



Testimony

Before the Committee on Veterans'  
Affairs, U.S. Senate

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# VA REAL PROPERTY

## Preliminary Observations on Challenges Limiting VA's Ability to Effectively Manage Its Assets

Statement of Andrew Von Ah, Director,  
Physical Infrastructure

# GAO@100 Highlights

Highlights of [GAO-21-105252](#), a testimony before the Committee on Veterans' Affairs, U.S. Senate

## Why GAO Did This Study

VA manages a vast portfolio of real property assets, including a healthcare system that provides care at 171 VA medical centers and 1,112 outpatient sites to over 9 million veterans enrolled in the VA health care program. VA has pressing infrastructure needs, including adapting to changes in veterans' demographics and maintaining or replacing aging facilities.

GAO's key characteristics of an asset management framework state that effectively managing assets requires, among other things, maintaining leadership support that provides the necessary resources; a collaborative organizational culture; and a system for evaluating and improving asset management performance. However, GAO's previous and ongoing work has found that VA continues to face challenges on these fronts. Although VA has implemented some GAO recommendations, several priority recommendations remain outstanding in areas related to asset management, such as staffing and capital planning.

GAO was asked to testify about VA's management of its capital asset portfolio. This statement summarizes GAO's findings from prior reports and preliminary observations from ongoing work examining VA's capital asset management. In ongoing work, GAO reviewed VA documentation and interviewed officials from VA headquarters offices involved in asset management. GAO also interviewed personnel at a selection of eight VA medical centers and seven regional offices and from four Veterans Service Organizations about VA's asset management.

View [GAO-21-105252](#). For more information, contact Andrew Von Ah at (202) 512-2834 or [vonaha@gao.gov](mailto:vonaha@gao.gov).

June 9, 2021

## VA REAL PROPERTY

### Preliminary Observations on Challenges Limiting VA's Ability to Effectively Manage Its Assets

## What GAO Found

GAO has identified key characteristics of an asset management framework designed to optimize funding and decision-making related to capital assets. The Department of Veterans Affairs (VA) continues to have challenges meeting at least three of these key characteristics.

- **Staffing resources.** This key characteristic calls for organizational leadership to provide the necessary resources for asset management to succeed. Previously, VA officials described problems resulting from low levels of staffing resources, including project delays and difficulties in managing projects. VA has taken some actions to improve staffing levels, such as establishing special salary rates for engineers, and VA's vacancy rate for general engineers has improved, decreasing from 17.2 percent in fiscal year 2019 to 12.6 percent in fiscal year 2020. VA officials, however, continue to describe staffing difficulties in planning and executing projects and limits on the number of projects that facilities can undertake.
- **Communication and collaboration.** This key characteristic calls for organizations to promote a culture of information-sharing across traditional agency boundaries to help ensure that agencies make effective, enterprise-wide decisions regarding their assets. VA has taken steps to improve communication among offices with asset management responsibilities, such as by issuing an asset management directive that VA officials said would help to facilitate such collaboration. However, in current work GAO has found instances of insufficient communication, such as lack of (1) collaboration early in project development between local offices and the Office of Construction and Facilities Management and (2) coordination between construction offices and the Office of Information and Technology when bringing facilities online.
- **Measurement and evaluation.** This key characteristic calls for agencies to continuously evaluate the performance of their asset management systems and implement necessary improvements to optimize the assets' value and ensure the assets reflect the organization's current goals. VA previously developed goals and measures for its program of inspections to identify maintenance and repair needs in health care settings. However, currently VA lacks goals with related measures that would evaluate its asset management processes and point the way to necessary improvements.

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Chairman Tester, Ranking Member Moran, and Members of the Committee:

I am pleased to be here today to discuss the Department of Veterans Affairs' (VA) management of its vast portfolio of real property assets.<sup>1</sup> As you know, VA has pressing infrastructure needs and has struggled to make progress addressing them. VA operates one of the largest health care systems in the country, providing care at 171 VA medical centers and 1,112 outpatient sites of varying complexity to over 9 million veterans enrolled in the VA health care program. VA has recognized that it faces challenges aligning its capital assets to meet veterans' needs given ongoing changes in veterans' demographics, such as the differing care required for veterans of different generations and shifts in populations across different areas of the country.<sup>2</sup> VA also faces a growing backlog of maintenance on its facilities, which are considerably older than private-sector counterparts and thus costly to renovate and modernize. In the budget request for fiscal year 2022, VA estimated that fulfilling all of its priority projects in its 10-year, long-range capital plan would cost approximately \$58-\$71 billion. VA requested about \$4.5 billion for construction and non-recurring maintenance projects in its budget request for fiscal year 2022.<sup>3</sup> Recognizing these challenges, the VA MISSION Act of 2018 requires VA to establish criteria for assessing and making recommendations for modernizing and realigning VA facilities.<sup>4</sup>

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<sup>1</sup> Real property is generally defined as land and anything constructed on, growing on, or attached to land. Capital assets are generally land, structures, equipment, intellectual property, and information technology that are used by the federal government and have an estimated useful life of 2 years or more. For purposes of this testimony, we have focused on those capital assets that constitute land and structures.

<sup>2</sup> GAO, *VA Real Property: Improvements in Facility Planning Needed to Ensure VA Meets Changes in Veterans' Needs and Expectations*, [GAO-19-440](#) (Washington, D.C.: June 13, 2019) and GAO, *VA Real Property: VA Should Improve Its Efforts to Align Facilities with Veterans' Needs*, [GAO-17-349](#) (Washington, D.C.: Apr. 5, 2017).

<sup>3</sup> Non-recurring maintenance projects are capital projects that are intended to improve existing space without constructing new space.

<sup>4</sup> Pub. L. No. 115-182, § 203, 132 Stat. 1393, 1446. In February 2021, VA issued draft criteria for comment in response to this requirement. Department of Veterans Affairs, *Draft Criteria for Section 203 of the VA MISSION Act of 2018*, 86 Fed. Reg. 7921 (Feb. 2, 2021). An independent commission, the Asset and Infrastructure Review Commission, is to review and analyze VA's recommendations, conduct public hearings, and report its findings and conclusions to the President. The Commission is required to meet in 2022 and 2023.

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GAO has previously identified a variety of concerns with how VA manages its portfolio of capital assets.<sup>5</sup> In recent years, we have issued several reports on VA's management of real property assets as VA seeks to modernize and align them with the current needs of veterans. We have made a number of recommendations to VA to improve its capital asset management, and VA has made progress in addressing some of them. However, several priority recommendations remain outstanding in areas related to asset management, such as staffing and capital planning.

My testimony today is based on prior GAO reports and preliminary observations from our ongoing work looking at VA's approach to managing its portfolio of capital assets. This statement addresses three challenges we have previously identified in our work concerning VA's capital asset management approach. These three challenges affect some of the areas that are integral to effective asset management and include providing the necessary resources for asset management to succeed, promoting collaboration between offices responsible for asset management, and evaluating performance of asset management.

For this statement, we reviewed and summarized GAO reports and recommendations related to VA's capital asset management to identify challenges VA has faced and may continue to face. More detailed information on our objectives, scope, and methodology can be found in each of the reports. For this statement, we examined several areas of management where we have previously found weaknesses, namely in communication and collaboration among offices, in staffing resources, and in measuring and evaluating capital asset management activities.

In our ongoing work, we have reviewed applicable VA directives, reports, and plans and interviewed officials from VA offices involved in or supporting capital asset management.<sup>6</sup> We also interviewed personnel at a selection of field offices—including eight medical centers and seven

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<sup>5</sup> See, e.g., GAO, *VA Real Property: VHA Should Improve Activation Cost Estimates and Oversight*, [GAO-20-169](#) (Washington, D.C.: Jan. 2, 2020); GAO, *VA Real Property: Clear Procedures and Improved Data Collection Could Facilitate Property Disposals*, [GAO-19-148](#) (Washington, D.C.: Jan. 9, 2019); GAO, *VA Construction: Management of Minor Construction and Non-Recurring Maintenance Programs Could Be Improved*, [GAO-18-479](#) (July 31, 2018); GAO, *VA Construction: Improved Processes Needed to Monitor Contract Modifications, Develop Schedules, and Estimate Costs*, [GAO-17-70](#) (Mar. 7, 2017).

<sup>6</sup> The Veterans Benefits Administration and the National Cemetery Administration are involved in capital asset management, but are not highlighted in our current work.

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Veterans Integrated Service Network offices (regions)—about VA’s capital asset processes, and personnel at four Veterans Service Organizations for their observations on capital asset management. We compared VA’s capital asset management approach to selected key characteristics of an effective asset management framework detailed in our November 2018 report, focusing on the areas of weakness we previously found, including communication and collaboration, staffing, and measuring and evaluating capital asset management activities.<sup>7</sup> We sent VA a copy of our draft statement, and received some technical comments which we incorporated as appropriate.

We conducted the work on which this statement is based 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 audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### VA Offices Involved with Capital Asset Management

Several VA headquarters offices share responsibility for managing and supporting VA’s capital asset portfolio. They include the Office of Asset Enterprise Management, Office of Construction and Facilities Management, and Veterans Health Administration (VHA). Other headquarters offices have a supporting role, such as the Office of Information and Technology and the Office of Human Resources and Administration/Operations, Security and Preparedness. These headquarters offices share responsibility for communicating and collaborating with field offices, such as regional offices and medical centers that also have key roles in maintaining capital assets and in planning.

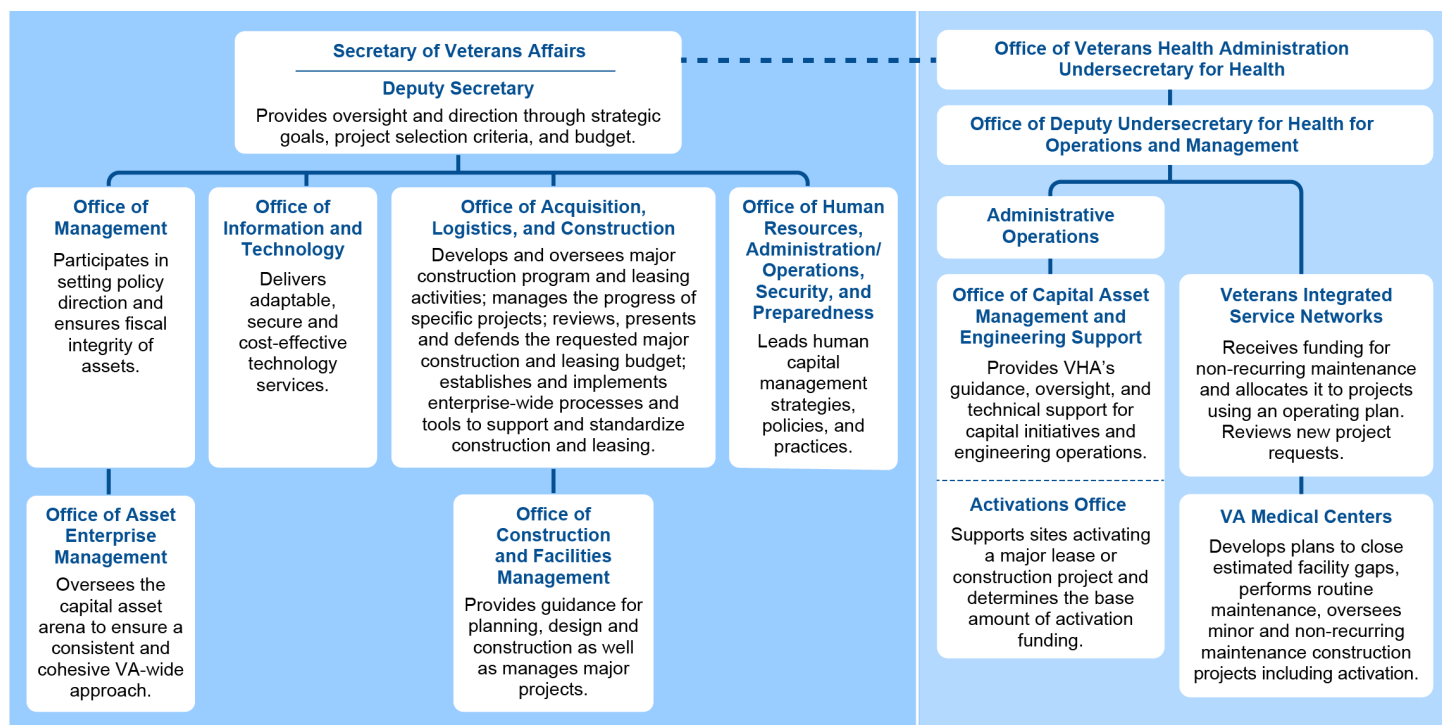
VA officials at the regional and local level also play a major role in VA’s work not only to deliver care but also to manage its capital assets. VHA has 18 regional networks—known as VA Integrated Service Networks—

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<sup>7</sup> GAO, *Federal Real Property Asset Management: Agencies Could Benefit from Additional Information on Leading Practices*, [GAO-19-57](#) (Washington, D.C.: Nov. 5, 2018). These key characteristics are based in part on International Organization for Standardization (ISO) 55000 standards, which are international consensus standards that describe leading practices for implementing, maintaining, and improving an effective asset management framework to manage all types of assets including real property assets.

that coordinate and oversee all administrative and clinical activities conducted by medical centers, outpatient clinics, and other healthcare facilities within their specified regions of the country. These regional networks and medical facilities have a number of responsibilities related to capital assets. For example, the medical facilities submit, and the regions review, proposed capital projects. See figure 1 below.

**Figure 1: Veterans Affairs' (VA) and Veterans Health Administration's (VHA) Offices Involved in Capital Asset Management**



Source: GAO analysis of Veterans Affairs information. | GAO-21-105252

Notes: Activation is the process for bringing a new facility into full operation, such as purchasing and installing furniture and medical equipment and hiring staff.

The Veterans Benefits Administration and the National Cemetery Administration also are involved in capital asset management, but are not highlighted in our current work.

## Characteristics of a Capital Asset Management Framework

In November 2018, GAO issued a report that identified six key characteristics of a capital asset management framework that can help federal agencies manage their assets and resources effectively.<sup>8</sup> These key characteristics comprise establishing formal policies and plans,

<sup>8</sup> An asset management framework includes the processes, procedures, support systems, organizational roles and responsibilities, and policies organizations use to enable asset management decisions. See [GAO-19-57](#).

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maximizing an asset portfolio's value, maintaining leadership support, using quality data, promoting a collaborative organizational culture, and evaluating and improving asset management practices. Effective capital asset management can help federal agencies optimize limited funding and make decisions to better target their policy goals and objectives. For this statement, we focused on three of these key characteristics related to areas in which GAO identified shortcomings in VA's management of its capital assets in both previous and ongoing work, including:

- **Maintaining leadership support.** Organizational leadership should clearly articulate its support for asset management and provide the necessary resources for asset management to succeed. GAO has identified challenges related to VA providing sufficient staffing resources for asset management.
- **Promoting a collaborative organizational culture.** Organizations should promote a culture of information-sharing and enterprise-wide decision-making regarding their assets. GAO has identified challenges related to collaboration and communication among VA offices responsible for asset management.
- **Evaluating and improving asset management practices.** Organizations should evaluate the performance of their asset management systems and implement necessary improvements. GAO has identified challenges related to VA's ability to measure the performance of its asset management.

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## VA Faces Challenges That Limit Its Ability to Effectively Manage Its Capital Assets

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### VA Faces Capital Asset Management Challenges Related to Providing Staffing Resources

One component of the maintaining leadership support key characteristic is providing necessary resources. As VA has acknowledged, staffing resources are essential to the success of the Department's management of its capital assets. However, GAO has previously reported that VA has



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faced staffing challenges across the Department.<sup>9</sup> These challenges include vacancies among both medical and non-medical staff, mission-critical skills gaps, and a lack of strategic human capital management, including limited human resources capacity. We have found that these challenges, among others, have affected VA's ability to accomplish its mission economically, efficiently, and effectively.<sup>10</sup>

We have also previously identified staffing challenges that affected the ability of VA's staff to effectively manage the Department's capital assets. For example, in 2019, we reported that VA officials had mentioned staff turnover as a contributing factor to staff's lack of knowledge on procedures for disposing of properties.<sup>11</sup> In a 2018 report on medical centers' oversight of facilities' conditions, VA headquarters and field officials told us that staff vacancies are common and can affect the efficiency and speed of maintenance and repairs.<sup>12</sup> In a 2018 report on VA's management of minor and non-recurring maintenance projects, staff at six of the seven selected medical facilities we visited stated that they did not have adequate staffing levels to manage complex projects, given the workload demands of the project engineers and contracting officers.<sup>13</sup>

VA officials we interviewed during our ongoing work also described staffing challenges. For example, Office of Asset Enterprise Management officials told us that staffing shortages at VA offices can cause the offices to have difficulties in planning and executing projects. Officials from several regional offices told us that it is difficult for the regions to compete with other federal agencies for engineers. Similarly, officials from two

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<sup>9</sup> See, e.g., GAO, *Department of Veterans Affairs: Improved Succession Planning Would Help Address Long-standing Workforce Problems*, [GAO-20-15](#) (Washington, D.C.: Oct. 10, 2019); GAO, *Veterans Affairs: Sustained Leadership Attention Needed to Address Long-standing Workforce Problems*, [GAO-19-720T](#) (Washington, D.C.: Sept. 18, 2019); and GAO, *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*, [GAO-17-30](#) (Washington, D.C.: Dec. 23, 2016).

<sup>10</sup> [GAO-20-15](#).

<sup>11</sup> GAO, *VA Real Property: Clear Procedures and Improved Data Collection Could Facilitate Property Disposals*, [GAO-19-148](#) (Washington, D.C.: Jan. 9, 2019).

<sup>12</sup> GAO, *VA Medical Centers: VA Should Establish Goals and Measures to Enable Improved Oversight of Facilities' Conditions*, [GAO-19-21](#) (Washington, D.C.: Nov 13, 2018).

<sup>13</sup> GAO, *VA Construction: Management of Minor Construction and Non-Recurring Maintenance Programs Could Be Improved*, [GAO-18-479](#) (Washington, D.C.: July 31, 2018).



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urban medical centers said it is especially difficult to recruit engineers and maintenance staffs for their facilities given the high cost of living in their areas, and because of competition with other federal agencies and the private sector.

VA has taken actions to improve its management of its human resources, but we have recommendations to VA that are still outstanding. Actions VA has taken include improving the capacity of human resource functions at VA medical centers by enhancing headquarters oversight and evaluating the competency of staff, and monitoring and improving employee engagement. Outstanding recommendations include:

- to develop a department-wide succession plan for leadership and mission-critical occupations; and
- to incorporate key leading practices into VHA's succession planning processes, including monitoring and evaluating its succession planning.

Implementing these recommendations could help VA address staffing concerns across the Department, including positions responsible for capital asset management.

In addition, our ongoing work identified several recent actions VA reported taking to address the Department's capital asset management staffing challenges:

- **Establishing special salary rates for engineers.** In May 2021, VA human capital officials said that VA now uses special salary rates granted by the Office of Personnel Management to recruit for general engineers, mechanical engineers, civil engineers, and architects. VA human capital officials said that these rates helped VA respond to significant competition from private industry due to higher pay for these positions.
- **Creating a healthcare engineering position.** In May 2021, VA human capital officials said that they had completed approximately 50 percent of the process to develop a qualification standard for engineers who perform work in a hospital or health care setting.<sup>14</sup> According to these officials, these engineering positions would give VA more flexibility in recruiting staff and provide VA with access to a

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<sup>14</sup> For federal government positions, Title 5 describes non-medical or administrative positions, while Title 38 outlines VHA-related medical or health care related positions. 5 U.S.C. Part III and 38 U.S.C. Chapter 74.

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larger candidate pool and the ability to offer salaries that compete with the private sector.

- **Improving management tracking of workforce data.** VA officials told us that VA had recently implemented a “manpower-management program” to refine the Department’s approach to managing positions, defining staffing requirements, and planning for vacant positions. According to the officials, these workload-based requirements should be used to inform decisions made by VA’s Department-wide process for planning and prioritizing capital projects and reports on VA capacity such as personnel-related reports that are required by the VA MISSION Act of 2018.

In our ongoing work, our preliminary review of VA’s vacancy rate for general engineers showed that the rate has recently improved, but VA officials and others told us that staffing challenges continue. VA data we reviewed indicate that the Department’s vacancy rate for general engineers had decreased from 17.2 percent in fiscal year 2019 to 12.6 percent in fiscal year 2020 and 11.6 percent by second quarter of fiscal year 2021. However, VA officials we interviewed in both headquarters and selected field offices and most of the veterans service organizations told us that staffing problems continued to affect VA’s management of its capital assets, and it remains unclear the extent to which VA’s recent efforts will address VA’s staffing vacancies until enough time has passed following their implementation. Further, officials from some selected regions told us that staffing levels limit the number of projects that the regions’ medical centers can complete, comments that raise concerns about the Department’s ability to adequately manage additional projects should the Department receive funding for such in future infrastructure legislation.<sup>15</sup>

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## Responsible Offices Lack Sufficient Communication and Collaboration

One key characteristic of effective capital asset management is promoting a collaborative culture and facilitating information sharing across traditional lines of operation.<sup>16</sup> GAO, however, has previously reported on VA’s challenges in this area. For example, in reports issued in 2020, we found that a lack of clear policies and communication from VA headquarters offices for “activating” or bringing a new facility into full operation, such as in purchasing and installing furniture and medical

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<sup>15</sup> In our ongoing work, we are continuing to review this challenge, including its causes and implications for VA’s capital asset management.

<sup>16</sup> [GAO-19-57](#).

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equipment, and in hiring staff, have contributed to confusion on the part of field office staff.

- In a January 2020 report, we found that VHA's Activations Office did not have a policy to inform facility activation staff about what they are allowed to purchase with activation funding and the spending timeframes for these funds. Officials from two selected medical facilities and four regional offices expressed uncertainty about which expenses they should pay using activation funding and which expenses to pay using another funding source, such as construction accounts.<sup>17</sup> VHA agreed to define and document what items and services officials can purchase with activation funds and, as of April 2021, expected to complete this action by June 2021.
- In a December 2020 report, we found that during the activation of a project in Omaha, the Office of Information and Technology was unaware that the project was progressing quickly, and consequently did not have timely funding to install information technology equipment required for activation. However, the Department was able to open the facility on time because it identified equipment to use temporarily until new equipment arrived.<sup>18</sup>

In recent years, VA has taken steps to improve communications among responsible offices, in part in response to GAO recommendations. For example, in December 2020, VA issued an updated directive on its Department-wide capital asset management policies.<sup>19</sup> According to officials in the Office of Enterprise Asset Management, this updated directive should help to facilitate collaboration between responsible offices because it clarifies, among other things, the current Department-wide process for planning and prioritizing capital projects and the responsibilities of various VA offices related to that process. In addition, VA has taken steps to address cases of weakness in communication and

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<sup>17</sup> GAO, *VA Real Property: VHA Should Improve Activation Cost Estimates and Oversight*, [GAO-20-169](#) (Washington, D.C.: Jan. 2, 2020).

<sup>18</sup> GAO, *VA Construction: VA Should Enhance the Lessons-Learned Process for Its Real-Property Donation Pilot Program*, [GAO-21-133](#) (Washington, D.C.: Dec. 10, 2020).

<sup>19</sup> *VA Directive 4085, VA Capital Asset Management*, Dec. 2, 2020. This replaced the preceding version of Directive 4085, dated 2003.

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collaboration that we previously found between headquarters and field offices in response to GAO recommendations. For example:

- In 2019, we found that VA’s guidance for regional and local facility managers did not specify sequential steps and actions for carrying out its procedures for disposal of excess properties.<sup>20</sup> As a result, we recommended that VA develop clear procedures to help facility managers plan, implement, and execute projects to dispose of vacant and unneeded properties. In 2020, VA developed a guide that explains the various options available and the corresponding processes to be followed when disposing of real property assets.
- In 2017, we reported that, due to a lack of VA guidance from headquarters, selected medical centers took different approaches to involving external stakeholders, such as local veterans’ groups and local elected officials, in efforts to “align”—expand or consolidate—their facilities.<sup>21</sup> VA’s consistent involvement of external stakeholders—such as by using two-way communication early in the process—is important because failure to effectively engage with stakeholders in these ways can undermine or derail facility alignment efforts. However, lacking detailed guidance, some medical centers did not effectively engage stakeholders in facility consolidation. In response to our findings and related recommendation, in June 2017 VHA issued a standard operating procedure for public affairs officers in regional offices and facilities to follow when planning or implementing a realignment.

In our ongoing work, we also found some instances of insufficient communication and collaboration among VA offices.<sup>22</sup> For example:

- Officials in the Office of Construction and Facilities Management told us that their office—which is responsible for overseeing major construction projects—sometimes attempts to execute a project that has been approved through VA’s process for planning and prioritizing projects only to find that the project is not actually ready for execution, a circumstance that leads to project delays. These officials told us that if medical centers coordinated and collaborated with their office

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<sup>20</sup> GAO, *VA Real Property: Clear Procedures and Improved Data Collection Could Facilitate Property Disposals*, [GAO-19-148](#) (Washington, D.C: Jan 9, 2019).

<sup>21</sup> GAO, *VA Real Property: VA Should Improve Its Efforts to Align Facilities with Veterans’ Needs* (Washington, D.C: Apr. 5, 2017).

<sup>22</sup> In our ongoing work, we are continuing to review VA’s efforts to address this challenge, including its causes and implications for VA’s capital asset management.

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earlier, as they are developing the business cases submitted with project proposals, it would help assure that the approved projects are ready for development when the Office of Construction and Facilities Management inherits them.

- The level of collaboration with information and technology (IT) staff varied by medical center. For instance, officials at one medical center told us that they decided to include local IT staff in regular meetings, to help ensure that IT would be able to provide the center with its requested equipment and funding when needed. These officials also told us that their medical center had not encountered any issues related to IT being able to support their needs. Officials at another medical center said that although their local IT staff are helpful, getting the needed IT equipment was still challenging. In addition, officials at two other medical centers told us that they had encountered challenges in collaborating with IT staff in headquarters, including in getting funding approved by IT for requested equipment.
- Officials at two of eight medical centers told us that improved collaboration with VA headquarters offices would improve their project development efforts. For example, officials from one medical center noted that a lot of time lapses between when projects are initially approved for funding and when they are actually executed, with little communications from VA headquarters offices in the interim. This interval makes it difficult for the medical center to complete the project within the timeframe and budget initially proposed.

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## VA Lacks Measurable Goals to Fully Evaluate Its Capital Asset Management Performance

One key characteristic of an effective asset management framework is that it should include processes for evaluating the performance of a capital asset management system.<sup>23</sup> This involves not only setting and measuring progress toward goals but also using that information to identify and correct problems, improve program implementation, and make other important management and resource allocation decisions.

GAO has previously reported on circumstances where VA has lacked such performance goals and measures. For example, in November 2018, we reported that VHA needed to establish goals and measures for better oversight of facilities' conditions.<sup>24</sup> The report found that VHA did not have performance measures that were tied to specific performance goals for

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<sup>23</sup> [GAO-19-57](#).

<sup>24</sup> GAO, *VA Medical Centers: VA Should Establish Goals and Measures to Enable Improved Oversight of Facilities' Conditions*, [GAO-19-21](#) (Washington, D.C.: Nov. 13, 2018).

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the environment of care program, which conducts regular inspections of VHA's health care services to identify maintenance and repair needs. We recommended that VHA define goals, objectives, and outcome-oriented performance measures for this program. In 2020, GAO confirmed that VHA had implemented this recommendation.

Our ongoing work found that VA lacks measurable goals and related measures to evaluate the performance of its capital asset management processes and implement any necessary improvements.<sup>25</sup> VA acknowledges the importance of performance measures in its updated directive on VA's Department-wide capital asset management. This directive indicates VA will be establishing a system that will allow VA to evaluate capital asset performance in order to make sound decisions regarding acquisition, maintenance, and disposal of capital assets. VA officials acknowledged that VA's asset management program should be tied to performance measures that currently do not exist.<sup>26</sup>

In conclusion, leading practices for capital asset management help agencies effectively manage their capital assets. Such practices are critical for agencies such as VA that have an aging capital asset portfolio, a large maintenance backlog, and complex and changing mission requirements. VA's size, multiple offices, and reporting lines involved in asset management creates complexity that makes it difficult for VA to address these issues. Our prior work has found that VA has struggled in areas related to the framework; in particular staffing resources, communication, and performance management. VA has taken steps to improve these areas. However, preliminary observations from ongoing work suggest improvements in all areas would be helpful in improving VA's approach to managing its capital assets. Accordingly, VA's work to remedy these problems continues to merit examination and encouragement.

Chairman Tester, Ranking Member Moran, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions you may have at this time.

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<sup>25</sup> Performance measurement is the ongoing monitoring and reporting of a program's accomplishments and progress, particularly toward its pre-established goals. GAO, *Program Evaluation: Key Terms and Concepts*, [GAO-21-404SP](#) (Washington, D.C.: March 2021).

<sup>26</sup> In our ongoing work, we are continuing to review VA's efforts to address this challenge, including its causes and implications for VA's capital asset management.

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## GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact me at (202) 512-2834 or [vonaha@gao.gov](mailto:vonaha@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Cathy Colwell (Assistant Director); Susan Bernstein; Jessica Bryant-Bertail; Tobias Gillett; Geoffrey Hamilton; Serena Lo; Jon Melhus; Josh Ormond; and Pat Tierney.



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