-05-734SP](#). We plan to issue a report on our review of VA’s procurement response for COVID-19, including the amount of funding obligated for COVID-19 related contracts, in spring 2021.

¹⁴While most supplemental funding is available for obligation through fiscal year 2021, CARES Act funding for OIG and funds appropriated in FFCRA are available through September 30, 2022.

	Percentage of obligated (amount in billions)
Expended	41 (\$8.1 billion)
Unexpended	9 (\$1.8 billion)

Note: An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, whereas an expenditure is the actual spending of money.

VA was slower to obligate funding in the initial months following receipt of supplemental funds than later in fiscal year 2020. Before VA could obligate supplemental funding, it needed to set up new accounting codes specific to the supplemental funding and allocate the funding. VA initially coded some COVID-19 related expenses as obligations of annual appropriations, and later recoded those expenses as obligations of supplemental funding when the funds became available.¹⁵ Further, OIT experienced delays related to the hiring process for additional personnel, which also contributed to the initial slow growth in the obligations and expenditures of these funds.

According to officials, obligations and expenditures of supplemental COVID-19 funding increased significantly in August through September 2020 for two primary reasons. First, VA's Office of General Counsel provided updated guidance in August 2020 clarifying that supplemental funds for VHA's community care program could be obligated for a wider range of services than permitted under the original guidance.¹⁶ Second, part of the increase reflected a recoding of VHA obligations for COVID-19 related purposes that had been charged to the annual appropriations prior to August 2020. According to VA officials, VHA was able to recode these obligations and instead charge them to the supplemental funding as part of the agency's fiscal year 2020 end-of-year close out activities,

¹⁵VA officials referred to the process of recoding obligations as a cost transfer. We did not review whether the cost transfers were legally appropriate.

¹⁶VHA originally obligated supplemental funding for Medical Community Care only when claims contained procedure or diagnostic codes related to testing, laboratory costs, pharmaceuticals, and health care costs related to COVID-19. In August 2020, VHA received guidance from its Office of General Counsel that this funding could be used more broadly because providers and veterans were more often choosing community care to reduce potential COVID-19 exposure and travel for veterans who otherwise would receive care in VA medical centers.

contributing to the increase in obligations of supplemental funding in August and September.¹⁷

Obligations and expenditures of COVID-19 supplemental funding leveled off from October to December. VHA officials explained that as of early December, they had not yet allocated funding from all supplemental funding appropriation accounts to VISNs, and were waiting to make transfer decisions until they knew VHA's final annual appropriation for fiscal year 2021.¹⁸ Officials expected obligations to increase through the remainder of fiscal year 2021 due to continued hiring and facility improvements. (See fig. 2.) See appendix II for an overview of obligations and expenditures of VA's supplemental funding.

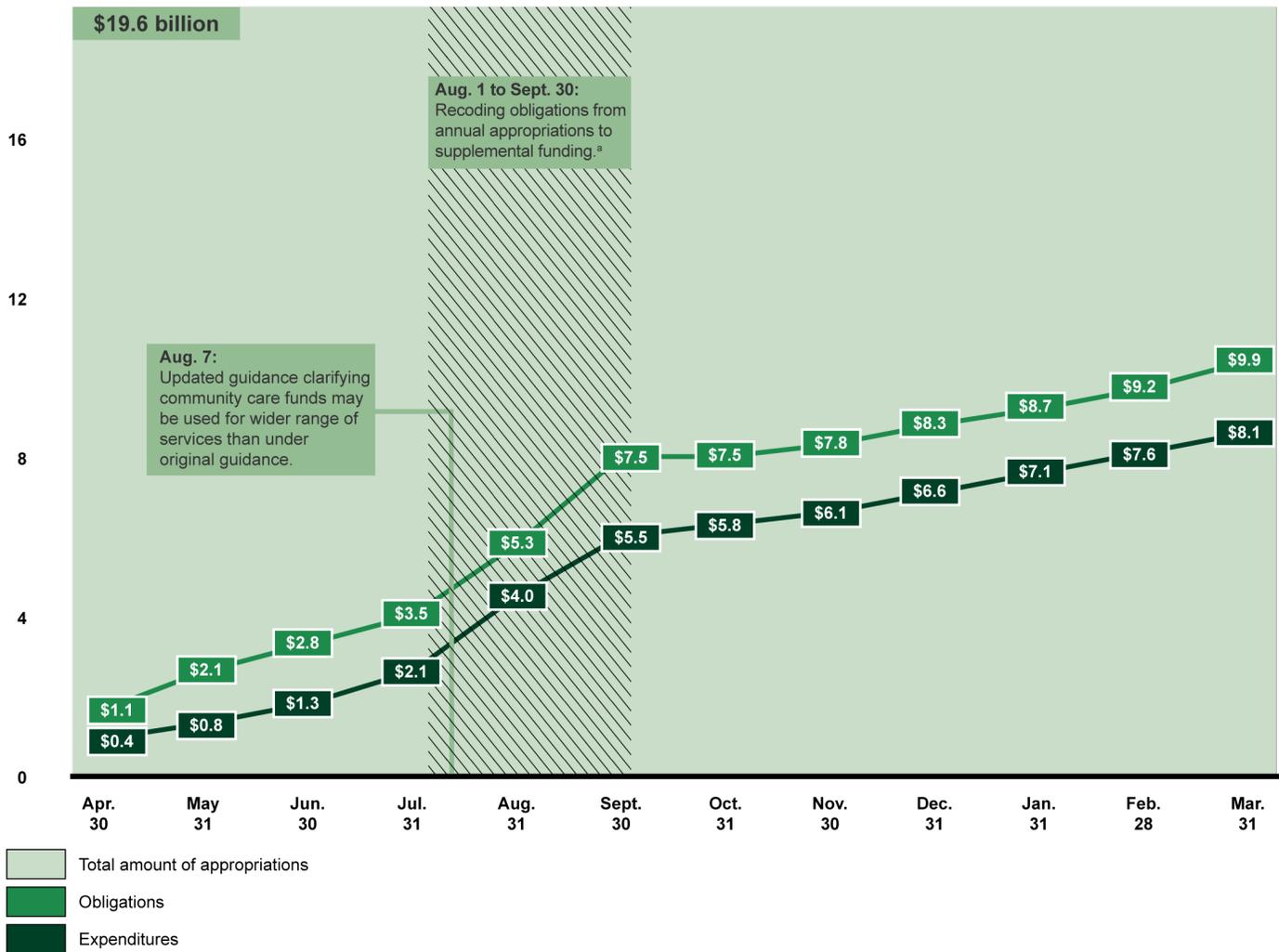
¹⁷In addition to recoding that occurred as part of end-of-year close out, VHA regularly recodes obligations from annual appropriations to supplemental funding for salaries and awards related to COVID-19 response. These transactions generally occur every two weeks when supplemental funding is available, according to VHA officials.

¹⁸VA's appropriation for fiscal year 2021 was enacted as part of the Consolidated Appropriations Act, 2021 on December 27, 2020. Pub. L. No. 116-260, div. J, tit. II, 134 Stat, 1182, 1665 (2020).

Figure 2: Department of Veterans Affairs' (VA) COVID-19 Supplemental Funding and Reported Obligations and Expenditures through March 2021

Dollars (in billions)

20



Source: GAO analysis of VA data. | GAO-21-379

Data table for Figure 2: Department of Veterans Affairs' (VA) COVID-19 Supplemental Funding and Reported Obligations and Expenditures through March 2021

Total appropriations (\$19.6 billion)

	Obligations	Expenditures (subset of obligations)
April 30	1.1	0.4
May 31	2.1	0.8
June 30	2.8	1.3
July 31	3.5	2.1
August 31	5.3	4.0
September 30	7.5	5.5
October 31	7.5	5.8
November 30	7.8	6.1
December 31	8.3	6.6
January 31	8.7	7.1
February 28	9.2	7.6
March 31	9.9	8.1

Milestones

- August 1-September 30: Recoding obligations from annual appropriations to supplemental funding.^a
- August 7: Updated legal guidance clarifying community care funds may be used for wider range of services than under original guidance.

Note: An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, whereas an expenditure is the actual spending of money.

^aIn some instances, VA initially obligated annual appropriations for COVID-19 related activities, and later recoded the obligations as supplemental funding.

VHA obligations and expenditures. VA data show that VHA obligated \$8.3 billion (49 percent) and expended \$6.9 billion (41 percent) of its \$17.0 billion net appropriations for COVID-19 supplemental funding as of March 31, 2021.¹⁹ This includes both amounts that were allocated to VISNs and medical centers and amounts obligated for national level

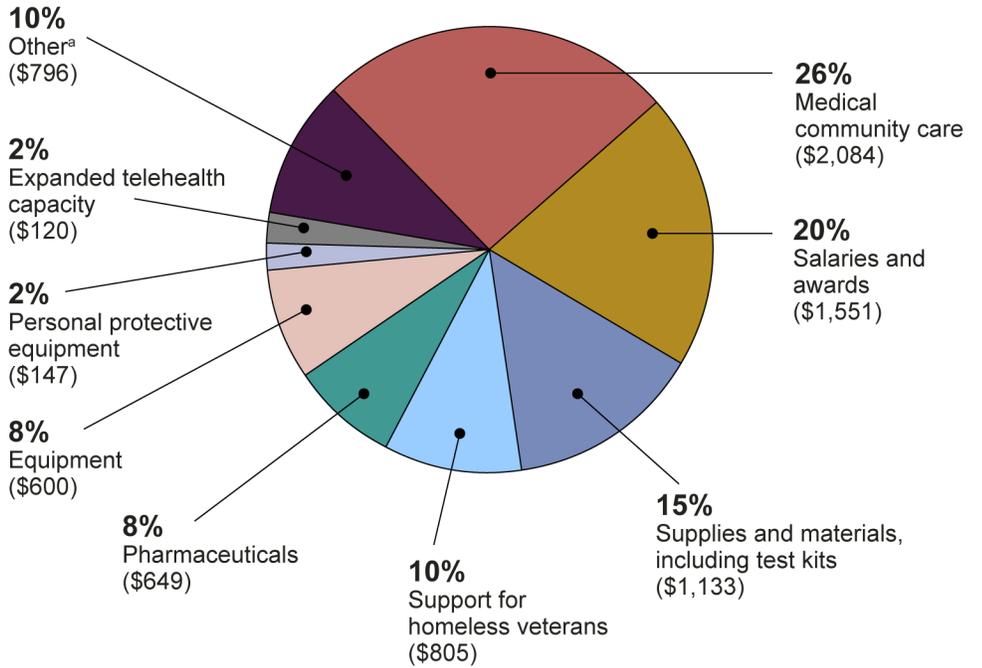
¹⁹VHA was originally appropriated \$17.4 billion under the CARES Act and FFCRA. We are reporting obligations and expenditures based on the amounts remaining after VHA transferred \$408 million to other VA components, as permitted by the Continuing Appropriations Act, 2021 and Other Extensions Act, and the Consolidated Appropriations Act, 2021.

activities. For more information about VHA's allocation of COVID-19 supplemental funding, see appendix III.

VHA's own data show that as of February 28, 2021—the most recent VHA data available at the time of our analysis—the largest source of VHA obligations were for community care.²⁰ The majority of other obligations were for the additional costs of salaries and related expenses, supplies and materials, and support for homeless veterans due to responding to the pandemic. (See fig. 3.) According to VHA guidance, supplemental funding obligations for salary costs should only reflect additional costs due to the pandemic response, such as for overtime or for staff reassigned to another position, and not regular duties that may involve caring for veterans with COVID-19. Officials we spoke with from two VISNs used a similar approach to determine whether to use supplemental funding for COVID-19 related activities and to assess whether needs were beyond what would typically be purchased under normal circumstances.

²⁰Obligations for specific VHA activities as of March 31, 2021, were not yet available at the time of our analysis.

Figure 3: Veterans Health Administration’s (VHA) Obligations of COVID-19 Supplemental Funding through February 2021 (in millions)



Source: GAO analysis of VHA data. | GAO-21-379

Data table for Figure 3: Veterans Health Administration’s (VHA) Obligations of COVID-19 Supplemental Funding through February 2021 (in millions)

Activity Name	Total Obligations	Percent of Total Obligations
Medical Community Care	\$2,084	26%
Salaries and awards	\$1,551	20%
Supplies and materials, including test kits	\$1,133	14%
Support for homeless veterans	\$805	10%
Pharmaceuticals	\$649	8%
Equipment	\$600	8%
Personal protective equipment	\$147	2%
Expanded telehealth capacity	\$120	2%
Other ^a	\$796	10%
Total	\$7,885	100%

Notes: Figure totals may not add due to rounding. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a

legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States, whereas an expenditure is the actual spending of money.

³The “Other” category reflects obligations for activities including emergency management, travel and transportation, facilities, communication, rent, and utilities.

Plans for remaining VHA funds: According to VHA’s supplemental funding spend plan and VHA Office of Finance officials, VHA intends to use the remaining CARES Act supplemental funding for COVID-19 related activities in fiscal year 2021, including for vaccine distribution, personal protective equipment, and COVID-19 testing. For example, from March 2021 through the end of fiscal year 2021, VHA intends to obligate \$110 million for personal protective equipment. At the time of our review, VHA Office of Finance officials did not have a spend plan estimate for vaccine distribution or COVID-19 testing.²¹

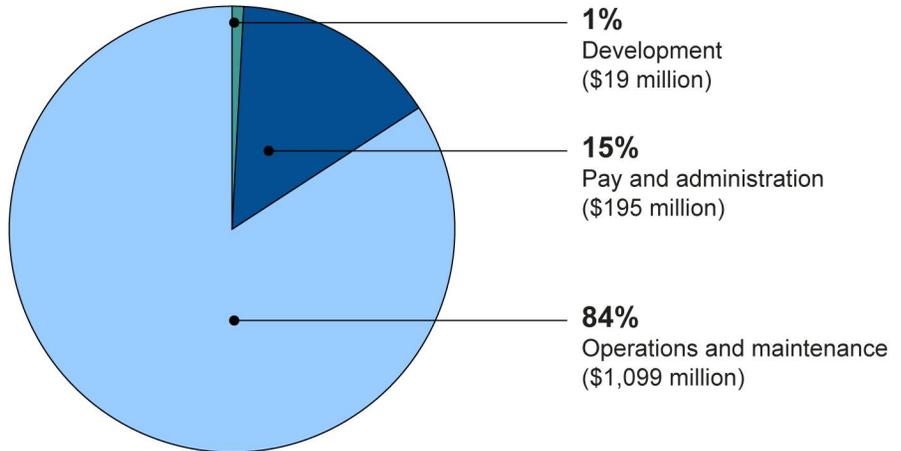
Office of Information Technology obligations and expenditures. Our review of VA data shows that as of March 31, 2021, OIT obligated \$1.4 billion (65 percent) and expended \$1.0 billion (47 percent) of the over \$2.1 billion in supplemental funding it received from the CARES Act.²² The CARES Act required VA to provide a spend plan detailing how much of the supplemental funds appropriated for information technology it intended to use for information technology systems development, operations and maintenance of systems, and pay and associated costs. OIT-specific data show that as of February 28, 2021—the most recent OIT data available at the time of our analysis—OIT obligated over \$1.1 billion of its CARES Act funding for operations and maintenance activities related to COVID-19, such as enabling expanded telehealth and telework throughout VA.²³ (See fig. 4.)

²¹Our latest government-wide report on the federal response to COVID-19 includes an enclosure on VA’s vaccination efforts. See [GAO-21-387](#), 109.

²²The CARES Act appropriated \$2.15 billion in supplemental funding for VA’s information technology systems. Pub. L. No. 116-136, div. B, tit. X, 134 Stat. at 584 (2020). VHA subsequently transferred an additional \$45 million in CARES Act funding to OIT based on authority in the Consolidated Appropriations Act, 2021.

²³We requested OIT obligations for specific activities as of February 28, 2021, consistent with availability of obligation data from VHA. For more information on VA’s use of telehealth during the pandemic, see [GAO-21-265](#), 124.

Figure 4: Department of Veterans Affairs, Office of Information Technology (OIT) Obligations of COVID-19 Supplemental Funding through February 2021 (in millions)



Source: GAO analysis of OIT data. | GAO-21-379

Data table for Figure 4: Department of Veterans Affairs, Office of Information Technology (OIT) Obligations of COVID-19 Supplemental Funding through February 2021 (in millions)

	Percent (Amount in millions)
Development	1 (\$19 million)
Pay and administration	15 (\$195 million)
Operations and maintenance	84 (\$1,099 million)

Note: An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received.

Plans for remaining OIT funds: According to the agency’s spend plan for its supplemental funding, as of February 2021, OIT intends to obligate the remaining supplemental funding in fiscal year 2021. Key activities include additional equipment (\$283 million), network capacity (\$257 million), and software licenses (\$52 million) necessary to support increased staffing and telework. OIT officials explained that the spend plan reflects estimated spending and may change as the pandemic evolves.

Other VA obligations and expenditures. VBA, OIG, and the Office of Human Resources and Administration/Office of Operations, Security, and Preparedness—funded by general administration funds—obligated \$105

million in supplemental funding through March 31, 2021.²⁴ Funds were primarily used for additional staff or staff overtime, cleaning and hygiene costs, and equipment related to increased telework related to COVID-19. Through March 2021

- OIG obligated \$12.5 million (100 percent) and expended over \$11 million (90 percent) of its supplemental funding.
- VBA obligated nearly \$90 million (40 percent) and expended \$36 million (16 percent), of its supplemental funding.
- The Office of Human Resources and Administration/ Office of Operations, Security, and Preparedness obligated \$2.3 million (39 percent) and expended \$1.7 million (29 percent) of its supplemental funding.

VA Mainly Relies on Its Standard Processes to Oversee the Use of Supplemental Funds, and VHA and OIT Have Established Additional Oversight Processes and Issued Guidance

VA mainly relies on its standard financial management processes to oversee the use of COVID-19 supplemental funds—such as establishing specific financial codes in FMS to enable accounting and reporting of program activities within appropriation accounts. In addition, the VA components that received the majority of the supplemental funding—VHA and OIT—set up processes and issued guidance specifically to oversee the use of these funds.

²⁴The CARES Act appropriated \$13 million in supplemental funding for VBA, \$12.5 million for OIG, and \$6 million for general administration, which funds the Office of Human Resources and Administration/ Office of Operations, Security, and Preparedness. Pub. L. No. 116-136, div. B, tit. X, 134 Stat. at 582-584 (2020). The Consolidated Appropriations Act, 2021 authorized an additional \$338 million in supplemental funding to be transferred to VBA from VHA's CARES Act appropriation for Medical Services, and \$210 million of that amount has been transferred as of March 31, 2021. Pub. L. No. 116-260, div. J, tit. V, §§ 514-515, 134 Stat. at 1689-90. According to VA officials, VBA intends to obligate the transferred funding to continue veterans' education benefits during COVID-19 and reduce backlogs in processing veterans' disability claims. For more information on VBA disability claims backlog, see [GAO-21-265](#), 205. Since 2003, improving VA's disability programs has been on GAO's High Risk list. While VA has made progress in reducing the disability claims backlog, the pandemic has contributed to the recent increase in backlogged claims.

VA Mainly Oversees the Use of Supplemental Funding through Its Standard Financial Management Processes

Based on our review of VA documentation and interviews with VA officials, we found that VA mainly oversees the use of COVID-19 supplemental funds through its standard financial management processes. These processes include using its financial management system—FMS—to record obligations and expenditures of supplemental funding and report on the use of this funding. We reviewed these processes in the context of federal standards for internal control related to monitoring and communication.²⁵ Specifically:

- According to federal internal control standards, management should establish and operate activities to monitor the internal control system and evaluate the results. We found that VA established specific codes in FMS to account for and report on its COVID-19 related obligations and expenditures and developed a process to track data not available through FMS. This process allowed VA to monitor transaction-level details of the use of supplemental funding and develop summary reports for departmental leadership, the Office of Management and Budget, and Congress.
- Federal internal control standards also state that management should internally communicate the necessary quality information to achieve the entity's objectives. We found that the VA Office of Management communicated guidance to financial officers of its components—such as VHA and OIT—about how they should record financial information for COVID-19 related obligations and expenditures through VA-wide guidance documents, consistent with its standard practices.

Although we did not evaluate the extent to which VA's components adhered to the processes developed to oversee supplemental funding, we did not observe non-adherence to these processes based on our review of nongeneralizable samples of five VISNs and the financial coding of 10 national contracts. While we did not identify examples of non-adherence to VA's financial management processes, we note that VA's annual financial statement audit for fiscal year 2020 identified five material weaknesses in internal control, including one related to financial systems and reporting resulting from an outdated legacy financial

²⁵[GAO-14-704G](#)

system.²⁶ Additionally, VA's OIG has reported that VHA's financial management practices did not include financial controls necessary to promote the efficient use of financial resources at its VISNs and medical centers.²⁷

VA Oversight of Supplemental Funding through Financial Systems

VA mainly uses FMS to oversee the use of COVID-19 supplemental funding, as it does for all appropriations, by recording obligations and expenditures against the various appropriation accounts.²⁸ According to VA officials, data from FMS are used to generate reports reviewed by senior VA leadership, as well as for weekly reports to Congress to track the use of supplemental funding.²⁹

In addition to using FMS, VA also set up a process to collect certain transaction-level data not available through FMS as part of its oversight specific to the supplemental funding. Components that received supplemental funding submit data, such as the description of the activity or purchase and the obligation amount, to a central repository on a weekly or bi-weekly basis. VA officials explained that this process is necessary in part because many details at the transaction level cannot be captured by FMS when obligations originally charged to annual

²⁶This material weakness was related to FMS in general, and was not specific to supplemental funding. VA's annual financial statement audit includes findings from an independent auditor regarding VA's financial statements, compliance with internal controls over financial reporting, and compliance with applicable laws and regulations. Department of Veterans Affairs, *Agency Financial Report, Fiscal Year 2020*. (Washington, D.C.: Nov. 24, 2020).

²⁷Department of Veterans Affairs, Office of Inspector General, *Veterans Health Administration: Financial Management Practices Can Be Improved to Promote the Efficient Use of Financial Resources*. (Sept. 2, 2020).

²⁸FMS was implemented in 1992. According to VA's financial statement audit for fiscal year 2020, FMS has limited functionality to meet certain financial management and reporting needs and producing auditable financial statements requires significant manual interventions. Although VA is in the process of updating its financial system through the Financial Management Business Transformation initiative, full implementation of the system across all of VA is not expected until 2027.

²⁹VA is also subject to oversight of its funds through its annual financial statement audit. The fiscal year 2020 annual financial statement audit included review of COVID-19 supplemental funds that had been obligated in that year. VA's OIG evaluates the department's financial management practices to reduce the risk of fraud, waste, and abuse, and according to OIG officials, review of VHA's use of COVID-19 supplemental funding will be included in a forthcoming report.

appropriations are recoded and charged to the COVID-19 supplemental funding.³⁰ VA uses the data captured through the separate process for oversight purposes, including reports to the Office of Management and Budget on the use of supplemental funding, and according to officials will retain the information to support national level inquiries on issues that may be raised in the future.

New FMS codes. VA uses financial codes to track funds in FMS as part of its oversight processes. VA primarily relied on two types of financial codes to track COVID-19 related obligations for purposes of oversight: those used to track the purpose for which the funding is being used (accounting classification codes) and those used to denote the appropriation account from which funds are obligated (FMS appropriation fund codes).³¹ VA established new versions of these codes in a manner consistent with oversight of other VA funds.³²

In the beginning of the pandemic, VA used available funding in its annual appropriation accounts to fund its response to COVID-19. VA set up COVID-19 accounting classification codes to identify annual appropriations used for this purpose and communicated these codes in VA-wide guidance on March 13, 2020. Each of VA's components, such as VHA and OIT, was assigned a specific code. (See appendix IV for accounting classification codes for VA components.) Officials from the Financial Services Center said that all VA components were to use the

³⁰According to VA, due to limitations in FMS, obligations for certain activities, such as salaries and certain purchases related to COVID-19, cannot be obligated directly to the supplemental funding. They are obligated to the annual appropriation and then recoded and charged to the COVID-19 supplemental funding, freeing up the annual appropriation for other operating costs. Other COVID-19 related obligations were similarly charged to annual appropriations prior to the allocation of supplemental funding and later recoded and charged to supplemental funding.

³¹VA's accounting classification codes identify programs, projects, or activities, and are used in FMS. For example, there is an accounting classification code for the Office of Electronic Health Record Modernization. VA also maintains Treasury-approved appropriation fund codes to account for the use of appropriated funds in each appropriation account. Appropriation accounts encompass a number of activities or projects and may be subject to restrictions or conditions applicable to only the account or the appropriations act.

³²Further, VA established Disaster Emergency Fund Codes for tracking COVID-19 supplemental funding, as required by the Office of Management and Budget. See Office of Management and Budget, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, OMB M-20-21 (April 10, 2020).

accounting classification codes for COVID-19 obligations and expenditures immediately.

Once Congress appropriated supplemental funding to VA for COVID-19, VA began using a different type of financial code, starting in April 2020, to identify its obligations of supplemental funding, according to VA officials. Specifically, VA's Financial Services Center modified VA's existing FMS appropriation fund codes to identify obligations funded by the CARES Act or FFCRA. (See appendix IV for details). Some components, such as VHA, continue to use the COVID-19 accounting classification codes when obligating annual appropriations for COVID-19 related purposes. For example, in the event that a VA medical center had not yet received its supplemental appropriation allocation, it may obligate funds from annual appropriations and recode the obligations once it received its allocation, according to VA officials.³³ Officials from the Financial Services Center said they include transactions with the COVID-19 related accounting classification codes and FMS appropriation fund codes when reporting FMS data for internal and external stakeholders, including the Congress.

VA Processes for Coding Contracts for Oversight

In addition to using financial codes to oversee the use of COVID-19 supplemental funding, VA used contracting codes in its contracting system and the publicly available Federal Procurement Data System-Next Generation (FPDS-NG) to oversee COVID-19-related contract obligations.

- **VA's contracting system.** VA used existing processes to identify contracts related to its COVID-19 response in its contracting system. VA issued VA-wide guidance on coding all existing and planned contracts related to COVID-19 in VA's contracting system on March 19, 2020. Contracts supporting COVID-19 are also identified in VA's contracting system by coding them with a special management code, which is used internally to track specific contracts of interest, such as those funded with COVID-19 supplemental funding.
- **FPDS-NG.** OMB guidance requires agencies to assign the COVID-19 National Interest Action code to all procurement actions reported into FPDS-NG that are issued in response to the pandemic. This includes

³³Officials explained that similar recoding occurs on a normal basis, and is not specific to the supplemental funding.

new awards for supplies and services as well as modifications that are issued to address COVID-19, irrespective of whether the contract being modified was originally awarded to address COVID-19.³⁴ Contracting codes within VA's contracting system feeds data to the publicly available FPDS-NG.

There are instances where contracts are partly funded by COVID-19 supplemental funds. Within VA's contracting system, these contracts are also coded with the internal special management code used for all COVID-19 contracts. Additionally, contracting officers said they use another data field to document the amount obligated from COVID-19 supplemental funds, ensuring that line items using non-COVID-19 funds are not tracked as part of COVID-19 supplemental fund obligations.³⁵ (See appendix IV for more details).

VHA and OIT Established Additional Oversight Processes and Issued Guidance on the Use of COVID-19 Supplemental Funding

The VA components that received the majority of the supplemental funding—VHA and OIT—set up additional oversight processes and issued guidance specific to the use of COVID-19 supplemental funds. This is consistent with VA's general approach to establish department-wide processes and issue guidance for financial management, but to rely on the components that were appropriated the funding to implement the processes.

VHA. VHA provided guidance to its VISNs and VA medical centers to oversee the use of COVID-19 supplemental funding.³⁶ Guidance included information on the appropriate use of supplemental funding and

³⁴Office of Management and Budget, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, OMB M-20-21 (April 10, 2020).

³⁵Within FPDS-NG, the National Interest Action code is applied to contracts that are related to COVID-19 regardless of the source of funds. FPDS-NG data may include contract obligations for goods and services that are not COVID-19 related if a contract is partially funded by COVID-19 supplemental funds. The General Services Administration manages FPDS-NG. OMB issues guidance on the use of the National Interest Action code in FPDS-NG.

³⁶VHA Office of Finance COVID-19 Questions and Answers, September 14, 2020 Update.

instructions on how to apply accounting classification codes and appropriation fund codes. For example, the guidance states the following:

- It is appropriate for VISNs to use supplemental funding to procure lodging for employees providing direct care to COVID-19 patients.
- VA medical centers should use the COVID-19 accounting classification code when obligating annual appropriations for activities related to COVID-19 response.³⁷
- Staff salaries should be funded by their original appropriation account even if the staff are reassigned to a different department to assist with COVID-19 response activities.

Officials we interviewed from the five selected VISNs pointed to this guidance as their primary source of information for overseeing the use of supplemental funds. Some VISN officials explained that the guidance provided by VHA's Office of Finance is updated with responses to questions that VISN officials may bring up during regular calls with VHA or through email inquiries.

As noted above, VHA's Office of Finance provided guidance on the appropriate use of supplemental funding but primarily relies on VISNs to determine how to apply that guidance to oversee the use of the funds, consistent with standard practice. Officials from four of the selected VISNs we interviewed told us they monitor obligation trends across their medical centers using standard reports. VISNs also discussed the processes they set up to oversee the appropriate use of supplemental funding such as leadership council reviews of requests for funding. Some examples include:

- Officials we interviewed from the five VISNs told us that they oversee the use of COVID-19 supplemental funding using a template containing transaction-level details of COVID-19 obligations for each VA medical center, which is reviewed weekly. For example, according to officials from one VISN, if a description of an item related to an obligation was not clearly COVID-19 related, the officials would gather further details from the VA medical center.

³⁷VA used both its annual and supplemental appropriations for COVID-19 related activities. In the event that a VA medical center had not yet received its supplemental appropriation allocation, VHA's Deputy Chief Financial Officer said that VA medical center may obligate funds from annual appropriations and recode the obligation after it receives its allocation.

Letter

Veterans Integrated Service Network (VISN) Council to Approve Use of COVID-19 Supplemental Funds

The Chief Financial Officer from one of our selected VISNs provided an example of how its VISN leadership council considered a medical center's request for supplemental funding. The request for funding to convert existing hospital rooms for use by COVID-19 patients included costs for a previously identified repair that was unrelated to the COVID-19 response. In this case, the cost related to the previously identified repair was funded through annual appropriations and the remaining renovation costs were funded through supplemental funds.

Source: GAO interview with VISN officials. | GAO-21-379

- According to officials from one of the selected VISNs, the VISN requires COVID-19 supplemental funding requests exceeding a certain dollar threshold to be reviewed by its Chief Logistics Officer, the Chief Medical Officer, and the Deputy Network Director to ensure that the requests are COVID-19 related. (See sidebar.)
- According to officials from another VISN, the VISN also had its Financial Quality Assurance Manager conduct an audit of its COVID-19 related obligations and rectified issues found through that audit, such as the hours related to COVID-19 salaries not being provided along with the salary dollar amounts.

VHA's Deputy Chief Financial Officer explained that the use of supplemental funding obligated at the headquarters level, such as for national contracts, requires approval by the Deputy's office. VHA guidance states that requests to use supplemental funds are to be submitted to a specific email group for review and approval. VHA's Deputy Chief Financial Officer said that there was not specific guidance about what information should be included in the requests but said VHA staff are asked to explain what the supplemental funds would be used for, the time frame, and the amount needed.

Oversight processes for the supplemental funding in the Medical Community Care appropriation account are handled differently than the processes described above. The VHA Office of Community Care uses national claim payment data to identify claims for services that can be appropriately recorded to the COVID-19 supplemental funding, and VA's Financial Services Center recodes the related expenditures from annual appropriations to COVID-19 supplemental funding.³⁸ According to VA, the Office of Community Care identifies claims with COVID-19-related procedure and diagnostic codes, as well as claims that meet the criteria identified in revised guidance provided by VA's Office of General Counsel, which states that COVID-19 supplemental funds can be used for a wider range of services than permitted under previous guidance. The Office of Community Care's COVID-19 guidance has detailed information on the services that can be appropriately charged to COVID-19 supplemental funding.

³⁸The Office of Community Care uses this process for supplemental Medical Community Care funds it received under both the CARES Act and FFCRA. The VHA Office of Finance uses a similar process to obligate funding through national-level transactions that recode obligations or expenditures charged to the Medical Services account from annual appropriations to supplemental funding provided by FFCRA.

Officials explained that the national process was designed to ensure consistency and timely processing while minimizing the burden on VISNs and VA medical centers. VISNs and VA medical centers continue to have a role in overseeing the supplemental funding, including through monitoring account balances to ensure they have sufficient funds to cover the obligations made at the national level by the Office of Community Care; according to Office of Community Care guidance, FMS will reject the obligations if accounts have insufficient funding.

OIT. OIT developed a new approval process and provided related guidance to oversee the use of supplemental funds, including for contracts. According to OIT guidance, in May 2020, OIT set up a COVID-19 Information Technology Council with a committee focused on funding to ensure supplemental funds are being used for appropriate purposes. The council consists of senior management, including the Chief Technology Officer, Deputy Chief Information Officers, and the Chief of Staff.³⁹ OIT guidance explains that staff are to request approval from the Chief Information Officer to use supplemental funds by documenting their business case in a memo template.

OIT officials said that they communicated information about financial codes to oversee the use of supplemental funds during standard calls and meetings, including bi-weekly calls with relevant OIT staff. OIT also uses dashboards to track the status of COVID-19 supplemental funding obligations, and according to OIT officials, these are tracked on a daily basis. One such dashboard displays key performance indicators, such as planned and actual obligations for certain projects, which are used by OIT leadership in its oversight of funds, according to OIT officials. Officials said that another tool tracks OIT's use of COVID-19 supplemental funding by spend plan category, and serves as a repository for documentation related to supplemental funding approval to support audits and other oversight.

³⁹OIT officials said that they have also sometimes consulted their Office of General Counsel on requests to use supplemental funding that were not clearly discussed in the COVID-19 guidance.

Agency Comments

In a written response, reprinted in appendix V, VA stated that it had a technical comment on the draft report, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, and other interested parties. In addition, the report is available at no charge on GAO's website at <http://www.gao.gov/>.

If you or your staff have any questions about this report, please contact me at (202) 512-7114 or silass@gao.gov. Contact points for our Office of Congressional Relations and Office of Public Affairs can be found on the last page of this report. Other major contributors to this report are listed in appendix VI.



Sharon M. Silas
Director, Health Care

Congressional Committees

The Honorable Patrick Leahy
Chairman
The Honorable Richard Shelby
Vice Chairman
Committee on Appropriations
United States Senate

The Honorable Ron Wyden
Chairman
The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate

The Honorable Patty Murray
Chair
The Honorable Richard Burr
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Gary C. Peters
Chairman
The Honorable Rob Portman
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Jon Tester
Chairman
The Honorable Jerry Moran
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Rosa L. DeLauro
Chairwoman
The Honorable Kay Granger
Ranking Member
Committee on Appropriations
House of Representatives

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Cathy McMorris Rodgers
Republican Leader
Committee on Energy and Commerce
House of Representatives

The Honorable Bennie G. Thompson
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Committee on Homeland Security
House of Representatives

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Committee on Oversight and Reform
House of Representatives

The Honorable Mark Takano
Chairman
The Honorable Mike Bost
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Honorable Richard Neal
Chair
The Honorable Kevin Brady
Republican Leader
Committee on Ways and Means
House of Representatives

The Honorable Julia Brownley
Chairwoman
Subcommittee on Health
Committee on Veterans' Affairs
House of Representatives

Appendix I: Department of Veterans Affairs' (VA) Supplemental Funding for COVID-19 Response: Appropriations, Transfers, and Net Appropriations

The CARES Act provided authority for the Veterans Health Administration (VHA) to transfer funds among four of its appropriation accounts to prevent, prepare for, and respond to COVID-19.¹ VHA has used this authority to transfer \$3.7 billion from its Medical Services account to its Medical Community Care (\$3.4 billion), Medical Facilities (\$100 million), and Medical Support and Compliance (\$225 million) accounts through March 31, 2021.

Subsequent legislation, specifically, the Continuing Appropriations Act, 2021, and Other Extensions Act, enacted in October 2020, permitted up to \$140 million to be transferred from VHA's Medical Services appropriation to the Canteen Services Revolving Fund.² Funds transferred to the Canteen Services Revolving Fund were to account for revenue lost during the COVID-19 pandemic. The Consolidated Appropriations Act, 2021, enacted in December 2020, further allowed for \$410 million appropriated by the CARES Act to be transferred from VHA to other VA components.³ As of March 31, 2021, VHA had transferred

¹Pub. L. No. 116-136, div. B, tit. X, § 20001, 134 Stat. 281, 585 (2020).

²Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020).

³The Consolidated Appropriations Act, 2021, enacted in December of 2020, permits VA to transfer \$338 million from VHA to Veterans Benefits Administration, \$26 million from VHA to the National Cemetery Administration, \$45 million from VHA to Office of Information Technology, and \$1 million from VHA to the Board of Veterans Appeals. The Act also authorizes VHA to transfer \$100 million from VHA's Medical Services account, which is used to fund care in VA medical centers, to VHA's Medical Community Care account, which is used to fund community care, to support payments to state extended care facilities for veterans. Pub. L. No. 116-260, div. J, tit. V, §§ 514, 515, 517, 134 Stat. 1182, 1689-1691 (2020).

**Appendix I: Department of Veterans Affairs'
(VA) Supplemental Funding for COVID-19
Response: Appropriations, Transfers, and Net
Appropriations**

funding to the Veterans Benefits Administration (\$210 million), Office of Information Technology (\$45 million), the National Cemetery Administration (\$12 million), and the Board of Veterans Appeals (\$1 million). VHA also transferred \$100 million from its CARES Act appropriation for Medical Services to its appropriation for Medical Community Care based on the authority in the Consolidated Appropriations Act, 2021. See table 2 for the initial supplemental appropriation amount and transfers to other accounts.

**Appendix I: Department of Veterans Affairs'
(VA) Supplemental Funding for COVID-19
Response: Appropriations, Transfers, and Net
Appropriations**

Table 2: Department of Veterans Affairs' (VA) Reported Appropriations, Transfers, and Net Appropriations of Supplemental Funding for COVID-19 Response, as of March 2021

	VA component, or account	Appropriations (\$ in millions)	Transfers to Other Accounts	
			Amount (\$ in millions) ^a	Net appropriations (\$ in millions)
CARES Act^b	Veterans Health Administration (total)	17,388.0	-408.0	16,980.0
	Medical Community Care ^c	2,100.0	3,500.0	5,600.0
	Medical Support and Compliance ^c	100.0	225.0	325.0
	Medical Services ^c	14,432.0	-4,233.0	10,199.0
	Medical Facilities ^c	606.0	100.0	706.0
	Extended Care Grants ^c	150.0	-	150.0
	Office of Information Technology ^d	2,150.0	45.0	2,195.0
	Canteen Services Revolving Fund	-	140.0	140.0
	Veterans Benefits Administration ^e	13.0	210.0	223.0
	Office of Inspector General	12.5	-	12.5
	National Cemetery Administration	-	12.0	12.0
	General Administration	6.0	-	6.0
	Board of Veterans Appeals	-	1.0	1.0
	CARES Act total	19,569.5	-	19,569.5
Families First Coronavirus Response Act^f	Medical Services	30.0	-	30.0
	Medical Community Care	30.0	-	30.0
	Families First Coronavirus Response Act total	60.0	-	60.0
Total	Total, VA supplemental funding	19,629.5	-	19,629.5

Source: GAO analysis of VA data, CARES Act, Families First Coronavirus Response Act. | GAO-21-379

Note: In March 2021, the American Rescue Plan Act of 2021 appropriated an additional \$17 billion to VA for COVID-19 relief, including \$14.48 billion for medical care and health needs. Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-117 (2021). Due to the timing of enactment of the American Rescue Plan Act of 2021, review of this funding is outside the scope of this performance audit.

^aAs of March 31, 2021, VA has transferred \$4.2 billion from the Medical Services account to other VA accounts based on authority provided in the CARES Act, Pub. L. No. 116-136, div. B, tit. X, § 20001, 134 Stat. 281, 585 (2020), the Continuing Appropriations Act, 2021, and Other Extensions Act Pub. L.

**Appendix I: Department of Veterans Affairs'
(VA) Supplemental Funding for COVID-19
Response: Appropriations, Transfers, and Net
Appropriations**

No. 116-159, § 163, 134 Stat. 709, 722 (2020), and the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. J, tit. V, §§ 514-515, 134 Stat. at 1689-90.

^bCARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020).

^cThese amounts are subtotals of the total CARES Act funding appropriated to VHA, and are already reflected in the VHA total of \$17.388 billion.

^dThe Office of Information Technology received supplemental funding in its Information Technology Systems appropriation account.

^eThe Veterans Benefits Administration received supplemental funding in its General Operating Expenses appropriation account.

^fFamilies First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020).

Appendix II: Obligations and Expenditures of Department of Veterans Affairs' (VA) Supplemental Funding for COVID-19 Response

The Veterans Health Administration and the Office of Information Technology—the two VA components that received the majority of VA's supplemental funding under the CARES Act and Families First Coronavirus Response Act—were responsible for more than 98 percent of VA's \$9.9 billion in obligations of this funding through March 2021. The Veterans Benefits Administration, Canteen Services Revolving Fund, Office of Inspector General, and the Office of Human Resources and Administration/Office of Operations, Security, and Preparedness—funded by general administration funds—accounted for the remaining \$181 million in obligations of supplemental funding.¹ See table 3 below for obligations and expenditures for VA's COVID-19 supplemental funding.

¹The CARES Act appropriated \$13 million in supplemental funding for VBA, \$12.5 million for OIG, and \$6 million for general administration, which funds the Office of Human Resources and Administration/Office of Operations, Security, and Preparedness. Pub. L. No. 116-136, div. B, tit. X, 134 Stat. at 582-584 (2020). The Continuing Appropriations Act, 2021, and Other Extensions Act, enacted in October 2020, permitted up to \$140 million to be transferred from VHA's Medical Services appropriation to the Canteen Services Revolving Fund. Pub. L. No. 116-159, § 163, 134 Stat. 709, 722 (2020). The Consolidated Appropriations Act, 2021 authorized an additional \$338 million in supplemental funding to be transferred to VBA from VHA's CARES Act appropriation for Medical Services, and \$210 million of that amount has been transferred as of March 31, 2021. Pub. L. No. 116-260, div. J, tit. V, §§ 514-515, 134 Stat. at 1689-90.

**Appendix II: Obligations and Expenditures of
Department of Veterans Affairs' (VA)
Supplemental Funding for COVID-19 Response**

Table 3: Department of Veterans Affairs' (VA) Supplemental Funding for COVID-19 Response, Net Appropriations, and Reported Obligations and Expenditures of as of March 2021

	VA component or account	Net appropriations (\$ in millions) ^a	Obligations		Expenditures	
			(\$ in millions)	Percentage of net appropriations obligated	(\$ in millions)	Percentage of net appropriations expended
CARES Act Supplemental Funds^b	Veterans Health Administration (total)	16,980.0	8,245.3	48.6	6,870.7	40.5
	<i>Medical Community Care^{c,d}</i>	5,600.0	2,099.0	37.5	2,040.7	36.4
	<i>Medical Support and Compliance^d</i>	325.0	159.3	49.0	121.4	37.3
	<i>Medical Services^d</i>	10,199.0	5,551.9	54.4	4,394.6	43.1
	<i>Medical Facilities^d</i>	706.0	435.1	61.6	314.0	44.5
	<i>Extended Care Grants^{d,e}</i>	150.0	-	-	-	-
	Office of Information Technology ^f	2,195.0	1,430.9	65.2	1,037.9	47.3
	Canteen Services Revolving Fund	140.0	76.0	54.3	76.0	54.3
	Veterans Benefits Administration ^g	223.0	89.8	40.3	35.5	15.9
	Office of Inspector General	12.5	12.5	100.0	11.3	90.4
	National Cemetery Administration	12.0	-	-	-	-
	General Administration	6.0	2.3	38.7	1.7	29.1
	Board of Veterans Appeals	1.0	-	-	-	-
CARES Act total	19,569.5	9,856.9	50.4	8,033.1	41.0	
Families First Coronavirus Response Act Supplemental Funds^h	Medical Services	30.0	30.0	100.0	29.0	96.7
	Medical Community Care	30.0	12.4	41.3	12.4	41.3
	Families First Coronavirus Response Act total	60.0	42.4	70.7	41.4	69.0
Total	Total, VA Supplemental Funding	19,629.5	9,899.3	50.4	8,074.6	41.1

Source: GAO analysis of VA data, CARES Act, Families First Coronavirus Response Act. | GAO-21-379

**Appendix II: Obligations and Expenditures of
Department of Veterans Affairs' (VA)
Supplemental Funding for COVID-19 Response**

Note: According to VA officials, VA obligation data reported by the VA Office of Management may differ from obligation data provided by components, such as the Veterans Health Administration and the Office of Information Technology, as VA data may reflect high-level adjustments made at the department level. In March 2021, the American Rescue Plan Act of 2021 appropriated an additional \$17 billion to VA for COVID-19 relief, including \$14.48 billion for medical care and health needs. Pub. L. No. 117-2, tit. VIII, 135 Stat. 4, 112-117 (2021). Due to the timing of enactment of the American Rescue Plan Act of 2021, review of this funding is outside the scope of this performance audit.

^aThe net appropriation reflects VA's transfer of \$4.2 billion out of the Medical Services account. Of that amount, VA transferred \$3.5 billion to Medical Community Care, \$100 million to Medical Facilities, \$225 million to Medical Support and Compliance, \$210 million to the Veterans Benefits Administration, \$45 million to the Office of Information Technology, \$12 million to the National Cemetery Administration, and \$1 million to the Board of Veterans Appeals.

^bCARES Act, Pub. L. No. 116-136, div. B, tit. X, 134 Stat. 281, 583 (2020).

^cObligations for Medical Community Care funding are nearly equal to expenditures as obligations and expenditures for claims payments are recorded at the same time.

^dThese amounts are subtotals of the total CARES Act funding appropriated to VHA, and are already reflected in the VHA net appropriation total of \$16.98 billion.

^eExtended Care Grants are expected to be awarded in fiscal year 2021.

^fThe Office of Information Technology received supplemental funding in its Information Technology Systems appropriation account.

^gThe Veterans Benefits Administration received supplemental funding in its General Operating Expenses appropriation account.

^hFamilies First Coronavirus Response Act, Pub. L. No. 116-127, div. A, tit. VI, 134 Stat. 178, 183 (2020).

Appendix III: Veterans Health Administration's (VHA) Allocation of Supplemental Funding for COVID-19 Response

Through March 31, 2021, VHA allocated \$11.8 billion of the \$17.0 billion in net appropriations provided under the CARES Act and Families First Coronavirus Response Act to its Veterans Integrated Service Networks (VISN) and medical centers. The allocations were made in these four VHA appropriation accounts—Medical Community Care, Medical Support and Compliance, Medical Services, and Medical Facilities. For a description of the methods VHA used to allocate supplemental funding, see table 4.

Table 4: Veterans Health Administration's (VHA) Allocation of Supplemental Funds for COVID-19 from the CARES Act and the Families First Coronavirus Response Act (FFCRA) as of March 2021^a

	Allocation (\$ in millions)
CARES Act supplemental funds	
VHA Medical Community Care	2,100.0
<ul style="list-style-type: none"> Funds allocated based on claims submitted for care in the community related to COVID-19 or due to increased demand for community care based on desire to reduce COVID-19 transmission. 	
VHA Medical Support and Compliance	211.1
<ul style="list-style-type: none"> Funds allocated based on Veterans Equitable Resource Allocation (VERA) and the contracts approved for supporting COVID-19 related activities. 	
VHA Medical Services	8,874.5
<ul style="list-style-type: none"> Allocated \$5.3 billion to the 18 VISNs based on hospital bed capacity in VA medical centers' intensive care and medical/surgical units in addition to the VERA methodology; \$1.7 billion was retained for national-level activities.^b Additional allocations to VISNs were based on need. 	
VHA Medical Facilities	548.0
<ul style="list-style-type: none"> Funds allocated based on VERA and costs associated with facility updates to support COVID-19 related activities. 	
CARES Act total	11,733.6
FFCRA supplemental funds	60.0
<ul style="list-style-type: none"> \$30 million in Medical Services used at a national level to fund costs related to COVID-19 testing in VA medical centers. \$30 million in Medical Community Care used for claims related to COVID-19 testing through non-VA providers. 	
Total, VHA COVID-19 supplemental funding allocations	11,793.6

Appendix III: Veterans Health Administration's (VHA) Allocation of Supplemental Funding for COVID-19 Response

Source: GAO analysis of VHA data. | GAO-21-379

^aAmounts include allocations for national-level activities as well as amounts allocated to Veterans Integrated Service Networks (VISN) and VA medical centers. Allocations are from the \$17.0 billion in net appropriations to VHA from the CARES Act and FFCRA.

^bMost funding for VHA health care is allocated to the VISNs and local medical centers for use. Each year, VHA allocates about two-thirds of funds for general patient care using two, main allocation models. The first model, VERA, allocates general purpose funds to each VISN and a second model—the Medical Center Allocation System—then allocates these funds to the medical centers that report to each VISN. These models are based on patient workload—that is, the number and type of veterans served and the complexity of care provided. VHA allocates its remaining one-third of funds—known as specific purpose funds—to program offices that manage various, specific programs, such as community care and prosthetics. Program offices, in turn, allocate these funds directly to medical centers using different methodologies, including a workload-based model for community care. For more information on VHA's process for allocating funds, see GAO, *Veterans Health Care: VA Needs to Improve Its Allocation and Monitoring of Funding*. [GAO-19-670](#) (Washington, D.C.: Sept. 23, 2019).

VHA permitted VISNs discretion to determine how to allocate Medical Services, Medical Support and Compliance, and Medical Facilities funds to the VA medical centers they manage.¹ According to officials from the five VISNs we interviewed, their VISNs allocated the funds

- using the standard Medical Center Allocation System model used to allocate VHA's annually appropriated funds,²
- mirroring the national CARES Act allocation formula that accounted for both patient workload and bed capacity,
- by allocating a set amount to each VA medical center and replenishing funds as needed, or
- through hybrids of the above-described approaches.

¹Funds for Medical Community Care were allocated through a national-level process based on claims for payment submitted for care in the community related to COVID-19 or due to increased demand for community care based on desire to reduce COVID-19 transmission.

²The Medical Center Allocation System model allocates each VISN's general purpose funds—as determined by VERA—to the medical centers within each of the 18 VISNs. For more information on how the Medical Center Allocation System is used to allocate funds, see GAO, *Veterans Health Care: VA Needs to Improve Its Allocation and Monitoring of Funding*. [GAO-19-670](#) (Washington, D.C.: Sept. 23, 2019).

Appendix IV: Department of Veterans Affairs' (VA) Financial and Contracting Codes for COVID-19 Obligations and Expenditures

Financial Codes

Accounting Classification Codes. VA established COVID-19 accounting classification codes to identify obligations and expenditures against **annual appropriations**. There were specific codes for VA components, such as:

- ND02D2001 for the Veterans Health Administration
- ND02D2002 for the Veterans Benefits Administration
- ND02D2005 for the Office of Information Technology.

FMS Appropriation Fund codes. VA used appropriation fund codes to track COVID-19 obligations and expenditures against **supplemental funding**. The first four digits of the six-digit code identify the appropriation account, such as for Medical Community Care or Medical Services. VA officials said that they modified the last two digits of the appropriation fund account to identify the use of supplemental funds. For example,

- 0160A1 is the FMS appropriation account for Medical Services funds from VA's annual appropriation.
- 0160C2 is the same account, except that it is for supplemental appropriations provided by the CARES Act. VA officials said that the number two indicates that the funding is available for 2 fiscal years.
- 0160C3 is the same account, except that it is for supplemental appropriations provided by the Families First Coronavirus Response Act. VA officials said that the number three indicates that the funding is available for 3 fiscal years.

Example of financial codes applied to specific contracts: VA used contract A to purchase management consulting services for VA's

response to COVID-19, such as estimating the expected disease burden of COVID-19 and surveillance of the healthcare landscape. This contract was signed in mid-March 2020 and is therefore coded with the COVID-19 accounting classification code (ND02D2001) and the appropriation fund code for the annual appropriations to the Medical Support and Compliance account (0152A1). In contrast, VA used contract B to purchase isolation gowns in August 2020 and did not use the COVID-19 accounting classification code. The appropriation fund code for this contract corresponds to the COVID-19 supplemental funds in the Medical Services account (0160C2).

Contracting Codes

VA's contracting system can also be used to identify COVID-19-related obligations internally and publicly. In VA's contracting system, VA staff can code COVID-19 contracts with the "COVID-19" special management code. VA's contracting system can also track multiple line items for contracts that are partially funded with supplemental funds. In the publicly available Federal Procurement Data System-Next Generation, COVID-19 related contract actions should have the "COVID-19 2020" National Interest Action code.

Example of contracts partially funded by COVID-19 supplemental funds: Three of the contracts we reviewed were partially funded by COVID-19 supplemental funds (see Figure 5 for an example).

**Appendix IV: Department of Veterans Affairs'
(VA) Financial and Contracting Codes for
COVID-19 Obligations and Expenditures**

Figure 5: Contract Documentation for a Contract Partially Funded by COVID-19 Supplemental Funds

VA placed a delivery order under a blanket purchase agreement for telehealth services for \$33.9 million in August 2020. Contract documentation shows that there are two obligations for this contract (1)(2).

ACCOUNTING AND APPROPRIATION DATA			
ACRN	APPROPRIATION	REQUISITION NUMBER	AMOUNT
1	776-360/10160-9202-825000 Telehealth-2580 Miscellaneous Contractual-SP50G00A1	776-20-4-9202-0607 (P) PO#776-E05030	1 \$7,877,000.00
2	776-3600160-9201-825000 Telehealth-2580 Miscellaneous Contractual-SP50G00A4	776-20-4-9201-0854 (P) PO#776-E05029	2 \$26,066,406.24

- 1 The contracting officer said that the \$7.9 million obligation was for expanding telework capabilities early in the pandemic in response to COVID-19.
- 2 The contracting officer said the \$26 million obligation was for an additional year of support for VA's Office of Connected Care, which was not in response to COVID-19.

Source: GAO analysis of VA contract documentation and interviews with VA officials. | GAO-21-379

Within VA's contracting system, VA can track contracts that are partially funded with COVID-19 supplemental funds as being related to COVID-19 through the use of the special management code. VA's contracting system is also able to track that there are two sources of funding for this contract and the specific obligation amounts for each funding source (see Figure 6).

**Appendix IV: Department of Veterans Affairs'
(VA) Financial and Contracting Codes for
COVID-19 Obligations and Expenditures**

Figure 6: Screenshots of VA's Contracting System for a Contract Partially Funded by COVID-19 Supplemental Funds

70 SPECIAL MANAGEMENT CODE:	1	COVID-19 (COVID-19)
71 PIV REQUIRED:		0 (No Access is Needed)
72 REQUIRED ACCESS TO PHI:		0 (No, PHI access is not needed)
73 AGENCY ID:		3600

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Fund Line ^	Committed	Available	Budgeted	Obligated
776-360/10160-9202-825000Telehealth-2580Mi...	\$7,877,000.0000	\$0.0000	\$0.0000	\$7,877,000.0000
2 Obligated Available: \$0.0000	Budgeted Available: \$7,877,000.0000	Requisition Number		
Added: 08-10-2020	Updated: 08-10-2020			
776-3600160-9201-825000Telehealth-2580Misc...	\$26,066,406.2400	\$0.0000	\$0.0000	\$26,066,406.2400
2 Obligated Available: \$0.0000	Budgeted Available: \$26,066,406.2400	Requisition Number		
Added: 08-18-2020	Updated: 08-18-2020			
2 of 2 Fund Lines				
Committed: 3 \$33,943,406.24	Obligated: \$33,943,406.24	Budgeted:	\$0.00	

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- 1** Within VA's contracting system, VA can track contract actions that are partially funded by COVID-19 supplemental funds through the use of a special management code.
- 2** VA's contracting system shows that there are two fund lines for this contract. Each line corresponds to the two sources of funding for this contract.
- 3** The system tallies the total obligation amount for this contract: \$33,943,406.24.

Source: GAO analysis of screenshots of VA's contracting system, and explanations provided by VA staff. | GAO-21-379

**Appendix IV: Department of Veterans Affairs'
(VA) Financial and Contracting Codes for
COVID-19 Obligations and Expenditures**

In FPDS-NG, this contract is coded with the “COVID-19 2020” National Interest Action code, consistent with VA’s contracting system.¹ Figure 7 shows how this contract is coded in FPDS-NG.

Figure 7: Screenshot of Federal Procurement Data System-Next Generation (FPDS-NG) for a Contract Partially Funded by COVID-19 Supplemental Funds

Major Program:		
National Interest Action: 1	COVID-19 2020	
Cost Or Pricing Data:	Select One	
Purchase Card Used As Payment Method:	No	
Undefinitized Action:	No	
Performance Based Service Acquisition:	No - Service where PBA is not used.	

Account Symbol:				Select One
Performance Start Date:	08/27/2020	Amounts		
Date:	09/07/2020	Action Obligation:		\$33,943,406.24
Completion Date:	09/06/2021	Base And Exercised Options Value: 2		\$33,943,406.24
		Base and All Options Value (Total Contract Value):		\$59,379,522.67
		Fee Paid for Use of Indefinite Delivery Vehicle:		\$0.00

- 1 FPDS-NG shows that this contract is coded with the COVID-19 2020 National Interest Action code.
- 2 FPDS-NG shows the total obligation amount for this contract, which is consistent with the total obligation amount tracked in VA's contracting system.

Source: GAO analysis of FPDS-NG data. | GAO-21-379

¹We previously reported that the USASpending.gov website discloses that not all contracts with the COVID-19 National Interest Action code are tied to COVID-19 supplemental funding. [GAO-20-701](#).

Appendix V: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

April 16, 2021

Ms. Sharon Silas
Director
Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Silas:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office draft report, ***Veterans Affairs: Use of Additional Funding for COVID-19 Relief*** (GAO-21-379).

VA appreciates the opportunity to comment on the GAO draft report. The enclosure contains a technical comment.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tanya J. Bradsher".

Tanya J. Bradsher
Chief of Staff

Enclosure

Text of Appendix V: Comments from the Department of Veterans Affairs

April 16, 2021

Ms. Sharon Silas Director

Health Care

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Ms. Silas:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office draft report, Veterans Affairs: Use of Additional Funding for COVID-19 Relief (GAO-21-379).

VA appreciates the opportunity to comment on the GAO draft report. The enclosure contains a technical comment.

Sincerely,

Tanya J. Bradsher Chief of Staff

Enclosure

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Sharon M. Silas, (202) 512-7114 or silass@gao.gov

Staff Acknowledgments

In addition to the contact named above, Michael Zose, Assistant Director; Heather Tompkins, Analyst-in-Charge; Britt Carlson; Joy Kim; Emily Loriso; Teague Lyons; and Jocelyn Yin made key contributions to this report. Also contributing were Jennie F. Apter, Jacquelyn Hamilton, Caroline Johnson, Shelby S. Oakley, and Vikki Porter.

Related GAO Products

COVID-19: Sustained Federal Action is Crucial as Pandemic Enters Its Second Year, [GAO-21-387](#). Washington, D.C.: March 31, 2021.

COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention, [GAO-21-265](#). Washington, D.C.: January 28, 2021.

COVID-19: Federal Efforts Could Be Strengthened by Timely and Concerted Actions, [GAO-20-701](#). Washington, D.C.: September 21, 2020.

VA Health Care: Additional Steps Could Help Improve Community Care Budget Estimates. [GAO-20-669](#). Washington, D.C.: September 30, 2020.

Veterans Health Care: VA Needs to Improve Its Allocation and Monitoring of Funding. [GAO-19-670](#). Washington, D.C.: September 23, 2019.

VA Health Care: Estimating Resources Needed to Provide Community Care. [GAO-19-478](#). Washington, D.C.: June 12, 2019.

VA's Health Care Budget: In Response to a Projected Funding Gap in Fiscal Year 2015, VA Has Made Efforts to Better Manage Future Budgets. [GAO-16-584](#). Washington, D.C.: June 3, 2016.

Veterans' Health Care Budget: Improvements Made, but Additional Actions Needed to Address Problems Related to Estimates Supporting President's Request. [GAO-13-715](#). Washington, D.C.: August 8, 2013.

Veterans' Health Care: Improvements Needed to Ensure That Budget Estimates Are Reliable and That Spending for Facility Maintenance Is Consistent with Priorities. [GAO-13-220](#). Washington, D.C.: February 22, 2013.

Veterans' Health Care Budget: Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification. [GAO-12-908](#). Washington, D.C.: September 18, 2012.

Veterans' Health Care Budget: Transparency and Reliability of Some Estimates Supporting President's Request Could Be Improved. [GAO-12-689](#). Washington, D.C.: June 11, 2012.

VA Health Care: Estimates of Available Budget Resources Compared with Actual Amounts. [GAO-12-383R](#). Washington, D.C.: March 30, 2012.

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Veterans' Health Care Budget Estimate: Changes Were Made in Developing the President's Budget Request for Fiscal Years 2012 and 2013. [GAO-11-622](#). Washington, D.C.: June 14, 2011.

VA Health Care: Need for More Transparency in New Resource Allocation Process and for Written Policies on Monitoring Resources. [GAO-11-426](#). Washington, D.C.: April 29, 2011.

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VA Health Care: Challenges in Budget Formulation and Issues Surrounding the Proposal for Advance Appropriations. [GAO-09-664T](#). Washington, D.C.: April 29, 2009.

VA Health Care: Challenges in Budget Formulation and Execution. [GAO-09-459T](#). Washington, D.C.: March 12, 2009.

VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement. [GAO-09-145](#). Washington, D.C.: January 23, 2009.

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U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

Strategic Planning and External Liaison

Stephen J. Sanford, Acting Managing Director, spel@gao.gov, (202) 512-4707
U.S. Government Accountability Office, 441 G Street NW, Room 7814,
Washington, DC 20548



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