VA ACQUISITION MANAGEMENT

Action Needed to Ensure Success of New Oversight Framework
Why GAO Did This Study

Over the past 10 years, VA’s contract obligations nearly doubled in size to $38 billion in fiscal year 2021. The increase was driven in part by key program growth and efforts to modernize VA systems. GAO added VA’s acquisition management to its High-Risk List in 2019 due to numerous challenges to efficiently purchasing goods and services, including medical supplies.

GAO was asked to examine how VA manages major acquisitions, which Office of Management and Budget guidance identify as requiring special management attention. This report assesses the extent to which VA acquisitions are following the current acquisition management framework and the extent to which VA is positioned to implement its proposed acquisition framework, among other objectives. To conduct this assessment, GAO reviewed relevant VA policies and guidance; analyzed VA program documents for a mix of IT modernization efforts and service acquisitions; and interviewed VA officials.

What GAO Found

For over a decade, the Department of Veterans Affairs (VA) has worked to implement a framework for managing how it purchases goods and services, with little success. GAO found that VA has not used its Acquisition Program Management Framework, its current framework, which has been in place since 2017. This framework includes features—such as phases, key documents, and identified decision authorities—that could provide standardized management and oversight of VA’s major acquisitions. These features generally align with GAO-identified acquisition leading practices. However, VA’s major acquisition programs that GAO reviewed instead use program-specific approaches that vary widely in robustness.

VA plans to implement its proposed acquisition framework—the Acquisition Lifecycle Framework—in 2022. Plans for the new framework include features and processes similar to those of the current one. However, VA and its acquisition programs are not well-positioned to successfully implement the new framework because VA plans to implement it before addressing challenges that hindered adoption of its predecessor. For example:

- **Identifying programs subject to the framework.** VA has yet to develop a list of major acquisitions that would be subject to increased oversight within the framework because it lacks a mechanism to collect and monitor acquisition program costs. Without such a mechanism, VA will struggle to identify acquisition programs subject to increased oversight within the framework.

- **Assessing acquisition workforce needs.** VA identified gaps in its acquisition workforce that affected programs’ ability to implement the existing framework. Since VA has yet to assess its current workforce to determine whether gaps still exist, it will not know if current staff levels and skillsets are adequate to effectively support the new framework.

- **Aligning the framework with other processes.** VA planned to align its current framework with IT program and major construction project management processes, but it issued potentially confusing guidance as to which processes to follow. VA has yet to provide clear direction to integrate the new framework with its IT and other management processes, increasing the risk it will not be implemented effectively.

- **Ensuring framework compliance.** VA identified that the lack of a mechanism to ensure that acquisition programs adopt its framework was a weakness when it implemented its current framework. But VA has yet to establish and communicate a mechanism to ensure program compliance with its new framework, risking a repeat of limited adoption.

VA’s current plans to implement the new framework in 2022 do not provide the department time to address these challenges. If VA does not take steps to address these challenges prior to implementing the new Acquisition Lifecycle Framework, then VA will face increased risks of another unsuccessful implementation that does not achieve meaningful improvements in management of its major acquisitions.

View GAO-22-105195. For more information, contact Shelby S. Oakley at (202) 512-4841 or OakleyS@gao.gov.
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### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>ADE</td>
<td>acquisition decision event</td>
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<tr>
<td>ALF</td>
<td>Acquisition Lifecycle Framework</td>
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<tr>
<td>APMF</td>
<td>Acquisition Program Management Framework</td>
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<tr>
<td>DMLSS</td>
<td>Defense Medical Logistics Standard Support</td>
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<tr>
<td>IT</td>
<td>information technology</td>
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<tr>
<td>OALC</td>
<td>Office of Acquisition, Logistics, and Construction</td>
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<td>VA</td>
<td>Department of Veterans Affairs</td>
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August 11, 2022

Congressional Requesters

The Department of Veterans Affairs (VA) relies upon acquisition programs to provide many capabilities and services that are essential to meeting its mission to provide health care and other benefits to veterans and their families. In fiscal year 2021, VA obligated about $38 billion on contracts for goods and services. This included contracts for major acquisitions of information technology, medical supplies, and health care provided outside of VA. VA has worked to implement a framework to manage its acquisition activities since at least 2011. A sound acquisition framework can help ensure that VA leaders have a structured process that provides them with necessary information to make informed decisions at key points in a program life cycle. It can also provide ways to monitor program outcomes and ensure accountability, ultimately helping to deliver cost-efficient and timely capabilities that meet mission needs.

As a result of the department’s significant contract obligations and numerous challenges to efficient acquisitions, we added VA acquisition management to our High-Risk List in 2019. We have consistently identified weaknesses in the department’s acquisition function. These weaknesses have contributed to significant delays in implementing operational improvements, such as critical supply chain modernization initiatives. See appendix II for more details on this High-Risk designation.

You requested that we examine how VA manages its major acquisitions. The Office of Management and Budget defines major acquisitions as capital assets requiring special management attention because of their (1) importance to an agency’s mission; (2) high development, operational, or maintenance costs; (3) high risk; (4) high return; or (5) significant role in the agency administration of programs, finances, or other resources. Our objectives were to assess the extent to which (1) VA’s current and proposed acquisition management frameworks align with key practices for acquisition program management; (2) VA’s major acquisition programs are following the department’s current acquisition management framework; and (3) VA and its acquisition programs are positioned to successfully implement and adopt its proposed acquisition framework.

To conduct our work, we analyzed key implementation and planning documents for the Acquisition Program Management Framework (APMF)—VA’s existing acquisition framework—and Acquisition Lifecycle
Framework (ALF)—a proposed acquisition framework that is expected to replace APMF in the near future—among other agency documents.¹ Because VA does not maintain a list of its major acquisition programs, we analyzed procurement contract data and VA strategic plans in an attempt to identify such programs. Based on our analysis, we identified and reviewed 10 VA acquisition programs that we found were likely to be considered major acquisition programs subject to the APMF. We interviewed department officials from these programs and other key offices to understand VA plans related to APMF and ALF implementation, as well as the extent to which programs used the current acquisition framework. We also evaluated and compared VA’s implementation plans for its proposed framework to our previously issued products on acquisition functions and lessons learned processes. Appendix I provides additional information on our objectives, scope, and methodology.

We conducted this performance audit from April 2021 to August 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA serves veterans of the U.S. armed forces and other eligible beneficiaries and provides health, pension, burial, and other benefits. A variety of offices and administrations within VA have a role in managing its acquisitions or are responsible for executing VA’s programs. Figure 1 illustrates the organizational structure for key VA organizations with roles in acquisition management.

¹The ALF guidance that we analyzed was in draft form because VA has yet to implement the framework.
The Office of Acquisition and Logistics, an office that resides within the Office of Acquisition, Logistics, and Construction (OALC), is responsible for the department’s acquisition and logistics policy development and enforcement functions, including setting policy. The Executive Director for this office is also VA’s Senior Procurement Executive.

Over the past 10 years, VA’s reported appropriations almost doubled in size, from about $127 billion in fiscal year 2012 to about $245 billion in fiscal year 2021. During this same time period, VA’s contract obligations similarly increased. See figure 2.
VA’s rise in obligations reflects growth in several of its programs. For example, the VA MISSION Act of 2018 expanded VA’s support of caregivers of veterans.\(^2\) VA’s budget submission documents show obligations for caregiver programs grew from about $466 million in fiscal year 2017 to about $873 million in fiscal year 2021.\(^3\) VA has requested about $1.85 billion and $2.26 billion to support the programs in fiscal years 2023 and 2024, respectively. In response to the VA MISSION Act of 2018, VA also consolidated and replaced many of its existing community care programs into one program aimed at providing care to veterans when providers at VA medical facilities could not reasonably deliver care. VA budget submission documents show obligations for VA medical community care grew from about $8.1 billion in fiscal year 2017


\(^3\)These obligations cover stipend costs, respite care, mental health care, Civilian Health and Medical Program Veterans Affairs benefits and program administration from the Caregivers Support Program, as reflected in VA’s fiscal year 2023 budget documentation.
to about $23.6 billion in fiscal year 2021. VA has requested about $31.6 billion and $33.8 billion to support the programs in fiscal years 2023 and 2024, respectively. In addition, VA has undertaken a number of modernization efforts, such as implementing a new electronic health records management system and replacing its aging financial and acquisition systems.

We added VA acquisition management to our High-Risk List in 2019. Since then, we and VA’s Office of the Inspector General have reported on VA’s challenges in managing its major acquisitions. For example, in March 2022, we recommended that VA facilitate the increase of workforce skills and competencies as well as conduct organizational change assessments, among other recommendations, for the Financial Management Business Transformation program. In addition, the VA Office of Inspector General reported in July 2021 that VA’s cost estimates for the electronic health records system were unreliable, potentially underreporting the program’s life-cycle costs by at least $2.5 billion.

Major acquisition programs such as VA’s electronic health records system modernization are essential to VA’s mission, but present complex management challenges. Our body of work on acquisition leading practices has shown that effective management and oversight processes can help produce better acquisition outcomes. Additionally, the Office of Management and Budget has issued guidance emphasizing the importance of providing special management attention to major

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4VA’s medical community care comprises health care including inpatient, outpatient, dental, mental health, prosthetics, and rehabilitation services; long-term services and support including community nursing homes and non-institutional care, and state facilities and programs; and other health care programs, as reflected in VA’s fiscal year 2023 budget documentation. To learn more about VA medical community care, see GAO, Veterans Community Care Program: VA Should Strengthen Its Ability to Identify Ineligible Health Care Providers, GAO-22-103850 (Washington, D.C.: Dec. 17, 2021).


6GAO-22-105059.

7Department of Veterans Affairs, Office of Inspector General, Unreliable Information Technology Infrastructure Cost Estimates for the Electronic Health Record Modernization Program, Report #20-03185-151 (July 7, 2021).
acquisitions because of the risks they pose and their importance to agency missions.\textsuperscript{8}

Our prior work found—across many types of acquisition programs—that attaining high levels of knowledge before programs make significant commitments during development drives positive acquisition outcomes.\textsuperscript{9} This approach gives decision makers information to support decisions about when and how to move into subsequent acquisition phases that require increasing budgetary resources.\textsuperscript{10}

Acquisition frameworks, such as the Department of Defense's Adaptive Acquisition Framework, provide a mechanism to ensure that programs’ knowledge builds over time.\textsuperscript{11} Our prior work shows that use of a structured process, such as a framework, includes requirements for the development of key information to support decision-making at designated points in a program's life cycle.\textsuperscript{12} Under an acquisition framework, a program’s progress is tracked and measured at designated points—such as designated milestones or decision events—using the key programmatic information. For example, programs provide documents and information such as an acquisition strategy, requirements documents, and a cost estimate, among other things, to support investment decisions at key milestones. Our prior work found that agencies can help ensure their programs build the knowledge necessary to support sound acquisition decisions by incorporating key program management practices into their acquisition framework.\textsuperscript{13} Table 1 summarizes selected key acquisition program management practices.


\textsuperscript{10}GAO-04-386SP.


\textsuperscript{12}GAO-04-386SP.

<table>
<thead>
<tr>
<th>Acquisition Program Management Practices</th>
<th>Key Documents or Events Supporting Acquisition Program Management Practices</th>
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</thead>
<tbody>
<tr>
<td>Identify and validate needs</td>
<td>Need statements should be informed by an assessment that considers the agency’s mission, and should be communicated in a business case document</td>
</tr>
<tr>
<td>Assess alternatives to select most appropriate solutions</td>
<td>Analyses of alternatives documents should compare performance, costs, and risks of competing solutions, and be conducted before requirements are set</td>
</tr>
<tr>
<td>Clearly establish well-defined requirements</td>
<td>Requirements should be documented, well defined, and incorporate input from users and stakeholders</td>
</tr>
<tr>
<td>Develop realistic cost estimates and schedules</td>
<td>Cost estimates should include source data, detailed calculations, and explanations of methodological choices; schedules should identify resources needed</td>
</tr>
<tr>
<td>Use milestones and exit criteria</td>
<td>Exit criteria and decision reviews should be used by decision authorities to determine that program officials have captured appropriate knowledge before moving to the next phase</td>
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Source: GAO-12-833 | GAO-22-105195

Our prior work has shown that coupling an acquisition framework approach with sound tools and techniques for oversight, as well as strengthening the acquisition workforce, increases an organization’s potential to meet cost, schedule, and performance targets.\(^{14}\) Having the right people in program roles, with the right skill sets, helps enable better program outcomes. Successfully implementing other key practices, such as assessing alternatives or developing detailed cost estimates, requires a workforce with specific skills and experience.

Our prior work shows that implementing a department-wide acquisition framework is a major undertaking. For instance, at the Department of Homeland Security, we found that successful implementation and iterative refinement of a department-wide acquisition framework required dedication of significant resources and effort over more than a decade.\(^{15}\)

Acquiring services—a significant part of VA’s acquisition portfolio—presents different challenges compared to the acquisition of a product or

\(^{14}\)GAO-21-511T.

system. Specifically, organizational structures, processes, and roles can differ between service and product acquisitions. For example, while some services may be acquired for use across the organization, other services are unique to specific offices, units, or geographical locations. Service acquisitions also tend to proceed through requirements definition, solution procurement, and delivery more rapidly. Further, delivery of services generally begins immediately or very shortly after the contract is finalized. Nevertheless, our prior work shows that quality information—such as documentation of the capabilities required, the acquisition strategy, sound cost estimates based on independent assessments, and a realistic assessment of technical and schedule risks—is also important to help agency leaders make well-informed decisions for service acquisitions.

VA’s current and proposed acquisition frameworks each include similar features that generally align with key acquisition program management practices. VA established its current acquisition framework—APMF—in 2017 to provide a department-wide approach for the management, support, review, and approval of major acquisitions. OALC officials who are leading efforts to develop and implement VA’s proposed framework—ALF—told us that they began planning in late 2020 to replace APMF. VA plans to implement ALF starting in 2022. Officials from the Office of Enterprise Integration—which leads departmental efforts in strategic planning and risk, performance, and policy management, among other things—told us they expect the proposed framework will hold about 80 percent of its content in common with APMF.

VA plans to implement ALF in three phases:

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18Statements concerning the features of the proposed acquisition framework, ALF, are based on our review of the draft ALF Playbook, which outlines framework procedures, roles and responsibilities, and other information, as well as other VA planning documents, and interviews with relevant VA officials.

Phase 1: VA plans to issue a revised VA policy directive to rescind APMF and implement ALF, ALF procedures, and various ALF tools.

Phase 2: VA intends for major acquisitions to start following ALF and expects to have finalized ALF support resources as well as further matured framework-related tools, evolved the ALF governance structure, and continued developing the acquisition workforce.20

Phase 3: VA plans for acquisitions not designated as major acquisitions to adopt ALF as a best practice process, incorporating ALF principles at varying levels of detail and rigor based on their size, risk, and importance. VA also plans to continue maturing the framework as well as related tools and training.

VA previously planned to have completed Phase 1 activities—including issuing the policy directive—by April 2022. However, VA’s Senior Procurement Executive told us in May 2022 that, while most activities planned for the initial phase have been completed, the policy directive was still being developed. At that time, she estimated that this directive could be issued as early as June 2022, with Phase 2 starting thereafter. Although VA has yet to issue the policy directive, OALC officials told us that three programs have already started incorporating some ALF concepts and processes into their management approaches. For example, the Office of Integrated Veteran Care is using some ALF features to help inform its decision-making processes for its Community Care Next Generation contract efforts.

APMF and preliminary ALF guidance both include criteria intended to identify which VA acquisitions would be subject to increased oversight. Specifically, acquisitions are subject to APMF if annual expenditures are estimated to exceed $100 million for Veterans Health Administration

20Draft ALF documents indicate that VA would designate acquisitions as major acquisitions if they are “Programs at or above $500 million for 1 year and/or $1 billion life-cycle costs.” Further, draft ALF documents state that senior VA leaders would be able to determine that a program should be subject to formal, department-level acquisition review board oversight based on the following criteria: supports VA strategic goals and modernization efforts; high technical complexity; congressional interest; large commitment of resources; mission critical; part of a system of systems; affects more than one Administration or Staff Office; led by a Program Manager who does not have a Federal Acquisition Certification, within 1 year of appointment; or other criteria determined by VA senior officials.
programs and $10 million for programs in other administrations. Under ALF, VA plans to make the dollar thresholds used to identify major programs subject to formal, department-level oversight much higher than those used under APMF. ALF would designate acquisitions as major acquisitions if they have annual expenditures estimated at or above $500 million, or have a life-cycle cost estimated at or above $1 billion.

The significantly higher thresholds for identifying major acquisitions under the proposed framework may result in fewer programs subject to increased oversight. However, unlike APMF, VA also intends to use ALF to provide some oversight to non-major programs as well. ALF will use a tiered system, in which programs that fall below the major program thresholds are to follow ALF concepts and tailor their documentation and processes according to program size and risk. VA's draft ALF guidance states that the framework is intended to apply to all acquisition programs regardless of size, but does not outline details of oversight for non-major programs.

Under both APMF and the preliminary ALF guidance, senior VA leaders can also designate acquisitions as major acquisitions based on qualitative factors. According to the VA handbook that outlines APMF procedures, the Secretary, Deputy Secretary, Chief of Staff, administration heads, Assistant Secretaries, or Chief Acquisition Officer can make this designation based on factors such as the program's impact to strategic department goals, operations, programs, or policy. According to the draft ALF Playbook—which outlines activities, processes, and procedures for the framework—the Chief Acquisition Officer, Chief Information Officer, Chief Financial Officer, and other senior department leaders can designate acquisitions as major based on factors such as the programs being high-priority, mission-critical, or complex.

We reviewed VA's APMF and planned ALF procedures and guidance documents and found that both generally contain features—such as

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21APMF applies to Veterans Health Administration acquisitions with annual program expenditures estimated to exceed $100 million, and Veterans Benefits Administration, National Cemetery Administration, and major construction acquisitions with annual program expenditures estimated to exceed $10 million.

22VA's draft ALF Playbook does not specify the source or what type of cost information will be used to determine whether a program meets the dollar thresholds. However, OALC officials told us that they would use program cost estimates and contract data to apply dollar threshold criteria.
identifying and validating needs, assessing alternatives to select the most appropriate solutions, and clearly establishing well-defined requirements—that are in line with key acquisition program management practices. Specifically, the frameworks require the following events or documents that support implementation of key acquisition program management practices: 23

**Phases and decision events.** The frameworks reflect the key acquisition program management practice of using milestones—or decision events—and exit criteria in their phased processes. APMF includes a six-phase process that covers most of the acquisition life cycle—from defining the need for a program through retiring the delivered capability or product. Decision authorities determine if programs meet specific criteria at each of the six decision events before approving them to proceed to the next APMF phase. These exit criteria include ensuring that elements of the key acquisition program management practices have been implemented. For instance, an exit criterion for four APMF decision events is confirming that the capability meets the business need. Likewise, ensuring all required documents are signed by key participants, such as decision authorities, inside and outside the program is also an exit criterion for each stage.

ALF’s preliminary guidance also outlines a phased gate approach to cover acquisition life-cycle activities from the definition of the initial business need through program retirement. ALF decision events employ similar exit criteria for decision authorities to assess program readiness to enter the next ALF phase. See the proposed ALF process in figure 3 below.

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23GAO-12-833. Also, see other reports related to acquisition leading practices in the Related GAO Products section at the end of this report.
Figure 3: Overview of VA Acquisition Lifecycle Framework Planned Phases and Decision Events

Key documents. Both APMF and the preliminary ALF guidance require eligible acquisition programs to develop and maintain a number of key documents called artifacts. These artifacts detail business needs; plans; and program cost, schedule, and scope baselines, among other things. The artifacts provide necessary information to support implementation of key acquisition program management practices, such as:

- **Identify and validate needs** – Both frameworks require artifacts that document needs as part of their respective first phases—a Strategic Statement of Need for APMF, and a Business Need Statement for ALF. These documents are intended to formally document the gap in mission capability the proposed acquisition would meet.

24VA Handbook 7402, which details APMF procedures, states, “The acquisition program baseline establishes the program performance baseline, i.e., objectives and threshold values for cost, schedule, and performance. Establishing a performance baseline helps track if an acquisition program is executing according to plan, or if adjustments are needed to meet cost, schedule, scope, or other program objectives. A threshold value reflects the level of risk (or variance) that a program is willing to tolerate before actions are taken to return the operations to an acceptable level of risk.” For ALF, we reviewed a draft version of the Playbook, a guidance document that outlines activities, processes, and procedures for the framework.
- **Assess alternatives to select most appropriate solutions.** Both frameworks require documented analyses of alternative capabilities that could meet the need, in the “Pre-APMF” and “Program definition” phases, respectively. These documents are intended to compare advantages and disadvantages of alternative approaches.

- **Clearly establish well-defined requirements.** Both frameworks specify artifacts that outline the requirements for the product or service being purchased. Under APMF and ALF, a Business Requirements Document is an artifact produced in the “Initiate” and “Program Definition” phases, respectively.

- **Develop realistic cost estimates and schedules.** Both frameworks require life cycle cost estimates that provide a baseline for anticipated total program cost, in the “Initiate” phase for APMF, and the “Program Definition” phase for ALF. These are intended to use detailed analysis to capture all anticipated costs over the life of the program.

**Decision authorities.** Both APMF and the preliminary ALF guidance implement milestones with defined exit criteria by identifying decision authorities for acquisition programs. These officials are responsible for reviewing and approving the key documents, ensuring that programs meet other milestone exit criteria, and approving program transitions to subsequent phases during milestone decision events. VA’s draft ALF Playbook—an internal guidance document that VA will use to implement ALF—identifies the decision authorities for different types of programs as follows:

- VA’s Deputy Secretary would be the decision authority for major acquisitions that are designated as Secretary’s priorities;

- VA’s Chief Acquisition Officer would be the decision authority for major acquisitions with expenditures estimated at or above $500 million for 1 year or life-cycle costs estimated at or above $1 billion; and,

- Administration acquisition executives—such as senior administration or staff office officials responsible for overseeing acquisition portfolios—or other officials would be decision authorities for programs with estimated costs under the major acquisition dollar threshold.
Most VA program offices for major acquisitions did not adopt the APMF framework following its introduction in 2017. Instead, major acquisition programs used program-specific management approaches that varied widely in robustness—making it a challenge for VA to provide uniform oversight for acquisitions and consistently identify opportunities to improve acquisition outcomes.

Senior OALC officials told us that it had become apparent by 2019—only 2 years after implementation—that this was the case. We found that only one of the 10 acquisition programs that we identified had followed APMF, and only for a limited period of time (see table 2).

<table>
<thead>
<tr>
<th>Acquisition Program</th>
<th>Subject to APMF, According to OALC</th>
<th>Program Uses APMF</th>
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</thead>
<tbody>
<tr>
<td>Defense Medical Logistics Standard Support</td>
<td>No (exempt)</td>
<td>n/a</td>
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<tr>
<td>Electronic Health Record Modernization</td>
<td>No (exempt)</td>
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<tr>
<td>Financial Management Business Transformation</td>
<td>No (exempt)</td>
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<td>Memorial Benefits Management System and Veterans Legacy Memorial</td>
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<td>VA Benefits Integration Platform and Veteran Benefits Management System</td>
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<td>n/a</td>
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<td>Caregiver Records Management Application</td>
<td>Yes</td>
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<td>Medical Disability Examinations</td>
<td>Yes</td>
<td>No</td>
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<td>Community Care Network Next Generation</td>
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<td>No</td>
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<tr>
<td>Transition Assistance</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Medical-Surgical Prime Vendor</td>
<td>Yes</td>
<td>Limited</td>
</tr>
</tbody>
</table>

Legend: n/a = not applicable

Source: Office of Acquisition, Logistics, and Construction (OALC) and program officials and GAO analysis of program documentation. | GAO-22-105195

aStatus of programs as subject to APMF or exempt was determined by OALC officials in response to GAO inquiry. OALC officials further noted that this assessment would need to be confirmed with program cost information, which was not available to them.

bProgram use of APMF is based on interviews with program officials and GAO analysis of program documentation.
The Medical-Surgical Prime Vendor program followed some aspects of APMF in planning the Medical-Surgical Prime Vendor 2.0 program, such as preparing certain documents, but program officials reported that they did not use it for other recent efforts.

OALC officials told us that VA policy exempted five of the 10 selected acquisition programs from APMF requirements, as shown in table 2 above. Specifically, in the policy directive that implemented APMF, VA exempted IT programs using the Office of Information and Technology’s Veteran-focused Integration Process from APMF requirements. The directive stated that this process’s artifacts, roles, reporting, and reviews were equivalent to those required by APMF. In response to our request to clarify which programs are subject to APMF, OALC determined that five of the selected acquisition programs were using this process and were therefore exempt from APMF.

OALC officials identified the five remaining programs as subject to APMF. However, these officials noted that this assessment would need to be confirmed with program cost information, which was not available to them. Of these five programs, none are currently using APMF, although one of these programs—the Medical-Surgical Prime Vendor program—had previously used the framework, according to officials. Specifically, Medical-Surgical Prime Vendor program officials told us that they followed APMF when they were planning the Medical-Surgical Prime Vendor 2.0 effort and they provided us with APMF artifacts developed for this effort. Some of these artifacts were not signed by VA officials as would be expected when approved by program decision authorities at APMF decision events. Program officials told us that they have not used APMF for other recent program efforts, including their current effort to transition to the Defense Logistics Agency’s Medical-Surgical Prime Vendor Program.

25 Some Office of Information and Technology process requirements stem from the Federal Information Technology Acquisition Reform Act, which Congress enacted in December 2014 to improve agencies’ acquisitions of IT and enable Congress to better monitor agencies’ progress and hold them accountable for reducing duplication and achieving cost savings. Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, div. A, tit. VIII, subtitle D, 128 Stat. 3292, 3438-50 (2014). The act includes specific requirements related to seven areas, including agency CIO authority, reviewing IT investment portfolios, and risk management of IT investments. We have previously reported VA has demonstrated mixed results in implementing key provisions from the act, including limited progress in addressing requirements related to IT investment risk and CIO authority enhancement. See GAO, Veterans Affairs: Systems Modernization, Cybersecurity, and IT Management Issues Need to Be Addressed, GAO-21-105304 (Washington, D.C.: July 1, 2021).
We found that the 10 VA major acquisition programs we identified used program-specific management processes that varied widely in robustness instead of using APMF. Some programs we reviewed had well-developed decision-making processes that were facilitated by boards or governing committees. For example:

- **Financial Management Business Transformation.** We reported in 2021 that the Financial Management Business Transformation program defined and implemented program governance structures and processes, which were based in part on practices outlined in VA’s Veteran-focused Integration Process for IT programs. The program’s approach also included other elements such as governance tiers that assume responsibility for monitoring, controlling, and reporting program progress. This governance structure helped build a foundation necessary for ensuring responsibility, accountability, and transparency for its modernization efforts. For example, the program defined and implemented a governance structure organized into five tiers—each with specific responsibilities for monitoring, controlling, and reporting program progress. The tier with the highest level of program decision-making authority involves VA senior executives, such as the VA Chief Financial Officer and Chief Acquisition Officer. Subsequent tiers include representatives of VA administrations, staff offices, program leadership, and project managers. In addition to this detailed governance structure, we noted that the program followed a program-specific project delivery framework—which comprises three life-cycle phases and decision points—to help make decisions effectively and appropriately manage the program.

While these program-specific governance structures and processes may aid acquisition management, following an acquisition framework like that envisioned under APMF would have had the additional benefit of providing standardized, repeatable oversight processes across VA’s portfolio.

In contrast, other programs we reviewed that did not use APMF lacked well-defined, structured management processes and experienced

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26 GAO-21-227.

27 At the time we conducted our 2021 review, the program’s governance structure included four life-cycle phases and five decision points.
challenges that might have been mitigated by applying a rigorous governance framework. For example:

- **Medical Disability Exams.** Despite significant program growth in recent years, VA’s Medical Disability Examination Office employs basic acquisition management tools and decision-making processes, limiting acquisition oversight by VA officials outside of the program.\(^{28}\) For instance, program officials stated that they make use of program management tools, such as risk assessments and integrated project teams, and that the program has a risk management officer tasked with ensuring program governance and compliance with regulations and policies. Though not formally documented, program officials stated that acquisitions above $50,000 require approval by VA’s Under Secretary for Benefits, while all other decisions are in the purview of the office’s executive director.

  In contrast, under APMF, significant decisions are intended to be made at decision events after various senior leaders and program stakeholders assess information in key artifacts. With the recent growth of the program, the office was elevated to its own business line and added another senior executive to aid in program oversight. However, it did not revisit program requirements within the acquisition strategy, according to program officials. We reported in 2018 that VA continued to face challenges in executing the program, including oversight of contractors and access to quality information used to monitor program performance.\(^{29}\) Following an acquisition framework such as APMF would, among other things, provide opportunities to reassess program requirements at key decision events.

- **Supply Chain Modernization.** For its acquisition of a new supply chain IT platform—Defense Medical Logistics Standard Support (DMLSS)—VA did not use a rigorous process to identify operational

\(^{28}\)We previously reported that the Veterans Benefits Administration significantly expanded its use of contractors to perform disability medical exams instead of relying on Veterans Health Administration medical centers. Contractor-led medical exams were 90 percent of the total number of VA medical disability exams for fiscal year 2021, as of March 10, 2021, up from 44 percent of exams in fiscal year 2017. Veterans Benefits Administration officials told us that they awarded contracts in 2018 to private disability medical exam providers worth up to $6.8 billion over 10 years. For more information, see GAO, *VA Disability Exams: Better Planning Needed as Use of Contracted Examiners Continues to Grow*, GAO-21-444T (Washington, D.C.: Mar. 23, 2021).

needs and select a solution that best met those needs. This IT acquisition subsequently experienced delays and has not met VA’s operational needs. In May 2019, the program office developed a program life-cycle cost estimate of $2.2 billion for the DMLSS acquisition over a 15-year period. The VA Office of Inspector General found that the program office for the DMLSS acquisition did not follow APMF and did not ensure that the program’s business requirements were identified, documented, and ultimately met. Relatingly, the Inspector General noted that the system did not meet about 44 percent of high-priority requirements for daily operation at the VA medical center pilot site.

The program office has been working to deploy DMLSS since the VA Secretary approved the acquisition in March 2019. In November 2021, however, VA’s Chief Acquisition Officer testified that VA was reassessing the business case for the platform and whether it was the best available solution. Acquisition frameworks such as APMF contain phases specifically focused on identifying the agency’s needs, as well as analysis of a range of alternatives to meet these needs, and decision events present decision makers with opportunities to use this information to make informed decisions. In the case of DMLSS, using this more structured process might have resulted in selection of a different platform, possibly avoiding the delay and uncertainty VA is now experiencing.

VA and its acquisition programs are not well-positioned to implement its proposed acquisition framework, which represents a major shift in program management and oversight. This is because VA has yet to address key challenges that contributed to its failure to successfully implement APMF, such as identifying a mechanism to ensure program compliance. VA currently plans to issue its proposed framework before it takes steps to address these challenges. VA has also yet to develop specific plans to measure the use of the proposed framework and establish a robust lessons learned process to identify, analyze, and address challenges that arise following its implementation of ALF.


31Department of Veterans Affairs, Office of Inspector General, Report #20-01324-215.
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<tr>
<th>VA Plans to Implement Its Proposed Acquisition Framework before Addressing Unresolved Challenges</th>
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<tr>
<td>VA currently plans to issue its new framework before it addresses unresolved implementation challenges. VA programs did not adopt the prior framework because, among other reasons, OALC officials did not:</td>
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<td>- identify which programs were subject to APMF oversight,</td>
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<td>- identify acquisition workforce needs,</td>
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<td>- align the framework with other existing management processes, and</td>
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<td>- ensure framework compliance.</td>
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<td>These challenges persist as VA prepares to implement its proposed ALF framework. As of May 2022, it had planned to issue a directive implementing ALF as soon as June 2022, requiring major acquisitions to adopt the framework and its processes thereafter. OALC officials are aware of these challenges, and plan to address some of them in subsequent phases of ALF implementation, but they are currently prioritizing beginning to use ALF as soon as is feasible. However, as VA’s experience with APMF showed, these challenges could cause the framework to not have any meaningful impact on acquisition program management. Addressing these issues prior to the rollout of ALF would help improve ALF’s likelihood of success.</td>
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<th>Identifying Programs Subject to Framework Oversight</th>
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<td>OALC had difficulty identifying acquisition programs that are subject to APMF because it lacked reliable information on program costs needed for that determination. As a result, OALC was not able to compile a list of major VA acquisitions subject to APMF or ALF. VA’s Senior Procurement Executive could not definitively identify how many of the 10 acquisition programs we selected for review were major acquisitions subject to APMF, as OALC officials did not know each program’s estimated cost. Prior to APMF implementation, planning documents show that VA was aware of risks associated with identifying programs subject to APMF, including the lack of information sources to identify programs subject to the framework. VA planned to mitigate this risk by developing a database to capture and track potentially APMF-eligible programs, as well as program life-cycle cost estimates and funding data. OALC officials told us that such a database was developed, but not used, in part because programs instead tracked information using their own internal processes.</td>
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<td>Similar to APMF, OALC plans to use program cost estimates as a primary determining factor to identify programs that are subject to various levels of oversight within ALF, as well as establish an ALF program database to track program cost data. However, OALC has yet to determine how it will identify acquisition programs that should be tracked in this database,</td>
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according to the Senior Procurement Executive. This official added that VA lacks required program cost information that it needs to identify the proper level of ALF oversight for each tracked program. OALC officials told us that they would use program cost estimates to determine whether a program meets the dollar threshold for increased oversight. However, the Senior Procurement Executive told us that the only data currently available that provide a view across VA acquisition programs is contract obligations data, which do not provide a full picture of a program’s total cost. VA’s Senior Procurement Executive said that identifying relevant acquisition programs and their related costs is challenging due to major gaps in program data and a lack of uniform standards in how programs currently report such data.

Agencies should separately identify major acquisitions in their budgets since these acquisitions require special management attention, according to Office of Management and Budget guidance. Specifically, the capital planning supplement to Office of Management and Budget Circular A-11 states that agencies should have well-documented thresholds for the capital programming process clearly disseminated and implemented across their organization. Available and reliable cost information is needed to implement these thresholds—the Standards for Internal Control in the Federal Government state that management should use quality information and internally communicate the necessary quality information to achieve entity objectives.

However, because of challenges in defining acquisition programs and their associated costs, OALC has struggled to identify programs that would be considered major acquisitions under ALF using the framework’s dollar thresholds. OALC officials were able to identify only three programs that would be considered major acquisitions under ALF—the Electronic Health Record Modernization, the supply chain modernization, and Financial Management Business Transformation programs. The

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32The ALF Playbook does not specify the source or what type of cost information will be used to make these determinations. OALC officials told us that acquisition programs will be responsible for developing annual and life-cycle cost estimates that ALF requires. Some acquisition programs have already developed various types of cost estimates. For instance, the Financial Management Business Transformation program developed a cost estimate in 2020 that projected costs of $2.98 billion over a 10-year period (see GAO-21-227). The ALF Playbook outlines that the VA and administration Chief Financial Officers will be responsible for establishing cost estimating guidance and approving estimates prepared by programs; however, the Veterans Health Administration’s Chief Financial Officer told us her office currently lacks sufficient staff to serve in this role.

challenges of identifying which programs would be subject to the highest level of oversight within ALF—as major acquisitions—could prevent VA from providing an appropriate level of program oversight to critical agency acquisitions.

When implementing APMF, VA did not fully mitigate the shortfall of qualified program personnel, which hindered program office adoption of the framework as well as OALC’s oversight. While OALC provided templates, training, and framework guidance to assist programs in using the framework, APMF implementation documents noted that program offices needed personnel with the skill sets to follow the APMF process and develop key documents. For instance, program offices following APMF are to conduct capability shortfall assessments, develop acquisition strategies, and establish life-cycle cost estimates—tasks that require specific skills and experience. According to VA’s Senior Procurement Executive, a lack of qualified personnel available to assist program managers and contracting officials was a primary factor that limited implementation of the APMF, and VA documentation identified this as a risk factor that could lead programs to not follow APMF processes.

As of May 2022, VA had not fully identified workforce gaps ahead of ALF implementation, which was expected to occur as soon as June 2022. Although VA identified workforce as an issue for APMF in 2017, it has yet to assess whether the issue still exists and whether it will affect plans for implementing its proposed framework. OALC is providing resources to assist program offices with the ALF transition, such as a suite of digital tools—for example, an interactive online ALF step-by-step guide—and is standing up an office with 13 staff to assist programs with ALF processes. However, VA officials also told us that VA has yet to assess broader staffing needs to ensure that VA acquisition programs can carry out ALF acquisition activities effectively.

OALC officials told us in May 2022 that an ALF workforce assessment is planned, in coordination with VA’s Human Resources and Administration Office.34 Officials from VA’s Office of Human Resources and

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34VA’s Office of Human Resources and Administration/Operations, Security, and Preparedness is responsible for providing department-wide leadership, policy, and programs related to human resource management, diversity and inclusion, Equal Employment Opportunity complaint resolution, labor management relations, and VA enterprise training, among other things. The Assistant Secretary for this office is also VA’s Chief Human Capital Officer, and is responsible for advising and assisting the Secretary in carrying out VA’s responsibilities for selecting, developing, training, and managing a high-quality workforce in accordance with merit system principles.
Administration added that they had begun developing a staffing model in early 2022 but have yet to identify workforce requirements, current workforce gaps, or an action plan. These officials told us that OALC plans to develop an action plan in early fiscal year 2023. Senior VA acquisition officials noted that some acquisition programs will likely need to add staff with program management expertise to address ALF requirements.

Our prior work on assessing the acquisition function at federal agencies identified effective human capital management—which ensures that an agency has the right staff in the right numbers applying skills where needed to accomplish the mission—as a cornerstone of an effective acquisition function.35 Further, establishing an adequate acquisition workforce is a key acquisition program management practice.36 Changes to acquisition processes, such as the implementation of ALF, can create needs for new skills and capabilities among the acquisition workforce. To address this challenge, leading organizations take human capital into account when developing ways to accomplish their missions, program goals, and results. As a result, when it implements ALF, VA leadership will not know if current staff levels and skill sets are adequate to effectively adopt the framework.

VA did not clearly identify and communicate to program offices how APMF aligns with other existing processes and frameworks and has yet to do so for ALF. To avoid process duplication and promote adoption of APMF, VA developed a plan for integrating APMF with other existing processes, such as those related to the management of IT programs and major construction projects.37 Despite these planning efforts, VA issued potentially confusing instructions to IT programs about how to integrate use of APMF with their existing management process. In particular, the APMF Directive indicated that Office of Information and Technology programs following the Veteran-focused Integration Process were exempt from APMF. However, the VA Handbook that details APMF procedures identified specific points at which the two frameworks are integrated. It also states that APMF will leverage Veteran-focused Integration Process data and artifacts to assess an acquisition program’s health and status.

35GAO-05-218G.
36GAO-12-833.
37VA Handbook 7402 outlines how APMF is integrated with existing VA processes, such as the Planning, Programming, Budgeting, and Execution process, the Major Construction Project Lifecycle Process, and the Office of Information and Technology’s Veteran-focused Integration Process.
However, five of the programs we reviewed cited their use of the Veteran-focused Integration Process as their reason for not following APMF, indicating the intent for IT programs to use aspects of APMF was not clearly communicated.

VA has yet to provide clear directions to programs on how ALF’s requirements and processes align with existing project management processes, such as the Office of Information and Technology’s Veteran-focused Integration Process. VA plans to implement ALF without an exemption for IT acquisitions, according to the ALF Playbook and OALC officials. ALF procedures aim to “seamlessly integrat[e]” the framework with three project management frameworks, but the details of the planned integration remain unclear.\textsuperscript{38} For example, OALC officials told us in May 2022 that they have integrated Construction and Facilities Management processes with ALF and that this is reflected in ALF guidance. OALC officials also told us that they worked with Office of Information and Technology officials to identify overlapping information requirements for IT processes and ALF. However, OALC officials did not provide specific details about how the ALF process will intersect with steps in these processes.

Our prior work identified practices that can hinder good acquisition outcomes at federal agencies. For example, a lack of integration across the acquisition function can result in redundancy, inconsistency, and an inability to leverage resources to meet shared requirements.\textsuperscript{39} Consequently, VA faces increased risk that ALF will not be effectively implemented if VA does not clearly identify how ALF should be used in conjunction with existing project management processes.

As evidenced by the lack of APMF adoption by most programs, VA did not ensure program compliance, even though VA officials were aware that the absence of an enforcement mechanism could lead to poor results. Specifically, APMF documentation of implementation risks stated that without a governance structure to enforce use of the framework, program officials would be less likely to see the need for APMF and adopt it. As such, VA focused its efforts on communicating the benefits of adopting the framework to program officials. In a subsequent 2018

\textsuperscript{38}The ALF Playbook identifies three frameworks to be integrated with ALF: Office of Information Technology’s Veteran-focused Integration Process, a Project Management Framework, and Office of Construction and Facilities Management processes.

\textsuperscript{39}GAO-05-218G.
assessment of APMF implementation, VA identified a lack of accountability for key decision makers, including decision authorities and other senior officials.

Further, in one case, OALC did not ensure that an acquisition program complied with the department’s determination that it was subject to APMF. In a March 2019 memorandum, the VA Secretary approved recommendations that VA adopt and implement DMLSS, have the Chief Acquisition Officer serve as the program decision authority, and ensure that the program uses APMF. Program officials told us that they had attempted to simultaneously follow APMF and an IT-focused process early on in the program but later decided to follow only the IT-focused process. In November 2021, the VA Office of Inspector General reported that the DMLSS acquisition should have been following APMF, citing the March 2019 memorandum. However, OALC officials told us in April 2022 that the DMLSS acquisition was still exempt from using APMF because of its use of the IT management framework.

VA has yet to determine how it will ensure that acquisition programs comply with ALF. Although VA plans to have senior officials ensure that programs follow the framework, it has yet to determine how they will do this in practice. The ALF Playbook documents acquisition oversight roles and responsibilities for agency officials under the framework; however, these procedures do not detail what specific mechanism will be used to ensure that programs subject to the framework adopt it and follow the framework’s process.

*Standards for Internal Control in the Federal Government* state that management should design control activities—such as policies, procedures, techniques, and mechanisms that enforce management’s directives—to achieve the entity’s objectives and address related risks. OALC officials told us that the inclusion of senior VA officials in ALF governance bodies will provide an inherent ability to address noncompliance. However, it remains unclear when and in what manner senior VA officials would act to have noncompliant programs follow the framework. Further, senior officials were identified as decision authorities


41Department of Veterans Affairs, Office of Inspector General, Report #20-01324-215.

42GAO-14-704G.
under APMF, yet most programs did not comply with APMF. By implementing ALF without having identified and documented a mechanism to ensure compliance, VA faces increased risk that applicable VA programs will not adopt and comply with the proposed framework.

While VA hopes ALF will achieve more substantive change in acquisition processes and outcomes than APMF, it has yet to identify performance measures to manage and monitor progress, or develop a process to identify lessons learned as it implements the proposed framework.

VA has identified broad goals for ALF and who is responsible for monitoring the progress of programs under ALF. OALC officials told us that the Chief Acquisition Officer, ALF governance bodies, and the VA Operations Board, which is led by VA’s Deputy Secretary and includes other senior department officials, will be responsible for monitoring progress of VA programs under ALF by holding reviews. These reviews are planned to occur at ALF decision events or on an as-needed basis.

However, VA has yet to establish specific performance measures that it would use to assess the performance of ALF. To date, VA has yet to identify specific performance measures as part of its ALF implementation plans, and it is focused on other matters related to the initial implementation of the framework. Our prior work on performance measurement identified several important attributes that performance measures should include if they are to be effective in monitoring progress and determining how well programs are achieving their goals. Successful performance measures are (1) clear, (2) have a measurable target, (3) are objective, (4) are reliable, (5) include baseline and trend data, and (6) are clearly linked to goals and missions. Additionally, Standards for Internal Control in the Federal Government emphasizes using performance measures to assess performance over time. Developing performance measures that will identify whether ALF is having an impact—as well as making plans to collect and analyze the data and report results—would better position VA to evaluate its progress and make changes as needed.

44GAO-14-704G.
VA is missing the opportunity to fully leverage a lessons learned process for ALF to identify, analyze, and address challenges that arise as it implements the proposed framework. For APMF, VA developed detailed plans to implement a lessons learned process that would have aligned with leading practices for a lessons learned process had the framework been used and the process instituted. For example, VA included detailed plans in APMF documents to collect feedback from stakeholders during APMF implementation through after action reviews. VA documentation shows that VA planned to analyze this feedback, validate any resulting changes to APMF, and store the lessons learned in a knowledge management system to support continuous improvement of the framework.

Our prior work shows that the use of a robust lessons learned process is a principal component of an organizational culture committed to continuous improvement and can increase communication and coordination. Specifically, we and others identified that agencies should drive continuous improvement through effective lessons learned processes that:

- **collect** information through activities like project reviews, interviews, reports or surveys;
- **analyze** the information collected to determine root causes and identify appropriate actions;
- **validate** that the right lessons had been identified and determine the breadth of their applicability (e.g., site-specific or department-wide);
- **archive** lessons identified, such as in an electronic database, for use by existing and future activities;
- **share** lessons to pass on knowledge gained, such as through briefings, reports, emails, websites, database entries, revision of work processes or procedures, and training.

These leading practices are intended to be applied in a systematic order and generally build upon each other. For example, an organization with a consistent, coordinated archiving mechanism, such as an electronic

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45 GAO-21-8.

46 GAO-20-104; GAO-19-25; and GAO-12-901. Center for Army Lessons Learned, *Establishing a Lessons Learned Program.*
database, is better able to demonstrate the leading practice for sharing lessons learned through access to such an archive.

VA has partially developed a lessons learned process for ALF, including the basic mechanics of how it will collect and archive lessons learned identified by programs that use ALF. The ALF Playbook states that program officials will collect lessons learned during each ALF phase and will enter them into a planned lessons learned database. OALC officials stated that program officials will integrate a lessons learned process into their management plans, use an OALC-provided template for documenting lessons learned, and discuss those lessons at management review meetings.

However, the Playbook and other OALC planning documents do not include sufficient details on how they will analyze, validate, and share lessons learned—key aspects of a robust lessons learned process. Specifically, those documents do not outline how OALC or programs are to analyze and validate those lessons, which would help determine the breadth of their applicability to programs across the department. VA has yet to compare its lessons learned process against leading practices. Lacking clear direction on how to collect and analyze information, or validate the lessons learned, OALC may struggle to identify actionable lessons learned that would inform subsequent ALF implementation efforts or updates to the framework.

VA relies on major acquisitions to deliver services and products essential to its mission, from IT systems to medical supplies. The importance and scale of these efforts continue to increase—VA’s contract obligations have almost doubled in the last 10 years. Rigorous oversight and management of these major acquisitions are essential to ensuring that they meet their goals and make good use of limited resources. However, VA’s track record in this regard is disappointing.

As VA seeks to implement a new major acquisition framework, it is missing opportunities to address the factors that contributed to the failure of its current framework to take hold. Gaps in VA’s ability to determine which programs should be subject to the framework, its understanding of whether its workforce is prepared, coordination with other processes, and how it will ensure programs comply with the framework all pose risks that could undermine the efficacy of the framework as a whole. However, VA currently plans to implement the framework before addressing these gaps.
Likewise, establishing clear performance goals and measures and setting up a documented lessons learned process would likely allow VA to make course corrections during implementation as needed and assess the effect of the framework on acquisition outcomes. Successful implementation of ALF would represent a major transformation in how organizations across VA approach their work. Taking the time to lay a solid foundation for ALF at the outset would increase the chances that VA will establish a successful framework that will pay dividends in cost savings and better mission outcomes for years to come.

We are making the following seven recommendations to VA:

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer addresses challenges that pose risks to the Acquisition Lifecycle Framework’s success prior to its implementation. These risks include collecting cost data to enable identification of programs subject to increased oversight within the framework, addressing acquisition workforce needs, aligning the framework with other processes, and ensuring program compliance with the framework. (Recommendation 1)

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer establishes a mechanism to collect, maintain, and monitor program costs and cost estimates necessary to identify programs subject to increased oversight within the Acquisition Lifecycle Framework. (Recommendation 2)

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer and the Assistant Secretary for the Office of Human Resources and Administration conduct an enterprise-wide workforce assessment to identify any gaps that could limit effective adoption of the Acquisition Lifecycle Framework, such as in roles related to program management. (Recommendation 3)

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer determines, documents, and communicates to programs how the Acquisition Lifecycle Framework should be used in conjunction with existing project management frameworks and processes, such as the Veteran-Focused Integration Process, VA Construction, and VA’s Project Management Framework. (Recommendation 4)

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer identifies and documents a mechanism to monitor and ensure that
applicable acquisition programs adopt and comply with the Acquisition Lifecycle Framework processes and decisions. (Recommendation 5)

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer establishes key measures for the performance of the Acquisition Lifecycle Framework, collects and analyzes data related to these measures, and reports results. (Recommendation 6)

The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer establishes a documented lessons learned process to consistently collect, analyze, validate, archive, and share lessons learned related to implementation of the Acquisition Lifecycle Framework. (Recommendation 7)

Agency Comments

We provided a draft of this report to the Department of Veterans Affairs for review and comment. In VA’s comments, reproduced in appendix III, it concurred with our seven recommendations. VA also provided technical comments, which we incorporated as appropriate.

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

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

Shelby S. Oakley
Director, Contracting and National Security Acquisitions
List of Requesters

The Honorable Jon Tester
Chairman
The Honorable Jerry Moran
Ranking Member
Committee on Veterans’ Affairs
United States Senate

The Honorable Kyrsten Sinema
Chair
The Honorable James Lankford
Ranking Member
Subcommittee on Government Operations and Border Management
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Mark Takano
Chairman
Committee on Veterans’ Affairs
House of Representatives

The Honorable Chris Pappas
Chairman
The Honorable Tracey Mann
Ranking Member
Subcommittee on Oversight and Investigations
Committee on Veterans’ Affairs
House of Representatives
Appendix I: Objectives, Scope, and Methodology

The objectives of this report are to assess the extent to which (1) VA’s current and proposed acquisition management frameworks align with key acquisition program management practices; (2) VA’s major acquisition programs are following VA’s current acquisition management framework; and (3) VA and its acquisition programs are positioned to successfully implement its proposed acquisition framework.

To assess the extent to which VA’s current and proposed acquisition management frameworks align with key acquisition management practices, we reviewed key implementation and planning documents for Acquisition Program Management Framework (APMF) and Acquisition Lifecycle Framework (ALF), respectively. For example, we reviewed VA Directive 7402 and VA Handbook 7402, which established APMF as department-wide policy in 2017 and outlined the framework’s procedures, including program eligibility, phases, tools, and stakeholder roles and responsibilities. We also reviewed relevant government-wide guidance for major acquisitions, including the Capital Programming Guide supplement to Office of Management and Budget Circular Number A-11, Preparation, Submission, and Execution of the Budget. We also reviewed APMF orientation presentations and artifact templates developed by VA. For ALF, we reviewed the draft ALF Playbook—current as of February 2022—which outlines the framework’s procedures, as well as orientation materials. We also interviewed relevant Office of Acquisition, Logistics, and Construction (OALC) and Office of Enterprise Integration officials, who were knowledgeable about features of APMF and the planned features of ALF.

We compared the features of the two frameworks against acquisition leading practices that we developed through reporting on subjects including knowledge-based acquisition approaches and acquisition challenges in the federal government. Key reports in this body of work are listed in the last section of this report. Specifically, we compared framework features against the following selected key acquisition program management practices, identified in prior reporting:

- Identify and validate needs
- Assess alternatives to select most appropriate solutions
- Clearly establish well-defined requirements
- Develop realistic cost estimates and schedules, and
- Establish an adequate program workforce.
To assess the extent to which VA’s major acquisition programs are following VA’s current acquisition management framework, we reviewed VA documents related to the implementation and use of APMF. For example, we reviewed VA’s annual APMF implementation and communication plans from 2016 to 2017, the 2018 APMF Strategic Master Plan, and documentation on APMF lessons learned. Because VA does not maintain a list of its major acquisition programs, we analyzed procurement contract data and VA strategic plans in an attempt to identify such programs. Specifically, we reviewed Federal Procurement Data System-Next Generation data for the 100 highest-value VA contract actions in each fiscal year from 2016 through 2020. For these contract actions, we compared the requirements identified in the “Description” data field—in conjunction with other available contract information—against activities and programs identified in VA’s strategic plans to inform our decision. Based on this analysis, we identified six programs:

1. Electronic Health Record Modernization
2. Community Care
3. Financial Management Business Transformation
4. Medical Disability Examinations
5. Medical-Surgical Prime Vendor
6. Transition Assistance

We identified three additional programs after reviewing VA, operating administration, and Office of Information and Technology strategic plans and interviewing OALC officials that were responsible for overseeing VA’s acquisition management frameworks.

1. Defense Medical Logistics Standard Support
2. VA Benefits Integration Platform and Veterans Benefits Management System
3. Memorial Benefits Management System and Veterans Legacy Memorial

During the course of this review, we selected a tenth program—the Caregiver Records Management Application—after OALC officials identified it as a participant in early APMF implementation activities.

These 10 programs comprise a non-generalizable sample of VA contracted services and IT modernization efforts. For each of these programs, we interviewed relevant program office officials to identify the
extent to which these programs had used APMF, or were currently using the framework to guide their acquisitions. We also requested that each program office provide any of 23 APMF artifacts—key documents that programs were required to produce during specific phases throughout the APMF process. We reviewed artifacts provided by the program offices, such as program office charters and acquisition strategies, to determine the extent to which programs met APMF requirements. In addition, we assessed other documentation, such as market research reports and requests for information, provided by the program offices to determine the extent to which these documents aligned with the artifacts required by APMF.

In addition to officials from the 10 acquisition programs, we interviewed officials from other headquarters-level offices, including OALC, the Office of Enterprise Integration, the Strategic Acquisition Center, the National Acquisition Center, the Technology Acquisition Center, and Office of Information and Technology to gather supplemental perspectives on APMF implementation. We reviewed prior GAO and VA Office of Inspector General reports related to the programs we selected. We also reviewed key APMF implementation and planning documents, including risk registers, communication strategies, and implementation plans, as well as post-implementation reviews performed by OALC officials who oversaw the framework implementation.

To assess the extent to which VA and its acquisition programs are positioned to successfully implement its proposed acquisition framework, we assessed VA’s efforts and implementation plans for ALF against Standards for Internal Control in the Federal Government and our body of work on assessing acquisition functions and lessons learned processes. Specifically, we determined that the information and communication, control activities, and risk assessment components of internal control were significant to this objective, along with the following underlying principles, respectively:

- Management should use quality information to achieve the entity’s objectives.
- Management should design control activities to achieve objectives and respond to risks.

• Management should define objectives clearly to enable the identification of risk and define risk tolerances.

We assessed whether VA’s implementation plans—identified in key ALF documents or by relevant OALC officials—reflected these principles. For example, we reviewed ALF implementation timelines, communications plans, and other orientation materials. We assessed the ALF Playbook to determine the program cost criteria by which VA acquisitions would be subject to increased oversight under ALF. We interviewed relevant officials from OALC, VA’s Office of Management, the Veterans Benefits Administration Office of Financial Management, and Veterans Health Administration’s Office of the Chief Financial Officer, as well as National Cemetery Administration’s Chief Financial Officer to determine the extent to which VA has quality information related to program costs.

We also assessed VA’s lessons learned process from its current acquisition framework, as well as its planned lessons learned process for its proposed framework, against GAO’s leading practices for conducting a lessons learned process. We interviewed senior procurement officials, including the Chief Acquisition Officer, about VA’s attempt to implement its current acquisition framework and efforts to implement a new acquisition framework. We also reviewed VA guidance about managing IT programs and projects, including the Veteran-focused Integration Process, and interviewed officials from the Office of Information and Technology. We reviewed prior GAO and VA Office of Inspector General reports about various VA programs.

We conducted this performance audit from April 2021 to August 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

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the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
We added VA Acquisition Management to GAO’s High-Risk list in 2019 based on findings that included long-standing supply chain management issues, but also a number of other broad, interrelated challenges. Since then, we conducted additional work that helped us continue to define some of these underlying challenges facing VA, including challenges highlighted by the COVID-19 pandemic. Since 2015, we have made 53 recommendations to improve VA’s acquisition management; as of June 2022, 21 of these have yet to be implemented. Further, our ongoing work continues to identify new aspects of VA’s challenges.

When we added VA acquisition management to the High-Risk List, we identified seven areas of concern:

- outdated acquisition regulations and policies;
- lack of an effective medical supplies procurement strategy;
- inadequate acquisition training;
- contracting officer workload challenges;
- lack of reliable data systems;
- limited contract oversight and incomplete contract file documentation; and
- leadership instability.

In November 2021, we reported that VA had developed a High-Risk action plan in March 2021 to address these areas of concern. We also noted that while VA had made progress in some of these areas of concern, it is still struggling to address other areas, such as its supply chain management. We will publish our full assessment of VA’s progress in addressing its High Risk status in our next update, in early 2023.

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1GAO, High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas, GAO-21-119SP (Washington, D.C.: Mar. 2, 2021). Previously, in 2013, GAO identified a number of challenges, including IT challenges, under the Managing Risks and Improving VA Health Care high risk area. This area also remains on GAO’s High-Risk list.

July 20, 2022

Ms. Shelby S. Oakley
Director
Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Oakley:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: *VA Acquisition Management: Action Needed to Ensure Success of New Oversight Framework* (GAO-22-105195).

The enclosure contains technical comments and the actions to be taken to address the draft report recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Tanya J. Bradsher
Chief of Staff

Enclosure
Appendix III: Comments from the Department of Veterans Affairs

Enclosure

Department of Veterans Affairs (VA)
Comments to Government Accountability Office (GAO) Draft Report
VA ACQUISITION MANAGEMENT: Action Needed to Ensure Success of New Oversight Framework
(GAO-22-105195)

Recommendation: The Secretary of Veterans Affairs should take the following seven actions:

Recommendation 1: The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer addresses challenges that pose risks to the Acquisition Lifecycle Framework’s success prior to its implementation. These risks include collecting cost data to enable identification of programs subject to increased oversight within the framework, addressing acquisition workforce needs, aligning the framework with other processes, and ensuring program compliance with the framework.

VA Comment: Concur. The Department of Veterans Affairs (VA) agrees with the Government Accountability Office’s (GAO) conclusions and concurs with GAO’s recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

Recommendation 2: The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer establishes a mechanism to collect, maintain, and monitor program costs and cost estimates necessary to identify programs subject to increased oversight within the Acquisition Lifecycle Framework.

VA Comment: Concur. VA agrees with GAO’s conclusions and concurs with GAO’s recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

Recommendation 3: The Secretary of Veterans Affairs should ensure that the Chief Acquisition Officer and the Assistant Secretary for the Office of Human Resources and Administration conduct an enterprise-wide workforce assessment to identify any gaps that could limit effective adoption of the Acquisition Lifecycle Framework such as in roles related to program management.

VA Comment: Concur. VA agrees with GAO’s conclusions and concurs with GAO’s recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.
Enclosure

Department of Veterans Affairs (VA)
Comments to Government Accountability Office (GAO) Draft Report
VA ACQUISITION MANAGEMENT: Action Needed to Ensure Success of
New Oversight Framework
(GAO-22-105195)

**Recommendation 4:** The Secretary of Veterans Affairs should ensure that the
Chief Acquisition Officer determines, documents, and communicates to programs
how the Acquisition Lifecycle Framework should be used in conjunction with
existing project management frameworks and processes, such as the Veteran-
Focused Integration Process, VA Construction, and VA’s Project Management
Framework.

**VA Comment:** Concur. VA agrees with GAO’s conclusions and concurs with GAO’s
recommendation to the Department. VA will provide the actions to be taken to address
the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 5:** The Secretary of Veterans Affairs should ensure that the
Chief Acquisition Officer identifies and documents a mechanism to monitor and
ensure that applicable acquisition programs adopt and comply with the
Acquisition Lifecycle Framework processes and decisions.

**VA Comment:** Concur. VA agrees with GAO’s conclusions and concurs with GAO’s
recommendation to the Department. VA will provide the actions to be taken to address
the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 6:** The Secretary of Veterans Affairs should ensure that the
Chief Acquisition Officer establishes key measures for the performance of the
Acquisition Lifecycle Framework, and collects and analyzes data related to these
measures, and reports results.

**VA Comment:** Concur. VA agrees with GAO’s conclusions and concurs with GAO’s
recommendation to the Department. VA will provide the actions to be taken to address
the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 7:** The Secretary of Veterans Affairs should ensure that the
Chief Acquisition Officer establishes a documented lessons learned process to
consistently collect, analyze, validate, archive, and share lessons learned related
to implementation of the Acquisition Lifecycle Framework.

**VA Comment:** Concur. VA agrees with GAO’s conclusions and concurs with GAO’s
recommendation to the Department. VA will provide the actions to be taken to address
the GAO draft report recommendation in the 180-day update to the final report.
Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact: Shelby S. Oakley, (202) 512-4841 or OakleyS@gao.gov.

Staff Acknowledgments
In addition to the individual named above, Teague Lyons, Assistant Director; Zachary Sivo, Analyst-in-Charge; Jocelyn Yin, Analyst-in-Charge; Rose Brister; Matthew T. Crosby; Nicholas Jones; Daniel Podratsky; Andrew N. Powell; and Robin Wilson made key contributions to this report. Mark Bird; Alissa Czyz; Lorraine Ettaro; Suellen Foth; Susan Irving; Michael LaForge; Jennifer Leotta; Gabriel Nelson; Nyree Ryder Tee; Ann Tynan; and Sarah Veale also contributed to this report.
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