



December 2022

VA IT CONTRACTING

Observations on Trends, Competition, and Past Performance Information

Accessible Version

GAO Highlights

Highlights of [GAO-23-105446](#), a report to congressional requesters

Why GAO Did This Study

VA continues to face long-standing challenges managing its IT projects. These include delays to the department's multibillion dollar electronic health record modernization initiative. In 2015, GAO added VA health care to its High-Risk List due, in part, to these challenges.

GAO was asked to assess IT contracting at VA. This report addresses, among other things, trends in VA IT contracting; the extent to which VA competitively awarded IT contracts; and the extent to which past performance was an evaluation factor in the source selection process for selected VA IT contracts and orders.

To conduct this work, GAO collected and analyzed data from fiscal years 2017 through 2021, and selected and reviewed contract files for a nongeneralizable sample of 25 IT contracts and orders from fiscal years 2017 through 2021, each with more than \$1 million in obligations, among other characteristics. GAO also reviewed VA documents and interviewed agency officials.

What GAO Recommends

In prior reports since 2010, GAO made 35 recommendations to VA related to its health care IT challenges. As of July 2022, VA implemented 22 of them. Thirteen recommendations had not yet been implemented, including five related to electronic health record modernization.

View [GAO-23-105446](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or OakleyS@gao.gov.

December 2022

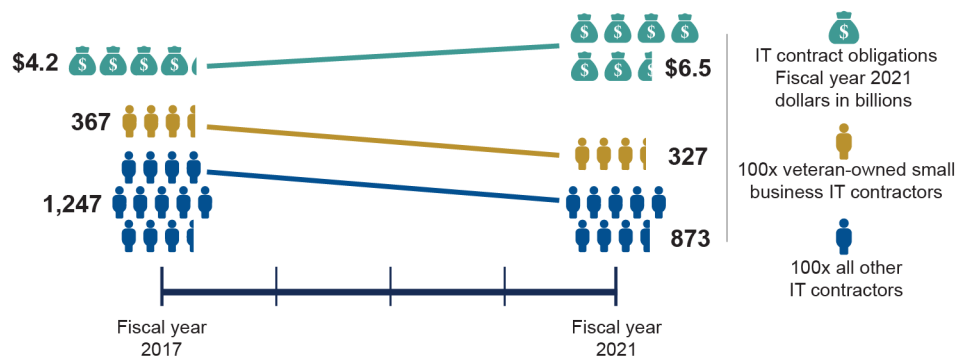
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What GAO Found

From fiscal years 2017 through 2021, the Department of Veterans Affairs (VA) obligated over \$25 billion to procure a range of IT products and services—among the highest IT obligations in the federal government. GAO identified two major trends across this period: total contract obligations increased, while the number of contractors receiving awards decreased. Technology modernization initiatives and COVID-19 pandemic response efforts drove the growth in IT contract obligations. However, the number of new IT contracts awarded and orders issued decreased by more than half during this period—a potential driver of the decrease in the number of contractors. Overall, 30 contractors received about 75 percent of all IT contract obligations from fiscal years 2017 through 2021.

VA's IT Contract Obligations Increased as Number of Contractors Decreased



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data for VA's IT Contract Obligations Increased as Number of Contractors Decreased

- IT contract obligations in FY 2021 dollars (in billions). FY 2017 = \$4.2; FY 2021 = \$6.5
- 100x veteran owned small business IT contractors. FY 2017 = 367; FY 2021 = 327
- 100x all other IT contractors. FY 2017 = 1,247; FY 2021 = 873

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

From fiscal years 2017 through 2021, 76 percent of VA's IT contract obligations were for contracts or orders identified as awarded competitively. VA's competition rate for non-IT contracting across this period, by comparison, was 82 percent. However, one multibillion dollar noncompetitive contract—for VA's electronic health record modernization initiative—accounted for about half the obligations for noncompetitive contracts and orders.

From fiscal years 2017 through 2021, the portion of VA's IT contract obligations grew on two particular contracts, which by fiscal year 2021 accounted for over half of all VA's IT contract obligations. VA achieved high competition rates on these two particular contracts. Specifically, over 90 percent of IT obligations on

these contracts from fiscal years 2017 through 2021 were for orders identified as involving fair opportunity, which allows for competition among the contract holders.

The Federal Acquisition Regulation generally provides that federal agencies should consider contractor past performance when conducting competitive acquisitions. Examples of past performance include adherence to schedules and standards of good workmanship. GAO found that past performance was an evaluation factor for all 19 competitive IT contracts and orders it reviewed.

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Abbreviations

CPARS	Contractor Performance Assessment Reporting System
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GSA	General Services Administration
IDIQ	indefinite-delivery, indefinite-quantity
IT	information technology
NASA SEWP	National Aeronautics and Space Administration Solutions for Enterprise-Wide Procurement
OFPP	Office of Federal Procurement Policy
SD/VOSB	Service-Disabled Veteran-Owned Small Business or Veteran-Owned Small Business

T4NG	Transformation Twenty-One Total Technology Next Generation
TAC	Technology Acquisition Center
VA	Department of Veterans Affairs

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December 15, 2022

The Honorable Frank Mrvan
Chairman
The Honorable Matthew Rosendale, Sr.
Ranking Member
Subcommittee on Technology Modernization
Committee on Veterans' Affairs
House of Representatives

The Honorable Jim Banks
House of Representatives

The Honorable Susie Lee
House of Representatives

The Department of Veterans Affairs (VA) operates one of the largest health care delivery systems in America, providing care to millions of veterans and their families at more than 1,500 facilities. VA's use of IT is critically important to providing this care and includes hundreds of information systems, thousands of computers, and a computer network with hundreds of thousands of user accounts. As a result, VA has among the highest obligations in the federal government for IT procurement, using contracts awarded and administered either by VA or another agency.¹ From fiscal years 2017 through 2021, VA obligated over \$25 billion on contracts and orders to procure a range of IT products, systems, and services. Among VA's significant investments is its electronic health record modernization effort to, among other things, improve how health care information is exchanged within VA and with other federal agencies and participating community care partners. The ability of VA to effectively serve veterans and other eligible individuals depends on the functionality of the underlying IT systems that support its core activities, such as the management of various kinds of veterans' benefits and providing a wide range of health care services.

Since 2010, we made 35 recommendations to VA related to its health care IT challenges. As of July 2022, VA implemented 22 of these recommendations. The remaining 13 recommendations have not yet

¹To identify IT procurements, we used the government-wide category management taxonomy to identify product and service codes aligned with IT, and we identified contract actions with those product and service codes in the Federal Procurement Data System.

been implemented, including five related to the electronic health record modernization effort. We added VA health care to our High-Risk List—due, in part, to its IT challenges—in 2015. Additionally, we added VA acquisition management to our High-Risk List in 2019 as a result of the department’s significant contract obligations and numerous challenges to efficient acquisitions.² Since then, VA’s Office of Inspector General and we have reported on VA’s challenges in managing its major IT acquisitions, including its financial management system and electronic health record modernization initiatives, which have experienced schedule delays.³

You asked us to assess various aspects of IT contracting at VA. This report addresses, from fiscal years 2017 through 2021, (1) trends in VA IT contracting; (2) the extent to which VA awarded contracts and issued orders for IT on a competitive basis; (3) for selected VA IT contracts and orders, the extent to which past performance was an evaluation factor in the source selection process; and (4) the extent to which VA reported IT contractor performance information into the Contractor Performance Assessment Reporting System (CPARS).

To describe trends in VA IT contracting, we collected Federal Procurement Data System (FPDS) data on VA’s contract obligations coded as for IT products and services from fiscal years 2017 through 2021, which we refer to as IT contract obligations in this report. We adjusted obligations for inflation based on the fiscal year 2021 gross domestic product price index. We analyzed these data on the basis of contracting office, contract vehicle, and contractor unique entity identifier, among other categories. We included analysis of the extent to which IT contract obligations were concentrated with certain subsets of contractors.

²For our most recent report on the High-Risk List, see GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

³GAO, *VA Financial Management System: Additional Actions Needed to Help Ensure Success of Future Deployments*, [GAO-22-105059](#) (Washington, D.C.: Mar. 24, 2022); and *Veterans Affairs: Ongoing Financial Management System Modernization Program Would Benefit from Improved Cost and Schedule Estimating*, [GAO-21-227](#) (Washington, D.C.: Mar. 24, 2021). Department of Veterans Affairs, Office of Inspector General, *Unreliable Information Technology Infrastructure Cost Estimates for the Electronic Health Record Modernization Program*, Report #20-03185-151 (July 7, 2021).

To assess the extent to which VA awarded contracts and issued orders for IT on a competitive basis, we analyzed FPDS data on IT obligations from fiscal years 2017 through 2021 to determine the proportion of dollars obligated through contract actions that VA identified as competitive versus noncompetitive.⁴ As part of this analysis, we compared VA IT obligations with those of the 20 other federal agencies with more than \$1 billion in total IT contract obligations from fiscal years 2017 through 2021.⁵ We also reviewed documentation related to competition—such as market research reports and, where applicable, acquisition plans—from a nongeneralizable sample of 25 contract files. This sample reflected a range of IT contracts and orders from fiscal years 2017 through 2021 each with more than \$1 million in obligations and that were awarded to different contractors using a range of contracts or contract vehicles, among other factors. We compared this documentation to pre-award practices for supporting competition based on Office of Federal Procurement Policy (OFPP) memorandums containing considerations and guidance to support competition in federal acquisition.⁶ We reviewed sections of the Federal Acquisition Regulation (FAR) related to competition. We interviewed cognizant VA officials, including—where available—contracting officers for the selected contract files.

To assess the extent to which past performance was an evaluation factor in the source selection process for selected IT contracts and orders, we

⁴For purposes of this report, competitive contracts included (1) contracts and orders coded in FPDS as “full and open competition,” “full and open after exclusion of sources,” and “competed under simplified acquisition procedures”; and (2) orders coded as “subject to fair opportunity,” “fair opportunity provided,” and “competitive set aside.” Noncompetitive contracts included (1) contracts and orders coded in FPDS as “not competed,” “not available for competition,” and “not competed under simplified acquisition procedures”; and (2) orders coded as an exception to “subject to fair opportunity,” including “urgency,” “only one source,” “minimum guarantee,” “follow-on action following competitive initial action,” “other statutory authority,” and “sole source.” Even for contracts identified as noncompetitive, agencies may have solicited more than one source.

⁵These agencies were the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, and Treasury; General Services Administration (GSA); National Aeronautics and Space Administration; Office of Personnel Management; Securities and Exchange Commission; Small Business Administration; and Social Security Administration.

⁶Office of Management and Budget, Office of Federal Procurement Policy, *Increasing Competition and Structuring Contracts for the Best Results* (Washington, D.C.: Oct. 27, 2009); and *Enhancing Competition in Federal Acquisition* (Washington, D.C.: May 31, 2007).

reviewed documentation from the same 25 contract files. This review included solicitations and other relevant source selection documents. When the selected files were associated with an order, we also reviewed solicitations for the base contract awards. We reviewed sections of the FAR related to use of past performance as an evaluation factor. We interviewed—where available—cognizant contracting officers for the selected contract files to identify the reasons that past performance was or was not included as an evaluation factor.

To assess the extent to which VA reported IT contractor performance information into CPARS, we reviewed CPARS data for contracts and orders awarded by VA's Technology Acquisition Center (TAC), which made over 90 percent of VA's IT obligations from fiscal years 2017 through 2021.⁷ We also reviewed sections of the FAR related to CPARS, VA-specific policy, other relevant CPARS guidance, and interviewed cognizant agency officials to understand the policies and procedures that govern CPARS reporting.

To assess the reliability of FPDS and CPARS data, we reviewed system documentation related to these two sources, examined data validation rules, and performed electronic testing. In addition, to assess the reliability of competition data from FPDS, we compared this data with documentation in the selected contract files. To further assess the reliability of CPARS data, we reviewed system documentation and interviewed agency officials responsible for managing the system. We determined the data were sufficiently reliable for the purposes of describing VA IT contracting trends and competition as well as CPARS reporting.

We conducted this performance audit from September 2021 to December 2022 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

⁷CPARS reporting is not required for all contract and orders. For example, it is generally only required for contracts and orders exceeding the simplified acquisition threshold—currently \$250,000, with certain exceptions. FAR § 42.1502. While other VA contracting offices may report IT contractor performance information into CPARS, we determined that TAC activity in this regard represented a preponderance of VA IT CPARS reporting. TAC CPARS data may include non-IT contracts and orders awarded by TAC.

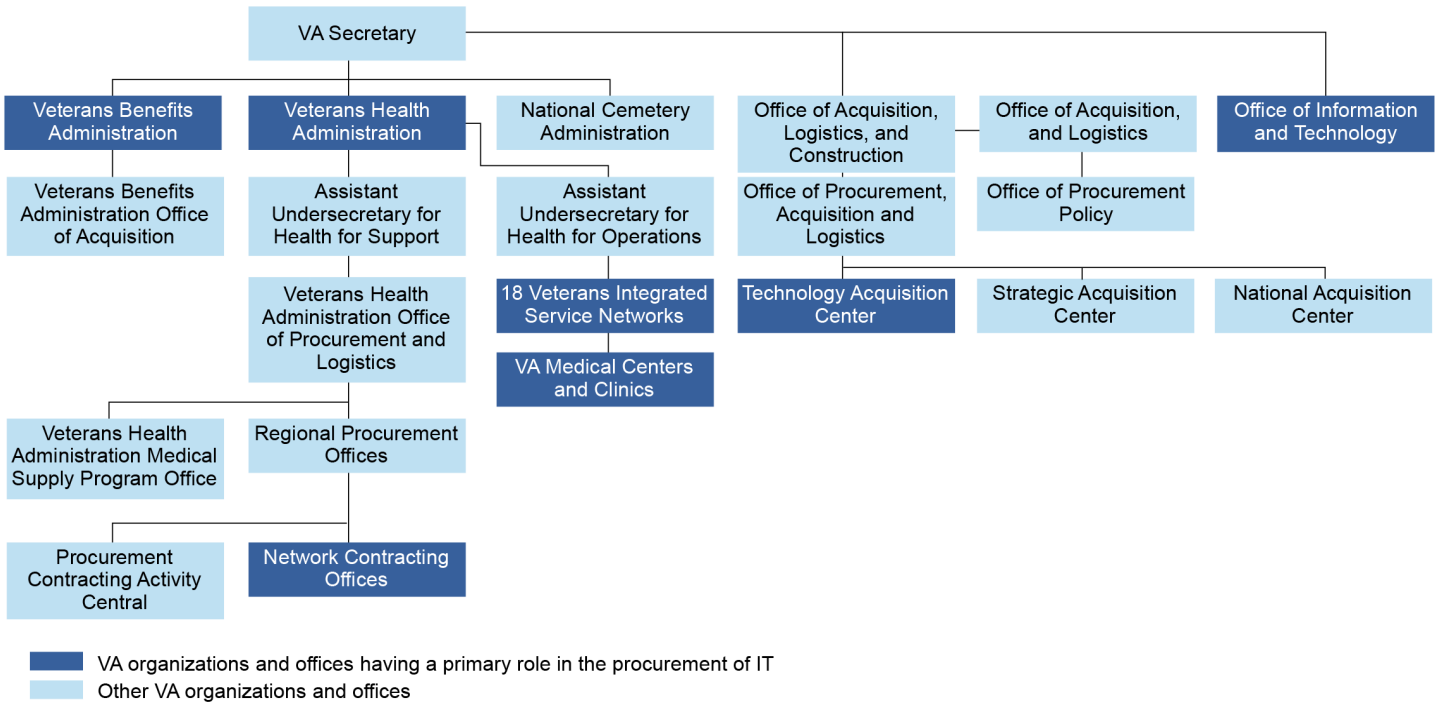
that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA IT Contracting Organizations and Obligations

Since 2007, VA has centralized most of its key IT management functions in the Office of Information and Technology. VA also established TAC in March 2009 with specialized contracting staff to support this office in the award of IT contracts. In addition to the Office of Information and Technology, TAC supports other VA organizations with IT requirements, including the Veterans Health Administration and Veterans Benefits Administration. In addition to TAC, network contracting offices provide local, regional, and national procurement support to Veterans Integrated Service Networks. These are Veterans Health Administration organizations that manage VA medical centers and associated clinics across a given geographic area. The Veterans Health Administration currently has 18 such networks throughout the nation. Figure 1 shows the organizational structure of VA's procurement function and denotes key organizations responsible for IT procurement.

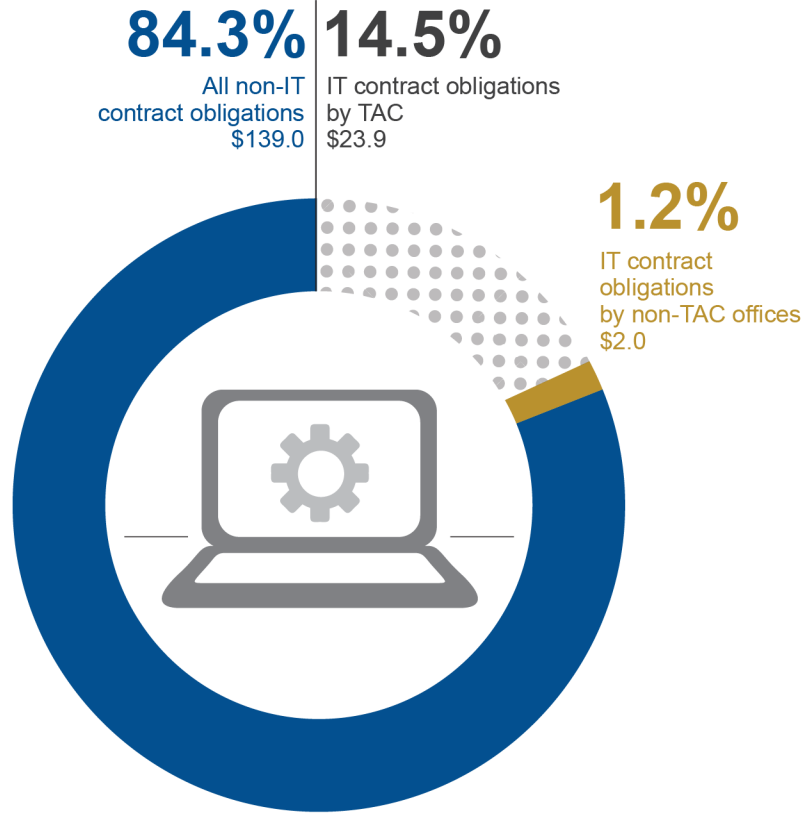
Figure 1: Department of Veterans Affairs (VA) Procurement Organizational Structure and Offices with Primary IT Procurement Responsibilities



Source: GAO analysis of VA organizational charts and policies. | GAO-23-105446

VA obligated \$25.9 billion for IT from fiscal years 2017 through 2021, representing about 16 percent of all VA contract obligations during this period, as shown in figure 2. TAC made over 90 percent of IT obligations, with the remainder made by other VA contracting offices, mostly by those supporting Veterans Integrated Service Networks.

Figure 2: Department of Veterans Affairs IT and Non-IT Contract Obligations, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)



TAC: Technology Acquisition Center

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 2: Department of Veterans Affairs IT and Non-IT Contract Obligations, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)

IT contracting as a percentage of all contracting at VA, FY17-FY21

	<i>\$s in billions</i>	<i>whole \$s</i>	<i>percentage of all contracting</i>	<i>percentage of IT contracting</i>
All non-IT contract obligations	\$139.0	\$138,955,789,160	84.3%	NA
IT contracting by TAC	\$23.9	\$23,899,184,344	14.5%	92.3%
IT contracting by non-TAC offices	\$2.0	\$2,002,770,487	1.2%	7.7%
Totals	\$164.9	\$164,857,743,991	100.0%	100.0%

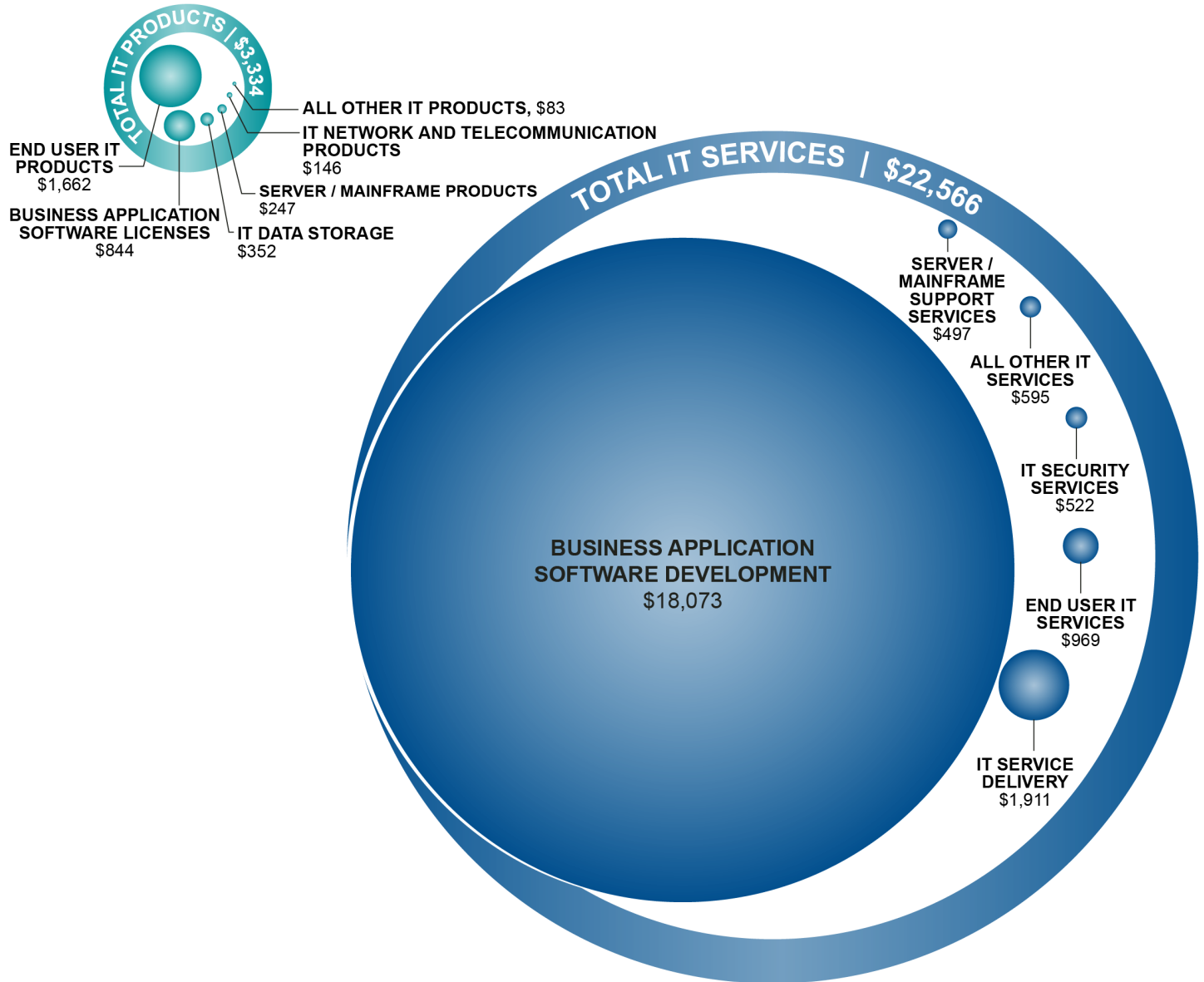
Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Letter

Note: IT contract obligations are those coded in the Federal Procurement Data System as for IT products and services.

Figure 3 shows the leading categories of IT products and services procured by VA from fiscal years 2017 through 2021.

Figure 3: Department of Veterans Affairs Contract Obligations for IT Products and Services, Fiscal Years 2017–2021 (fiscal year 2021 dollars in millions)



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 3: Department of Veterans Affairs Contract Obligations for IT Products and Services, Fiscal Years 2017–2021 (fiscal year 2021 dollars in millions)

IT hardware and software products	Contract obligations (\$s in millions)		IT services
	FY 2017	FY 2021	
End user computer products	\$1,662	\$18,073	Business application software development
Business application products	\$844	\$1,911	IT service delivery
IT data storage products	\$352	\$969	End user computer services
Computer server / mainframe products	\$247	\$522	IT security services
IT network and telecommunication products	\$146	\$497	Computer server / mainframe services
All other products	\$83	\$595	All other services
Total IT Products	\$3,334	\$22,566	Total IT Services

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Note: Subcategory amounts may not sum to product and service category totals due to rounding.

VA IT Contracting Approaches

The FAR establishes a variety of procedures for acquisition that agencies can consider when purchasing IT products or services. One procedure involves indefinite-delivery, indefinite-quantity (IDIQ) contracts, which agencies may use when the exact quantities and exact times of delivery of needed products or services are not known at the time of contract award. Agencies may award IDIQ contracts to a single contractor or multiple contractors through one solicitation, although there is a statutory preference—implemented in the FAR—for making multiple awards.⁸ Once awarded, an agency places orders against the IDIQ contract for specific products or services as needs arise.

The ordering processes for multiple- and single-award IDIQ contracts differ somewhat. Under a single-award IDIQ contract, once a requirement is known, contracting officers can place an order following the procedures outlined in the contract. When an agency has awarded multiple-award IDIQ contracts, and a requirement arises, the order generally must be competed—through fair opportunity—among all the IDIQ contract holders. The specific procedures required to provide fair opportunity differ based on the dollar value of orders. Contracting officers must provide each

⁸41 U.S.C. § 4103(d)(4); FAR § 16.504(c)(1)(i).

contractor a fair opportunity to be considered for each order unless exceptions apply. Exceptions to fair opportunity requirements for orders are permitted in certain circumstances, such as when only one source is capable of providing the particular products or services sought.

Agencies can also place orders against IDIQ contracts awarded by another agency. Within the context of indefinite-delivery contracting, VA primarily uses two contract vehicles for IT procurement:

- **Transformation Twenty-One Total Technology Next Generation (T4NG):** In 2016, VA established T4NG, a multiple-award IDIQ contract vehicle that can also be used by other agencies.⁹ TAC manages the vehicle and uses it for the procurement of complex health care-related IT acquisitions, including systems and software engineering, enterprise network services, cyber security, and operations and maintenance services. T4NG is VA's primary IT services contract vehicle, accounting for \$6.5 billion—or approximately one quarter of VA's IT contract obligations—from fiscal years 2017 through 2021. This contract vehicle currently consists of 37 different contracts held by vendors that generally can compete for individual orders. Eighteen of these contract holders currently identify as Service-Disabled Veteran-Owned Small Businesses or Veteran-Owned Small Businesses (SD/VOSB).
- **National Aeronautics and Space Administration Solutions for Enterprise-Wide Procurement (NASA SEWP):** In 2015, NASA established the fifth iteration of NASA SEWP, a multiple-award IDIQ contract vehicle that other agencies can also use to purchase a wide range of commercial-based IT procurements, such as laptop and desktop computers.¹⁰ Among federal agencies, VA was one of the largest users of NASA SEWP from fiscal years 2017 through 2021 in terms dollars obligated. Overall, VA placed about \$6 billion in orders against NASA SEWP contracts during this period, representing 23 percent of VA's IT procurements. This contract vehicle currently consists of approximately 140 different contracts held by vendors that

⁹The T4NG contract vehicle is a follow on to the first T4 contract vehicle established by VA in 2011. The T4 ordering period ended in 2016. The ordering period for T4NG ends in March 2026.

¹⁰The NASA SEWP contract vehicle has been in existence since 1993. The current iteration of this vehicle is designated NASA SEWP V with an ordering period that ends in April 2025.

generally can compete for individual orders. Thirty-nine of these contract holders currently identify as SD/VOSB.

For the remaining \$13.4 billion obligated by VA for IT procurement from fiscal years 2017 through 2021, the agency used a number of other contracting approaches. For example, VA used the Federal Supply Schedules program, managed by the General Services Administration (GSA), to obligate over \$3 billion for the procurement of commercial IT products and services.¹¹ VA also obligated \$1.4 billion for procurement of telecommunication and network services under a multiple-award IDIQ contract vehicle established in 2007 by GSA known as Networx.¹² The majority of other VA IT obligations were made through contracts awarded and administered by VA contracting offices such as TAC. Among the largest—with obligations of \$3.2 billion—is the noncompeted, single-award IDIQ contract for VA’s electronic health record modernization initiative awarded to Cerner Government Services, Inc. in 2018.¹³

Selected Contracting Requirements

There are several federal contracting concepts relevant to VA IT contracting and this report.

Competition. Competition is the cornerstone of a sound acquisition process and a critical tool for achieving the best return on investment for

¹¹GSA established the Federal Supply Schedules program in the 1950s to provide a streamlined process for the government to obtain commercial products and services at pricing associated with volume discounts.

¹²In 2008, the Office of Management and Budget issued a memorandum directing agencies to use this contract vehicle for requirements being met through a predecessor contract vehicle known as FTS2001. Office of Management and Budget, *Transition from FTS2001 to Networx*, OMB Memorandum M-08-26 (Washington, D.C.: Aug. 28, 2008). In 2017, the Office of Management and Budget rescinded the memorandum. GSA’s Networx contracts are expected to end in May 2023 and be transitioned to a GSA contract vehicle known as Enterprise Infrastructure Solutions.

¹³In June 2022, Oracle Corporation acquired Cerner Corporation, the parent company of Cerner Government Services, Inc. We have previously reported on the electronic health record modernization initiative. See GAO, *Electronic Health Records: VA Needs to Address Data Management Challenges for New System*, [GAO-22-103718](#) (Washington, D.C.: Feb. 1, 2022); *Electronic Health Records: VA Has Made Progress in Preparing for New System, but Subsequent Test Findings Will Need to Be Addressed*, [GAO-21-224](#) (Washington, D.C.: Feb. 11, 2021); and *Private Citizens’ Involvement in Decision-Making at the Department of Veterans Affairs: Information on the Purpose, Scope, and Time Frames of Interactions between 2016 and 2018*, [GAO-20-447R](#) (Washington, D.C.: May 4, 2020).

taxpayers.¹⁴ By statute and under the FAR, agencies generally must use full and open competition when awarding contracts, meaning that all responsible sources—or prospective contractors that meet certain criteria—are permitted to compete.¹⁵ However, statute and the FAR also provide exceptions to full and open competition under certain circumstances, such as when the supply or services required by an agency are available from only one responsible source, and no other type of supplies or services will satisfy agency requirements; or when an agency head determines the use of full and open competition is not in the public interest in a particular acquisition.¹⁶ The FAR generally requires agencies to perform acquisition planning and conduct market research to promote and provide for, among other things, full and open competition or, when full and open competition is not required, to obtain competition to the maximum extent practicable, considering the nature of the supplies or services being acquired.¹⁷

In 2006, in order to increase opportunities for veterans to do business with VA, Congress established a general requirement that VA contract awards must be restricted to SD/VOSBs, if (1) the contracting officer has a reasonable expectation that at least two such businesses will submit offers, and (2) the award can be made at a fair and reasonable price that offers best value to the government.¹⁸ This determination is known as the “VA Rule of Two.”

¹⁴Office of Management and Budget, Office of Federal Procurement Policy, *Enhancing Competition in Federal Acquisition*.

¹⁵10 U.S.C. § 3201; 41 U.S.C. § 3301; FAR § 6.101. The FAR also prescribes policies and procedures for full and open competition after exclusion of sources. See FAR subpart 6.2. Among other things, agencies may use these policies and procedures to conduct “set-aside” acquisitions in which competition is limited to small businesses or specific types of small businesses, such as small businesses participating in the Small Business Administration’s 8(a) program, HUBZone small businesses, and Service-Disabled Veteran-Owned Small Businesses. FAR §§ 6.203, 6.204, 6.205, 6.206.

¹⁶10 U.S.C. § 3204(a)(1), (a)(7); 41 U.S.C. § 3304(a)(1), (a)(7); FAR § 6.302-1; FAR § 6.302-7.

¹⁷FAR § 7.102(a).

¹⁸The Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 502(a), 120 Stat. 3403, 3431 (2016) (codified as amended at 38 U.S.C. § 8127).

We reported on the extent to which federal agencies received two or more offers in response to competitive solicitations.¹⁹ In October 2009, OFPP issued guidance to help federal acquisition leaders evaluate the effectiveness of their agencies' competition practices.²⁰ Among other things, the guidance asked acquisition leaders to consider engaging the marketplace to determine how barriers to competition can be removed. To address this issue, the guidance recommended that agencies encourage their contract specialists and program offices to speak to vendors—including leading competitors and other sources that expressed interest in the procurement, but ultimately did not submit offers—to understand the basis for their decision not to participate. In 2010, we recommended that OFPP determine whether the FAR should be amended to require agencies to regularly review and critically evaluate the circumstances leading to only one offer being received and to identify additional steps that can be taken to increase the likelihood that multiple offers will be submitted.²¹ According to OFPP officials, in 2016, members of the FAR Council met to discuss the need for government-wide rules requiring certain steps when only one offer is received. The Council determined that no FAR changes were needed due to a lack of consensus among civilian agency members.

Use of past performance information. In general, the FAR establishes that agencies should consider information about a vendor's past performance when conducting competitive acquisitions. The FAR's guidance, with respect to the use of past performance information, varies depending on the type of acquisition procedures used. For example, the FAR states that under a multiple-award IDIQ contract, the contracting officer may exercise broad discretion in developing appropriate order placement procedures. When developing the procedures, however, the contracting officer should consider, among other things, past performance on earlier orders under the contract.²² In this context, past performance could include quality, timeliness, and cost control. The FAR also

¹⁹GAO, *Contracting Data Analysis: Assessment of Government-wide Trends*, [GAO-17-244SP](#) (Washington, D.C.: Mar. 9, 2017); and *Federal Contracting: Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer Is Received*, [GAO-10-833](#) (Washington, D.C.: July 26, 2010).

²⁰Office of Management and Budget, Office of Federal Procurement Policy, *Increasing Competition and Structuring Contracts for the Best Results*.

²¹[GAO-10-833](#).

²²FAR § 16.505(b)(1)(ii), (b)(1)(v).

establishes ordering procedures for the GSA Federal Supply Schedules program. These procedures permit agencies to consider past performance when placing orders.²³ While price or cost to the government must be considered in certain acquisitions, the FAR generally establishes that agencies have discretion in selecting the evaluation factors to be included in solicitations for competitive acquisitions—such as technical approach and past performance—as well as the weight given to these factors.²⁴

CPARS reporting. The FAR generally requires agencies to prepare past performance evaluations for contracts and orders exceeding the simplified acquisition threshold—currently \$250,000, with certain exceptions—and enter these into the government-wide reporting tool for all past performance reports on contracts and orders.²⁵ This reporting tool is known as CPARS. With regard to timing, the FAR requires agencies to prepare past performance evaluations for contracts and orders at least annually and at the time the work under a contract or order is completed. CPARS guidance instructs agencies to complete the past performance evaluation process within 120 days of the end of the period of performance and to report performance information in a timely manner.²⁶ The evaluation process includes an opportunity for the contractor to provide comments on the evaluation. These evaluations and any contractor responses comprise the past performance information that is stored in CPARS for use by contracting officials in future source selection decisions.

VA Increased Obligations to Fewer Contractors from Fiscal Years 2017 through 2021

We found VA increased its overall IT obligations from fiscal years 2017 through 2021. IT technology modernization initiatives and COVID-19 response drove growth in these obligations. These obligations were

²³FAR §§ 8.405-1(f)(1), 8.405-2(c), 8.405-3(a)(2)(i).

²⁴See FAR §§ 15.304(c), 16.505(b)(1)(ii), 8.405-1(f)(1)-(8), 8.405-2(c), 8.405-3(a)(2)(i)-(viii), 13.106-2(b)(1). Additional examples of evaluation factors include management capability, personnel qualifications, and prior experience. FAR § 15.304(c)(2).

²⁵FAR §§ 2.101, 42.1502.

²⁶*Guidance for the Contractor Performance Assessment Reporting System (CPARS)* (updated May 2021). The guidance is non-regulatory in nature and intended to provide useful information and best practices to the workforce for using CPARS.

concentrated among a smaller number of contractors, with fewer new contracts awarded and orders issued across the period. In addition, VA increasingly concentrated obligations on two IDIQ contract vehicles.

Technology Modernization Initiatives and COVID-19 Response Drove Growth in VA IT Contract Obligations

VA's annual IT obligations increased from \$4.2 billion to \$6.5 billion from fiscal years 2017 through 2021. We found that technology modernization initiatives and support for COVID-19 pandemic response efforts were two primary drivers of this growth.

- **Technology modernization initiatives.** VA invested in a number of large technology modernization initiatives. These included electronic health record modernization, which resulted in contract obligations of at least \$6.7 billion from fiscal years 2017 through 2021. VA is also replacing its legacy financial management system with a new integrated system intended to increase transparency and reliability of financial information across the agency.²⁷ VA obligated approximately \$403 million on contracts associated with this initiative from fiscal years 2018 through 2021. In addition, VA obligated at least \$607 million on contracts associated with other major IT investments, including the acquisition of new technology to consolidate and replace legacy IT systems supporting the adjudication and appeals process for veterans' benefits.
- **COVID-19 pandemic response efforts.** VA obligated at least \$2.3 billion for IT as part of the agency's response to COVID-19 in fiscal years 2020 and 2021. VA officials told us this response included purchases of equipment to support the workforce's transition to telework during the pandemic.²⁸

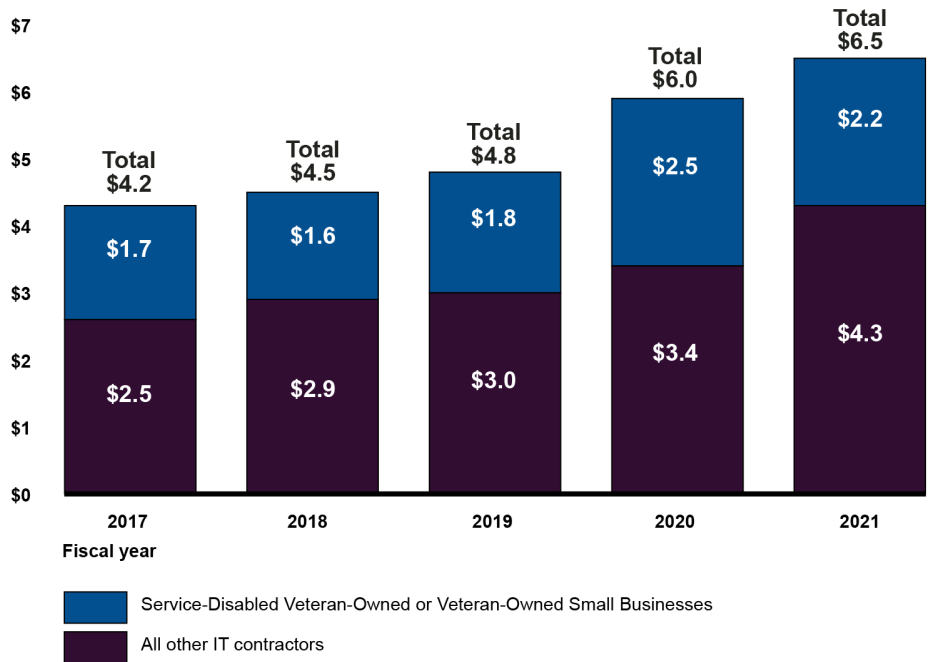
Figure 4 shows the increase in obligations to VA IT contractors, including SD/VOSBs. VA obligations to SD/VOSBs increased from \$1.7 billion in fiscal year 2017 to about \$2.2 billion in fiscal year 2021. Despite this growth, the percentage of VA's total IT contract obligations on contracts

²⁷We have previously reported on VA's replacement of its financial management system. For more information about this new integrated system, see [GAO-22-105059](#) and [GAO-21-227](#).

²⁸For additional information on VA IT obligations and expenditures related to the pandemic, see GAO, *Veterans Affairs: Projection, Use, and Oversight of COVID-19 Relief Funding*, [GAO-23-105730](#) (Washington, D.C.: Nov. 29, 2022).

awarded to SD/VOSBs fell from about 41 percent in fiscal year 2017 to 34 percent in fiscal year 2021.

Figure 4: Department of Veterans Affairs IT Contract Obligations, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 4: Department of Veterans Affairs IT Contract Obligations, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)

FY	Total IT obligations	Service-Disabled / Veteran-Owned Small Businesses (SD/VOSBs)	All other IT contractors
2017	\$4,171,146,558	\$1,707,378,787	\$2,463,767,771
2018	\$4,504,312,583	\$1,556,677,799	\$2,947,634,784
2019	\$4,764,919,787	\$1,797,698,289	\$2,967,221,498
2020	\$5,978,363,558	\$2,539,444,780	\$3,438,918,777
2021	\$6,483,212,345	\$2,191,184,068	\$4,292,028,277

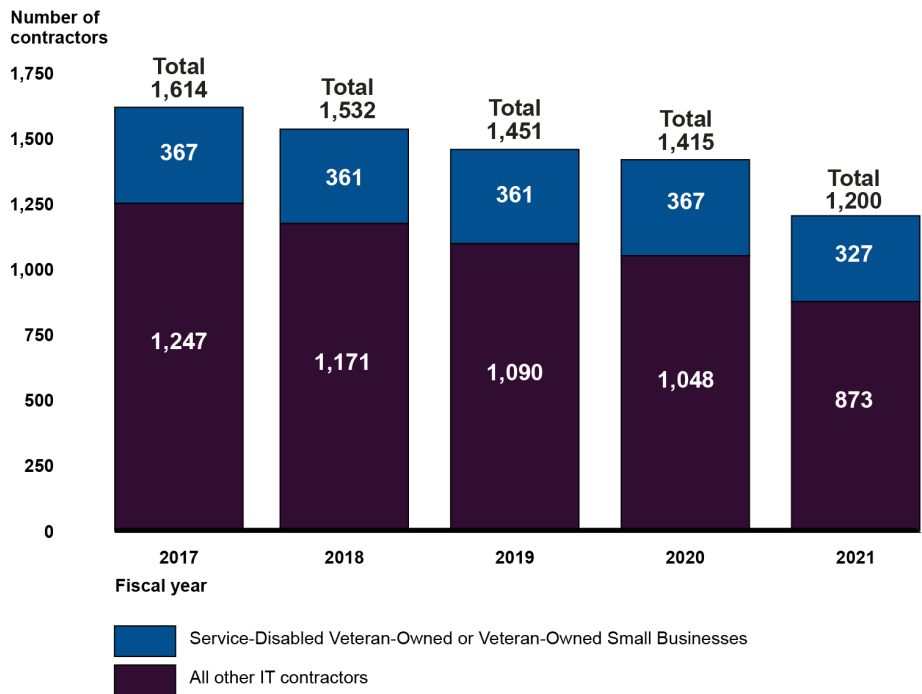
Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Note: Category amounts may not sum to totals due to rounding.

VA IT Obligations Concentrated among a Smaller Number of Contractors

The number of VA's contractors receiving IT contract obligations decreased from fiscal years 2017 through 2021, as shown in figure 5. The total number of contractors receiving IT contract obligations fell by more than 25 percent, while the number of SD/VOSBs receiving IT contract obligations fell by more than 10 percent.²⁹

Figure 5: Number of Contractors Receiving IT Contract Obligations from the Department of Veterans Affairs, Fiscal Years 2017–2021



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

²⁹In prior work on Department of Defense and government-wide contracting for common products and services, we observed similar trends in terms of an increase in obligations to small businesses but a decrease in the number of small businesses receiving contract awards. See GAO, *Small Business Contracting: Actions Needed to Implement and Monitor DOD's Small Business Strategy*, [GAO-22-104621](#) (Washington, D.C.: Oct. 14, 2021); and *Federal Buying Power: OMB Can Further Advance Category Management Initiative by Focusing on Requirements, Data, and Training*, [GAO-21-40](#) (Washington, D.C.: Nov. 30, 2020).

Data table for Figure 5: Number of Contractors Receiving IT Contract Obligations from the Department of Veterans Affairs, Fiscal Years 2017–2021

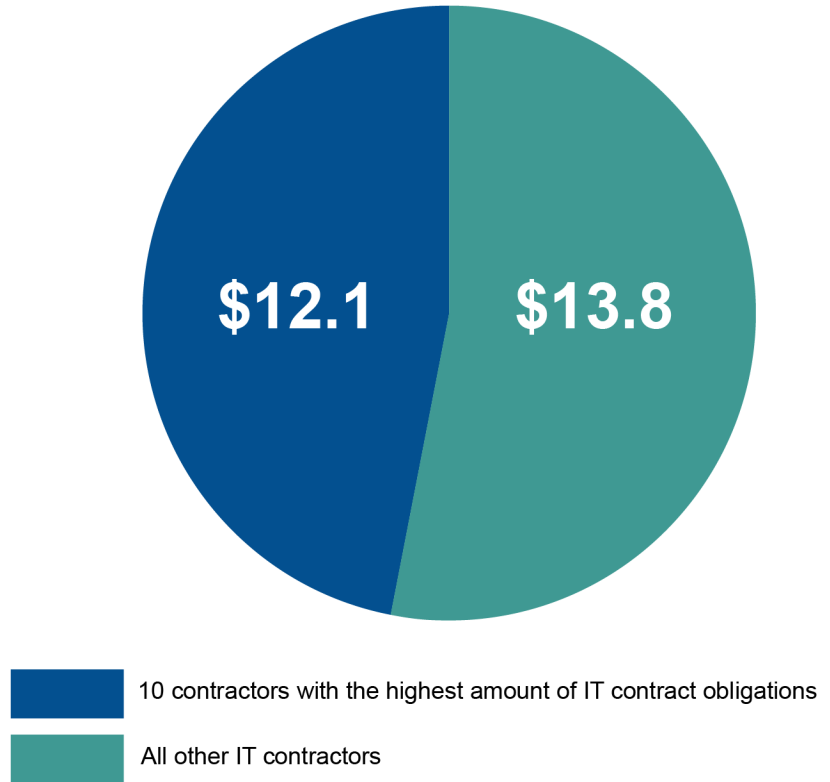
FY	Total	Service-Disabled / Veteran-Owned Small Businesses (SD/VOSBs)	All other IT contractors
2017	1,615	367	1,248
2018	1,532	361	1,171
2019	1,454	360	1,094
2020	1,415	367	1,048
2021	1,199	326	873

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

We also found that almost half of VA’s IT contract obligations over this period were received by 10 contractors, as shown in figure 6. Four of these were identified in FPDS as SD/VOSBs at the time of award.³⁰ The proportion of obligations received by the 10 IT contractors with the highest amount of IT contract obligations in a given fiscal year grew from 45 percent in fiscal year 2017 to 56 percent in fiscal year 2021. This group of contractors generally remained consistent across the period. More broadly, we found that 30 contractors received approximately 75 percent—\$19.3 billion—of all VA’s IT contract obligations over this period.

³⁰Note that changes in SD/VOSB status may have occurred during or following the review period.

Figure 6: Department of Veterans Affairs IT Contract Obligations Received by Contractors, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 6: Department of Veterans Affairs IT Contract Obligations Received by Contractors, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)

Rank	Contractor Name	Obligations (Dollars in billions)	Obligations (Percentage)
1	Cerner Government Services Inc.	\$3.33	46.4%
2	Dell Federal Systems L.P.	\$1.75	
3	Booz Allen Hamilton Holding Corp.	\$1.25	
4	AT&T Inc.	\$1.22	
5	Four Points Technology LLC	\$0.92	

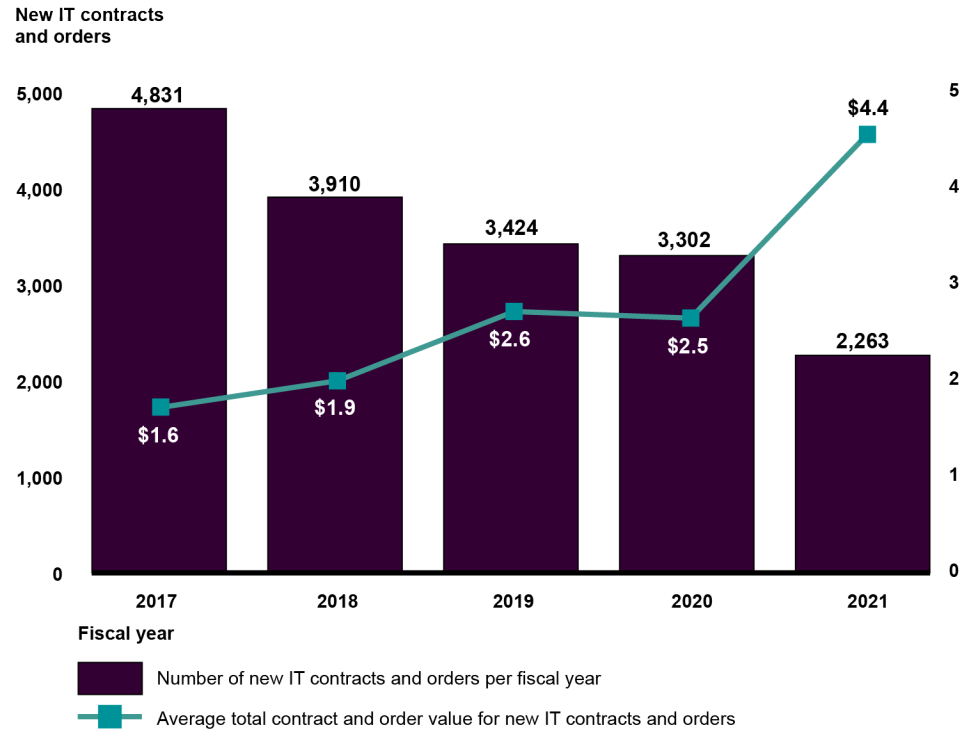
Rank	Contractor Name	Obligations (Dollars in billions)	Obligations (Percentage)
6	Leidos Holdings Inc.	\$0.91	
7	Veterans Tech LLC	\$0.89	
8	Liberty IT Solutions LLC	\$0.62	
9	Nester Consulting LLC	\$0.60	
10	Accenture Inc.	\$0.57	
	All Other IT Contractors	\$13.8	53.4%

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

One potential driver of the decrease in the number of VA IT contractors while obligations increased is a decrease in the number of new IT contracts awarded and orders issued during the period of our review. We found that, from fiscal years 2017 through 2021, this number decreased by more than half. We also found that the average total contract and order value of new awards—as identified in FPDS—almost tripled, as illustrated in figure 7.³¹ VA officials to whom we spoke noted that a concerted effort to consolidate customer IT requirements across the agency resulted in fewer—though larger—IT procurements.

³¹In calculating average contract and order value, we did not include the values identified for awards of indefinite delivery vehicles such as IDIQs and blanket purchase agreements. Instead, we included the values for the orders issued under the indefinite delivery vehicles.

Figure 7: Department of Veterans Affairs New Contracts and Orders for IT and Average Total Contract and Order Value, Fiscal Years 2017–2021 (fiscal year 2021 dollars in millions)



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 7: Department of Veterans Affairs New Contracts and Orders for IT and Average Total Contract and Order Value, Fiscal Years 2017–2021 (fiscal year 2021 dollars in millions)

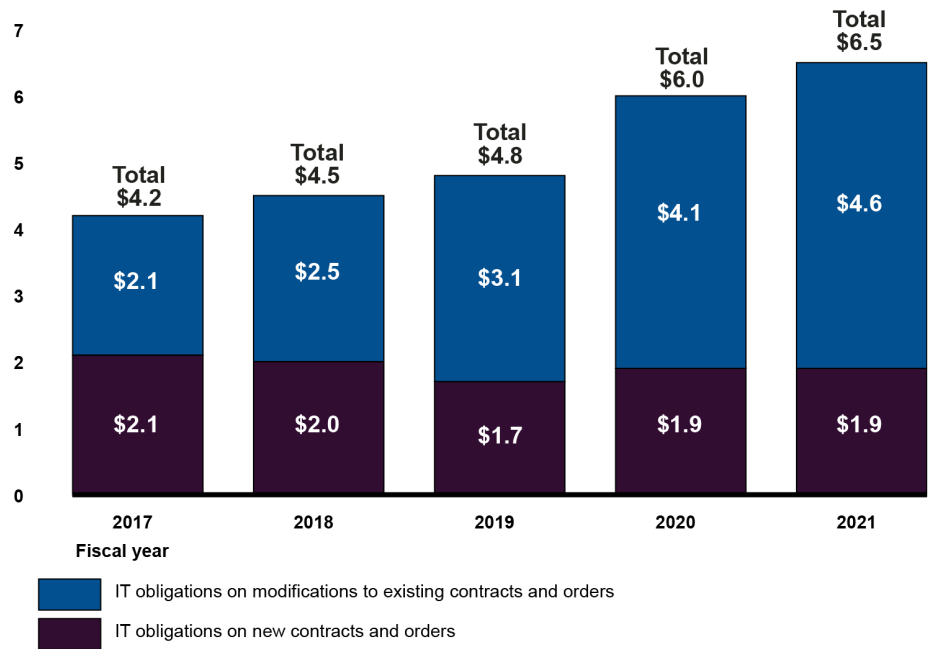
FY	Number of new IT contract awards	Value of new IT contract awards			
		Average	Median	Number of awards included in average	Indefinite delivery vehicles excluded from calculations
2017	4,831	\$1,594,131	\$33,016	4,792	39
2018	3,910	\$1,867,096	\$39,768	3,880	30
2019	3,424	\$2,588,112	\$53,164	3,376	48
2020	3,302	\$2,519,733	\$62,165	3,262	40
2021	2,263	\$4,431,827	\$80,302	2,206	57
Total	17,730	\$2,375,934	\$48,384	17,516	214

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

We observed a similar trend in the ways that VA made IT obligations across the period. As shown in figure 8, VA made an increasing

proportion of IT contract obligations via modifications adding funding to existing contracts and orders, compared with those made via new contracts and orders. VA officials noted that, during this time, VA increasingly exercised options to extend performance on existing contracts, rather than awarding new ones.

Figure 8: Department of Veterans Affairs IT Obligations on New and Existing Contracts and Orders, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 8: Department of Veterans Affairs IT Obligations on New and Existing Contracts and Orders, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)

FY	IT obligations			Percent obligations	
	IT obligations on new contracts and orders (in billions)	IT obligations on modifications to existing contracts and orders (in billions)	Total IT obligations (in billions)	IT obligations on new contracts and orders	IT obligations on modifications to existing contracts and orders
2017	2.1	2.1	4.2	50.1%	49.9%
2018	2	2.5	4.5	44.6%	55.4%
2019	1.7	3.1	4.8	35.4%	64.6%
2020	1.9	4.1	6	31.8%	68.2%
2021	1.9	4.6	6.5	29.0%	71.0%

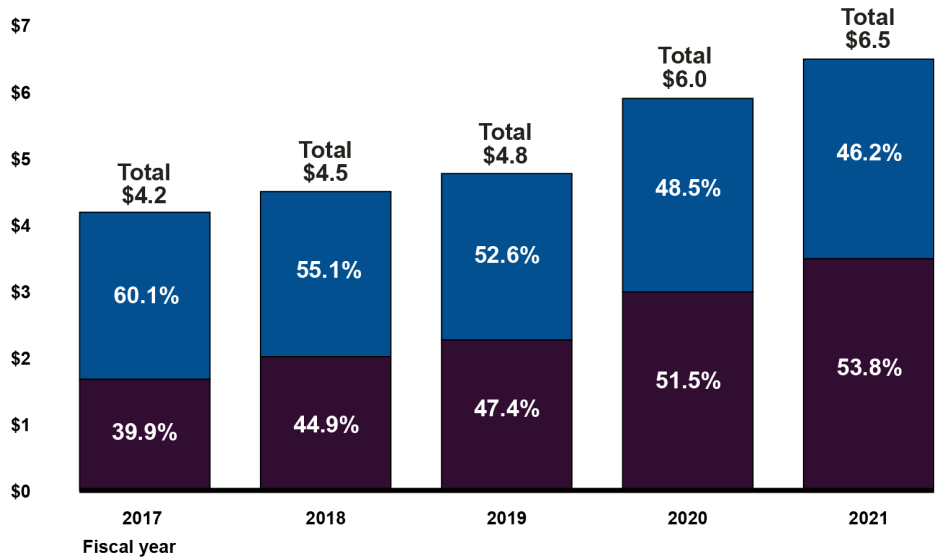
FY	IT obligations			Percent obligations	
	IT obligations on new contracts and orders (in billions)	IT obligations on modifications to existing contracts and orders (in billions)	Total IT obligations (in billions)	IT obligations on new contracts and orders	IT obligations on modifications to existing contracts and orders
Total	9.6	16.3	25.9	36.9%	63.1%

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

VA Increased IT Obligations on Two Contract Vehicles

The overall recent growth in VA IT obligations largely occurred on two multiple-award IDIQ contract vehicles—T4NG and NASA SEWP. VA increased obligations on these two contract vehicles as a proportion of its total IT contract obligations from fiscal years 2017 through 2021 (see fig. 9).

Figure 9: Proportion of Department of Veterans Affairs IT Obligations by Contract Vehicle, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)



■ All other IT contracts
■ Transformation Twenty-One Total Technology Next Generation and National Aeronautics and Space Administration Solutions for Enterprise-Wide Procurement

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 9: Proportion of Department of Veterans Affairs IT Obligations by Contract Vehicle, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)

Fiscal Year (FY)	Contract obligations				
	FY Total	T4NG	NASA SEWP	GSA vehicles	All other IT Contracts
2017	\$4,171,146,558	\$805,471,779	\$858,109,446	\$824,494,355	\$1,683,070,978
2018	\$4,504,312,583	\$1,184,119,777	\$838,248,563	\$771,278,691	\$1,710,665,553
2019	\$4,764,919,787	\$1,262,625,506	\$995,712,384	\$893,935,256	\$1,612,646,640
2020	\$5,978,363,558	\$1,397,798,002	\$1,679,797,721	\$1,091,812,766	\$1,808,955,070
2021	\$6,483,212,345	\$1,823,039,516	\$1,662,689,102	\$1,297,522,719	\$1,699,961,007
Total	\$25,901,954,831	\$6,473,054,580	\$6,034,557,216	\$4,879,043,786	\$8,515,299,248

Fiscal Year (FY)	Percent obligations				
	Total	T4NG	NASA SEWP	GSA Vehicles	All Other IT Contracts
2017	100%	19%	21%	20%	40%
2018	100%	26%	19%	17%	38%
2019	100%	26%	21%	19%	34%
2020	100%	23%	28%	18%	30%
2021	100%	28%	26%	20%	26%

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

VA officials identified several possible factors contributing to the increased obligations made through T4NG and NASA SEWP. They noted a number of benefits to using these contract vehicles, including that they provide for a streamlined acquisition process that reduces the time needed to make awards. In addition, they noted savings from using T4NG, including avoidance of costs related to preparation of acquisition documents and reduced labor rates. They further noted that T4NG provides greater access to contractor teams specifically formed to provide IT services in VA’s health care and benefits delivery systems.

Regarding increased use of NASA SEWP, one factor cited by officials was the March 2018 expiration of a different contract vehicle VA had used for commercial IT procurement.³² VA officials told us that many of the products previously purchased using this contract vehicle were available from NASA SEWP, leading to an increase in its use for commercial IT

³²VA’s Commodities Enterprise Contract was a multiple-award IDIQ contract vehicle with a 5-year ordering period from March 2013 to March 2018 for the issuance of subsequent task and delivery orders for specific purchases of commercial IT products and associated support services.

requirements. Another factor they cited was the extent to which NASA SEWP made it easier for contracting officers to comply with the “VA Rule of Two.” They noted that NASA SEWP enables contracting officers to generate lists of SD/VOSBs capable of fulfilling specific IT requirements, facilitating the market research and solicitation process and saving them time and administrative effort.

One Large Noncompetitive Contract Reduced VA IT Competition Rate despite High Rates on T4NG and NASA SEWP

VA’s competition rate for IT contracting for fiscal years 2017 through 2021 was lower than the rate for non-IT contracting. One large contract accounted for about half the obligations for contracts or orders identified as awarded noncompetitively. However, VA achieved high competition rates on T4NG and NASA SEWP, its two primary IT contract vehicles.

Obligations on Orders under One Large Noncompetitive Contract Reduced VA Competition Rate for IT

VA’s IT contracting involved orders on one large dollar value noncompetitive contract that reduced its competition rate compared with non-IT VA contracting.³³ From fiscal years 2017 through 2021, 76 percent of VA’s IT contract obligations were for contracts or orders identified as awarded competitively. This is lower than the level of 82 percent for all non-IT contract obligations at VA, and similar to the level of 76 percent for IT obligations by other comparable federal agencies.³⁴ However, orders under VA’s noncompetitively awarded, single-award IDIQ contract for the electronic health record modernization initiative represented approximately \$3.2 billion of the \$6.2 billion in total contract obligations for contracts or orders identified as awarded or issued noncompetitively. VA

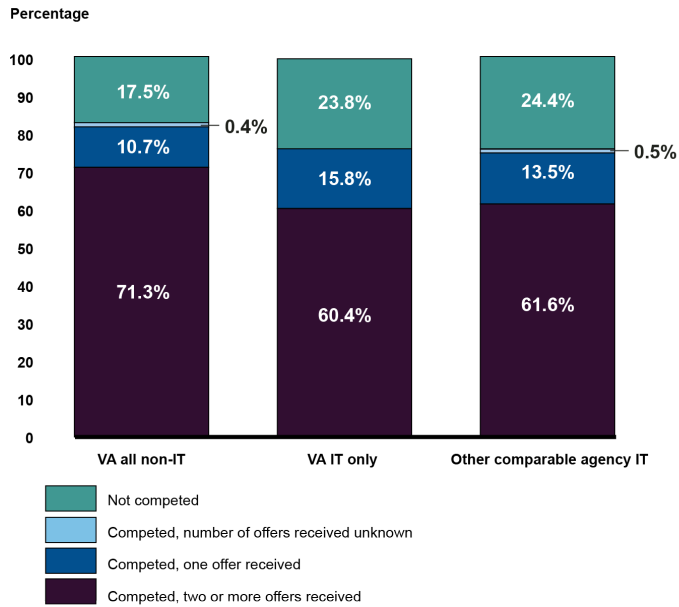
³³For purposes of this report, “competition rate” is the percentage of total obligations associated with contracts awarded competitively. We calculated competition rates as the percentages of obligations on competitive contracts and orders over all obligations on contracts and orders. Competitive contracts included (1) contracts and orders coded in FPDS as “full and open competition,” “full and open after exclusion of sources,” and “competed under simplified acquisition procedures”; and (2) orders coded as “subject to fair opportunity,” “fair opportunity provided,” and “competitive set aside.”

³⁴We compared VA IT obligations with those of the 20 other federal agencies with more than \$1 billion in total IT contract obligations from fiscal years 2017 through 2021.

awarded this contract noncompetitively to Cerner Government Services, Inc. in 2018, per the determination by the Secretary of VA that this was in the public interest.

Further, VA's IT contracting involved a smaller percentage of obligations made when two or more offers were received in response to a competitive solicitation compared with non-IT contracting within VA and IT contracting at other comparable agencies. While 76 percent of IT obligations made by VA from fiscal years 2017 through 2021 were for contracts or orders identified as awarded competitively, only 60 percent of obligations were made in instances when VA received two or more offers. As shown in figure 10, this is a smaller percentage than for both non-IT obligations made by VA as well as IT obligations made by comparable federal agencies.

Figure 10: Percentage of Obligations on Competed and Noncompeted Contracts and Orders for Department of Veterans Affairs (VA) IT, VA Non-IT, and Other Comparable Agency IT, Fiscal Years 2017–2021



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 10: Percentage of Obligations on Competed and Noncompeted Contracts and Orders for Department of Veterans Affairs (VA) IT, VA Non-IT, and Other Comparable Agency IT, Fiscal Years 2017–2021

	Competed 2+ offers	Competed 1 offer	Not Competed	Totals
Other Agency IT only	\$196,696,682,238	\$35,852,592,068	\$73,642,706,516	\$306,191,980,822
VA All non-IT	\$101,540,953,918	\$13,087,355,527	\$24,327,479,713	\$138,955,789,158
VA IT only	\$13,939,676,439	\$4,034,370,704	\$7,927,907,687	\$25,901,954,830

	Competed 2+ offers	Competed 1 offer	Not Competed	Totals
VA All non-IT	73.1%	9.4%	17.5%	100%
VA IT only	53.8%	15.6%	30.6%	100%
Other Agency IT	64.2%	11.7%	24.1%	100%

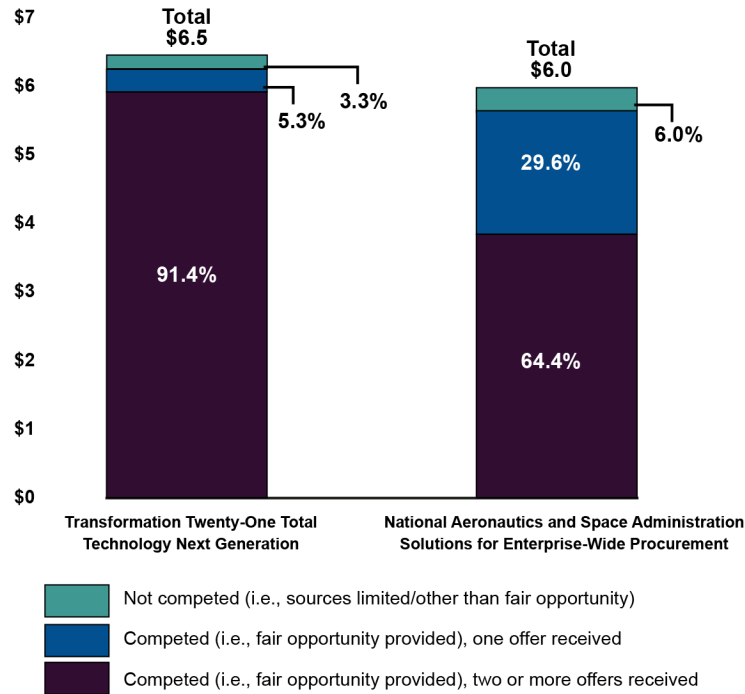
Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Note: Some percentage amounts may not sum to 100 percent due to rounding. “Other comparable agency IT” refers to IT obligations of the 20 other federal agencies with more than \$1 billion in total IT contract obligations from fiscal years 2017 through 2021. A small percentage of contract obligations—less than 0.1 percent for both “VA all non-IT” and “VA IT only” obligations, and less than 0.4 percent for “Other comparable agency IT” obligations—was not identified as either competed or not competed in the Federal Procurement Data System. These amounts are included in the “Not competed” percentages in the figure above.

VA Had High Competition Rates for IT on Its Two Primary Contract Vehicles

VA achieved high competition rates across the T4NG and NASA SEWP contract vehicles, as measured by instances in which FPDS records show VA provided holders of these contracts fair opportunity to be considered for an order. From fiscal years 2017 through 2021, over 90 percent of VA IT contract obligations on these two vehicles were for orders identified as involving fair opportunity, thereby allowing for competition among the T4NG and NASA SEWP contract holders—equivalent to almost \$12 billion in obligations. We found some difference between the two vehicles in the frequency with which two or more offers were received in response to a task or delivery order solicitation. As shown in figure 11, almost all the obligations on T4NG orders identified as involving fair opportunity also involved receipt of two or more offers. Ninety-four percent of obligations on NASA SEWP were for orders identified as involving fair opportunity, with 64 percent involving receipt of two or more offers.

Figure 11: Percentage of Obligations for Department of Veterans Affairs IT Orders Involving Fair Opportunity by Selected Contract Vehicle and Number of Offers, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)



Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

Data table for Figure 11: Percentage of Obligations for Department of Veterans Affairs IT Orders Involving Fair Opportunity by Selected Contract Vehicle and Number of Offers, Fiscal Years 2017–2021 (fiscal year 2021 dollars in billions)

Contract group	Competed	Not Competed	Total
T4NG	\$6,260,530,748	\$212,523,832	\$6,473,054,580
NASA SEWP	\$5,671,166,222	\$363,390,994	\$6,034,557,216
Other TAC contracts	\$3,732,109,125	\$3,801,301,538	\$7,533,410,664
GSA vehicles	\$1,823,003,448	\$3,056,040,339	\$4,879,043,786
Other VA contracts	\$487,237,600	\$494,650,984	\$981,888,584
Total	\$17,974,047,143	\$7,927,907,687	\$25,901,954,830

Contract group	Competed	Not Competed	Total
T4NG	97%	3%	100%
NASA SEWP	94%	6%	100%

Contract group	Competed	Not Completed	Total
Other TAC contracts	50%	50%	100%
GSA vehicles	37%	63%	100%
Other VA contracts	50%	50%	100%
Total	69%	31%	100%

Source: GAO analysis of Federal Procurement Data System data as of May 2022. | GAO-23-105446

We observed a similar provision of fair opportunity among the T4NG and NASA SEWP orders in our sample. Five out of six of the T4NG orders in our sample involved fair opportunity, and for all five, VA received between three and seven offers. All eight of the NASA SEWP orders in our sample involved fair opportunity; for four of these orders, VA received one offer, and for the other four, VA received more than one offer.

For selected orders on both vehicles, VA took similar steps to support competition among the contract holders. In placing orders under T4NG and NASA SEWP, VA took steps that broadly aligned with several pre-award practices for supporting competition based on OFPP memorandums.³⁵ These memorandums contain considerations and guidance intended to support competition in federal contracting. These practices include

- having agency program personnel with acquisition requirements help contracting personnel to develop documentation used to initiate the procurement;
- using one or more market research techniques outlined in the FAR³⁶; and
- providing maximum practicable opportunities for small business participation.

For all of the selected orders placed under T4NG and NASA SEWP, we found evidence that VA took steps that aligned with all of these practices.

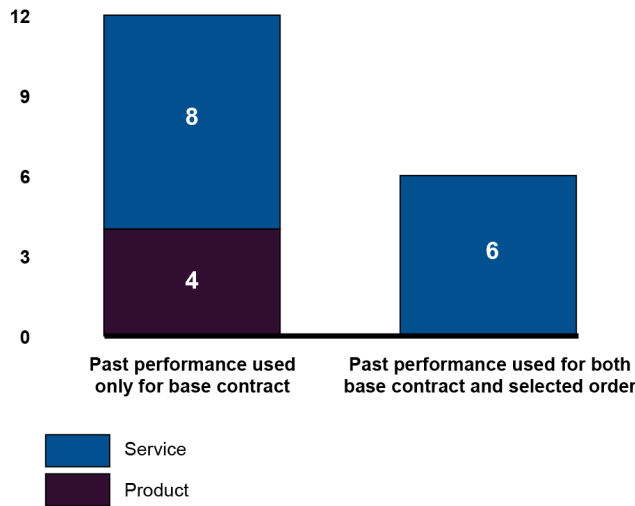
³⁵Office of Management and Budget, Office of Federal Procurement Policy, *Increasing Competition and Structuring Contracts for the Best Results*; and *Enhancing Competition in Federal Acquisition*.

³⁶FAR § 10.002(b)(2) outlines market research techniques such as publishing formal requests for information in appropriate technical or scientific journals or business publications; querying government and commercial databases that provide information relevant to the acquisition; and participating in interactive, online communication among industry, acquisition personnel, and customers.

Past Performance Was an Evaluation Factor at Some Level for All Selected Competitive VA IT Contracts and Orders

For all 19 competitive acquisitions among the 25 selected IT contracts and orders in our review, past performance was an evaluation factor at some level. The FAR generally establishes that agencies should consider a vendor’s past performance when conducting competitive acquisitions. As shown in figure 12, for all 18 of the competitive acquisitions that were orders, past performance was an evaluation factor in the award of the base IDIQ contract.³⁷ For six of these orders, VA also used past performance as an evaluation factor in the fair opportunity competition among the IDIQ contract holders.

Figure 12: Use of Past Performance as an Evaluation Factor in Solicitations for 18 Selected Competitive VA IT Orders



Source: GAO analysis of contract files for selected competitive Department of Veterans Affairs (VA) IT orders. | GAO-23-105446

³⁷For some of the orders in our sample, an agency other than VA awarded the base IDIQ contract (e.g., GSA for Federal Supply Schedule contracts and NASA for SEWP contracts). In those cases, those agencies—rather than VA—would have evaluated past performance for the base contract award.

Text of Figure 12: Use of Past Performance as an Evaluation Factor in Solicitations for 18 Selected Competitive VA IT Orders

- Number of Solicitations where Past performance was used only for base contract (Service) = 8
- Number of Solicitations where Past performance was used only for base contract (Product) = 4
- Number of Solicitations where Past performance was used for both base contract and selected order (Service) = 6

Source: GAO analysis of contract files for selected competitive Dept. of Veterans Affairs IT orders. | GAO-23-105446

Federal agencies consider past performance information for source selection purposes. It includes, among other things, a contractor's record of conforming to requirements, standards of good workmanship, and adherence to schedules.³⁸

Among the 18 orders for which VA conducted a fair opportunity competition among the contract holders, we observed differences in the type and value of procurements. The 12 orders for which past performance was included as an evaluation factor only in the solicitation for the base contract award were for procurement of a mix of products and services—generally commercially available IT products and related services. The majority had a total value of less than \$10 million, as reported in FPDS. In addition, most of the orders in this group were awarded using the lowest-price, technically acceptable source selection process. Under this process, award is made based on the lowest-priced proposal that meets or exceeds the acceptability standards specified in the solicitation.³⁹ For example, all of the eight orders in our review issued under the NASA SEWP contract were placed using this source selection process, and none included past performance as an evaluation factor in their order solicitations. These orders were primarily associated with the purchase of commercial software.

Procurement of IT services was covered in six orders for which past performance was included as an evaluation factor in the solicitations for

³⁸FAR § 42.1501(a).

³⁹See FAR § 15.101-2. In alternative source selection processes, such as the tradeoff process, agencies may consider non-cost factors—such as past performance—to be more important than price. See FAR § 15.101-1. For civilian agencies—such as VA—the FAR provides that contracting officers must avoid, to the maximum extent practicable, using the lowest-price, technically acceptable source selection process in procurements that are predominantly for the acquisition of certain services, including IT services. FAR §§ 15.101-2(b)(1), 16.505(b)(1)(ii)(G).

both the base contract award and the specific selected order. The majority of these orders had a reported total value of greater than \$80 million. Four of the six orders issued under the T4NG contract fell into this group, and those orders included requirements such as an integrated hardware and software solution and development of a business software application.

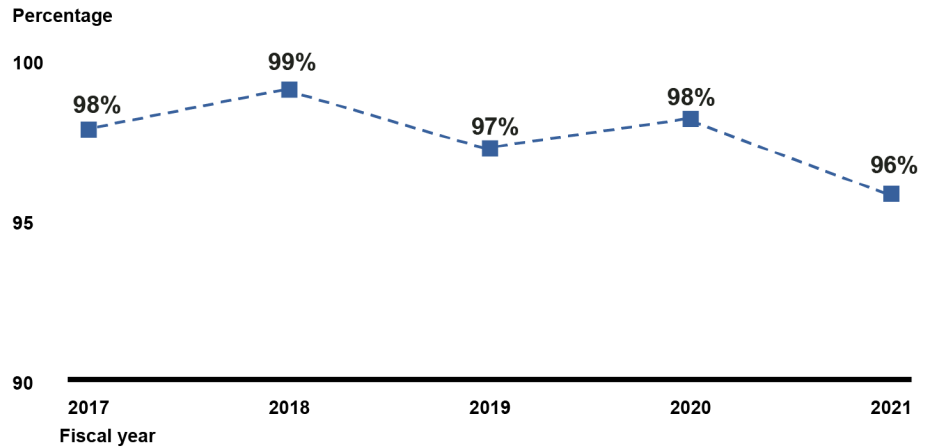
VA Adherence to Contractor Performance Reporting Guidance on IT Contracts and Orders Was over 95 Percent

We found that VA generally adhered to CPARS reporting guidance for IT contracts and orders subject to the guidance. Specifically, TAC—the office that from fiscal years 2017 through 2021 awarded over 90 percent of VA’s IT obligations—reported on past performance in a manner consistent with the guidance at a rate of at least 96 percent in each year of this period, as shown in figure 13.⁴⁰ The rate reflects the number of CPARS evaluations completed within the time frames specified by the guidance, divided by the number of contract actions that, according to information VA reported in FPDS, were subject to the FAR’s past performance reporting requirements.⁴¹ According to CPARS guidance, timely performance evaluations help ensure the government awards contracts and orders to contractors that consistently provide quality, on-time products and services that meet contractual requirements. Across the government, contracting officers and agency source selection officials use this information in making award decisions.

⁴⁰TAC CPARS data may include non-IT contracts and orders awarded by TAC.

⁴¹See FAR § 42.1502(a).

Figure 13: CPARS Reporting Rates for the Department of Veterans Affairs Technology Acquisition Center, Fiscal Years 2017–2021



Source: GAO analysis of Contractor Performance Assessment Reporting System (CPARS) reports. | GAO-23-105446

Data table for Figure 13: CPARS Reporting Rates for the Department of Veterans Affairs Technology Acquisition Center, Fiscal Years 2017–2021

Fiscal Year (FY)	CPARS Reporting Compliance Rate for TAC	CPARS Reporting Compliance Rate for VA Overall
2017	98%	95%
2018	99%	94%
2019	97%	93%
2020	98%	87%
2021	96%	89%

Source: GAO analysis of Contractor Performance Assessment Reporting System (CPARS) reports. | GAO-23-105446

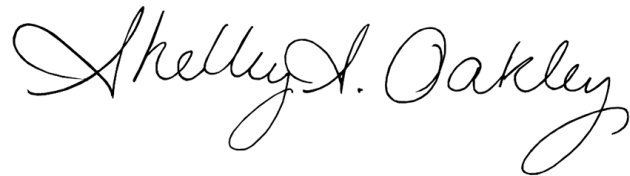
We found VA established procedures to encourage timely CPARS reporting. For example, TAC guidance describes a series of email notifications that contracting personnel should send once evaluations are past due. A VA official noted that the agency’s CPARS reporting rate was below 30 percent in 2013. According to data provided by VA, by 2021, VA overall was among the highest ranking agencies both in terms of timely CPARS reporting—89 percent—and the volume of contract actions requiring CPARS evaluations.

Agency Comments

We provided a draft of this report to VA, GSA, and NASA for review and comment. VA, GSA, and NASA told us that they had no comments on the draft report.

We are sending copies of this report to the Secretary of VA, the Administrator of GSA, the Administrator of NASA, the appropriate congressional committees, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or OakleyS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs are on the last page of this report. GAO staff who made contributions to this report are listed in appendix I.



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Appendix I: GAO Contact and Staff Acknowledgments

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In addition to the individual named above, Robert Bullock (Assistant Director), Lisa Gardner (Assistant Director), Matthew Drerup (Analyst-in-Charge), Rose Brister, Aliza (Lisa) Brown, Breanne Cave, Matthew T. Crosby, Sara Daleski, Suellen Foth, Nicolaus Heun, Tonya Humiston, John Karikari, Edward J. SanFilippo, and Archie Scoville made key contributions to this report.

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