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Report to the Chairman, Subcommittee on Technology Modernization, Committee on Veterans' Affairs, House of Representatives

March 2023

IT MANAGEMENT

VA Needs to Improve CIO Oversight of Procurements

Accessible Version

GAO-23-105719

GAO Highlights

Highlights of GAO-23-105719, a report to the Chairman, Subcommittee on Technology Modernization, Committee on Veterans' Affairs, House of Representatives

March 2023

IT MANAGEMENT

VA Needs to Improve CIO Oversight of Procurements

Why GAO Did This Study

VA annually spends billions of dollars on IT each year to support the delivery of veterans' benefits and health care services. IT acquisition reform legislation, commonly referred to as FITARA, strengthens the authority of CIOs to provide needed direction and oversight.

GAO was asked to review VA's IT management. The specific objective was to determine the extent to which VA's IT and IT-related assets and activities are being procured with CIO approval.

GAO identified IT-categorized contract actions for new awards from March 2018 through the end of fiscal year 2021. GAO also selected 26 IT-categorized contract actions from fiscal year 2021 for an in-depth individual review of the approval documentation. The 26 actions selected represented a range of cost thresholds and different VA contracting offices.

What GAO Recommends

GAO is recommending that VA implement automated controls into relevant contracting systems to ensure CIO review of IT procurements. VA concurred with the recommendation.

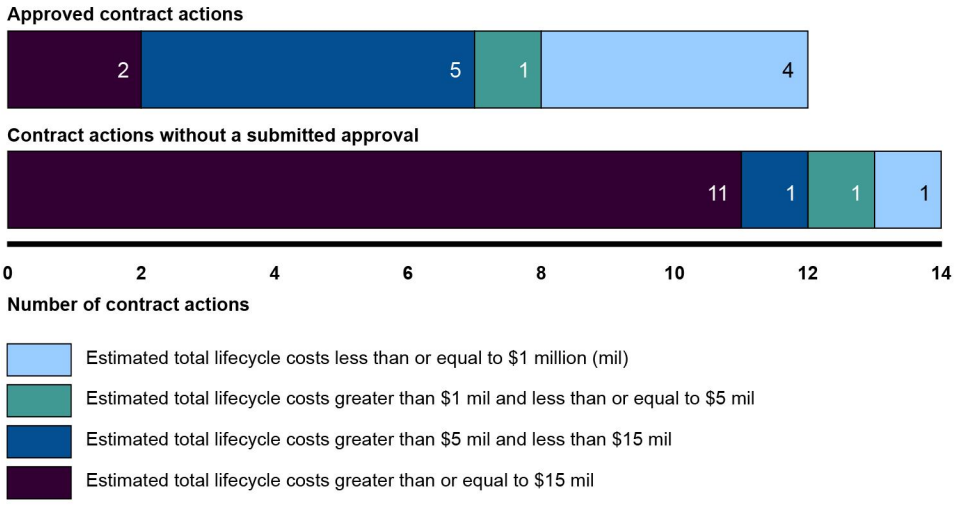
View GAO-23-105719. For more information, contact Carol C. Harris at (202) 512-4456 or harriscc@gao.gov.

What GAO Found

The Department of Veterans Affairs (VA) procured IT and IT-related assets and activities that were often not approved by its Chief Information Officer (CIO). Such approval is required by the *Federal Information Technology Acquisition Reform Act* (FITARA). VA awarded 11,644 new contract actions categorized as IT between March 2018 and the end of fiscal year 2021. VA did not provide evidence of CIO approval for 4,513 (or 39 percent) of these contract actions.

A more in-depth review of 26 selected IT contract actions from fiscal year 2021 confirmed that 12 had documentation showing approval by appropriate agency officials at the required level of authority. The remaining 14 contract actions lacked CIO approval documentation (see figure).

The Department of Veterans Affairs' Documented Chief Information Officer Approvals for Selected Fiscal Year 2021 IT Contract Actions



Source: GAO analysis of Department of Veterans Affairs contract data. | GAO-23-105719

Data table for The Department of Veterans Affairs' Documented Chief Information Officer Approvals for Selected Fiscal Year 2021 IT Contract Actions

	Greater than or equal to $15M	Greater than $5M and less than or equal to $5M	Greater than $1M and less than or equal to $5M	Sum of less than or equal to $1m?
Approved TAC	2	5	1	4
No approval submit- ted TAC	11	1	1	1

Source: GAO analysis of Department of Veterans Affairs contract data. | GAO-23-105719

Of the 14 contract actions lacking CIO approval, 13 were managed by non-IT contracting offices. According to VA officials, their contracting systems lack an automated control that would remind contracting officers of CIO review and approval requirements. Without an automated check or control to ensure contracting officer compliance, it is likely that there will continue to be IT procurements that will not be routed for CIO review, particularly for non-IT contracting offices. The lack of visibility into the procurement of much of VA's IT assets and activities constrained the CIO's opportunity to provide input on current and planned IT acquisitions. This, in turn, could result in awarding contracts that are duplicative or poorly conceived.

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Abbreviations

ARM	Acquisition Review Module
BTT	Budget Tracking Tool
CAO	chief acquisition officer
CIO	chief information officer
FITARA	Federal Information Technology Acquisition Reform Act
FPDS	Federal Procurement Data System
NAICS	North American Industry Classification System
NCA	National Cemetery Administration
OIT	Office of Information and Technology
OMB	Office of Management and Budget
PSC	product and service code
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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March 30, 2023

The Honorable Matt Rosendale
Chairman
Subcommittee on Technology Modernization
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Chairman:

The Department of Veterans Affairs (VA) spends billions of dollars each year on IT. For instance, VA's fiscal year 2023 IT budget request for $5.78 billion includes about $142 million for systems development, $4.15 billion for maintaining IT operations, and $1.49 billion for pay and associated costs.

To reform the government-wide management of IT, in December 2014, Congress enacted IT acquisition reform legislation (commonly referred to as the *Federal Information Technology Acquisition Reform Act* or FITARA) as part of the *Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*.[1] FITARA is intended to enable Congress to monitor covered agencies' progress, as well as for holding agencies accountable for reducing duplication and achieving cost savings. The act also strengthens the authority of chief information officers (CIO) to provide needed direction and oversight of covered agencies' IT acquisitions, among other areas.

You asked us to review VA's IT management. Our specific objective was to determine the extent to which VA's IT and IT-related assets and activities are being procured with CIO approval.

Accordingly, we reviewed VA contract data from the Federal Procurement Data System (FPDS) from March 2018 through the end of fiscal year

[1]*Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*, Pub. L. No. 113-291, division A, title VIII, subtitle D, 128 Stat. 3292, 3438-50 (Dec. 19, 2014).

2021.[2] We selected March 2018 as a starting point because that corresponded with when VA switched to a new tracking system to expand CIO access and visibility to all IT-related acquisitions in accordance with FITARA. We identified IT-categorized contract actions for new awards, which—according to VA guidance—should have been approved through VA's CIO review process (also referred to as the department's FITARA approval process).[3] We compared this list of IT-categorized contract actions to corresponding records from VA's FITARA approval tracking system in order to identify the contract actions that were and were not linked to FITARA approvals.

We sent our list of contract actions with no linked FITARA approval records to VA for its review. For each contract action, we asked the department to provide evidence of CIO approval. We revised our list based on VA's responses and excluded any contract actions that were approved.[4] Following the review of VA's responses, we identified the remaining list of IT-categorized contract actions as lacking evidence of FITARA approval.

To verify that the correct VA officials were conducting the FITARA reviews and approvals, we selected a sample of new IT-categorized contract actions awarded during fiscal year 2021 for review. The selected contract actions are not generalizable to the rest of the contract actions from fiscal year 2021, but do serve to provide specific examples of the implementation of VA's FITARA approval process. The contract actions were selected to ensure that we included actions managed by various

[2]FPDS is the federal government's central database of information on federal procurement actions. Through the *Office of Federal Procurement Policy Act*, Congress mandated that contract actions using appropriated funds must be reported to FPDS. According to the October 2020 *FPDS Government User's Manual*, FPDS can identify who bought what, from whom, for how much, when, and where. FPDS is managed by the General Services Administration's Integrated Acquisition Environment Program Office.

[3]As we will discuss in more detail later, contract actions are categorized by product and service codes (PSC) managed by the General Services Administration. These codes are 4-digit codes that describe the products, services, and research and development purchased by the federal government. The PSC schema specifically reserves 40 PSCs as being for the purchase of IT products and services. Contract actions with one of these codes are categorized as being IT-related.

[4]We also excluded contract actions from our list if VA provided a valid rationale explaining why the procurements were not required to go through the approval process. We made these determinations based on VA's FITARA approval process guidance and professional judgment. For more information, see appendix I.

contracting offices. We also selected contract actions with varying lifecycle costs because different cost thresholds require different levels of FITARA review per VA guidance. Our selection methodology resulted in 26 total contract actions.

We reviewed VA records for evidence that the selected contract actions were approved by the CIO or an authorized delegate as required. To do so, we compared VA-provided information about the FITARA approvers' positions within the department to the requirements listed in VA's FITARA approval process guidance.[5]

To identify potential IT contract actions that may not have been approved through VA's FITARA approval process, we identified new contract actions in FPDS awarded between March 2018 and the end of fiscal 2021 that were not categorized as IT and then evaluated whether their FPDS records indicated the presence of IT.[6] Specifically, we examined two data elements to determine whether these contract actions included IT:

- **Clinger-Cohen Act Planning Compliance data element.**[7] FPDS guidance links this field to the procurement of IT. VA officials use this data element and mark "yes" in this field for contract actions categorized as both IT and non-IT.
- **North American Industry Classification System (NAICS) code data element.** According to the NAICS 2017 manual, NAICS represents a continuing cooperative effort between the United States, Canada, and Mexico that creates and maintains a common industry classification system. NAICS divides the economy into 20 sectors, and industries within these sectors are further grouped into subsectors according to similar production processes. We leveraged IT-related NAICS codes in order to identify contract actions that have IT vendors but are not categorized as IT.

We then compared the list of potential IT contract actions to the aforementioned records in the FITARA approval tracking system from

[5]Department of Veterans Affairs, *Federal Information Technology Acquisition Reform Act: Acquisition Compliance Standard Operating Procedure* (Washington, D.C.: Aug. 6, 2020).

[6]We refer to this as "potential IT" because we identified likely indicators of IT in the FPDS contract data. To confirm the presence of IT requirements, we would have to perform individual contract reviews.

[7]This data element is named after the *Clinger-Cohen Act of 1996*, which is discussed in more detail later.

fiscal year 2018 through fiscal year 2021. We excluded any contract actions with listed approvals. We then sent this resulting list to VA for verification.

For each contract action, we asked the department to provide evidence of approval or a rationale explaining why a FITARA review was not required. We revised our list based on VA's responses and excluded any contract actions that were approved, as well as those contract actions with valid rationales for not needing FITARA approval.[8] Following the review of VA's responses, we identified the remaining list of potential IT contract actions as lacking evidence of FITARA approval.

We supplemented our data analysis by interviewing cognizant officials from VA's Office of Information and Technology (OIT) and the Office of Acquisition, Logistics, and Construction about the process for identifying IT, VA's FITARA approval process, and specific contract actions, as appropriate. A detailed discussion on our objective, scope, and methodology are provided in appendix I.

We conducted this performance audit from February 2022 to March 2023 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.

Background

VA's mission is to promote the health, welfare, and dignity of all veterans in recognition of their service to the nation by ensuring that they receive benefits, social support, medical care, and lasting memorials. In carrying out this mission, the department operates one of the largest health care delivery systems in America, providing health care to millions of veterans. As of August 2022, this care is provided at nearly 1,300 facilities, including 171 VA Medical Centers and 1,113 outpatient sites of care.

The department's three major components—the Veterans Benefits Administration (VBA), the Veterans Health Administration (VHA), and the

[8]We determined which rationales were valid based on VA's FITARA approval process guidance and professional judgment. For more information, see appendix I.

National Cemetery Administration (NCA)—are primarily responsible for carrying out its mission. Specifically, VBA provides a variety of benefits to veterans and their families, including educational opportunities, disability compensation, assistance with home ownership, and life insurance. VHA provides health care services, including primary care, mental health, and specialty care, and it performs research and development to address veterans' health care needs. Further, NCA provides burial and memorial benefits to veterans and their families.

VA Acquires Billions of Dollars of IT Each Year to Achieve Its Mission

VA's ability to effectively serve veterans and other eligible individuals depends on the functionality of the underlying IT systems that support its core activities. These core activities include the management of various kinds of veterans' benefits and the delivery of a wide range of health care services. As such, the department operates and maintains an IT infrastructure. This infrastructure is intended to provide the backbone necessary to meet the day-to-day operational needs of VA's medical centers, veteran-facing systems, benefits delivery systems, memorial services, and all other systems supporting the department's mission. The infrastructure is necessary to ensure the delivery of reliable, available, and responsive support to all VA staff offices and administration customers, as well as veterans.

VA's OIT is responsible for managing most of the department's IT. This office is led by the Assistant Secretary for Information and Technology—VA's CIO. OIT is responsible for providing strategy and technical direction, guidance, and policy related to how IT resources are to be acquired and managed for the department. It also is to work closely with its business partners (e.g., VHA, VBA, NCA, and VA staff offices) to identify and prioritize business needs and requirements for IT systems. Among other things, OIT has responsibility for managing the majority of VA's IT-related functions. According to the department, OIT employed 8,186 full-time government employees in fiscal year 2021.[9]

In 2009, VA established the Technology Acquisition Center to provide dedicated IT acquisition support to the department. The center, which is

[9]Department of Veterans Affairs, *FY 2023 Budget Submission: Medical Programs and Information Technology Programs, Volume 2 of 4*, (Washington, D.C.: March 2022).

part of VA's Office of Procurement, Acquisition, and Logistics, centralizes the management of IT procurements. In July 2015, VA issued a policy stating that all OIT funded procurements exceeding $100K must be processed by the Technology Acquisition Center.[10] Other procurements, including those of IT assets and services under $100K, are handled by a number of local and department-wide contracting facilities. According to VA officials from the Office of Acquisition and Logistics, VHA had, as of December 2022, 19 Network Contracting Offices with personnel assigned to 107 locations around the country; VBA has one contracting facility; and NCA contracting is remotely managed.

In recent years, the Technology Acquisition Center has managed the majority of VA's IT acquisitions. Specifically, from fiscal year 2018 through fiscal year 2021, VA's obligations for its IT procurements totaled $21.7 billion in fiscal year 2021 dollars—$20.1 billion (or 92.6 percent) of which was managed by the Technology Acquisition Center.[11]

One example of VA's recent IT acquisitions is a project called VANotify, a paperless platform enabling the department to send digital notifications to veterans, their families, and caregivers instead of sending regular postal mail. As another example, OIT deployed Robotic Process Automation software. This was an effort to expedite claims processing. Specifically, Robotic Process Automation has the ability to mimic human user actions such as logging into applications, moving files and folders, copying and pasting data, filling in forms, and extracting data from documents. OIT reported that, in 2021, this initiative saved 39,300 hours of work by the VA Revenue Operations team and reduced its service backlog by 63 percent.

[10]Department of Veterans Affairs, *Policy for Processing All Procurements Exceeding $100K at the Technology Acquisition Center (TAC)* (VAIQ# 7542865) (Washington, D.C.: July 2, 2015).

[11]The $21.7 billion figure includes all VA obligations for contract actions with IT PSCs from fiscal year 2018 through fiscal year 2021. Without adjusting for inflation, VA's IT obligations for fiscal year 2018 through fiscal year 2021 totaled $21.1 billion. Out of the $21.7 billion inflation-adjusted figure, contracting offices other than the Technology Acquisition Center managed about $1.6 billion (or 7.4 percent) during the same time period.

Federal Laws and Guidance Establish IT Management Responsibilities

Over the last three decades, Congress has enacted several laws to help federal agencies improve the management of IT investments. For example, the *Clinger-Cohen Act of 1996* requires agency heads to appoint CIOs and specifies many of their responsibilities with regard to IT management.[12] Among other things, CIOs are responsible for implementing and enforcing applicable government-wide and agency IT management principles, standards, and guidelines; assuming responsibility and accountability for IT investments; and monitoring the performance of IT programs and advising the agency head whether to continue, modify, or terminate such programs.[13]

Congress and the President enacted FITARA in December 2014, which, among other things, required VA and other covered agencies to improve their IT acquisitions by requiring CIO involvement in these processes. FITARA also enabled Congress to better monitor agencies' progress at reducing duplication and achieving cost savings.[14] One way that the law enhances the authority of agency CIOs is by requiring them to review and approve contracts for IT. Specifically, FITARA requires that agency CIOs review and approve IT contracts prior to award, unless that contract is associated with a non-major investment.[15] When the contract is associated with a non-major investment, the CIO may delegate the review and approval duties to an official that reports directly to the CIO. Alternatively, the law states that an agency may use its governance

[12]40 U.S.C. § 11311, et. seq. The requirement for agencies to designate a CIO is codified at 44 USC § 3506(a)(2)(A). See also 40 U.S.C. § 11315, Agency Chief Information Officer.

[13]40 U.S.C. § 11315.

[14]The provisions apply to VA and the other agencies covered by the *Chief Financial Officers Act of 1990*, 31 U.S.C. § 901(b). That said, FITARA has generally limited application to the Department of Defense.

[15]According to the Office of Management and Budget (OMB), a major IT investment is a system or an acquisition requiring special management attention because it has significant importance to the mission or function of the government; significant program or policy implications; high executive visibility; high development, operating, or maintenance costs; an unusual funding mechanism; or is defined as major by the agency's capital planning and investment control process. In contrast, OMB states that non-major investments are those that do not meet the criteria of major IT investments.

processes to approve any IT contract, as long as the agency CIO is a full participant in the governance processes.

In June 2015, the Office of Management and Budget (OMB) released guidance describing how agencies are to implement FITARA.[16] The guidance emphasized the need for CIOs to have full accountability for IT acquisition and management decisions, and gives agencies considerable flexibility in making those decisions. With regard to CIOs' review and approval of IT contracts, OMB's guidance expanded upon FITARA in a number of ways. Specifically, according to the guidance:

- CIOs may review and approve IT acquisition strategies and plans, rather than individual IT contracts;[17]
- CIOs can designate other agency officials to act as their representatives, but the CIOs must retain accountability;[18]
- Chief Acquisition Officers (CAO) are responsible for ensuring that all IT contract actions are consistent with CIO-approved acquisition strategies and plans; and
- CAOs are to indicate to the CIOs when planned acquisition strategies and acquisition plans include IT.

OMB guidance also defined IT based on the statutory definition of IT given in the *Clinger-Cohen Act 1996*.[19] Specifically, OMB defined IT as any services or equipment, or interconnected system(s) or subsystem(s) of equipment, that are used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control,

[16]Office of Management and Budget, *Management and Oversight of Federal Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015).

[17]OMB's guidance states that, for contract actions that contain IT without an approved acquisition strategy or acquisition plan, the CIO shall review and approve the contract action itself.

[18]OMB has interpreted FITARA's "governance process" provision to permit such delegation. That provision allows covered agencies to use the governance processes of the agency to approve a contract or other agreement for IT if the CIO of the agency is included as a full participant in the governance process.

[19]The *Clinger-Cohen Act of 1996*, as codified, defines IT, in part, as: any equipment or interconnected system or subsystem of equipment, used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency or a contractor under a contract with the agency. 40 U.S.C. § 11101(6)(A).

display, switching, interchange, transmission, or reception of data or information by the agency.

OMB also provided related examples. Specifically, the term IT includes computers, ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance), peripheral equipment designed to be controlled by the central processing unit of a computer, software, firmware and similar procedures, services (including provisioned services such as cloud computing and support services that support any point of the lifecycle of the equipment or service), and related resources.[20]

GAO and the VA Inspector General Previously Reported on VA's Compliance with FITARA Review Requirements

We have previously reported on IT management challenges at VA and have made a number of recommendations aimed at improving the department's system acquisitions and operations and cybersecurity risks.[21] In January 2018, we reported on the need for agencies to involve

[20]According to OMB, the term "information technology" does not include any equipment that is acquired by a contractor incidental to a contract that does not require use of the equipment. (OMB M-15-14.)

[21]GAO, *Electronic Health Records: VA and DOD Need to Support Cost and Schedule Claims, Develop Interoperability Plans, and Improve Collaboration*, GAO-14-302 (Washington, D.C.: Feb. 27, 2014); *Information Security: Agencies Need to Improve Controls over Selected High-Impact Systems*, GAO-16-501 (Washington, D.C.: May 18, 2016); *IT Dashboard: Agencies Need to Fully Consider Risks When Rating Their Major Investments,* GAO-16-494 (Washington, D.C.: June 2, 2016); *Information Technology Reform: Agencies Need to Improve Certification of Incremental Development*, GAO-18-148 (Washington, D.C.: Nov. 7, 2017); *Data Center Optimization: Continued Agency Actions Needed to Meet Goals and Address Prior Recommendations*, GAO-18-264 (Washington, D.C.: May 23, 2018); *Federal Chief Information Officers: Critical Actions Needed to Address Shortcomings and Challenges in Implementing Responsibilities,* GAO-18-93 (Washington, D.C.: Aug. 2, 2018); *Information Security: Agencies Need to Improve Implementation of Federal Approach to Securing Systems and Protecting against Intrusions*, GAO-19-105 (Washington, D.C.: Dec. 18, 2018); *Cybersecurity Workforce: Agencies Need to Accurately Categorize Positions to Effectively Identify Critical Staffing Needs*, GAO-19-144 (Washington, D.C.: Mar. 12, 2019); *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 *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).

CIOs in reviewing IT acquisition plans and strategies.[22] Concerning VA, we reported that the department did not yet have a process in place that satisfied OMB's aforementioned FITARA requirements. Specifically, VA's CIO did not review IT acquisition plans or strategies. We also found that the VA CAO was not involved in the process of identifying IT acquisitions.

Accordingly, we recommended that VA ensure that IT acquisition plans or strategies are reviewed and approved in accordance with OMB guidance. We also recommended that the department ensure that the office of the CAO is involved in the process to identify IT acquisitions.

In addition, VA's Office of the Inspector General issued a report about VA's compliance with FITARA requirements to review and approve all IT asset and service acquisitions across the department. This report analyzed IT acquisition approvals from October 2017 through June 2018 and, consistent with our 2018 report, determined that the CIO did not review an estimated 70 percent of the IT acquisitions during that time frame, valued at approximately $1 billion.[23]

In March 2018, VA transitioned to its current tracking system to streamline the approval process and expand CIO access and visibility to all IT-related acquisitions. Subsequently, VA addressed our recommendation by officially issuing FITARA approval process guidance in November 2019. This guidance required the CIO, in conjunction with the CAO, to review and approve all IT acquisition strategies. In addition, the guidance states that contracting officers cannot enter into an agreement for IT or IT-related products or services without the approval of the CIO or other delegate. This further helps to ensure that procurements are identified for CIO review.

[22]GAO, *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions,* GAO-18-42 (Washington, D.C.: Jan. 10, 2018).

[23]VA Office of Inspector General, Office of Audits and Evaluations, *VA's Implementation of the FITARA Chief Information Officer Authority Enhancements*, #18-04800-122 (Washington, D.C.: June 9, 2020).

VA Established a Process for Defining and Reviewing IT Based on FITARA and Related Guidance

After issuing FITARA approval process guidance in November 2019, VA updated the guidance in August 2020.[24] According to the updated 2020 guidance, its FITARA review provides the CIO insight, accountability, and visibility into all known IT and IT-related requirements for the department, regardless of funding source and funding threshold levels. Specifically, the August 2020 guidance requires the CIO or other authorized representative to review the acquisition strategies of VA's IT and IT-related procurements prior to solicitation and contract award. For acquisitions with estimated total contract lifecycle costs under $15 million, VA guidance allows the CIO to delegate the FITARA review and approval to another appropriate official.[25] If the estimated total contract lifecycle costs are at least $15 million, the process requires the CIO or a CIO proxy to conduct the review. As with the November 2019 guidance, the August 2020 guidance states that contracting officials may not enter into a contract or other agreement for IT or IT-related products or services without receiving FITARA approval.[26]

In order to define the scope of the acquisitions needing a FITARA review, VA's August 2020 guidance defines the terms IT and IT-related. Specifically, it defines IT as all acquisitions funded with congressionally appropriated IT funds. Further, the guidance defines IT-related as all

[24]Department of Veterans Affairs, *Federal Information Technology Acquisition Reform Act: Acquisition Compliance Standard Operating Procedure* (Washington, D.C.: Aug. 6, 2020).

[25]The specific thresholds for the required FITARA review depend on the estimated total contract lifecycle costs. If the estimated costs are less than or equal to $1 million, the approver should be the director (or equivalent) of the requiring activity, which is the office that owns the requirement or needs the product or service. If the estimated costs are greater than $1 million but less than or equal to $5 million, the approver should be the executive director or equivalent of the requiring activity. If the estimated costs are greater than $5 million but less than $15 million, the approver should be the deputy assistant secretary, the deputy chief information officer, or equivalent of the requiring activity. If the estimated costs are at least $15 million, the CIO is responsible for the FITARA review.

[26]VA also issued an interim policy on complying with FITARA acquisition approval requirements in September 2020 that is consistent with VA's August 2020 FITARA approval process guidance. Specifically, the interim policy assigns responsibility for all IT and IT-related acquisitions to the CIO and authorizes the CIO to appoint individuals to act as designated representatives during the review process. Department of Veterans Affairs, *Interim Policy on Complying with the Federal Information Technology Acquisition Reform Act (FITARA)*, VA Notice 20-09 (Washington, D.C.: Sept. 17, 2020).

acquisitions funded outside of the IT budget that are identified as IT by product and service code (PSC). VA policy from January 2023 further clarifies the definition of IT, stating that IT items are also identified as those utilizing IT PSCs.[27] By these definitions, VA requires FITARA review and approval for all procurements using IT funds and all procurements categorized with IT PSCs.

PSCs are 4-digit codes that describe the products, services, and research and development purchased by the federal government. These codes are to indicate what was bought for each contract action reported in FPDS. There is only one PSC given to each award in FPDS. Consequently, if a given procurement includes more than one product or service, the PSC is to be selected based on the predominant product or service being purchased. For example, a contract for $10,000 of portable air purifiers and $5,000 for any related IT hardware would be categorized under 4460: "Air Purification Equipment." The PSC schema specifically reserves 40 PSCs as being for the purchase of IT products and services. According to the October 2020 PSC manual, these IT PSC codes are designed to be inclusive of all IT products and services.[28]

Further, since only one PSC may be assigned, not all procurements including IT will be categorized under an IT code.[29] VA identifies these procurements containing IT for FITARA review and approval on an ad hoc basis. According to the department, 641 FITARA approval requests with non-IT PSCs were submitted in fiscal year 2021.[30]

VA exempts some procurements from its FITARA approval process that may fall within OMB's definition of IT. For instance, if medical systems include IT components, but are categorized by medical PSCs, VA does not require FITARA approval. Conversely, if medical technology is most appropriately categorized using an IT PSC, VA requires FITARA

[27]Department of Veterans Affairs, *Acquisition and Management of VA Information Technology Resources*, Directive 6008 (Washington, D.C.: Jan. 6, 2023).

[28]General Services Administration, Federal Acquisition Services, *Federal Procurement Data System, Product and Service Codes (PSC) Manual*, *Fiscal Year 2021 Edition* (Washington, D.C.: Oct. 30, 2020).

[29]According to VA policy from January 2023, all information resources, which include IT, should be compliant with department policy and guidance related to FITARA.

[30]In comparison, the total number of approved FITARA requests in fiscal year 2021 was 6,535.

approval. For example, individual contracting officials noted that an IT PSC might be used for a medical device to ensure that appropriate vendors are alerted to the solicitation. Other exceptions include IT and IT-related equipment that is both purchased specifically for veterans under the Veteran Readiness and Employment program and does not access the VA network.[31]

The FITARA review and approval process is facilitated by a tool residing within VA's Budget Tracking Tool (BTT) called the Acquisition Review Module (ARM).[32] The ARM tool combines acquisition, budget, and technical reviews into a streamlined process that is intended to expand the CIO's visibility and accountability into IT and IT-related requirements across VA. In order for a FITARA review to proceed, information about the acquisition must be entered into the ARM tool in BTT, including the planned procurement's assigned PSC.

A successful review includes collaboration with the contracting activity responsible for finalizing the acquisition strategy document. The system generates an ARM approval document that provides a summary record of the FITARA approval. Upon receipt of the FITARA approval, the requiring activity—which is the office that owns the requirement or needs the product or service—submits the approval to the appropriate contracting office. According to VA contracting officials, the FITARA approval documentation is then entered into the VA contracting system. Following FITARA approval, the contracting office can proceed with the acquisition process to solicit and award related contracts for the product or service.

VA's IT-Related Assets and Activities Were Not Consistently Procured with CIO Approval

VA's assets and activities identified as IT were not consistently procured with the CIO's approval. Specifically, we identified 4,513 IT-categorized contract actions for new awards representing about $661.4 million in obligations that lacked a link to CIO approval records between March

[31]This program was formerly known as Vocational Rehabilitation and Employment.

[32]BTT provides a standardized, automated method of budget management and execution across a diverse group of organizations and accounting activities. The system was designed to create initial operating plans and to track yearly budget execution.

2018 and the end of fiscal year 2021.[33] Further, 12 of the 26 selected IT-categorized contract actions from fiscal year 2021 had approval documents. The FITARA approval documentation for these 12 followed the review process and had approvals from appropriate reviewers. We also identified 881 potential IT contract actions for new awards categorized with non-IT PSCs worth $387.4 million in obligations that could not be linked to a record of FITARA approval through a matching contracting or order number. To address the issue of unapproved IT assets and activities, VA officials stated that the department is developing processes to identify IT procurements that have not received CIO approval.

The CIO Did Not Approve All VA Procurements Identified as IT

As previously stated, VA guidance requires the CIO or other authorized representative to review and approve all IT and IT-related acquisition strategies prior to solicitation and contract award. According to VA guidance, this process is to ensure that the CIO has visibility into and accountability over all IT across the department.[34] Consequently, all IT contract actions categorized with IT PSCs in FPDS should have had their respective acquisition strategies approved through the FITARA approval process. At the end of the process, documentation is generated in the ARM tool (within BTT) that provides a summary record of the FITARA approval.

Leading practices state that management should design information systems and related control activities to achieve objectives and respond to risks.[35] These leading practices further state that automated controls are generally more reliable than manual controls because they are less susceptible to human error and are typically more efficient.

Although VA uses its FITARA approval process to review IT acquisitions, the CIO does not have full visibility into VA's assets and activities categorized as IT by PSC. Of the 11,644 new IT-categorized contract

[33]We selected March 2018 as a starting point because that is when VA transitioned to BTT, its current FITARA approval process tracking system.

[34]As previously mentioned, VA refers to the process used by its CIO to approve IT acquisitions as its FITARA approval process.

[35]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

actions awarded between March 2018 and the end of fiscal year 2021, we initially identified 5,975 contract actions (or 51 percent of the total) with linked CIO approval records in the submitted BTT data. Out of the remaining 5,669 contract actions, VA provided FITARA approval information that allowed us to verify the approvals for 502 additional contract actions. VA also provided context that allowed us to exclude 654 further contract actions that did not require FITARA approval.

In total, we identified 4,513 contract actions without verified approval records, which represented $661.4 million in obligations and 39 percent of the 11,644 total new contract actions awarded between March 2018 and the end of fiscal year 2021. Table 1 shows that the percentage of contract actions without verified approvals ranged from a high of 42 percent in fiscal year 2019 to a low of 33 percent in fiscal year 2021.

Table 1: Percentage of IT-Categorized Contract Actions for New Awards without Verified Approvals through the Department of Veterans Affairs' (VA) Federal Information Technology Acquisition Reform Act (FITARA) Approval Process

Time period	Number of IT-categorized contract actions without a verified approval	Percentage of IT-categorized contract actions without a verified approval
March 2018 through the end of fiscal year 2018	994	37%
Fiscal year 2019	1,427	42%
Fiscal year 2020	1,339	41%
Fiscal year 2021	753	33%
Totals	**4,513**	**39%**

Source: GAO analysis of VA contract data and VA's FITARA approval process data. | GAO-23-105719

Our further analysis into the extent to which VA was following its FITARA approval process for selected IT-categorized contract actions showed that the procurements with approvals had the appropriate level of review. Of the 26 selected IT-categorized contract actions from fiscal year 2021, VA's OIT provided FITARA approval documentation for 12 (or 46 percent). Specifically, our analysis of the approval documents showed that the FITARA approvals for these 12 contract actions were made by an appropriate agency official at the required level of authority, as determined by VA guidance.

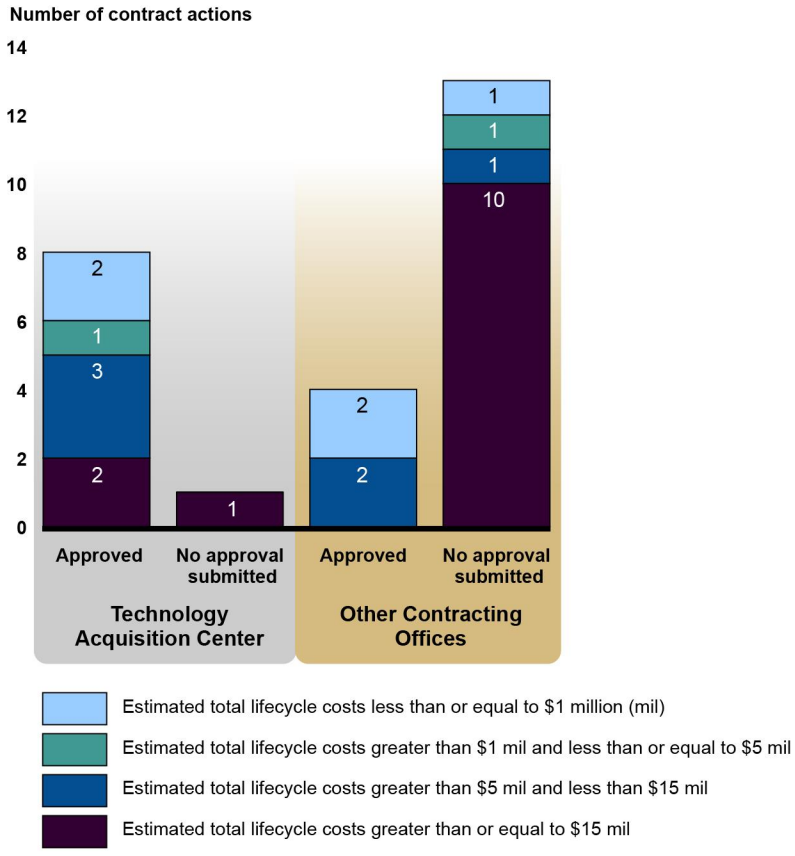
However, VA did not provide FITARA approvals for the remaining 14 contract actions.

- The Technology Acquisition Center managed nine of the 26 reviewed contract actions. Of those nine, eight received appropriate FITARA approvals and one did not.
- Contracting offices with a non-IT focus managed 17 of the 26 reviewed contract actions.[36] Of those 17 contract actions, four received appropriate FITARA approvals and 13 did not.

[36]Examples of these VA contracting offices include the Strategic Acquisition Center, the Network Contracting Office 1, and the Network Contracting Office 6.

Figure 1 illustrates the results of our review of selected contract actions by type of contracting office.

Figure 1: Selected Fiscal Year 2021 IT Contract Actions Approved through the Department of Veterans Affairs' Federal Information Technology Acquisition Reform Act (FITARA) Approval Process, by Type of Contracting Office



Source: GAO analysis of Department of Veterans Affairs contract data. | GAO-23-105719

Data table for Figure 1: Selected Fiscal Year 2021 IT Contract Actions Approved through the Department of Veterans Affairs' Federal Information Technology Acquisition Reform Act (FITARA) Approval Process, by Type of Contracting Office

	Greater than or equal to $15M	Greater than $5M and less than or equal to $5M	Greater than $1M and less than or equal to $5M	Sum of less than or equal to $1m?
Approved TAC	2	3	1	2
No approval submitted TAC	1	0	0	0
Approved	0	2	0	2
No apprval submitted	10	1	1	1

Source: GAO analysis of Department of Veterans Affairs contract data. | GAO-23-105719

VA provided several explanations for why the contract actions did not receive approval through its FITARA approval process.

- VA officials said the unapproved contract action managed by the Technology Acquisition Center was not required to go through the process because it was to add vendors to an existing contract that began prior to the implementation of the FITARA approval process.
- Regarding the 13 unapproved contract actions managed by contracting offices without an IT-focus, VA officials said that two were not approved because the contracting officers managing the contracts were unaware of the FITARA review and approval requirement. Further, VA stated that the remaining 11 contract actions were not approved because an incorrect PSC was assigned and that the procurements should have been categorized with a non-IT code. Nevertheless, VA guidance states that all contracts with IT PSCs need to be approved through the FITARA approval process, regardless of dollar value, funding authority, funding source, or other consideration.[37]

According to VA officials, the department's contracting systems do not contain any data checks to ensure that contracting officers are following the department's FITARA approval process. As a result, if contracting officers were to attempt to move forward with an IT-categorized contract action without FITARA approval, there would be no automated control to remind them of approval requirements. An automated control would be particularly useful to contracting office staff who do not regularly manage IT procurements and are less familiar with the FITARA approval requirements than contracting officers at the Technology Acquisition Center.

Without an automated check or other automated control to ensure contracting officer compliance, there will likely continue to be IT procurements that are not forwarded for FITARA review and approval, especially if the procurements are not managed by the Technology Acquisition Center. As a result, VA's CIO cannot be assured of having complete visibility into VA's portfolio of IT assets and activities. Without visibility into IT procurements, the CIO's opportunity to provide input on current and planned IT acquisitions is constrained. Consequently, this

[37]According to VA guidance, medical IT procurements are only exempt from the department's FITARA approval process if the contract actions are procured under a medical PSC.

lack of visibility could result in IT contracts that are duplicative or poorly conceived.

VA Developing Processes to Identify Unapproved IT Procurements

VA had potential IT procurements categorized without IT PSCs that may have included IT, yet may not have been reviewed and approved by the CIO through VA's FITARA approval process from March 2018 through the end of fiscal year 2021. Following VA's verification of our initial list of potential IT contract actions, we identified 881 potential IT contract actions for new awards representing $387.4 million in obligations that lacked a verified link to a record of FITARA approval through a matching contract or order number.

More specifically, we identified:

- 110 contract actions worth $116.0 million in potential IT obligations by searching for contract actions with non-IT PSCs that also had an affirmative response for the Clinger-Cohen Act Planning Compliance data element in FPDS;
- 764 contract actions worth $270.7 million in potential IT obligations by reviewing the FPDS data for contract actions with non-IT PSCs that were categorized with an IT-related NAICS code;[38] and
- seven contract actions worth $770.6 thousand in potential IT obligations by using both the Clinger-Cohen Act Planning Compliance data element and the NAICS code method.[39]

Contract actions may not have been routed through the FITARA approval process because they were not categorized with IT PSCs. Since the selection of the PSC depends on the predominant product or service being purchased, IT contracts with a minority percentage of IT spending would not likely be assigned an IT PSC. According to VA officials in OIT and VA's Office of Procurement, Acquisition, and Logistics, such contracts without an IT PSC may not be routed to OIT for FITARA

[38]For more information on how we determined these amounts, including how we determined the list of IT-related NAICS codes, see appendix I.

[39]The overlapping $770.6 thousand in potential IT obligations that may not have been approved is not included in either the previously mentioned $116.0 million Clinger-Cohen Act Planning Compliance data element or $270.7 million NAICS codes figures.

approval. Further, the number of potential IT contract actions that did not receive approval might be higher due to the narrow focus of our review.

VA recognizes the risk that existing IT may not have been procured with CIO approval through the FITARA approval process. VA officials informed us that the department is developing processes to identify IT procurements that have not received CIO approval by leveraging FPDS data. If implemented effectively, these efforts could provide the CIO with additional visibility of existing IT assets.

Conclusions

VA has taken important actions to establish a process for reviewing IT and IT-related assets and activities. However, gaps remain that continue to obscure the complete view of IT investments throughout the department. As such, while many IT acquisitions have been appropriately examined in the last 4 years according to VA's FITARA approval process, the department falls short of demonstrating that the CIO has reviewed all IT assets and activities.

Part of the reason for this shortfall is that contracting offices and requiring activities—particularly those that do not regularly manage IT procurements—may omit or misidentify acquisitions that need to adhere to the department's FITARA review requirements to ensure CIO awareness and approval. An automated check or other automated control could facilitate compliance and remind contracting officers of VA's FITARA approval requirements.

Full visibility into the procurement of VA's IT assets and activities will help to ensure that the CIO is able to provide input on current and planned IT acquisitions. Without this visibility, VA may award IT contracts that are duplicative or poorly conceived.

Recommendation for Executive Action

The Secretary of VA should direct the Chief Information Officer and Chief Acquisition Officer to implement automated controls into relevant contracting systems to help ensure that IT and IT-related assets and activities are appropriately identified for VA's FITARA approval process. (Recommendation 1)

Agency Comments

We provided a draft of this report to VA for review and comment. In response, VA concurred with our recommendation. The department's comments included a list of proposed activities that it is considering as part of an action plan to implement our recommendation. The proposed activities include conducting an internal review of VA's FITARA processes and updating them to ensure that the approvals are completed at the appropriate phase of the acquisition lifecycle. The final proposed activity calls for the VA CIO and CAO to collaborate on a strategy to implement automated controls into the VA purchase request system. According to the department's comments, this proposed strategy is intended to ensure that FITARA approvals are completed prior to the approved purchase request being transmitted to VA contract writing systems. If this proposed strategy is carried out effectively, VA should be able to implement our recommendation.

VA's comments are reproduced in appendix II. The department also provided a technical comment, which we incorporated as appropriate.

We are sending copies of this report to interested congressional committees and the Secretary of Veterans Affairs. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions on the matters discussed in this report, please contact me at (202) 512-4456 or at harriscc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

Sincerely yours,

Carol C. Harris
Director, Information Technology and Cybersecurity Issues

Appendix I: Objective, Scope, and Methodology

Our objective was to examine the extent to which IT and IT-related assets and activities at the Department of Veterans Affairs (VA) are being procured with Chief Information Officer (CIO) approval. To address this objective, we reviewed VA contract data to identify contract actions that should have been approved through VA's *Federal Information Technology Acquisition Reform Act* (FITARA) approval process.

Specifically, we compiled a list of new contract actions awarded between March 2018 and the end of fiscal year 2021 that had VA listed as the contracting agency in the Federal Procurement Data System (FPDS).[1] We selected March 2018 as a starting point because that corresponded with when VA switched to the current tracking system to expand CIO access and visibility to all IT-related acquisitions in accordance with FITARA.[2] We excluded all contract actions with contracting agencies other than VA. In addition to contracting office information, the FPDS data for these contract actions included contract and order identification numbers, obligation amounts by year, a brief description of requirements, and product and service code (PSC) information.

VA requires FITARA review and approval for all procurements categorized with IT PSCs. PSCs are 4-digit codes that describe the products, services, and research and development purchased by the federal government. These codes are to indicate what was predominantly bought for each contract action reported in FPDS. The PSC schema specifically reserves 40 PSCs as being for the purchase of IT products

[1]FPDS is the federal government's central database of information on federal procurement actions. Through the *Office of Federal Procurement Policy Act*, Congress mandated that contract actions using appropriated funds must be reported to FPDS, the current central repository of information on federal contracting. FPDS is managed by the General Services Administration's Integrated Acquisition Environment Program Office.

[2]Department of Veterans Affairs, Executive in Charge for Information and Technology, *Transition Policy Supporting the Replacement of the IT Acquisition Request System to the Budget Tracking Tool – March 2018* (VAIQ# 7854863) (Washington, D.C.: Jan. 25, 2018).

and services.[3] According to the October 2020 PSC manual,[4] the IT PSC codes are designed to be inclusive of all IT products and services.[5]

To assess the reliability of the FPDS data set, we interviewed knowledgeable VA officials, reviewed system documentation, examined data validation rules, and performed electronic testing to identify any outliers. We also reviewed VA's procurement data quality reports from fiscal year 2018 through fiscal year 2021. We determined the data were sufficiently reliable for the purposes of identifying VA's IT-related contract actions.

To identify the new IT-categorized contract actions awarded between March 2018 and the end of fiscal year 2021 without verified CIO approvals, we first determined which of the VA contract actions for new awards from that time frame had IT-related PSCs. We then compared the list of IT-categorized contract actions to corresponding records in VA's Budget Tracking Tool (BTT), the system of record for tracking FITARA approvals. Specifically, we compared the contract and order numbers in FPDS to the available contract and order numbers in the BTT approval records to determine which contract actions had linked approvals. In doing so, we were also able to identify which contract actions did and did not have any linked approvals in BTT.

To assess the reliability of the BTT data set, we reviewed system documentation manuals, conducted interviews with relevant VA officials, and performed electronic testing to identify any outliers. We determined the data were sufficiently reliable for the purposes of linking contract data to FITARA approval records. Due to the fact that the BTT data did not consistently contain linking contract or order identification numbers, we supplemented our initial review of BTT records by requesting that VA review our preliminary findings and provide additional information to link the contract actions to their related approvals.

[3]Some PSC codes were revised at the beginning of fiscal year 2021. Our identification of IT PSCs accounted for the differences over time.

[4]General Services Administration, Federal Acquisition Services, *Federal Procurement Data System, Product and Service Codes (PSC) Manual*, *Fiscal Year 2021 Edition* (Washington, D.C.: Oct. 30, 2020).

[5]Due to PSCs representing what is predominantly bought for each contract action, IT products or services would be correctly categorized under a non-IT code if some other type of product or service comprises the preponderance of the contract. Due to this policy, not all procurements for IT assets and activities will be categorized under an IT code.

Following our identification of the contract actions without linked approvals in BTT, we asked VA to verify our list by reviewing it for any contract actions that were approved. If the department identified any contract actions that were approved, we asked it to provide identification information that would allow us to link the contract action to an approval record in BTT. If we were able to verify the resulting identification information provided by VA, we counted the contract action as having appropriate FITARA approval.

In addition, we excluded contract actions from our list if VA provided a valid reason supported by FITARA approval process guidance. For instance, we excluded any procurements that were not required to go through the FITARA process. We also excluded other contracts if we concurred with VA's provided reasoning based on our professional judgment. For instance, we excluded contract actions from our list that were canceled. Following our review of VA's responses, we identified the remaining list of IT-categorized contract actions as lacking evidence of FITARA approval.

Further, in doing this review, we determined that the control environment component of internal control was significant to our review, along with the underlying principle that management should implement control activities through policies.[6] To assess VA's control activities, we reviewed policies and procedures related to the department's FITARA approval process and inquired about how VA employed automated controls to readily allow examination of FITARA approvals. Automated control activities tend to be more reliable and are typically more efficient than manual processes.

To verify that the correct VA officials were conducting the FITARA reviews and approvals, we selected a nongeneralizable sample of new IT-categorized contract actions awarded during fiscal year 2021 for review. Specifically, we reviewed VA records for evidence that the selected contract actions were approved by the CIO or an authorized delegate as required.[7] The contract actions were selected to ensure that we included contract actions with varying lifecycle costs, as different cost

[6]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

[7]VA policy states that the CIO has appointed individuals to act as designated representatives to review proposed IT strategies and plans. Department of Veterans Affairs, *Interim Policy on Complying with the Federal Information Technology Acquisition Reform Act (FITARA)*, VA Notice 20-09 (Washington, D.C.: Sept. 17, 2020).

thresholds require different levels of FITARA review.[8] We also ensured that all selected contract actions were categorized with an IT-related PSC and that we included contract actions managed by various contracting offices.[9] Our selection methodology resulted in 26 total contract actions. The Technology Acquisition Center managed nine of the 26 contract actions, and VA contracting offices that are not focused solely on IT contracts managed the remaining 17.

We then requested FITARA approval documentation for each of the 26 selected contract actions. We reviewed the approval documentation to determine whether the contract actions received the appropriate level of FITARA review and approval. To do so, we compared VA-provided information about the FITARA approvers' positions within the department to the requirements in the FITARA approval process guidance.[10]

In order to identify which non-IT categorized contract actions did not receive CIO approval, we reviewed FPDS data from March 2018 through the end of fiscal year 2021 to identify potential IT contract actions for new awards that were not categorized with IT PSCs. By "potential IT," we mean those contract actions categorized with non-IT PSCs that may include IT-related assets or services. Specifically, we identified a list of contract actions without IT PSCs that had at least one of the following indicators of IT in FPDS data:

- **Clinger-Cohen Act Planning Compliance data element.** Per the *FPDS Government User's Manual*, this FPDS data element should only be marked as "yes" if the procurement (1) involves the

[8]The specific thresholds for the required FITARA review depend on the estimated total contract lifecycle costs. If the estimated costs are less than or equal to $1 million, the approver should be the director (or equivalent) of the requiring activity, which is the office that owns the requirement or needs the product or service. If the estimated costs are greater than $1 million but less than or equal to $5 million, the approver should be the executive director or equivalent of the requiring activity. If the estimated costs are greater than $5 million but less than $15 million, the approver should be the deputy assistant secretary, the deputy chief information officer, or equivalent of the requiring activity. If the estimated costs are at least $15 million, the CIO is responsible for the FITARA review.

[9]We focused on fiscal year 2021 data to make sure PSC codes were consistent and that all procurements were following the same review process. We only selected contract actions that had VA listed as both the funding and contracting agency in FPDS to ensure that multiple contract actions with the same base contract would likely have the same approval documentation.

[10]Department of Veterans Affairs, *Federal Information Technology Acquisition Reform Act: Acquisition Compliance Standard Operating Procedure* (Washington, D.C.: Aug. 6, 2020).

Department of Defense and (2) is for computer hardware or services. Related FPDS support documentation omits the Department of Defense restriction, stating that "yes" should be selected when purchasing IT. VA officials use this data element in FPDS and mark "yes" in this field for contract actions with both IT and non-IT PSCs. Consequently, we were able to use this field as an indicator for potential IT.

- **North American Industry Classification System (NAICS) code data element.** According to the NAICS 2017 manual, NAICS represents a continuing cooperative effort between the United States, Canada, and Mexico that creates and maintains a common industry classification system. NAICS divides the economy into 20 sectors, and industries within these sectors are further grouped into subsectors according to similar production processes. NAICS does not have one "IT" category.

  As a result, we analyzed the NAICS codes used by VA for its IT-categorized contract actions to identify codes that VA typically assigned for its IT vendors from fiscal 2018 through fiscal year 2021. Specifically, we selected only those NAICS codes that had at least 60 percent (a majority of IT spending) of their total contract obligations going towards procurements with IT PSCs. We further modified our list of IT NAICS codes to ensure that we were choosing codes with a significant amount of potential IT. To do so, we first eliminated all NAICS codes that had all associated obligations already categorized as IT. Second, we removed all NAICS codes with potential IT amounts below $5 million. We did so because the NAICS codes that did not meet this threshold were more ambiguous and less clearly IT-focused.[11]

After compiling our list of potential IT contract actions, we eliminated any contract actions that were linked to approval records in BTT by contract or order number. We did so by using the aforementioned method applied to the IT-categorized contract actions.

Per the aforementioned method that we used with the IT-categorized contract actions, we sent our list of potential IT contract actions to VA for

[11]The nine NAICS codes identified from VA contract data from fiscal years 2018 through 2021 included: 541512 Computer Systems Design Services, 541519 Other Computer Related Services, 541511 Custom Computer Programming Services, 511210 Software Publishers, 334118 Computer Terminal and Other Computer Peripheral Equipment Manufacturing, 334112 Computer Storage Device Manufacturing, 541513 Computer Facilities Management Services, 334119 Other Computer Peripheral Equipment Manufacturing, and 517110 Wired Telecommunications Carriers.

verification. For each contract action, we asked the department to provide evidence of approval or a rationale explaining why a FITARA review was not required.

If VA was able to provide data linking a contract action to a BTT approval record, we removed that contract action from our list. We also eliminated contract actions if VA gave a reason supported by FITARA guidance. For instance, for these non-IT categorized contract actions, we excluded any procurements that VA identified as being medical expenses exempt from the FITARA process.[12]

We also excluded any contract actions that VA identified as not being IT, as non-IT procurements are not required to be approved through the FITARA process.[13] Following the review of VA's responses, we identified the remaining list of potential IT contract actions as lacking evidence of FITARA approval. Given our high-level methodology to identify the potential IT, as well as the manual process used by VA to review the procurements, our final estimated figures may not be reliable for the purposes of quantifying potential IT at VA.

To supplement our data analysis, we interviewed cognizant officials from VA's Office of Information and Technology; the Office of Acquisition, Logistics, and Construction; the Technology Acquisition Center; and several other contracting offices focused on national and Veterans Health Administration contracts. In these interviews, we discussed the process for identifying IT, VA's FITARA approval process, and specific contract actions, as appropriate.

We conducted this performance audit from February 2022 to March 2023 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.

[12]The medical rationale did not apply to the contract actions categorized as IT, as all medical expenses with IT PSCs are required to go through the FITARA approval process, per VA guidance.

[13]This rationale did not apply to the contract actions categorized as IT because all contract actions with IT PSCs should, by VA definition, be IT-related.

Appendix II: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

March 15, 2023

Ms. Carol C. Harris
Director
Information Technology and Cybersecurity Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Harris:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***IT Management: VA Needs to Improve CIO Oversight of Procurements*** (GAO-23-105719).

The enclosure contains technical comments and information regarding how VA plans to address the draft report recommendation. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Tanya J. Bradsher
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Response to the
Government Accountability Office (GAO) Draft Report
IT Management: VA Needs to Improve CIO Oversight of Procurements
(GAO-23-105719)

Recommendation 1: The Secretary of VA should direct the Chief Information Officer and Chief Acquisition Officer to implement automated controls into relevant contracting systems to help ensure that IT and IT-related assets and activities are appropriately identified for VA's FITARA approval process.

VA Comment: Concur. VA agrees with the Government Accountability Office's (GAO) conclusions and concurs with GAO's recommendation to the Department. Upon issuance of the GAO final report, VA will provide an action plan in the required 180-day update. Some of the proposed activities that VA is discussing are below; however, these proposed actions will be collaborated with the appropriate Department stakeholders to determine timelines and feasibility:

- VA is considering conducting an internal review of the Department's Federal Information Technology Acquisition Reform Act (FITARA) processes.
- VA will collect and analyze data from the Federal Procurement Data System to determine if FITARA compliance was completed. Then VA will update FITARA processes to ensure future required FITARA approvals are completed at the appropriate phase of the acquisition lifecycle.
- The Chief Information Officer and Chief Acquisition Officer will collaborate to propose a strategy to implement automated controls into the VA purchase request system to ensure the required FITARA approval is completed prior to the approved purchase request being transmitted to VA contract writing systems.

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

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Information Technology and Cybersecurity Issues

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

Washington, DC 20548

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Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Carol C. Harris (202) 512-4456 or harriscc@gao.gov

Staff Acknowledgments

In addition to the individual named above, the following staff made key contributions to this report: Jennifer Stavros-Turner (Assistant Director), Meredith Raymond (Analyst-in-Charge), Christopher Businsky, Rebecca Eyler, Suellen Foth, Jacqueline Mai, Scott Pettis, and Walter Vance.

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