

GAO@100 Highlights

Highlights of [GAO-22-105483](#), a testimony before the Subcommittee on Oversight and Investigations and Subcommittee on Technology Modernization, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

GAO's prior work shows that VA has long faced challenges in achieving efficient acquisitions. Further, VA faced supply chain challenges during the early stages of the COVID-19 pandemic, as GAO testified in [June 2020](#), [September 2020](#), and [March 2021](#).

This statement discusses VA's supply chain and broader acquisition management challenges, its efforts to address them, and implications for improving VA's overall acquisition management. This statement is largely based on information from GAO reports and testimony statements issued from 2017-2021 and preliminary observations from ongoing work. The ongoing work includes reviews focused on VA's management of major acquisitions and its acquisition workforce, on which GAO plans to issue reports in summer 2022.

To perform the ongoing work, GAO reviewed VA documentation and interviewed VA officials. Information about the scope and methodology of prior work on which this statement is based can be found in those products.

What GAO Recommends

GAO made 51 recommendations since 2015 to improve acquisition management at VA. VA agreed with those recommendations and has implemented 29 of them. VA has yet to fully implement four priority recommendations including one to develop a comprehensive supply chain management strategy.

View [GAO-22-105483](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or oakleys@gao.gov.

November 18, 2021

VA ACQUISITION MANAGEMENT

Fundamental Challenges Could Hinder Supply Chain Modernization Efforts If Not Addressed

What GAO Found

VA has one of the most significant acquisition functions in the federal government, with over \$34 billion obligated in fiscal year 2021. GAO added the Department of Veterans Affairs' (VA) acquisition management to its High-Risk List in 2019 due to long-standing acquisition management challenges, including purchases of goods and services, particularly medical supplies. For example, VA's Medical-Surgical Prime Vendor (MSPV) program is the VA medical centers' primary source for medical supplies. In 2017, GAO reported that VA's initial implementation of the current version of MSPV was flawed. It lacked an overarching strategy, stable leadership, and medical center buy-in. Consequently, despite some improvements, the program has yet to fully meet medical centers' needs for medical supplies.

Additionally, during 2019 and 2020, the Veterans Health Administration piloted the Defense Logistics Agency's version of MSPV and decided to expand it VA-wide. However, it did not evaluate whether the pilot was scalable, as GAO recommended in September 2020. A legal challenge has led to further delays, during which the medical centers continue to face the shortcomings of the current version of the program, including frequent backorders and other issues.

GAO's March 2021 High-Risk Update reported that VA has made limited progress addressing its acquisition management challenges. Since that time, VA has issued a high-risk action plan. While this plan identifies root causes of problems GAO identified in prior work, it lacks specifics. For example, the plan does not identify the scope of VA's supply chain and how existing programs and initiatives will be included in its overall supply chain modernization effort.

In March 2021, GAO made a recommendation that VA develop a comprehensive supply chain management strategy, given existing and continuing supply chain challenges that were highlighted by the COVID-19 pandemic. In response, VA has taken action and, according to the Chief Acquisition Officer, plans to complete a supply chain assessment by the end of 2022, which will inform its supply chain strategy.

While GAO recognizes that VA is taking action on supply chain issues, preliminary observations from its ongoing work underscore that VA has fundamental acquisition management challenges that, if not addressed, could undermine these supply chain efforts. For example, preliminary observations indicate that several of VA's key acquisition programs are not following VA's acquisition framework introduced in 2017—a situation confirmed by senior VA acquisition officials. A good acquisition framework, among other things, can help ensure that VA leaders have a structured process and the necessary information to make decisions at key points as it implements and executes a program. Such a framework also provides leaders with ways to monitor program outcomes and ensure accountability. GAO will be reporting on VA's current framework and actions it is taking to develop and implement a new framework and other actions related to acquisition oversight in the summer of 2022.