In order to further improve the lines of communication and to respond to the concerns between the National VA Council and you our members, I have established a National VA Council Briefing. This NVAC Briefing will bring you the latest news and developments within DVA and provide you with the current status of issues this Council is currently addressing. I believe that this NVAC Briefing will greatly enhance the way in which we communicate and the way in which we share new information, keeping you better informed.

Alma L. Lee
National VA Council, President

In This Briefing: Review of Alleged Misuse of VA Funds to Develop the Health Care Claims Processing System

Review of Alleged Misuse of VA Funds to Develop the Health Care Claims Processing System
03/01/2015 07:00 PM EST

The VA Office of Inspector General (OIG) conducted this review in response to allegations received by our Hotline Division. We evaluated the merits of an allegation that Veterans Health Administration’s (VHA) Chief Business Office (CBO) violated appropriations law by improperly obligating over $96 million in medical support and compliance (MS&C) funds to pay for the development of the Health Care Claims Processing System (HCPS). We substantiated that the CBO knowingly violated appropriations law by improperly obligating a total of $92.5 million of MS&C appropriations to finance the development of HCPS. The difference between the alleged and substantiated amounts is due to an estimate cited by the complainant. Of the $92.5 million, the FSC spent approximately $73.8 million. However, $18.7 million still remains obligated. MS&C appropriations are only authorized for administering medical, construction, supply, and research activities. CBO’s misuse of MS&C appropriations occurred because the Deputy Chief Business Officer (DCBO) did not seek the required IT Systems appropriations to fund the development of HCPS. Though initiated by the former DCBO for Purchased Care, MS&C appropriations were used instead of requesting funding from the Office of Information and Technology (OI&T) in hopes of achieving a faster delivery of this new information system. The current DCBO allowed the expenditures to proceed unchecked. As a result, the CBO violated appropriations law when it improperly obligated about $92.5 million of MS&C appropriations to develop HCPS. We recommended the Interim Under Secretary for Health establish oversight mechanisms, seek the return of all MS&C appropriations, de-obligate all current MS&C funds, and obtain appropriate funding for HCPS development. We also recommended that the Interim Under Secretary determine if appropriate administrative action should be taken against DCBO senior officials in the Purchased Care’s chain of command. The Interim Under Secretary for Health concurred with our findings and recommendations and plans to complete all corrective actions by September 30, 2015. We considered...
these planned actions acceptable and will follow up on their implementation.