

GAO Highlights

Highlights of [GAO-15-581](#), a report to the Chairman, Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

VA spent about \$19 billion to buy goods and services in fiscal year 2014—partly through agreements where other agencies award contracts on VA's behalf. VA also uses FFRDCs—government-funded entities that have relationships with federal agencies to perform certain tasks. These arrangements can help VA meet its needs and take advantage of unique expertise.

In light of questions about VA's use of interagency agreements and FFRDCs, GAO was asked to look at how VA uses and manages these methods of procuring goods and services. This report assesses (1) the extent of use and effectiveness of VA's award and oversight of interagency agreements for fiscal years 2012 through 2014, and (2) the extent of use and effectiveness of VA's management of FFRDCs during this same period. GAO reviewed VA procurement policies, federal acquisition regulations, VA contract data, a sample of 21 interagency agreements and 10 FFRDC task orders, chosen, in part, based on obligation amounts; and interviewed officials from VA, other agencies, and MITRE, the primary FFRDC with which VA does business.

What GAO Recommends

GAO recommends, among other things, that VA revise its policies on interagency agreements so that it can better record and track them; provide training on their use; and ensure that all FFRDC actions are centrally reviewed and appropriately documented. VA agreed with GAO's recommendations.

View [GAO-15-581](#). For more information, contact Michele Mackin at (202) 512-4841 or mackinm@gao.gov.

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VETERANS AFFAIRS CONTRACTING

Improved Oversight Needed for Certain Contractual Arrangements

What GAO Found

The Department of Veterans Affairs (VA) cannot document the extent to which it used interagency agreements in fiscal years 2012 through 2014 due to incomplete information. GAO reviewed data from VA's contract management system and found that VA obligated about \$1.7 billion to other government agencies via such agreements. However, GAO's analysis of data from VA's accounting system found that the total amount transferred to other agencies over this period was between \$2.3 billion and \$2.6 billion, a difference of \$600 million to \$900 million for the same period. GAO found that VA's contract management system data are incomplete due to several shortcomings. For example, no direct link exists between this system and VA's accounting system. Thus, actions can be initiated directly in the accounting system without being recorded in the contract management system. In addition, VA recently revised its policy to exclude interagency transactions—also a form of interagency agreements in which VA funds are obligated for services provided by another agency—from being entered into the contract management system, further limiting its visibility into the full extent of its use of interagency agreements. Moreover, VA's management of the award and oversight of the interagency agreements GAO reviewed varied, and in some cases did not comply with its policy. Nearly half of the 21 interagency agreements GAO reviewed were missing items such as documentation of VA's reasons for using an interagency agreement instead of another procurement approach, for example. This places VA at increased risk of incurring additional costs such as service fees to other agencies that perform work for VA. Some contracting officials were not aware of policy requirements, in part due to an absence of training opportunities. VA has begun developing training, but it may not cover all who need it.

VA obligated over \$244 million to Federally Funded Research and Development Centers (FFRDC) from fiscal years 2012 through 2014, and has opportunities to improve documentation and oversight. Almost all of these obligations were to FFRDCs operated by the MITRE Corporation (MITRE). Contracts with FFRDCs can be advantageous, but are noncompetitive, which can pose risks to the government in that it lacks the leverage to negotiate that it would otherwise have in a competitive environment. VA used MITRE for strategic and technical management support and other consulting services. GAO found that VA has processes to review individual FFRDC task order requirements, but not all awards are subject to these reviews, as VA does not centrally track contract actions to non-MITRE FFRDCs. As a result, VA is missing opportunities to provide more effective oversight for all of its FFRDC awards. In addition, all 10 MITRE task orders GAO reviewed complied with VA's basic requirements. However, these contract files contained limited documentation of some of the factors VA is to consider during pre-award reviews to determine the appropriateness of an FFRDC, and for some awards the contract files did not fully explain how VA determined that the contractor's proposed price was acceptable. Without this information, contracting officials who later revisit the file to make modifications will be limited in their abilities to make well-informed decisions.