



September 2025

VA ACQUISITIONS

Leadership
Accountability and
Savings Goals
Needed to Improve
Purchasing Efficiency

Leadership Accountability and Savings Goals Needed to Improve Purchasing Efficiency

GAO-25-107398

September 2025

A report to congressional committees

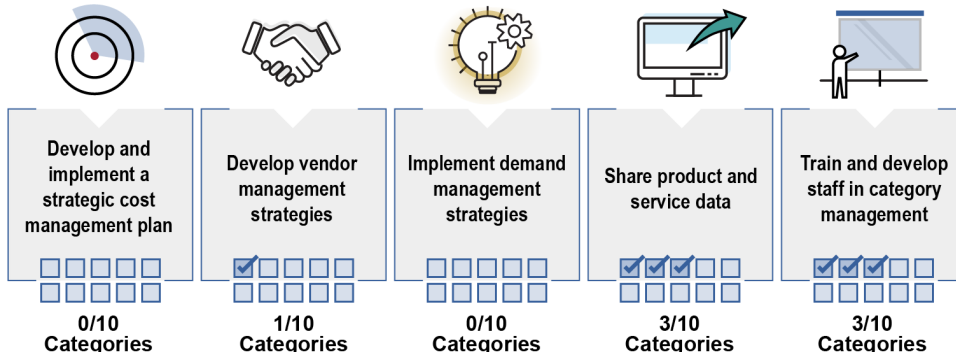
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What GAO Found

The Department of Veterans Affairs (VA) has a policy encouraging purchasers of common goods and services to leverage the government's buying power and save taxpayer dollars. In 2020, VA assigned roles and responsibilities to implement an effort led by the Office of Management and Budget (OMB), called category management, designed to help federal agencies buy like a single enterprise. VA assigned officials to manage 10 common spending categories, such as medical and IT goods and services. Each category manager was also tasked with implementing five key responsibilities aligned with OMB guidance.

GAO found, however, that these officials and those assisting them—known as category leads—generally did not fulfill their responsibilities because senior leaders responsible for oversight did not take steps to ensure they did so. Until senior VA leaders hold these officials accountable, VA will struggle to consistently implement its category management policy and take important steps that could result in savings, reduced contract duplication, or other benefits.

Extent to Which Department of Veterans Affairs Category Management Leadership Met Key Responsibilities in Policy, as of February 2025



Source: GAO analysis of agency documentation and interviews with category leads. | GAO-25-107398

VA met most of its annual category management goals set by OMB from fiscal years 2020 to 2024. For example, 91.7 percent of VA's \$67.2 billion in contract obligations in fiscal year 2024 were on contracts considered to be managed according to category management principles, exceeding its goal of 90 percent. VA reported savings for governmentwide contracts that accounted for 7.6 percent of its fiscal year 2024 contract obligations. However, category leads told GAO that they did not set or manage toward category-specific savings goals. Doing so could help VA leverage its buying power to save taxpayer dollars and quantify the return on investment for a larger share of its category management efforts.

VA met annual goals set by OMB for training its workforce on category management principles. However, GAO found that key officials, including leads for seven of 10 spending categories, had not taken such training. Until VA ensures that key officials—including category managers and category leads—receive training that is relevant for their roles, the agency will struggle to fully implement its category management policy.

Why GAO Did This Study

According to the General Services Administration, the government achieved \$58.3 billion in cost avoidance through OMB's category management initiative from fiscal years 2021 through 2024. VA reportedly accounted for \$14.3 billion of this amount. The government's pursuit of additional savings and efficiency remains critical in the face of increasing budgetary pressures.

GAO was asked to review VA's progress in implementing category management. Among other objectives, this report identifies the extent to which VA (1) implemented category management policies and processes, and (2) achieved intended category management outcomes.

GAO reviewed VA policies, procedures, and plans, and OMB's category management guidance; analyzed VA contract and category management data between fiscal years 2019 and 2024 and assessed progress against established goals; and interviewed VA officials, including those responsible for managing VA's 10 common spending categories and VA contracting activities.

What GAO Recommends

GAO is making six recommendations to VA, including that VA (1) establish performance requirements to hold category managers accountable for their responsibilities, (2) establish category-specific savings goals, and (3) ensure that key category management officials take training relevant to their roles. VA concurred with all six recommendations.

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Abbreviations

CAO	Chief Acquisition Officer
CMSO	Category Management Support Office
D2D	Data2Decisions
GSA	General Services Administration
HCA	head of the contracting activity
HRA/OSP	Human Resources and Administration/Operations, Security and Preparedness
OALC	Office of Acquisition, Logistics, and Construction
OIT	Office of Information and Technology
OM	Office of Management
OMB	Office of Management and Budget
SPE	Senior Procurement Executive
VA	Department of Veterans Affairs
VHA	Veterans Health Administration

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September 2, 2025

The Honorable Jerry Moran
Chairman
The Honorable Richard Blumenthal
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Mike Bost
Chairman
The Honorable Mark Takano
Ranking Member
Committee on Veterans' Affairs
House of Representatives

Since 2014, the Office of Management and Budget (OMB) has led a governmentwide category management initiative for federal agencies to buy goods and services in a more coordinated manner. The category management initiative is intended to help federal agencies, such as the Department of Veterans Affairs (VA), buy like a single enterprise to leverage the government's buying power, save taxpayer dollars, eliminate duplicative contracts, and more efficiently and effectively execute their missions. For example, applying strategies to engage with industry and vendors can improve agency understanding of procurement cost drivers and supply base risks that may affect mission-critical activities. In fiscal year 2024, VA obligated more than \$65 billion on contracts for goods and services across the 10 common spending categories included in the federal category management initiative. These include medical, IT, and professional services. VA's obligations comprised about 13.3 percent of all such obligations across the federal government. Given VA's significant contract obligations and the acquisitions-related challenges it faces, including managing its supply chain, we placed VA acquisition management on our High-Risk List in 2019.¹

Our prior work has found that leading private sector companies use category management practices to save 10 to 20 percent when buying

¹GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025); and *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

goods and services.² In December 2024, OMB announced that the federal government had achieved more than \$100 billion in savings and cost avoidance since the start of the federal category management initiative. According to the General Services Administration (GSA), VA accounted for \$14.3 billion of the federal government's \$58.3 billion in cost avoidance from fiscal years 2021 through 2024. The federal government's pursuit of additional savings and efficiency remains critical in the face of increasing fiscal pressures, as we have recently reported.³

You requested that we examine VA's progress in implementing category management. Our report identifies the extent to which VA (1) implemented category management policies and processes, (2) achieved intended category management outcomes, and (3) addressed supply base risks in vendor management strategies.

To identify the extent to which VA implemented category management policies and processes, we reviewed VA policies, procedures, and plans and assessed the extent to which these documents implemented OMB's category management guidance. We identified the roles and responsibilities of key stakeholders in VA's category management processes, including category managers. We interviewed officials, such as category leads—who are responsible for the day-to-day management of the 10 common spending categories—as well as contracting officials to determine the extent to which category managers met their assigned responsibilities outlined in VA policy. We also received written responses from relevant senior leaders about their efforts to oversee category managers' implementation of VA policy and their fulfillment of related responsibilities. We assessed VA's implementation of category management policies and processes against *Standards for Internal Control in the Federal Government* and found that principles related to

²GAO, *Strategic Sourcing: Leading Commercial Practices Can Help Federal Agencies Increase Savings When Acquiring Services*, [GAO-13-417](#) (Washington, D.C.: Apr. 15, 2013); *Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs*, [GAO-12-919](#) (Washington, D.C.: Sept. 20, 2012); and *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, [GAO-04-870](#) (Washington, D.C.: Sept. 16, 2004).

³GAO, *The Nation's Fiscal Health: Strategy Needed as Debt Levels Accelerate*, [GAO-25-107714](#) (Washington, D.C.: Feb. 5, 2025).

exercising oversight responsibility, establishing structure, responsibility, and authority, and enforcing accountability were pertinent to our review.⁴

To identify the extent to which VA achieved intended category management outcomes, we reviewed OMB guidance, GSA category management resources, and our prior work to identify key outcomes of category management and how OMB and agencies measure their category management performance.⁵ We reviewed VA annual category management plans for fiscal years 2020 through 2024, as well other VA documentation, to identify departmental category management goals and related activities that VA planned to pursue. We analyzed VA contract, category management, and training data, which we obtained from GSA, to determine the extent to which VA achieved annual goals set by OMB for fiscal years 2020—the first full fiscal year since OMB issued guidance for the federal category management initiative—through 2024.⁶

Also, as part of our second objective, we analyzed VA contract and category management data to select a nongeneralizable sample of six goods that VA purchased between fiscal years 2019—when OMB issued category management guidance—and 2024. We did so to identify the extent to which VA had available item-level prices paid, utilization, and cost avoidance data that it used in procurement decision-making. To select these goods, we used criteria to identify goods that were, among other things, purchased with unmanaged or agencywide contracts, had easily identifiable quantities and models, or were from VA common spending categories with high levels of unmanaged spend. We assessed

⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

⁵GAO, *Federal Buying Power: OMB Can Further Advance Category Management Initiative by Focusing on Requirements, Data, and Training*, [GAO-21-40](#) (Washington, D.C.: Nov. 30, 2020).

⁶In March 2019, OMB issued Memorandum M-19-13, which contained guidance for the federal category management initiative. See Office of Management and Budget, *Memorandum for the Heads of Executive Departments and Agencies: Category Management: Making Smarter Use of Common Contract Solutions and Practices*, OMB Memorandum M-19-13 (Washington, D.C.: Mar. 20, 2019). In July 2025, OMB issued Memorandum M-25-31, which, among other things, builds upon the guidance in OMB Memorandum M-19-13 for the use of common contracts. See Office of Management and Budget, *Memorandum to the Heads of Executive Departments and Agencies: Consolidating Federal Procurement Activities*, OMB Memorandum M-25-31 (Washington, D.C.: July 18, 2025). This new memorandum also states that OMB will review and update, as appropriate, the category management policies in OMB Memorandum M-19-13 to ensure effective alignment with Executive Order 14240 and the consolidation principles outlined in the new memorandum.

the reliability and completeness of VA's contract and category management data by reviewing data dictionaries, conducting electronic testing, and interviewing relevant VA contracting and category management officials. We found them to be suitable for assessing VA's progress toward category management goals and selecting a nongeneralizable sample of contracts for further review.

To identify the extent to which VA addressed supply base risks in vendor management strategies, we interviewed officials responsible for managing day-to-day activities associated with common spending categories, as well as cognizant contracting officials, to determine the extent to which VA officials developed and maintained vendor management plans. We reviewed available plans to determine whether they included specific industry engagement and vendor management strategies to be used prior to and following contract award, identified mission-critical functions and associated contractors, or delineated other strategies to address supply base risks, as directed by VA policy or OMB guidance.⁷ To identify department-level plans and efforts to address supply base risks, we interviewed key officials who manage VA's supply chain, including those from VA's Office of Acquisition and Logistics and the Veterans Health Administration's Procurement and Logistics Office.⁸

Appendix I provides additional information on our scope and methodology.

We conducted this performance audit from March 2024 to September 2025 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.

⁷OMB Memorandum M-19-13.

⁸While this review was ongoing, VA officials told us that the Veterans Health Administration dissolved its Procurement and Logistics Office and assigned its functions to the Veterans Health Administration's Office of Acquisitions and Office of Supply Chain.

Background

Category Management Initiative

Category management is a governmentwide initiative led by OMB that aims to save the federal government billions of dollars each year by improving how agencies buy common goods and services. Prior to the category management initiative, OMB issued several memorandums directing governmentwide strategic sourcing efforts, starting in May 2005. At that time, OMB directed chief acquisition officers to identify commodities that could be purchased more efficiently and effectively through strategic sourcing, and to annually report certain information to OMB's Office of Federal Procurement Policy.

In November 2005, GSA and the Department of the Treasury, with support from OMB's Office of Federal Procurement Policy, established the Federal Strategic Sourcing Initiative, which primarily focused on reorganizing government spending around fewer, larger contracts that secured better pricing for all federal buyers.

In December 2014, OMB established the category management initiative as a successor to the Federal Strategic Sourcing Initiative. The category management initiative expands on its predecessor in part by

- developing common standards in practices and contracts, including terms and conditions;
- improving spend data analysis, which examines how much different buyers are spending on common goods and services, and identifying opportunities to save money;
- sharing prices paid for common goods and services across the federal government; and
- encouraging more frequent use of private sector and government best practices in procurement.

As part of establishing this initiative, OMB's December 2014 memorandum directed executive departments and agencies to take specific actions to implement category management, such as sharing prices paid for goods and services on multiagency contracts.⁹ To manage

⁹Office of Management and Budget, *Memorandum for Chief Acquisition Officers and Senior Procurement Executives: Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings*, (Washington D.C.: Dec. 4, 2014).

and coordinate buying across the government, federal procurement was organized into 10 common spending categories. In February 2016, OMB appointed senior leaders from various agencies to serve as federal category managers to oversee the 10 spending categories. See table 1 below.

Table 1: Ten Common Spending Categories and Agency Leads

Common spending categories	Agency leads
Medical	Departments of Defense, Veterans Affairs
IT	General Services Administration
Human Capital	Office of Personnel Management
Security and Protection	Department of Homeland Security
Travel	General Services Administration
Office Management	General Services Administration
Professional Services	General Services Administration
Industrial Products and Services	General Services Administration
Transportation and Logistics	Department of Defense
Facilities and Construction	General Services Administration

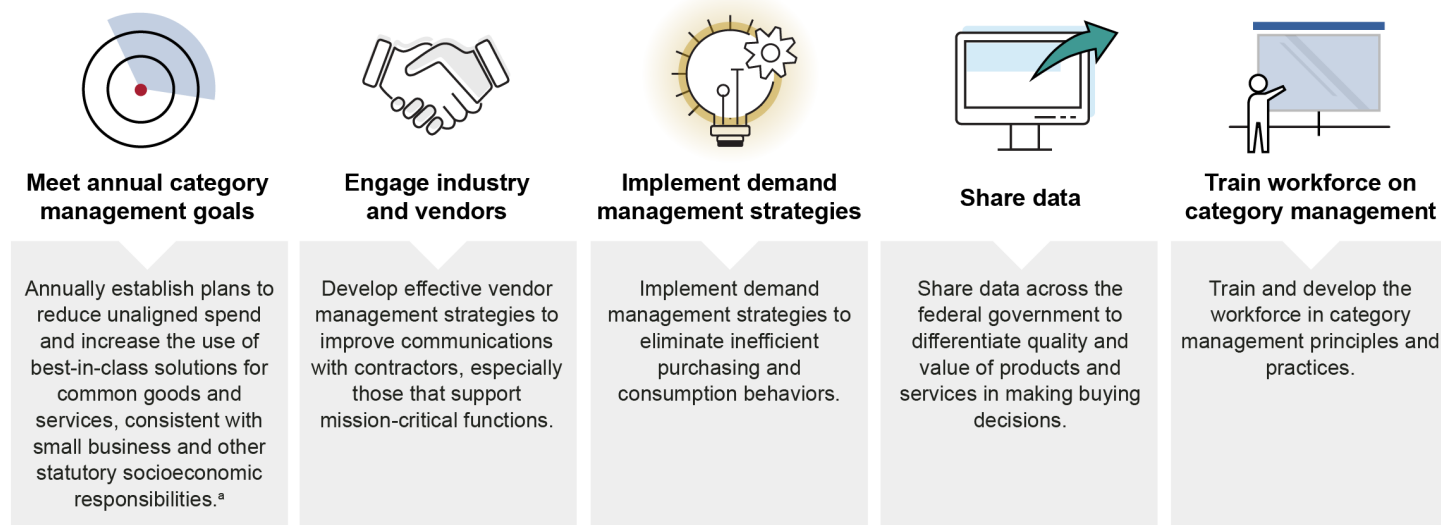
Source: GAO presentation of Office of Management and Budget documentation. | GAO-25-107398

For example, VA’s Under Secretary for Health serves as the federal category manager for the medical category in coordination with the Assistant Secretary for Health Affairs at the Department of Defense.

In March 2019, OMB issued Memorandum M-19-13, which contained guidance for the federal category management initiative.¹⁰ The memorandum directed agencies to put in place processes and policies to implement the initiative and take five key actions and associated activities, shown in figure 1.

¹⁰Office of Management and Budget, *Memorandum for the Heads of Executive Departments and Agencies: Category Management: Making Smarter Use of Common Contract Solutions and Practices*, OMB Memorandum M-19-13 (Washington, D.C.: Mar. 20, 2019).

Figure 1: Office of Management and Budget's Five Key Category Management Actions



Source: GAO analysis of the Office of Management and Budget documentation. | GAO-25-107398

^aUnaligned spend refers to obligations on contracts that are not actively managed according to category management practices. Best-in-class solutions are identified through a collaborative interagency process by acquisition experts within the federal government as offering the best pricing and terms and conditions and reflect the strongest contract management practices.

This—and subsequent—guidance directed agencies to balance their category management and small business contracting goals to ensure that they act in a manner consistent with their ongoing statutory responsibilities to maximize opportunities for small businesses where required. For example, in 2021, OMB issued Memorandum M-22-03, which directed federal agencies to increase spending on contracts with small, disadvantaged businesses to 15 percent of all spending by fiscal year 2025, and to increase spending on contracts with particular subsets of small businesses.¹¹ The memorandum revises OMB Memorandum M-

¹¹Office of Management and Budget, *Memorandum for Heads of Executive Departments and Agencies: Advancing Equity in Federal Procurement*, OMB Memorandum M-22-03 (Washington, D.C.: Dec. 2, 2021). These particular subsets of small businesses are identified in OMB Memorandum M-22-03 as socioeconomic small businesses and traditionally underserved entrepreneurs, to include small disadvantaged small businesses, women-owned small businesses, service-disabled veteran owned small businesses, and small business contractors in Historically Underutilized Business Zones. OMB Memorandum M-22-03 instructs agencies to take steps to further contracting policy established in Executive Order 13985, 86 Fed. Reg. 7009 (Jan. 20, 2021). In January 2025, the President revoked Executive Order 13985. See Executive Order 14148, 90 Fed. Reg. 8237 (Jan. 28, 2025). For the purposes of this report, we assume that the memorandum remains in effect.

19-13 by, in part, allowing agencies to receive automatic credit toward category management goals for contract awards made to these types of small businesses.

Category Management Performance Measures

GSA serves as the Governmentwide Category Management Program Management Office, providing support for maturation of agency category management programs. Among other things, GSA develops and maintains governance processes, goals, and dashboards, including those hosted on its Acquisition Gateway.¹²

Starting in 2020, OMB annually established targets—which we refer to as goals—for three key performance indicators to help measure an agency’s progress in achieving category management priorities. These goals, which are specific to each agency, are posted on GSA’s Acquisition Gateway and reflected in agencies’ annual category management plans. OMB guidance directs agencies to annually update their category management plans to demonstrate progress made and submit them to OMB by October 31 each year.

A discussion of the three performance indicators follows.

- **Increasing spend under management.** Spend under management is the percentage of an organization’s obligations that are considered actively managed according to OMB’s category management principles. According to GSA, increasing spend under management will decrease costs, contract duplication, and inefficiency, and lead to better buying outcomes. OMB tracks spend under management at both the governmentwide and agency levels, identifying spend under management as a percentage of total spending on common goods and services. Each fiscal year, OMB assigns each agency a specific spend under management goal.

OMB uses a spend under management model to assign tiers to contracts according to their alignment with category management principles, such as strategic oversight of spending and using prices paid by federal customers to improve results. GSA issued guidance to implement OMB’s spend under management model. According to this

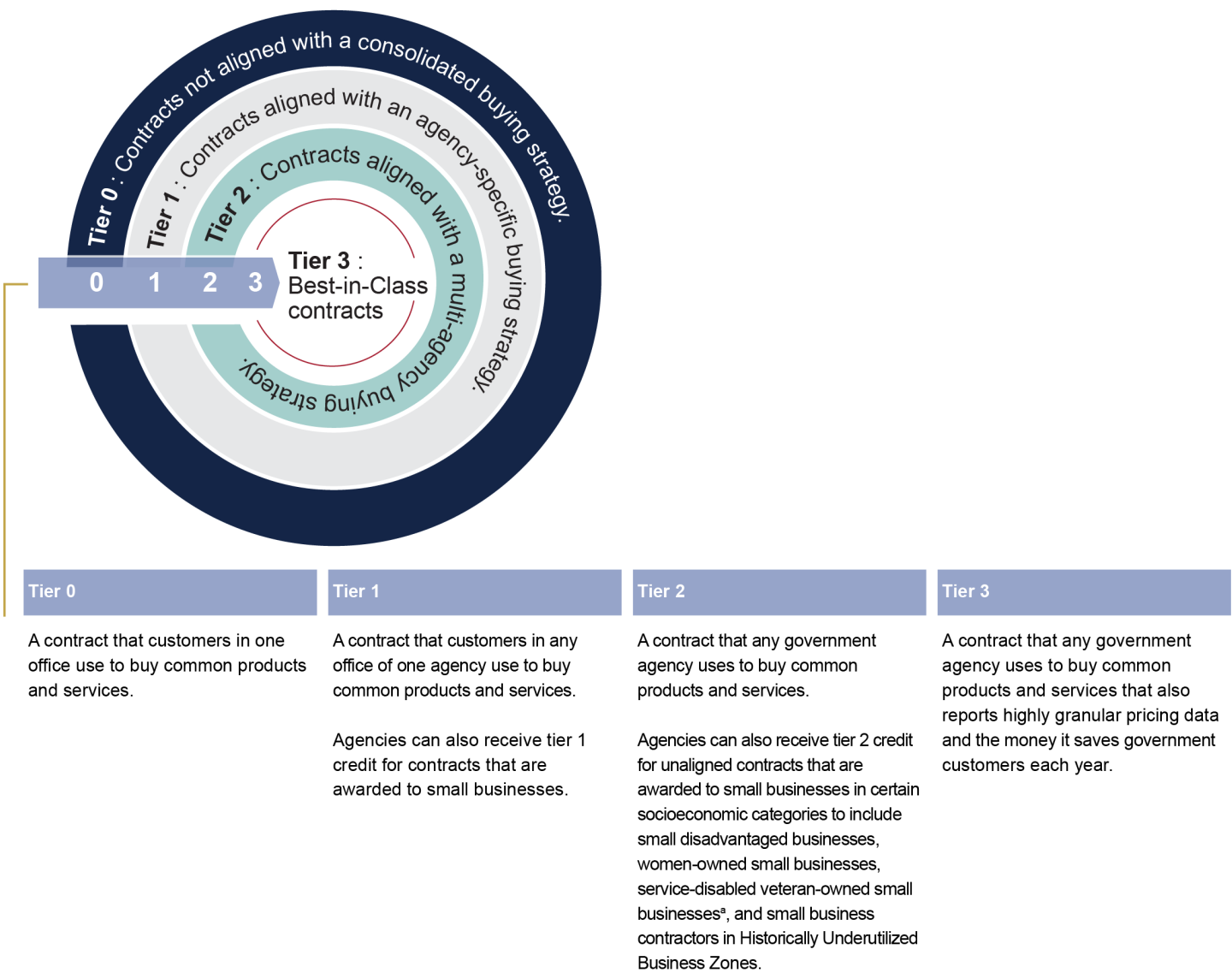
¹²The Acquisition Gateway is managed by GSA and includes information and resources, such as policies and guidance, tools, training, and resources to help government agencies implement category management. The gateway includes a Data2Decisions, or D2D, dashboard that provides an overview of governmentwide and agency-specific category management goals and other metrics. See <https://acquisitiongateway.gov/category-management>.

GSA guidance, to be assigned to a spend under management tier, each contract must meet specific criteria in five areas: leadership, strategy, data, tools, and metrics. For example, metrics-related criteria require agencies to be able to track cost avoidance and small business use. When agencies meet these criteria—in tiers 1 through 3—that spending is considered “managed.”

Tier 3 contracts are also referred to as best-in-class contracts, as they meet the most rigorous standards for the five areas in the spend under management model. These best-in-class contracts are identified through a collaborative interagency process by acquisition experts within the federal government as offering the best pricing and terms and conditions and reflect the strongest contract management practices.

If contracts have not been determined to meet the criteria, they are considered unaligned with a consolidated buying strategy and designated as tier 0 or unmanaged contracts (see fig. 2).

Figure 2: Office of Management and Budget’s Contract Tiers Under Category Management



Source: GAO analysis of Office of Management and Budget documentation. | GAO-25-107398

^aThe Office of Management and Budget designates contracts awarded by the Department of Veterans Affairs to veteran-owned small businesses and service-disabled veteran-owned small businesses as tier 1 small business contracts.

In cases where agencies make awards to certain small businesses, OMB does not require the agencies to meet all these same criteria. For example, agencies can receive tier 1 small business designations

for contracts if an agency-specific law or regulation would preclude the use of a tier 2 or 3 contract—such as when an agency uses set asides according to statutory, regulatory, or agency requirements. Additionally, OMB automatically provides the tier 2 small business designation for contracts awarded to certain small-disadvantaged businesses. Although these contracts do not necessarily align with category management principles, OMB considers them spend under management.

- **Utilizing best-in-class contracts.** According to OMB, best-in-class—or tier 3—contracts offer competitive prices, support consolidated purchasing strategies, and report granular pricing data, among other things. They are intended to offer federal buyers access to vetted governmentwide contracts and increase available data on prices paid so that agencies can make better informed business decisions, according to GSA guidance. OMB tracks the amount of spending for common goods and services obligated through best-in-class contracts at both the governmentwide and agency levels, and receives quarterly savings reports from agency officials who manage those contracts. Since fiscal year 2022, OMB has assigned agency-specific goals for obligations on best-in-class contracts as a percentage of total contract obligations.¹³
- **Training staff in category management principles.** OMB tracks the number of agency staff that complete GSA-delivered courses on category management each fiscal year. To qualify for this key performance indicator, the course must be directed to federal employees, focus on teaching fundamental category management concepts, and use structured and repeatable category management content. Agencies may also teach their own category management courses and receive credit upon a review and eligibility determination from GSA.

In addition, OMB tracks and reports on the Acquisition Gateway progress toward two governmentwide goals:

- **Cost avoidance.** Cost avoidance defines the extent to which an agency delivers increased value for goods and services by paying less, using less, or obtaining more for the same cost. According to GSA, tracking and measuring cost avoidance allows agencies to more effectively manage suppliers and users. OMB currently tracks cost

¹³In fiscal years 2020 and 2021, OMB assigned agency-specific goals for obligations on best-in-class contracts as a dollar figure. GSA officials told us that the change was made to better reflect the growth in federal agency budgets.

avoidance for all best-in-class solutions and reports cumulative governmentwide and federal common spending category-level cost avoidance figures on the Acquisition Gateway. OMB sets governmentwide and federal common spending category-level goals but does not set cost avoidance goals for agencies.

- **Small business utilization.** OMB tracks agencies' small business utilization to demonstrate the extent to which the government uses small businesses while implementing category management strategies.¹⁴ OMB specifically measures the percentage of obligations on contracts awarded to small businesses as prime contractors.

In addition to these quantitative measures, OMB piloted a category management maturity assessment framework in fiscal year 2024 to help agencies qualitatively assess their category management efforts. The maturity framework transitioned from a pilot to permanent use for agency category management plans starting in fiscal year 2025. According to GSA guidance for implementing this framework, agencies are to submit evidence to OMB to support their self-assessed maturity ratings for eight elements across the following four framework cornerstones, as shown in table 2.

Table 2: Category Management Maturity Assessment Framework, Fiscal Year 2025

Cornerstones	Elements
Organizational alignment and leadership	Agency has identified its category management leadership and stakeholders and is actively implementing category management.
Policies and processes	Agency policies and guidance from leadership promote adoption of category management principles.
	Agency promotes effective engagement with key stakeholders to define requirements.
	Agency has clear mechanism(s) for vendor engagement and/or government-industry interactions.
	Agency balances category management principles while prioritizing small business utilization.
Human capital	Agency has a category management-educated and prepared workforce.
Knowledge and information management	Agency manages its data to ensure high-data quality for decision-making and agency planning purposes.
	Agency collects, shares, and leverages prices paid data to make decisions.

Source: GAO presentation of information from the General Services Administration for the category management maturity assessment framework. | GAO-25-107398

¹⁴Per OMB Memorandum M-22-03, agencies are expected to pursue category management and small business acquisition strategies together—improving their acquisition of common goods and services by using category management principles and continuing to meet their small business goals.

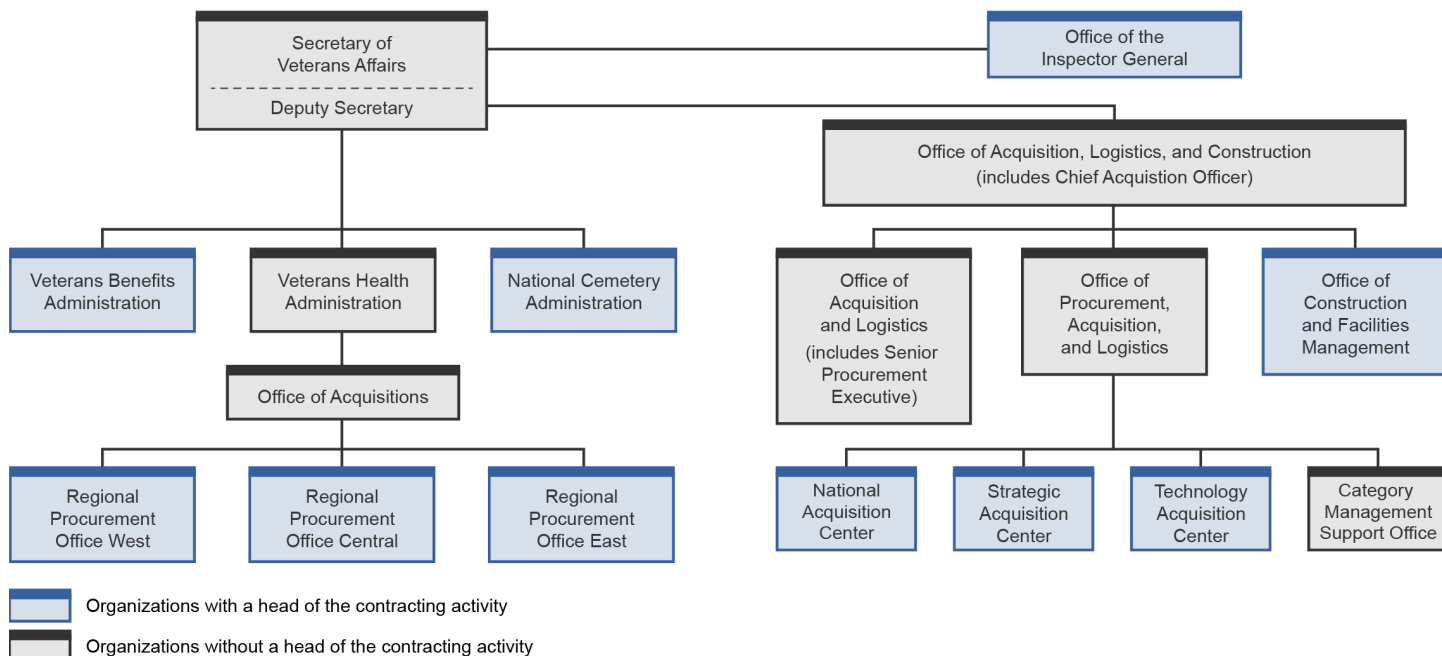
OMB identified criteria for agencies to use to assess maturity across each of the eight elements as either learning (the lowest maturity level), developing, mature, or optimized (the highest maturity level). OMB officials told us that GSA's Governmentwide Category Management Program Management Office validates the agency-submitted ratings and evidence.

VA Procurement Organizations

VA is responsible for providing benefits to veterans, including health care, disability compensation, and various types of financial assistance. To carry out its mission and support its operations, VA spends tens of billions of dollars annually to procure a wide range of goods and services, including medical supplies, construction services, and IT. A variety of offices and administrations within VA have a role in managing its acquisitions or are responsible for executing VA's programs.¹⁵ Figure 3 illustrates VA's major operational administrations and offices with departmentwide acquisition roles.

¹⁵As of June 2025, VA is considering a departmentwide reorganization that could affect some aspects of its contracting activity organizations.

Figure 3: Contracting Activity Organizations at the Department of Veterans Affairs (VA)



Source: GAO presentation of VA Information. | GAO-25-107398

Note: As of June 2025, VA is considering a departmentwide reorganization that could affect some aspects of its contracting activity organizations.

- The department's three operational administrations—Veterans Health Administration, Veterans Benefits Administration, and National Cemetery Administration—operate largely independently from one another. Each has its own contracting authority and head of contracting activity (HCA).¹⁶ All three also work with national contracting organizations under the Office of Acquisition, Logistics, and Construction for certain types of purchases, such as medical equipment and IT.
- The Office of Acquisition, Logistics, and Construction has a departmentwide acquisition function and maintains oversight responsibility on behalf of the Secretary to ensure that VA complies with laws, policies, and directions from executive branch partners,

¹⁶The HCA is the official with overall responsibility for managing the contracting activity, which is an element of an agency designated by the agency head and delegated broad authority regarding acquisition functions. The HCA is responsible for managing their assigned acquisition workforce to include allocating resources, providing training opportunities, implementing a data-driven human capital management process, and establishing acquisition procedures and guidance concerning the acquisition activity.

such as OMB and GSA. The Principal Executive Director of Office of Acquisition, Logistics, and Construction is VA's Chief Acquisition Officer (CAO).

- The Office of Acquisition and Logistics—which is headed by an Executive Director who also serves as VA's Senior Procurement Executive (SPE)—and the Office of Procurement, Acquisition and Logistics are also under the Office of Acquisition, Logistics, and Construction. The Office of Acquisition and Logistics is responsible for departmentwide contracting and oversight.
- The Office of Procurement, Acquisition and Logistics is responsible for supporting VA's highly complex requirements, including strategic IT and medical systems, among other things. This office is comprised of three major organizational components: National Acquisition Center, Strategic Acquisition Center, and Technology Acquisition Center. It also contains departmentwide support organizations, including the Category Management Support Office (CMSO). We discuss the responsibilities of CMSO later in this report.

Prior GAO Work on Category Management and Supply Base Risks

We have previously reported on VA's efforts to reduce contract duplication using category management principles and practices, including strategic sourcing. In September 2016, we identified opportunities for VA to improve the efficiency and effectiveness of its multi-billion-dollar annual spending in several areas, including data systems, procurement policies and oversight, acquisition workforce, and contract management.¹⁷ We made 10 recommendations, including that VA update and clarify its policy framework and review its strategic sourcing efforts. VA agreed with the recommendations and implemented nine of the recommendations.¹⁸

¹⁷GAO, *Veterans Affairs Contracting: Improvements in Policies and Processes Could Yield Cost Savings and Efficiency*, [GAO-16-810](#) (Washington, D.C.: Sept. 16, 2016).

¹⁸We recommended that VA develop a plan for adding functionality to its contract management system to alleviate the need for National Acquisition Center contracting officers to enter obligations for high-tech medical equipment into two different data systems. VA initially concurred with this recommendation and planned to deploy a commercial off the shelf solution to replace its financial management system, as well as its contract management system, which would incorporate all functionality needed by the National Acquisition Center. However, VA officials subsequently told us that the proposed solution would not address the National Acquisition Center's functionality needs as originally intended and contracting officials would need to continue using its separate contract management system. As a result, we closed the recommendation as not implemented.

In September 2020, we found that selected agencies, including VA, varied in their efforts to implement five of OMB's category management activities that contribute to preventing, identifying, and reducing duplicative IT contracts.¹⁹ We found that VA partially implemented four of these activities, such as reducing unmanaged IT spending and increasing the use of best-in-class contracts. We reported that VA was still developing processes and policies for implementing the agency's category management efforts. We made six recommendations to VA to improve its implementation of category management practices. These included a recommendation that VA share across the federal government prices paid and terms and conditions for purchased IT goods and services, and that it use spend analysis to identify opportunities to reduce IT contract duplication. VA agreed with our recommendations and implemented actions to address them. In a separate November 2020 report on the governmentwide category management effort, we identified governmentwide challenges that hindered agencies' category management initiatives, including the collection, analysis, and sharing of data on spending and prices paid.²⁰

In July 2021, we found that six of the government's largest agencies—including VA—did not consistently implement key practices that leading companies use to improve the performance of their procurement organizations.²¹ For example, we found that leaders at VA and the other five agencies reviewed relied on process-oriented metrics derived from OMB or statutorily required goals such as small business utilization rates when managing their procurement organizations, instead of using outcome-oriented metrics like cost savings and avoidance. We recommended that VA use a balanced set of performance metrics to manage the department's procurement organizations, including outcome-oriented metrics to measure cost savings and avoidance. VA agreed with our recommendation and took some initial steps to inform their approach to implementing outcome-oriented metrics but has yet to establish such metrics.

A key focus of vendor management strategies—one of the key category management actions identified by OMB—is to improve communication

¹⁹GAO, *Information Technology: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication*, [GAO-20-567](#) (Washington, D.C.: Sept. 30, 2020).

²⁰[GAO-21-40](#).

²¹GAO, *Federal Contracting: Senior Leaders Should Use Leading Companies' Key Practices to Improve Performance*, [GAO-21-491](#) (Washington, D.C.: July 27, 2021).

with vendors to meet an agency's high priority or mission critical requirements and reduce risk. We previously reported opportunities for VA to improve the effectiveness of its supply chain and mitigate supply base risks. In 2021, we recommended that VA develop a comprehensive supply chain management strategy, given existing and continuing supply chain concerns that were highlighted by the COVID-19 pandemic. We also testified about VA's efforts to modernize its supply chain.²² VA officials agreed with this recommendation and partially addressed it. Specifically, VA identified a program manager to oversee the supply chain modernization process, established a governing body, and conducted a supply chain gap analysis to inform its supply chain strategy. VA officials estimated the governing body would review the supply chain strategy in December 2025.

VA Has Not Fully Implemented Its Category Management Policy or Processes

VA issued a policy in 2020 to implement OMB's category management guidance, assigned specific roles and responsibilities to senior officials, and designated category managers. However, these officials have generally not fulfilled their assigned category management duties identified in VA policy because senior leaders responsible for oversight did not hold them accountable. Additionally, VA has not established an oversight body as directed by its 2020 policy to guide category management implementation across the department.

VA Issued a Policy That Assigned Responsibilities to Implement OMB's Category Management Guidance

In November 2020, the Secretary of Veterans Affairs issued a policy that assigned roles and responsibilities to various senior officials to implement VA's category management efforts in accordance with OMB guidance.²³ The policy stated that the Secretary would be the senior accountable official responsible for developing and executing VA's governance and execution framework. These responsibilities included establishing policies and other guidance to ensure implementation of category management principles throughout the department. VA leadership told us that the Deputy Secretary has since assumed the senior accountable official role

²²GAO, *VA Acquisition Management: Fundamental Challenges Could Hinder Supply Chain Modernization Efforts if Not Addressed*, [GAO-22-105483](#) (Washington, D.C.: Nov. 18, 2021); and *VA Acquisition Management: Comprehensive Supply Chain Management Strategy Key to Address Existing Challenges*, [GAO-21-445T](#) (Washington, D.C.: Mar. 24, 2021).

²³Department of Veterans Affairs, *Designation of Department Level Category Managers*, Memorandum to Under Secretaries, Assistant Secretaries, and Other Key Officials (Washington, D.C.: Nov. 17, 2020).

from the Secretary, which is consistent with OMB guidance.²⁴

Furthermore, in the VA policy, the Secretary designated the Office of the Deputy Secretary as responsible for overseeing VA category management in accordance with OMB guidance.

In addition to the Office of the Deputy Secretary, other senior officials and offices support the department's category management function:

- **CAO and SPE:** responsible for maintaining efficient processes and policies to support category management.
- **Category Management Support Office (CMSO):** responsible for developing category management processes, guidance, tools, and training, and provides overall category management support for VA, while annually reporting on the progress of category management execution to OMB.
- **Category managers:** responsible for ensuring effective implementation of category management by developing and executing strategic cost management plans for their assigned common spending categories, among other responsibilities.²⁵
- **Category leads:** appointed by category managers, as necessary, to manage day-to-day category management activities such as executing plans to maximize mission capabilities while managing cost. As of October 2024, all of VA's category managers appointed leads for their respective categories.

²⁴OMB Memorandum M-19-13 established that a senior accountable official at each agency is responsible for, among other things, approving an annual category management plan for the agency, and ensuring execution and performance in relation to goals. The memorandum states that an agency's Deputy Secretary, or their equivalent, shall serve as the senior accountable official unless another individual is identified by the agency and agree upon by OMB. VA officials told us that the Secretary was initially identified as the senior accountable official because the Deputy Secretary role was vacant at the time the policy was published. Annual category management plans that VA submitted to OMB, covering fiscal years 2021 through 2024, also identify the Deputy Secretary as the senior accountable official.

²⁵The VA policy refers to the categories as functional cost categories. However, these 10 categories align with the 10 common spending categories previously discussed for the governmentwide category management initiative. Throughout this report, we will refer to the 10 VA functional cost categories as common spending categories. The 10 common spending categories include medical, IT, human capital, security and protection, travel, office management, professional services, industrial products and services, transportation and logistics, and facilities and construction.

The Secretary appointed category managers for each of the 10 common spending categories established in OMB's governmentwide category management effort. Table 3 lists VA's 10 common spending categories and their fiscal year 2024 contract obligations, and the titles of senior officials designated by the Secretary as category managers and their delegated category leads.

Table 3: Department of Veterans Affairs Category Managers and Category Leads, by Common Spending Category

VA common spending category	VA fiscal year 2024 obligations	Designated category manager	Delegated category lead
Medical	\$41.1 billion	Under Secretary for Health, Veterans Health Administration (VHA)	Executive Director, Acquisition, Technology, and Logistics, VHA Procurement and Logistics Office
IT	\$7.5 billion	Assistant Secretary for Information and Technology/Chief Information Officer, Office of Information and Technology (OIT)	Deputy Chief Information Officer, OIT
Human Capital	\$205.6 million	Assistant Secretary for Human Resources and Administration/Operations, Security and Preparedness (HRA/OSP)	Director, Program Management and Acquisitions Office, HRA
Security and Protection	\$152.0 million		
Travel	\$392.6 million	Assistant Secretary for Management/Chief Financial Officer, Office of Management (OM)	Director, Corporate Charge Card Center, OM
Office Management	\$187.8 million	Principal Executive Director, Office of Acquisition, Logistics and Construction (OALC)/Chief Acquisition Officer	Director, Category Management Support Office, OALC
Professional Services	\$11.3 billion		
Industrial Products and Services	\$510.3 million		Director of Logistics Support Services, Office of Procurement, Acquisition and Logistics, OALC
Transportation and Logistics	\$811.9 million		
Facilities and Construction	\$5.0 billion		Executive Director, Office of Construction and Facilities Management, OALC

Source: GAO review of Department of Veterans Affairs (VA) documents, category management and contract data provided by General Services Administration. | GAO-25-107398

In December 2023, VA's Office of Acquisition and Logistics updated the VA Acquisition Manual, which outlines procedures, guidance, and instructions for VA's acquisition workforce, including for category management. Consistent with the November 2020 policy, the updated Acquisition Manual identifies category managers as primarily responsible

for category management implementation.²⁶ The manual also states that the CAO and SPE are responsible for prioritizing those efforts that help the agency buy smarter, such as increasing the use of governmentwide and departmentwide category management contracts to save money and reduce duplication.

**Assigned Officials
Generally Did Not Fulfill
Category Management
Responsibilities Under VA
Policy**

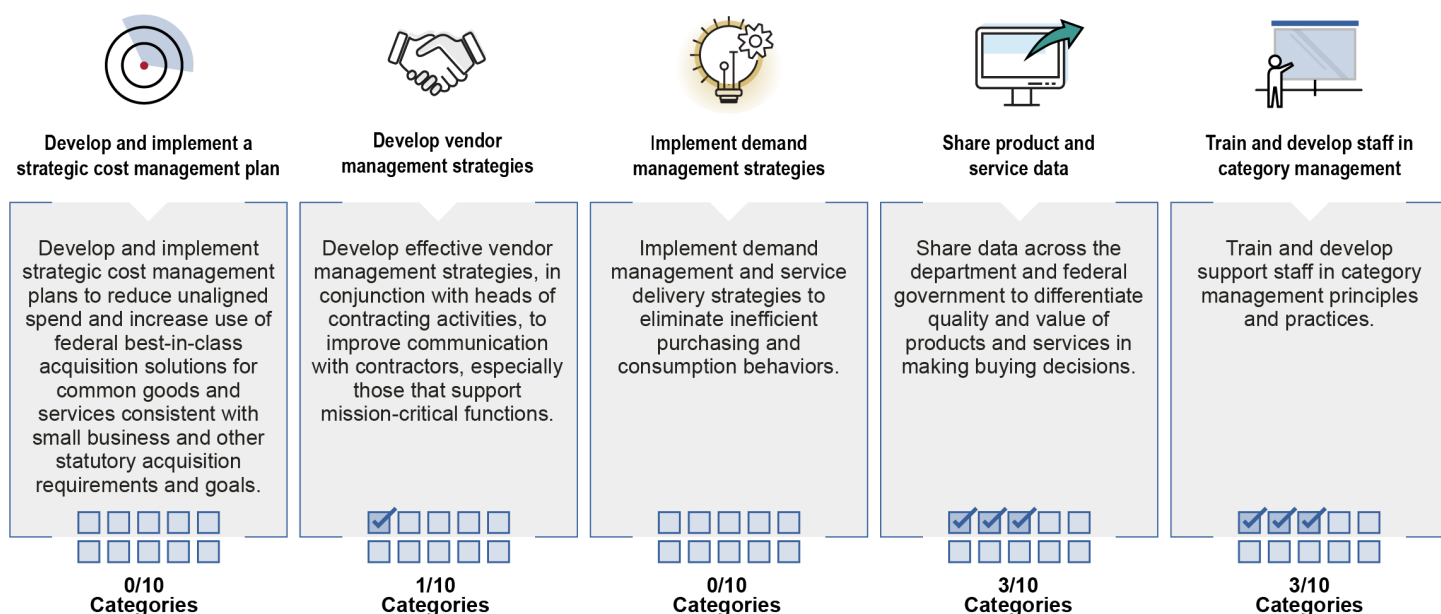
Although category managers are responsible for managing their assigned categories of goods and services under VA policy, we found that VA's category managers or their delegated category leads for VA's 10 categories generally did not fulfill their assigned responsibilities that align with five key category management actions. We refer to these as key responsibilities.²⁷ Figure 4 illustrates the extent to which category managers met each of their key responsibilities.²⁸

²⁶Department of Veterans Affairs, *Veterans Affairs Acquisition Manual*, M808.004-72 Category management (June 2024).

²⁷In VA policy, the Secretary assigned category managers 13 responsibilities related to implementing category management in their respective spending categories. Of those 13 responsibilities, we found that five directly align with the five key category management actions in OMB's category management guidance. The remaining eight responsibilities include, among others, collaborating with governmentwide category managers to leverage best practices and capturing and reporting cost avoidance and budget savings.

²⁸OMB Memorandum M-19-13.

Figure 4: Extent to Which Category Management Leadership for the Department of Veterans Affairs' 10 Common Spending Categories Met Their Five Key Responsibilities in Policy, as of February 2025



Source: GAO analysis of agency documentation and interviews with category leads. | GAO-25-107398

- **Develop and implement a strategic cost management plan.** None of the category leads developed or implemented a strategic cost management plan for their assigned categories as required by VA policy. Instead, VA developed a departmentwide category management plan on an annual basis to demonstrate how the department is meeting the category performance goals specified by OMB, such as increasing the use of best-in-class solutions. In July 2024, VA's SPE told us that VA needs to improve its current approach by having each category develop a category-specific plan to inform the annual departmentwide plan submitted to OMB.
- **Develop vendor management strategies.** Only the facilities and construction category lead—who is also the HCA for VA's Office of Construction and Facilities Management—developed vendor management strategies, as required by VA policy. Specifically, the facilities and construction category lead provided documentation that identified vendor management strategies to engage industry to, among other things, improve cost effectiveness of the category's procurements and manage supply chain risks. This category also has a vendor management initiative available on its public-facing website,

which includes educational links, upcoming vendor events, and webinars for prospective vendors to learn about working with the office, among other things.

The transportation and logistics category lead said that they rely on the relevant program office to conduct vendor management activities. The CMSO director, who serves as category lead for three categories—industrial products and services, office management, and professional services—said that they lack the resources to develop specific vendor management strategies for each of these categories. A representative of the IT category lead said that the category did not develop a plan and instead relied on conducting market research to inform vendor management. Category leads for the remaining four categories—human capital, medical, security and protection, and travel—did not identify why they have not developed vendor management plans or strategies.

We also asked each of VA's 10 HCAs if they had any documented vendor management strategies, given their shared responsibility for doing so under VA policy. As with category leads, nine of the 10 HCAs had not developed a vendor management plan. We expand on VA's use of vendor management strategies to address supply chain risks later in the report.

- **Implement demand management strategies.** None of the category leads have implemented demand management strategies to eliminate inefficient purchasing and consumption behaviors, as required by VA policy. The category lead for the industrial products and services, office management, and professional services categories told us that developing demand management strategies is a responsibility of the HCA. However, VA policy assigns this responsibility to the category managers. The lead for the human capital and security and protection categories told us that they do not have formal strategies but have tried to conduct some demand management activities in the past for contracts, such as human resources surge support contracts. The facilities and construction category lead confirmed that they do not have a formal demand management plan for the category and instead rely on tracking expiring contracts to identify opportunities to put in place managed contracts. Category leads for the remaining four categories—IT, medical, transportation and logistics, and travel—did not provide additional details for why they have not implemented demand management strategies.
- **Share product and service data.** Category leads for three categories—IT, medical, and transportation and logistics—provided

examples of sharing product and service data across VA or the government to differentiate quality and value of goods and services in making buying decisions. For example, a representative of the IT category lead said that category officials collaborate with the Technology Acquisition Center and CMSO to capture and manage all IT spend appropriately, and externally collaborate with GSA-led peer-agency working groups to share best practices and look for governmentwide opportunities. Category leads for the remaining seven categories told us that they either did not share data or were very limited in their ability to do so.

- **Train and develop staff in category management.** Category leads or their representatives for three categories—facilities and construction, IT, and medical—all reported participating in VA’s category management training or community of interest. However, category leads for the remaining seven categories noted that they have not received such training to date or have not trained and developed their support staff at the category level. We further discuss VA’s category management training efforts later in this report.

In addition, we found that leads for two categories were not aware of the category management responsibilities outlined in VA policy or OMB guidance. For example, a lead for one category expressed unfamiliarity with OMB guidance, VA policy designating category managers, and the February 2022 and December 2023 updates made to VA’s Acquisition Manual regarding category management. Another category lead told us that, while they were aware of the VA policy, they received little to no guidance from category management leadership about their roles and responsibilities for category management.

The Deputy Secretary, CAO, and SPE, did not hold category managers—or their delegated leads—accountable for fulfilling their assigned category management responsibilities. For example, in February 2025, the CAO and SPE told us that VA does not have category management goals reflected in the performance plans of senior executive service or other key leaders, such as category managers and leads. These officials identified only the Principal Deputy Executive Director for the Office of Acquisition, Logistics, and Construction and the associate directors for the National Acquisition Center, Strategic Acquisition Center, and Technology Acquisition Center as having category management-related performance requirements, such as for spend under management, in their performance plans. In prior work, we found that sustained leadership and effective metrics are important factors to implementing strategic sourcing, the predecessor to category management. We also previously reported

that VA and other agencies added related performance measures to certain executives' performance evaluations to incentivize use of strategic sourcing.²⁹

Additionally, in February 2025, the CAO and SPE told us they have limited involvement in category management outside of the medical and IT categories and were aware that most of the category managers were not engaged in category management. However, these officials, who are responsible for oversight, told us that they did not further scrutinize category managers' execution of their responsibilities because VA had been meeting its departmental category management performance goals set by OMB.³⁰ The officials also told us that category managers, despite their assigned oversight responsibilities, were not always available to dedicate resources to category management given the responsibilities associated with their primary positions. As such, the senior officials shared that VA left much of the execution of category management to CMSO and the acquisition workforce. However, VA policy states that category managers may not delegate category management duties to positions lower than a deputy assistant secretary or equivalent executive position.

We also found that while CMSO managed the department's annual category management submission to OMB, CMSO has not been able to implement initiatives at the category level. In 2020, CMSO developed 10 initial, high-level plans to standardize the processes and practices used by category managers when implementing vendor and demand management strategies, among other category management responsibilities. However, in December 2024, CMSO officials told us that these high-level plans had neither been signed by the CAO nor implemented due in part to CMSO's inability to generate buy-in from category managers.

In February 2025, the CAO and SPE told us that they saw CMSO's efforts to develop category management strategic plans as a "grassroots campaign" that was overtaken by the agency's other pressing needs, such as the provision of clinical care during the COVID-19 pandemic and

²⁹GAO, *Strategic Sourcing: Improved and Expanded Use Could Provide Significant Procurement Savings*, [GAO-13-765T](#) (Washington, D.C.: July 15, 2013); and [GAO-12-919](#).

³⁰Each year OMB assigns agencies performance goals for spend under management, obligations on best-in-class contracts, and training. Agencies submit data on their performance against these three goals in an annual submission to OMB.

implementation of The Honoring Our Promise to Address Comprehensive Toxics Act of 2022.³¹ Moreover, CMSO had until recently operated without a signed charter formally establishing the office's roles and responsibilities since its creation in 2020. According to CMSO officials, they provided the charter, which was developed in June 2020, to the former CAO to sign, but the CAO ultimately did not sign it amidst turnover in the position. However, during our review and, in part, because of discussions that we had with VA officials, the acting CAO signed the charter in January 2025. According to CMSO's charter, the office is tasked with supporting category managers, who are responsible for developing goals and strategies to achieve desired cost avoidance outcomes for their respective common spending categories.

Our prior work has underscored the importance of demonstrating leadership commitment and promoting accountability. For example, we noted that demonstrated commitment of senior leaders is perhaps the most important element in successfully managing and improving performance of federal organizations. This commitment is most prominently shown through the direct involvement of senior leaders in performance management and fosters buy-in among others involved in those activities. Further, we previously highlighted that aligning individual performance goals and organizational goals helps organizational leaders hold responsible parties accountable.³² In February 2025, we reported that VA's acquisition leaders, including the CAO and SPE, needed to establish clear accountability mechanisms to ensure consistent execution for acquisition management at the department.³³ According to *Standards for Internal Control in the Federal Government*, management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. Additionally, management should evaluate performance and hold individuals accountable for their internal control responsibilities through mechanisms such as performance appraisals.³⁴

VA has taken steps to implement category management initiatives by issuing a policy that establishes an oversight structure, assigns

³¹Pub. L. No. 117-168 (2022).

³²GAO, *Evidence-Based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts*, [GAO-23-105460](#) (Washington, D.C.: July 12, 2023).

³³[GAO-25-107743](#).

³⁴[GAO-14-704G](#).

responsibilities, and delegates authority to senior officials. However, the Deputy Secretary—as the senior accountable official—and other senior leaders have not fulfilled their responsibilities to oversee and implement VA’s governance and execution framework for category management established in this policy. Specifically, these officials did not establish performance requirements for category managers as a mechanism to hold them accountable for meeting their responsibilities. Without establishing performance requirements, VA cannot ensure category managers are taking steps to implement category management actions that could result in further cost avoidance, reduced contract duplication, or other benefits.

VA Has Not Established an Oversight Body to Guide Category Management Implementation

VA does not currently have an oversight body in place to ensure that category managers and other key officials fulfill their assigned responsibilities. This is because leadership did not stand up a planned category management council that was called for in the 2020 VA policy. According to the policy, this council was to be the principal forum to provide oversight of category management implementation across the department under the Deputy Secretary.

The VA policy states that the council was to serve in an advisory capacity to the senior accountable official and meet semiannually or as needed at that official’s direction. A designee from within the Office of the Deputy Secretary was to chair the committee and members were to include category managers, CAO, SPE, and the Executive Director of the Office of Small and Disadvantaged Business Utilization. The council was to be the collective body—including assigned category managers, CAO, SPE, and other officials—that was to identify category management goals and develop related strategies.

Other federal agencies established similar councils as part of their category management initiatives. For example, we previously reported that the Department of State established a category management council that reviews and recommends initiatives for agencywide category management, among other activities.³⁵ Similarly, in 2022, the Department of Defense established a category management council to facilitate cross-

³⁵[GAO-20-567](#).

component coordination on category management matters and improve the efficiency and effectiveness of acquisition activities.³⁶

In August 2024, VA's SPE and the CMSO director told us that the category management council was not established because the Secretary who issued the VA memorandum left the department before establishing the council. CMSO had developed a governance plan that outlined the office's framework and planned activities necessary to oversee VA's agencywide category management program, to include a planned structure for the category management council. However, CMSO's governance plan was neither signed by Office of Acquisition, Logistics, and Construction leadership nor implemented. In February 2025, the CAO and SPE told us that at the time that such a council was planned, there were multiple competing requirements that led them to consider having an existing council perform the duties of the category management council instead of establishing a new, dedicated body. However, they added that there was little subsequent activity in pursuit of this approach. In April 2025, VA officials stated that they are still considering opportunities for an existing VA board to perform the duties of the category management council instead of establishing a separate entity.

According to *Standards for Internal Control in the Federal Government*, management should establish an oversight body to oversee the entity's operations; provide constructive criticism to management; and where appropriate, make oversight decisions so that the entity achieves its objectives.³⁷ Existing VA policy expresses an intention for the category management council to guide category management execution, establish strategic direction, and provide overarching principles and operating details. Without establishing the category management council or designating an existing entity to perform the duties of that council, VA lacks an oversight body to coordinate category managers and other stakeholder efforts, address obstacles to implementation of VA's category management policy, and facilitate progress toward agency and category plans and goals.

³⁶In October 2022, the Department of Defense issued a charter that established a Department of Defense and OMB cross-component category management subcommittee to serve as the primary body for the department's category management activities.

³⁷[GAO-14-704G](#).

VA Met Most Process-Based Category Management Goals but Does Not Set or Track Outcome-Based Goals

VA annually met or exceeded two of its three process-based category management goals—for spend under management and training—set by OMB for fiscal years 2020 through 2024. However, VA fell short of its goal for obligations on best-in-class contracts in fiscal years 2022 through 2024. Although it met its training goals, VA does not track who participates in category management-related training. It also does not require key stakeholders, such as category managers and leads, to undergo such training. Furthermore, while VA tracks departmental performance against the three OMB goals, it does not pursue outcome-based goals for cost avoidance or budget savings at the category level. Additionally, VA officials responsible for acquiring certain goods reported uneven use and availability of item-level prices paid, utilization, and cost avoidance data.

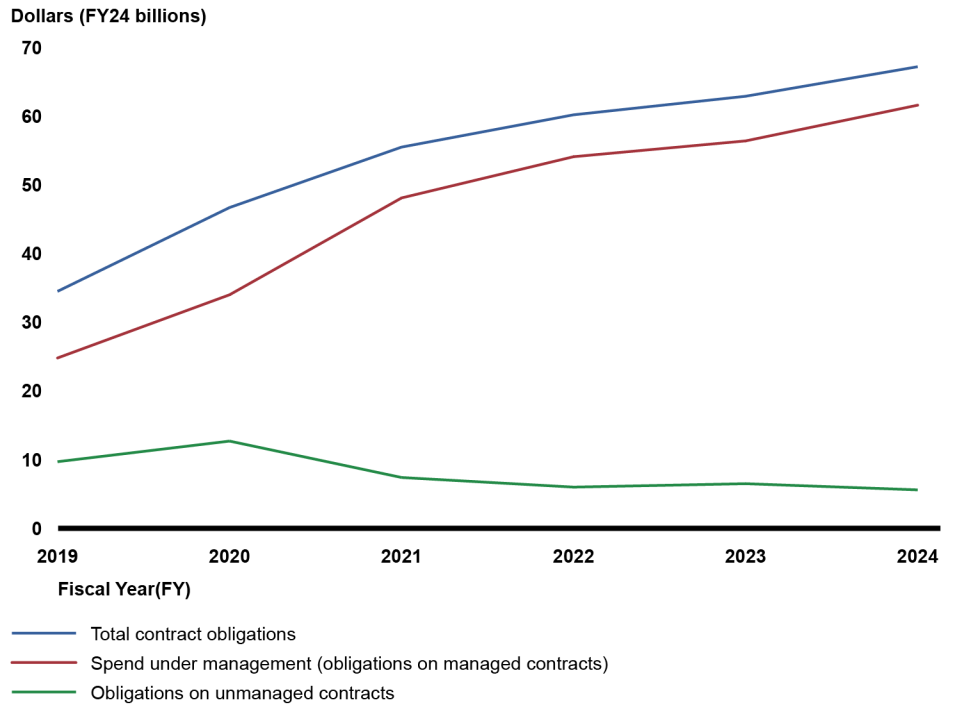
VA Increased Spend Under Management and Met Most Agency Process-Based Goals but Did Not Train Key Stakeholders

Our analysis found that VA met most of its process-based annual agency category management goals set by OMB. Specifically, VA annually met—or exceeded—its goals for spend under management and training between fiscal years 2020 and 2024. But it fell short of its goal for obligations on best-in-class contracts for fiscal years 2022 through 2024.

- **Spend under management.** VA met OMB's goal for spend under management—obligations on contracts that are classified by OMB as tier 1, 2, or 3—each fiscal year since 2020. For example, 91.7 percent of VA's obligations were on managed contracts in fiscal year 2024, exceeding OMB's assigned goal of 90 percent. Together, the medical, professional services, IT, and facilities and construction categories accounted for 96.6 percent of VA's total contract obligations across the 10 common spending categories in fiscal year 2024. Spend under management accounted for between 81.1 and 94.5 percent of each of these four categories' total obligations.

From fiscal year 2019—when OMB issued category management guidance—through 2024, VA steadily increased the proportion of its obligations on managed contracts, from 71.8 percent to 91.7 percent of total obligations. This occurred while VA's total contract obligations in the 10 common spending categories almost doubled from \$34.5 billion to \$67.2 billion in fiscal year 2024 dollars. At the same time, VA's obligations on unmanaged contracts declined (see fig. 5).

Figure 5: Department of Veterans Affairs (VA) Spend Under Management for Fiscal Years 2019 Through 2024, in Fiscal Year 2024 Dollars



Source: GAO analysis of VA category management and contract data provided by the General Services Administration. | GAO-25-107398

About 82 percent of VA's increase in spend under management over the 6-year period was driven by increased obligations on managed contracts for community care,³⁸ medical disability examinations,

³⁸VA implements the Veterans Community Care Program through five contracts with third-party administrators—with each contract covering services in one of the five community care regions. The third-party administrators are contractors that are responsible for establishing and maintaining networks of licensed health care community providers and practitioners across their respective regions. The community care program provides primary and specialty care services, such as cardiology and gastroenterology. For more information on the Veterans Community Care Program, see GAO, *Veterans Health Care: Opportunities to Improve Access to Care Through the Veterans Community Care Program*, [GAO-25-108101](#) (Washington, D.C.: Feb. 12, 2025).

pharmaceuticals distribution, electronic health record modernization, and certain IT and health IT goods and services.³⁹

Additionally, VA received spend under management credit from OMB for obligations on contracts awarded to certain small businesses. In fiscal year 2021, OMB approved a VA request to automatically give tier 1 small business credit to all contracts awarded to veteran-owned small businesses or service-disabled veteran-owned small businesses, according to GSA officials. As a result, VA's obligations on tier 0 (unmanaged) contracts awarded to such businesses decreased from \$3.8 billion to \$0 between fiscal years 2020 and 2021. In fiscal year 2024, contracts designated as tier 1 small business accounted for \$6.7 billion in obligations, or 10.8 percent of VA spend under management that year. Since fiscal year 2022, OMB also began automatically providing agencies tier 2 small business credit for contract awards made to certain small businesses, as previously discussed.⁴⁰ Consequently, VA's obligations on contracts designated as tier 2 small business increased from \$0 in fiscal year 2021 to \$563 million in fiscal year 2024. This accounted for 0.9 percent of VA's spend under management in that year.

According to CMSO officials, use of contracts with the tier 1 or 2 small business designation helps VA achieve its small business goals—which, per OMB guidance, they are to balance with category management priorities.

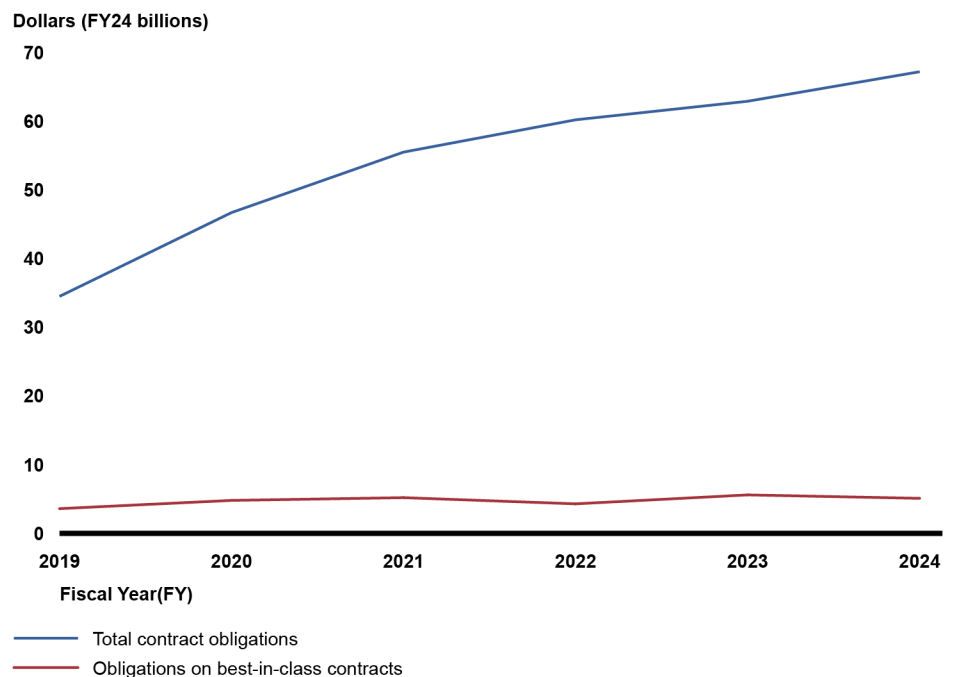
- **Obligations on best-in-class contracts.** VA met its OMB goals for obligations on best-in-class contracts in fiscal years 2020 and 2021 but did not meet its goals for the 3 following fiscal years. For example, VA's obligations on best-in-class contracts in fiscal year 2023 were 6.3 percent of all contract obligations, short of the 12.5 percent goal. The CMSO director told us that VA's increasing use of large, tier 1 contracts for which there are no best-in-class alternatives—such as the community care contracts—made it challenging to meet OMB's goals for obligations on best-in-class contracts in fiscal years 2022

³⁹The IT and health IT services referenced are those purchased through the National Aeronautics and Space Administration Solutions for Enterprise-Wide Procurement governmentwide acquisition contract vehicle and VA's Transformation Twenty-One Total Technology Next Generation contract vehicle.

⁴⁰OMB Memorandum M-22-03. According to GSA officials, although M-22-03 provides tier 2 small business designations for contracts awarded to certain small businesses, including service-disabled veteran-owned small businesses, GSA categorizes contracts funded by VA and awarded to service-disabled veteran-owned small businesses with a tier 1 small business designation.

and 2023. As shown in figure 6, VA obligations on best-in-class contracts between fiscal years 2019 and 2024 remained between \$3.6 billion and \$5.2 billion while total contract obligations steadily increased.

Figure 6: Department of Veterans Affairs (VA) Obligations on Best-in-Class Contracts for Fiscal Years 2019 Through 2024, in Fiscal Year 2024 Dollars



Source: GAO analysis of VA category management and contract data provided by the General Services Administration. | GAO-25-107398

As a result of this spending pattern, the CMSO director told us that OMB lowered VA's goal for obligations on best-in-class contracts in fiscal year 2024 to just over 8 percent, but VA still fell short of this goal. In fiscal year 2024, VA obligations on best-in-class contracts accounted for 7.6 percent of obligations on all contracts, below its 8.2 percent goal.

- **Training.** VA met its OMB training goal by having a certain number of agency staff take category management training each year since fiscal year 2020. In fiscal year 2024, VA reported that more than 25,000 participants had taken training on category management principles, exceeding OMB's goal of 873 participants. This was due, in part, to training that VA officials completed to meet an OMB requirement for civilian agency acquisition workforce members with

federal contracting, contracting officer's representative, and project and program management certifications to complete two category management training courses, among others, by the end of the third quarter of fiscal year 2024.⁴¹

In addition to governmentwide training offered through the Federal Acquisition Institute and Defense Acquisition University, VA developed agency-specific category management training. In its fiscal year 2024 annual plan submitted to OMB, VA identified category managers, among other acquisition professionals, as the intended audience for these courses.

However, we found that VA neither tracks who is taking category management-related training nor requires officials in key roles, such as category managers and leads, to take such training, which we previously reported would help these officials better implement the category management initiative.⁴² Specifically, CMSO officials told us that they currently track the number of participants in training courses approved by GSA, but do not track training completed by specific cohorts or positions. OMB training goals do not require agencies to track this training by cohort or position. CMSO officials told us that their target audience is the acquisition workforce, so they promote training offered through VA's Acquisition Academy to those employees. VA developed training on category management basics, including vendor management and demand management practices, but the CMSO director said that VA has not developed training tailored to specific roles, such as category leads, requirements personnel, or contracting personnel.

According to CMSO officials, their office uses its category management community of interest to publicize training information; however, as discussed earlier, officials from all categories do not necessarily participate in this community. In addition, CMSO officials told us that they do not focus on ensuring that program officials and those who define program requirements participate in category management training,

⁴¹Office of Management and Budget, Office of Federal Procurement Policy, *Acquisition Flash 2024-1: FY 24 Assignment of Mandatory Training for Civilian Agency FAC-C (Professional), FAC-COR, and FAC-P/PM Holders* (Oct. 19, 2023).

⁴²[GAO-21-40](#).

because it is difficult to identify those officials.⁴³ As previously discussed, category leads for seven of VA's 10 common spending categories had yet to either receive any category management training or assist in training and developing support staff in category management principles as they are directed to do by VA policy.

In 2020, we reported that officials responsible for assessing requirements are critical to category management implementation.⁴⁴ We reported that officials from the four agencies we reviewed told us that requirements personnel, in addition to senior accountable officials, should receive tailored training because they are in the best position to more fully realize category management's benefits. We also noted that while GSA guidance states that key category management stakeholders should receive training tailored to their roles to ensure proficiency and understanding of category management, OMB had not requested that agencies identify the types of personnel that needed to be trained. These included personnel responsible for identifying and documenting agency needs for contracted goods and services—also known as requirements personnel. As a result, we recommended that OMB account for agencies' training needs, including those of requirements personnel, when setting category management training goals. In response, OMB began collecting more detailed information from agencies about training plans for requirements personnel, among other actions.

Relatedly, under OMB's fiscal year 2025 category management maturity framework, agencies are to identify relevant category management stakeholders and facilitate role-based training to achieve higher maturity ratings. Specifically, to achieve a "mature" rating in the organizational alignment and leadership element, agencies are to identify, specify, and qualify all roles of acquisition personnel with applicable category management functions—including those with requirements

⁴³We previously reported that VA did not have accurate counts of personnel in its acquisition workforce—including program and project managers who develop requirements—or where they were located and certifications they hold. We recommended VA take steps, such as establishing procedures for staff to regularly update their training and certification data and reconciling this data against human resources data, to ensure it keeps up-to-date and accurate acquisition workforce records. VA concurred with and implemented the recommendation by improving its acquisition workforce data collection and reporting efforts, such as by identifying and notifying users of any inaccurate or incomplete elements in their records. GAO, *VA Acquisition Management: Actions Needed to Better Manage the Acquisition Workforce*, [GAO-22-105031](#) (Washington, D.C.: Sept. 29, 2022).

⁴⁴[GAO-21-40](#).

responsibilities. Similarly, to achieve a “mature” rating in the human capital element, agencies are to have some category management specific role-based training, such as training for program managers or contracting personnel. To support this maturity framework, GSA has made available role-specific training resources on the Acquisition Gateway website.

According to OMB guidance, the category management workforce requires access to training on category management principles, practices, and data analytics tools to make well-informed decisions on when to use best-in-class, governmentwide, agencywide, and local contract solutions, and how to execute their responsibilities efficiently and effectively. OMB guidance and VA policy state that the CAO and SPE are responsible for establishing and maintaining efficient policies and processes to support category management implementation. Additionally, according to *Standards for Internal Control in the Federal Government*, management should continually assess its knowledge, skills, and ability needs so it is able to obtain a workforce that has the required knowledge, skills, and abilities to achieve organizational goals, such as those related to category management.⁴⁵ VA’s Acquisition Manual identifies strengthening the acquisition workforce as an area of focus for the CAO and SPE. It emphasizes that a well-trained workforce can properly define requirements, build the right supplier relationships, select the best solutions for contract award, and effectively manage acquisitions—all actions that lead to greater fiscal responsibility. Without taking steps to (1) identify the category management training required for specific roles, including category managers, category leads, and officials identified as having requirements responsibilities, and (2) ensure that these key officials complete the training required for their roles, VA will struggle to effectively implement its category management policy.

VA Has Not Pursued Outcome-Based Savings Goals or Tracked Related Progress

While VA tracks department performance against the three annual OMB goals in its annual agency plans and category management dashboards, VA has not set outcome-based goals or tracked related data to measure the results of category management activities at the category or department level. While VA reports cost avoidance to OMB for its best-in-class contracts as directed by OMB guidance, VA has not set goals or tracked related data for cost avoidance or budget savings—key category

⁴⁵[GAO-14-704G](#).

management outcomes—at the category or department level.⁴⁶ As discussed earlier, VA obligations on best-in-class contracts accounted for 7.6 percent of its fiscal year 2024 contract obligations.

VA policy directs category managers to capture and report cost avoidance and/or budget savings.⁴⁷ The CMSO director told us that budget savings measure the immediate cost savings achieved—such as by realizing lower pricing—while cost avoidance measures what the agency would save in the future.⁴⁸ The director added that agency actions could yield measurable budget savings or cost avoidance—or both. However, none of the category leads told us that they set or manage toward any category-specific goals for cost avoidance or budget savings.⁴⁹

CMSO previously proposed outcome-based goals for cost avoidance at the department and category level. For example, in a March 2021 presentation to the CAO, CMSO proposed a department cost avoidance goal of \$59.6 million, as well as initiatives and potential cost avoidance opportunities for each of VA's 10 common spending categories. According to CMSO officials, they recognized cost avoidance as a key benefit of category management, and so began tracking and pursuing potential cost avoidance opportunities. For example, CMSO officials told us in December 2024 that VA missed opportunities to achieve about \$880 million in potential cost avoidance in fiscal year 2024 because it did not transition spending from tier 0 contracts to available tier 2 or best-in-class contracts. However, CMSO officials told us that the cost avoidance

⁴⁶GSA's category management guidance states that cost avoidance is broadly defined as the extent to which a program delivers increased value for goods and services it acquires by paying less, using less, or obtaining more for the same cost.

⁴⁷More specifically, VA policy directs category managers to capture and report cost avoidance and/or budget savings as applicable.

⁴⁸This aligns with OMB definitions for cost savings and cost avoidance, as presented in OMB Circular A-131, which addresses value engineering. The circular defines cost savings as a reduction in actual expenditures below the projected level of costs to achieve a specific objective; the circular defines cost avoidance as an action taken in the immediate time frame that will decrease costs in the future. Office of Management and Budget, Circular No. A-131 (Revised), *Value Engineering* (Washington, D.C.: Dec. 26, 2013).

⁴⁹Outside of cost avoidance and budget savings goals, the facilities and construction category lead, who is also the head of the Office of Construction and Facilities Management contracting activity, told us that their office set a multiyear goal to award 10 strategic contracts by the end of fiscal year 2024. The category lead added that the category is looking to increase utilization of these contracting vehicles as a next step.

metrics are used internally in CMSO and not established or pursued as a formal departmental goal, noting that OMB has not set a cost avoidance goal for VA and does not require VA to track a cost avoidance metric. As discussed earlier, OMB sets governmentwide and federal common spending category-level goals for cost avoidance but does not set agency cost avoidance goals.

Even if VA had set formal cost avoidance goals for the department or common spending categories, we found that VA cannot track progress against such goals for all goods and services contracts. According to CMSO and GSA officials, VA currently tracks and reports to OMB cost avoidance and budget savings for its best-in-class, or tier 3, contracts. According to GSA guidance for OMB's spend under management model, to have contracts qualify for a best-in-class designation, agencies must, among other things, collect and analyze prices paid information from vendors and track contract utilization and performance data regularly. Agencies are also to develop and submit to GSA for approval a cost avoidance methodology, which is to be used to calculate and report cost avoidance quarterly to OMB. For example, National Acquisition Center officials that oversee VA's procurement of hearing aids via best-in-class contracts told us that they maintain and report item-level prices paid and utilization, as well as contract-level cost avoidance data. On its website, VA reports statistics about hearing aids procured via the contracts, including the number of units procured and average cost by hearing aid type and manufacturer. National Acquisition Center officials told us that the hearing aid program contracts deliver about 80 to 90 percent in savings compared to manufacturers' suggested retail prices. VA obligated more than \$600 million on these best-in-class hearing aid contracts in fiscal year 2024 and, according to GSA records, avoided over \$2.3 billion in costs that year.

GSA guidance for OMB's spend under management model does not direct agencies to regularly report cost avoidance for tier 1 and 2 contracts. However, it does direct agencies to identify prices paid for goods and services as well as establish metrics to track cost avoidance or savings for contracts to be assigned a tier 1 or tier 2 designation.

- **Prices paid.** CMSO officials said that they report prices paid data for tier 2 contracts to GSA and, if needed, they could do so for tier 1 contracts. However, they said OMB and GSA have yet to request prices paid data for tier 1 contracts to be reported.

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- **Cost avoidance.** CMSO officials said that they assume a 12 percent cost avoidance rate for all tier 2 contracts and do not track cost avoidance for tier 1 contracts. They explained they could do so but would have to build a system that reflects the cost avoidance methodology used for each contract.

The CMSO officials said that they are better positioned to track item-level prices paid and cost avoidance data for commodity goods contracts than for service contracts. They explained that item-level prices paid data is pulled directly from contract documents and that this data is easier to identify for commodities than for services. According to GSA guidance for the category management maturity framework, agencies are to have standard contract terms and conditions and mechanisms to enable the collection of transactional pricing data aligned with category management standards. The Veterans Health Administration developed line-item-specific templates for each commodity and service line, as well as a line-item dashboard. This dashboard tracks reporting of pricing at the line-item level, including separate tracking for commodities and services.

We found that program and contracting activity officials for three of the six selected goods reported they used available item-level prices paid, utilization, and cost avoidance data to make informed procurement decisions. Program and contracting activity officials for one good reported having such data available but not using it, while officials for two other goods told us they faced challenges to making some or all such data available for use in decision-making.⁵⁰

Table 4 shows the extent to which VA program and contracting officials reported having access to and using available prices paid, utilization, and cost avoidance data for individual goods (item-level) to inform procurement decisions for the six selected goods.

⁵⁰In 2020, we reported that federal agencies faced challenges when trying to collect, analyze, and share prices paid and spending data. [GAO-21-40](#).

Table 4: Availability and Use of Item-level Prices Paid, Utilization, and Cost Avoidance Data for Selected Goods Purchased by the Department of Veterans Affairs (VA)

Product	Contract tier	Item-level prices paid data	Item-level utilization data	Cost avoidance data
Hearing aids	3/Best-in-class	●	●	●
Robotic surgical equipment	0 ^a	●	●	●
Body worn cameras	0	●	●	●
Positive airway pressure devices	1 Small Business (SB)	●	●	⦿
Artificial limb components	0, 1SB, 2SB	⦿	⦿	○
Surgical implants	0, 1SB, 2, 2SB	○	○	○

Legend

- - relevant program and contracting officials reported using available data
- ⦿ - relevant program and contracting officials reported having available or obtainable data but not using it
- - relevant program and contracting officials reported challenges to making data available for use

Source: GAO analysis of VA category management and contract data provided by the General Services Administration and interviews with relevant VA program and contracting officials. | GAO-25-107398

^aWe analyzed VA contract data for two robotic surgical equipment contracts with tier 0 and tier 2 designations, respectively. VA officials subsequently clarified that both contracts should have been identified as tier 0 contracts.

The contracting officials that had awarded tier 0 contracts for robotic surgical equipment and body-worn cameras told us that they track item-level prices paid, utilization, and cost avoidance data. For example, Strategic Acquisition Center officials told us that they use several tools to track and report orders of a particular brand of robotic surgical equipment, including quarterly reports from the contractor that reflect information such as quantities ordered and unit prices. These officials also reported that they conduct analysis to determine cost avoidance and track cost savings and avoidance, among other data points. According to documentation provided by Strategic Acquisition Center officials, the more recent robotic surgical equipment contract, awarded in 2019, delivered cost avoidance of 5.5 to 8.5 percent, as compared to list prices, for surgical consoles.

National Acquisition Center officials that oversee VA's procurement of positive airway pressure devices on tier 1 small business contracts provided documentation that demonstrated they tracked item-level prices paid, utilization, and cost avoidance data for a limited number of the most purchased devices between October 2021 and April 2022. For example, for the month of April 2022, National Acquisition Center documents reflected VA delivered over \$70 million in cost avoidance for all devices, as the prices VA paid were lower than comparable commercial costs. The

officials told us that they did not continue to track cost avoidance past that time due to a change in financial systems and the labor-intensive nature of manual processing, but they continue to monitor prices paid and contract utilization to inform acquisition strategies.

In contrast, VA officials reported challenges to collecting, tracking, and analyzing prices paid, utilization, and cost avoidance data for surgical implant and artificial limb component purchases. Officials from the VA Prosthetic and Sensory Aids Service, which oversees VA's provision of surgical implants and artificial limbs, told us that they are not able to collect, track, or analyze item-level prices paid, utilization, and cost avoidance data for those goods at any reliable level due to system limitations. National Acquisition Center and Strategic Acquisition Center officials that assist in contracting for surgical implants also told us that they faced challenges to collecting and using such information for these goods. National Acquisition Center officials noted difficulty with collecting item-level prices paid data for surgical implant items, while Strategic Acquisition Center officials noted their systems that track implant purchase history are not designed to enable insight into potential or realized cost avoidance at the contract or item level. Officials from the National Acquisition Center—which also awards national contracts for artificial limbs and manages order processing and logistics—told us they could track prices paid data on contracts they awarded, but do not currently calculate cost avoidance and would face challenges doing so.

In December 2024, CMSO officials told us that they could help improve VA's tracking of realized cost avoidance by building contract-specific models to track prices paid, utilization, and cost avoidance data at the item level. According to these officials, CMSO was integrating its primary analytic tool—called Analytics, Data, and Decision Support Unified Platform—with VA's ordering system and credit card transaction data to

better identify prices paid for prosthetics and other commodities.⁵¹ As of April 2025, CMSO was also considering integrating the tool with other VA financial systems to further improve its ability to track cost avoidance.

Our prior work identified practices that federal organizations—such as programs, offices, and departments—should undertake to effectively build and use evidence to manage their performance.⁵² Among other things, federal organizations should define goals for all activities, including long-term outcome-based strategic goals as well as near-term performance goals that have quantitative targets and timeframes against which to measure.

Additionally, these organizations should identify and prioritize their evidence needs—such as prices paid and cost avoidance data—and use this evidence to assess progress toward goals and inform decision-making. Specifically, these practices can help federal organizations to identify effective approaches or adopt new ones, set priorities, and allocate resources. Further, we found that leading companies use outcome-oriented performance metrics, such cost savings and avoidance and quality of deliverables, to enhance procurement operations and identify which of their procurement teams are achieving desired outcomes, such as reducing costs and improving performance.⁵³

While VA has annually met its process-oriented goal of increasing spend under management, VA and its category managers pursued this goal without also pursuing key category management outcomes of cost avoidance and budget savings. Establishing category-specific cost avoidance and budget savings goals and tracking progress toward those

⁵¹The Analytics, Data, and Decision Support Unified Platform is an analytic tool that integrates acquisition data sources to support category management and procurement decision-making. According to CMSO officials the tool was developed for four user groups within VA: contracting officers, heads of contracting activities, category managers, and senior leaders such as the Deputy Secretary, CAO, and Under Secretaries. CMSO reported about 1,300 registered users. Among other functions, the platform provides users with (1) a “smart search” feature to browse VA contract data to gain key insights—such as item unit costs, period of performance tracking, and vendor characteristics—to facilitate market research, (2) a workflow tool to identify duplicative contracts—separate contracts for acquiring the same product or service—and recommended tier 2 or best-in-class contracts, and (3) a category management dashboard that presents estimated cost avoidance opportunities, spend under management ratios, and small business utilization, among other data.

⁵²[GAO-23-105460](#).

⁵³[GAO-21-491](#).

goals would help VA to quantify the return on investment of its category management efforts beyond its use of best-in-class contracts. Further, some VA officials reported that they faced challenges to obtaining prices paid and cost avoidance data for individual goods and services to make informed decisions or track progress toward a cost avoidance goal. Without assessing the availability of, or feasibility of making available, item-level data on prices paid, utilization, and cost avoidance, VA and its category managers may struggle to capture and report cost avoidance, as directed by VA policy, or make informed procurement decisions in pursuit of savings goals. As a result, VA may not realize and demonstrate the intended benefits of buying like a single enterprise and leveraging the agency's buying power to save taxpayer dollars.

VA Has Yet to Develop Vendor Management Plans to Address Supply Base Risks

VA's category managers and HCAs have yet to develop effective vendor management strategies to, among other things, address supply base risks, as directed by VA policy. As previously discussed, OMB Memorandum M-19-13 on category management calls for agencies to develop effective industry engagement and vendor management strategies as part of the five key category management actions to improve how agencies buy common goods and services. These vendor management strategies are designed to reduce supply base risks and improve communications with contractors, especially those that support mission-critical functions. In its guidance, OMB specified that agencies should develop and maintain vendor management plans, especially targeted to contractors that support mission-critical functions. At a minimum, these plans are to address industry engagement prior to the award of a contract, as well as strategies following contract award, that improve and streamline communications with vendors. According to VA policy, the Secretary assigned this responsibility to category managers, in conjunction with HCAs.⁵⁴

As previously discussed, we found that only one category lead—also serving as an HCA—developed vendor management strategies that fulfilled OMB guidance and VA policy because senior leaders responsible for oversight did not hold category managers or their delegated leads accountable for doing so. However, leads for five of the 10 categories told us that they had identified mission-critical functions, which according to

⁵⁴Department of Veterans Affairs, *Designation of Department Level Category Managers*, Memorandum to Under Secretaries, Assistant Secretaries, and Other Key Officials (Washington, D.C.: Nov. 17, 2020).

OMB guidance should be a focus of vendor management strategies.⁵⁵ These category leads told us that specific IT systems, personnel processes, professional services supporting VA's community care program, medical equipment calibration services, and medical facility cleaning supplies, among other functions, were mission critical. Additionally, six of the 10 HCAs told us they had identified mission-critical functions. At the department level, Office of Acquisition, Logistics, and Construction officials told us in February 2025 they have yet to formalize a list of mission-critical functions and associated contractors, although they had begun working internally with other offices to do so.

When we asked about vendor management strategies, most HCAs provided us with their small business operating plans. These plans include planned vendor outreach activities such as meetings to train and educate vendors on conducting business with VA.⁵⁶ These small business operating plans may help VA maximize small business participation and meet their small business goals, as called for in OMB guidance.⁵⁷ However, they do not fully meet OMB guidance or VA policy goals for vendor management plans because they include outreach activities for only a subset of vendors. Further, the plans do not identify mission-critical functions or strategies to be employed before and after awarding a contract.

While lacking documented strategies, most category leads and HCAs told us that they engage in vendor management activities. For example, leads for eight of the 10 categories and nine of the 10 HCAs told us that they conducted outreach activities, such as publishing requests for information, facilitating industry days, and coordinating with VA's Office of Small and Disadvantaged Business Utilization. These reported vendor management activities generally occurred prior to the award of a contract. OMB guidance notes that engaging in such pre-award activities may help agencies attain thorough knowledge of the commercial marketplace, including vendor capabilities and cost drivers. Such activities can enable

⁵⁵OMB Memorandum M-19-13.

⁵⁶The VA Acquisition Manual states that HCAs must develop annual small business operating plans that, among other things, detail planned industry outreach activities to ensure maximum opportunities are afforded to small businesses. Department of Veterans Affairs, *Veterans Affairs Acquisition Manual*, M819.201-71 (June 2024).

⁵⁷OMB Memorandum M-19-13.

tailoring of requirements to reduce costs and improve efficiency and performance outcomes.

In July 2024, VA's SPE, who oversaw supply chain risk for the department, told us that VA relies on program executives—such as category managers—to conduct vendor management activities that support analysis of supply base risks, including market research. However, category leads for seven of the 10 categories, and two of 10 HCAs, told us that they did not identify or weigh supply base risks or document related risk analysis before or after contract award. For example, the medical category lead told us that, while it is critical to track supply base risks, the Veterans Health Administration does not have an office responsible for this activity and its capabilities are immature. The medical category lead—who was also the Veterans Health Administration's Executive Director for Acquisition, Technology, and Logistics—added that while the administration performs supply chain tracing to understand where products come from, it does not have the ability to look at other elements of supply base risk, such as geographic concentration or industry depth.⁵⁸

Nevertheless, VA is still able to take steps to identify and account for supply base risks, especially those related to mission-critical functions, by developing and maintaining vendor management strategies. Without such steps, VA's exposure to such risks will likely increase, with potentially significant consequences for the agency's ability to execute its mission. For example, VA reported that Hurricane Helene, which struck North Carolina in September 2024, damaged a manufacturing plant that produced around 60 percent of the nation's supply of intravenous fluids. This product is essential in modern health care for treating dehydration, supporting surgeries, and delivering medications. As a result, this sudden interruption in the supply chain greatly affected the ability of VA medical centers to treat patients in emergency and critical care situations. Had VA employed more effective vendor management strategies, such as identifying this manufacturer as a key contractor for a mission-critical function, it may have better recognized this concentration of supply as a risk and taken proactive steps to minimize disruptions by diversifying the supplier base. Until VA develops and maintains category-level vendor management plans that identify mission-critical functions and associated

⁵⁸VA officials specifically mentioned they conducted supply chain tracing to comply with The Trade Agreements Act of 1979 (codified at 19 U.S.C. §§ 2501-2582) and The Make PPE in America Act, which was passed as part of The Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, tit. IX subtit. C (2021).

contractors and include strategies to address supply base risks, it will remain vulnerable to risks that threaten its ability to fulfill its core missions.

Conclusions

Over the past 5 fiscal years, VA's obligations on contracts for common goods and services significantly increased from \$34.5 billion to \$67.2 billion (in fiscal year 2024 dollars), driven by notable medical and IT initiatives. As federal fiscal pressure continues to rise, it is increasingly important for VA to implement a robust category management initiative to understand and leverage advantageous contracts, departmentwide demand patterns, existing and future sources of supply, and key data such as prices paid for specific goods and services.

While the Secretary issued a policy to implement OMB category management guidance in 2020, VA category managers—who have full responsibility for implementing category management—generally did not fulfill their responsibilities under VA policy. Further, senior VA officials responsible for oversight of VA's category management effort did not establish a planned oversight council or otherwise take steps to hold these category managers accountable for meeting VA policy. By establishing category management-related performance requirements and an oversight council, VA will be better positioned to coordinate and oversee its category management initiative and hold category managers and other stakeholders accountable.

Further, while VA met most of its annual process-based category management goals set by OMB, VA does not require officials with key category management responsibilities to take relevant training, or track which officials take such training. By identifying training needs and ensuring completion of training required for specific roles, including category managers, category leads, and officials identified as having requirements responsibilities, VA can ensure officials better understand their category management roles and responsibilities.

Additionally, VA does not pursue key outcome-based category management goals. By setting category-specific goals for cost avoidance and budget savings, VA would help quantify the return on investment of its category management efforts. Further, by assessing the availability of, or feasibility of making available, item-level prices paid, utilization, and cost avoidance data, VA will better position itself to make informed procurement decisions and pursue opportunities for cost efficiencies.

Finally, most VA category managers had yet to develop and document vendor management strategies that address supply base risks—especially those related to mission-critical functions. By ensuring managers develop and document such strategies for their respective categories, VA will better position itself to proactively address supply base risks that pose the greatest risks to its core missions.

Recommendations for Executive Action

We are making the following six recommendations to VA:

The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, establishes performance requirements to hold category managers accountable for fulfilling their respective category management responsibilities established in VA policy. (Recommendation 1)

The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, establishes the category management council, or designates an existing entity to perform the duties of the category management council, as described in VA policy to guide the implementation, coordination, and oversight of VA's category management initiative. (Recommendation 2)

The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, and in coordination with the Chief Acquisition Officer and Senior Procurement Executive, identifies the category management training required for specific roles, including category managers, category leads, and officials identified as having requirements responsibilities, and ensures those officials complete required training. (Recommendation 3)

The Secretary of Veterans Affairs should ensure that the Deputy Secretary and category managers establish category-specific goals for cost avoidance and budget savings, and track progress toward these goals. (Recommendation 4)

The Secretary of Veterans Affairs should ensure that category managers assess the availability of, or feasibility of making available, item-level data on prices paid, utilization, and cost avoidance to facilitate use of such data to track cost avoidance within the department's common spending categories. (Recommendation 5)

The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official,

ensures that category managers, in conjunction with heads of contracting activities, develop and maintain vendor management plans for their respective categories, that identify mission-critical functions and associated contractors and include strategies to address supply base risks. (Recommendation 6)

Agency Comments

We provided a draft of this report to VA, OMB, and GSA for review and comment. In its written comments, reproduced in appendix II, VA concurred with all six of our recommendations and identified proposed actions and target completion dates. VA also provided technical comments, which we incorporated as appropriate. OMB and GSA had no comments on the report.

We are sending copies of this report to the Secretary of Veterans Affairs, the Director of the Office of Management and Budget, the Acting Administrator and Deputy Administrator of the General Services Administration, and the appropriate congressional committees. 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 Mona Sehgal at SehgalM@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 III.

//SIGNED//

Mona Sehgal
Director, Contracting and National Security Acquisitions

Appendix I: Objectives, Scope, and Methodology

Our report identifies the extent to which the Department of Veterans Affairs (VA) (1) implemented category management policies and processes, (2) achieved intended category management outcomes, and (3) addressed supply base risks in vendor management strategies.

To identify the extent to which VA implemented category management policies and processes, we reviewed category management guidance from the Office of Management and Budget (OMB), including OMB Memorandum M-19-13, to identify directions given to federal agencies for implementing the federal category management initiative.¹ Specifically, OMB Memorandum M-19-13 directs agencies to appoint a senior accountable official, provides specific roles to agencies' chief acquisition officers (CAO) and senior procurement executives (SPE), and identifies five key category management actions that agencies should take to implement category management. These five actions include:

1. Develop and implement plans to reduce unaligned spend;
2. Develop vendor management strategies to improve communications with contractors, especially those that support mission-critical functions;
3. Implement demand management strategies;
4. Share product and service data across the department and government; and,
5. Train and develop support staff in category management principles.

We interviewed officials from OMB—which issued the category management guidance—and the General Services Administration (GSA) Governmentwide Category Management Program Management Office to identify how they interact with agencies to facilitate implementation of OMB category management guidance.

We collected and reviewed relevant VA policies, procedures, and plans to identify the agency's category management processes, information on relevant officials' roles and responsibilities, and assessed the extent to which VA addressed OMB's 2019 guidance. We compared VA's November 2020 category management policy against OMB Memorandum

¹Office of Management and Budget, *Memorandum for the Heads of Executive Departments and Agencies: Category Management: Making Smarter Use of Common Contract Solutions and Practices*, OMB Memorandum M-19-13 (Washington, D.C.: Mar. 20, 2019).

M-19-13 to determine the extent to which VA category managers' assigned responsibilities aligned with key actions in the OMB guidance.² We also interviewed category leads and examined category documentation to determine the extent to which category managers were fulfilling their responsibilities assigned in VA policy. Under VA's category management policy, category leads are appointed, as necessary, by category managers to manage day-to-day category management activities. As such, we identified these officials as key to understanding VA's operationalization of its policy and OMB guidance. VA identified the category managers and leads for each of the 10 common spending categories.

From these category managers and leads, we requested documentation that either (1) was required according to VA policy, including strategic cost management plans, vendor management plans, and demand management plans, or (2) identified actions they took to implement their category management responsibilities. In our interviews, we asked category leads about the extent to which their respective category managers—or leads on behalf of their managers—took steps to fulfill their responsibilities under VA policy, especially those that are aligned with the five key category management actions identified in OMB guidance. We also interviewed heads of contracting activity (HCA) to identify the extent to which they fulfilled their roles and responsibilities under VA policies and procedures. Based on discussions with category leads and any provided documentation, we assessed category managers as meeting or not meeting a specific responsibility using the following ratings:

- Met responsibility—the category lead told us and/or provided evidence to demonstrate that category leadership met the responsibility.
- Did not meet responsibility—the category lead told us that category leadership did not meet the responsibility or did not provide any evidence to demonstrate that leadership met the responsibility.

To supplement our interviews with category leads, we received written responses from VA's CAO and SPE as of February 2025—who were

²In a 2020 memorandum, which we refer to as VA policy in this report, the Secretary of Veterans Affairs designated category managers for VA's 10 functional cost categories—which we refer to as common spending categories. VA and the governmentwide category management initiative have 10 non-defense centric common spending categories: (1) facilities and construction; (2) professional services; (3) IT; (4) medical; (5) transportation and logistics; (6) industrial products and services; (7) security and protection; (8) human capital; (9) office management; and (10) travel.

identified as two of the senior officials responsible for overseeing VA's category management efforts. We also interviewed other relevant VA officials with roles and responsibilities identified in the OMB guidance and VA policy or procedures, including officials from VA's Category Management Support Office (CMSO), Office of Acquisition, Logistics, and Construction, Office of Small and Disadvantaged Business Utilization, and HCAs.³

In addition, we assessed VA's implementation of category management policies and processes against federal internal control standards and determined that the principles related to (1) exercising oversight authority; (2) establishing structure, responsibility, and authority; and, (3) enforcing accountability were significant to this objective.⁴ We also reviewed prior GAO work on federal strategic sourcing and category management initiatives, including those that assessed VA's efforts as part of those initiatives, as well as those on VA acquisition management and contracting.⁵

To identify the extent to which VA achieved intended category management outcomes, we reviewed OMB guidance, resources published to GSA's Acquisition Gateway⁶, and prior GAO work⁷ to identify key outcomes of category management and how OMB and agencies

³VA has 10 contracting activities that have HCAs, including the Technology Acquisition Center, Strategic Acquisition Center, National Acquisition Center, Office of Construction and Facilities Management, Veterans Health Administration Regional Procurement Offices (West, Central, and East), Veterans Benefits Administration, National Cemetery Administration, and Office of the Inspector General.

⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

⁵GAO, *Strategic Sourcing: Leading Commercial Practices Can Help Federal Agencies Increase Savings When Acquiring Services*, [GAO-13-417](#) (Washington, D.C.: Apr. 15, 2013), *Veterans Affairs Contracting: Improvements in Policies and Processes Could Yield Cost Savings and Efficiency*, [GAO-16-810](#) (Washington, D.C.: Sept. 16, 2016), *Information Technology: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication*, [GAO-20-567](#) (Washington, D.C.: Sept. 30, 2020), and *Federal Buying Power: OMB Can Further Advance Category Management Initiative by Focusing on Requirements, Data, and Training*, [GAO-21-40](#) (Washington, D.C.: Nov. 30, 2020).

⁶The Acquisition Gateway is managed by GSA and includes information and resources, such as policies and guidance, tools, training, and resources to help government agencies implement category management. See <https://acquisitiongateway.gov/category-management>.

⁷[GAO-21-40](#).

measure their category management performance. Specifically, we identified three key performance measures that OMB uses to gauge agency progress in achieving some category management goals: (1) spend under management, (2) obligations on best-in-class contracts, and (3) training. We used the annual targets—which we call goals in this report—that OMB set for VA as reported on GSA’s Acquisition Gateway for fiscal years 2020 through 2024. We reviewed VA’s annual category management plans for fiscal years 2020—the first year VA developed such a plan—through 2024, as well as plans and presentations developed by VA’s CMSO, to identify departmental category management goals and related activities that VA planned to pursue. We interviewed key senior and CMSO officials to gather additional context on these plans and goals. We also interviewed category leads for VA’s 10 common spending categories—as well as HCAs—and requested relevant documentation to identify category-level goals and steps taken to pursue those goals.

We analyzed VA contract data that were augmented with category management data—such as common spending category and tier information—for fiscal years 2019 (when OMB issued category management guidance) through 2024 to determine the extent to which VA met its annual goals for spend under management and obligations on best-in-class contracts. GSA’s Governmentwide Category Management Program Management Office provided us with this data. We analyzed this contract data to identify department, category, and contracting activity trends in spend under management and obligations on best-in-class contracts for the 6-year period. We calculated department-level statistics using the data to measure them against VA’s goals for spend under management and obligations on best-in-class contracts for fiscal years 2020—the first full fiscal year since OMB issued guidance for the federal category management initiative—through 2024. We reviewed VA’s progress against annual OMB training goals for the same timeframe using data reported on GSA’s Acquisition Gateway.

We used VA’s contract data to identify procurement areas or contracts that potentially presented VA with opportunities to further pursue category management outcomes, such as increased spend under management and cost avoidance. We used this data analysis, by common spending category and contracting activity, to prepare interview questions for category leads, HCAs, and CMSO regarding their category management activities. For example, we asked category leads and HCAs about their plans for bringing large-dollar unmanaged (tier 0) contracts under management and about the potential for identifying additional savings or

efficiencies for large-dollar tier 1 contracts. We also inquired about their approaches used, and outcomes realized, for contracts that were identified as under management (tier 1, 2, or 3). Based on our analysis of VA contract data and interviews with VA officials, we selected a nongeneralizable sample of six goods that VA purchased between fiscal years 2019 and 2024. For these goods, we identified the extent to which the relevant VA contracting activities had available item-level prices paid, utilization, and cost avoidance data that they used in procurement decision-making. These six goods met at least two of the following criteria:

- Purchased by a requiring or contracting activity that has yet to robustly plan and implement category management principles, which may be indicated by a high level of unmanaged spend.
- From a product or service code within categories from the federal category management initiative with the highest levels of unmanaged VA spend, in absolute or relative terms.
- Purchased on tier 0 (unmanaged) or tier 1 contracts (agencywide vehicles).
- Easy to identify quantities, versions or models, or identifiers from Procurement Co-Pilot or other federal sources.⁸
- Prosthetics, given the authority provided by 38 U.S. Code § 8123, which allows the Secretary to procure prosthetic appliances and necessary services without regard to any other provision of law.

We reviewed available documentation and interviewed contracting activity and other relevant officials for each product to identify the extent to which those officials had available item-level prices paid, utilization, and cost avoidance data, and what challenges, if any, prevented them from obtaining and using such data.

We took several steps to assess the reliability of the VA contract and category management data provided by GSA that we used to identify potential opportunities to further pursue category management outcomes and determine the extent to which VA met its annual goals set by OMB. We reviewed the Federal Procurement Data System data dictionary and

⁸The Procurement Co-Pilot is a governmentwide market and price research tool designed for acquisition professionals in the federal government to streamline the procurement process. Among other data, the tool provides governmentwide prices paid data for over 1 million products from best-in-class vehicles and transactional data reporting.

data validation rules, performed electronic testing, and interviewed GSA's Governmentwide Category Management Program Management Office to identify how it combined Federal Procurement Data System and category management information into its datasets. We also interviewed VA category leads and contracting activity and CMSO officials to identify how category management data—such as common spending categories and tiers—are reported to GSA. During interviews, we also asked category leads and contracting activity officials to confirm the tier status of the contracts for the six selected goods and other contracts we identified in our data analysis. Based on our assessment, we found that the VA contract data from the Federal Procurement Data System, as well as category management data for those contracts, were sufficiently reliable for reporting VA's progress against its goals for spend under management and obligations on best-in-class contracts as well as selecting a nongeneralizable sample of contracts.

To identify the extent to which VA addressed supply base risks in vendor management strategies, we reviewed documentation from and interviewed relevant officials responsible for VA vendor management. We interviewed category leads and HCAs to determine the extent to which VA officials had developed and maintained vendor management plans, or other related plans. We reviewed available plans to determine whether they included specific industry engagement and vendor management strategies to be used prior to and following contract award, identified mission-critical functions and associated contractors, or identified other strategies to address supply base risks, as directed by VA policy or OMB guidance.⁹ To identify departmentwide plans and efforts to address supply base risks, we interviewed key VA officials who manage VA's supply chain, including those from VA's Office of Acquisition and Logistics and the Veterans Health Administration's Procurement and Logistics Office.¹⁰ We received written responses from the Office of Acquisition, Logistics, and Construction regarding the department's identification of mission-critical functions and associated contractors.

We conducted this performance audit from March 2024 to September 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to

⁹OMB Memorandum M-19-13.

¹⁰While this review was ongoing, VA officials told us that the Veterans Health Administration dissolved its Procurement and Logistics Office and assigned its functions to the Veterans Health Administration's Office of Acquisitions and Office of Supply Chain.

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.

Appendix II: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

August 1, 2025

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

Dear Ms. Sehgal:

The Department of Veterans Affairs (VA) reviewed the Government Accountability Office (GAO) draft report: ***VA ACQUISITIONS: Leadership Accountability and Savings Goals Needed to Improve Purchasing Efficiency*** (GAO-25-107398).

The enclosure contains technical comments and the action plan to address the draft report recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Syrek".

Christopher D. Syrek
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to the
Government Accountability Office (GAO) Draft Report
**VA ACQUISITIONS: Leadership Accountability and Savings Goals Needed to
Improve Purchasing Efficiency**
(GAO-25-107398)

Recommendation 1: The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, establishes performance requirements to hold category managers accountable for fulfilling their respective category management responsibilities established in VA policy.

VA Response: Concur. The Secretary of Veterans Affairs (SECVA) will ensure that the execution of category management is within the performance plan of the senior accountable official. In addition, the responsibilities for category management will cascade from SECVA or the Deputy Secretary of Veterans Affairs (DEPSECVA) to the appropriate Under Secretary, Assistant Secretary, or Principal Executive Director as appropriate. Performance plans will address specific requirements, such as the development of demand management and vendor management plans, and specific goals aligned to achieving the Office of Management and Budget (OMB)-driven requirements. Each category manager will ensure that these elements are cascaded into subordinate plans at every level to ensure a unified approach to achieving greater cost savings and efficiencies through category management.

Target Completion Date: Quarter 4, fiscal year (FY) 2025, FY 2026 performance planning

Recommendation 2: The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, establishes the category management council, or designates an existing entity to perform the duties of the category management council, as described in VA policy to guide the implementation, coordination, and oversight of VA's category management initiative.

VA Response: Concur. SECVA will ensure VA acquisition policy is accurate and reflects up-to-date guidance concerning the execution of category management. VA will use an existing council comprised of Chief Executive Officers and other senior leaders to provide guidance and approval of category management planning, strategies, and major acquisitions aligning these acquisitions to category management best practices, the use of strategic vehicles, and the sharing of information across VA and the Federal acquisition landscape.

Target Completion Date: Quarter 1, FY 2026

Enclosure

Department of Veterans Affairs (VA) Comments to the
Government Accountability Office (GAO) Draft Report
**VA ACQUISITIONS: Leadership Accountability and Savings Goals Needed to
Improve Purchasing Efficiency**
(GAO-25-107398)

Recommendation 3: The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, and in coordination with the Chief Acquisition Officer and Senior Procurement Executive, identifies the category management training required for specific roles, including category managers, category leads, and officials identified as having requirements and responsibilities, and ensures those officials complete required training.

VA Response: Concur. The Category Management Support Office (CMSO) developed training that aligns all five tenets of category management. CMSO reviews VA-specific as well as Government-wide category management training and, in collaboration with the VA Acquisition Academy, will modify the training towards specific groups including, but not limited to, category managers (CM), category leads, heads of contracting activities (HCA), acquisition workforce members, and logistics/ordering personnel. Training will focus on tenets of category management and specific actions taken in each role during the acquisition process.

Target Completion Date: Quarter 2, FY 2026

Recommendation 4: The Secretary of Veterans Affairs should ensure that the Deputy Secretary and category managers establish category-specific goals for cost avoidance and budget savings, and track progress towards these goals.

VA Response: Concur. SECVA will ensure that each of the program managers develop category management goals and that VA presents and approves the goals at the appropriate council identified in Recommendation 2 of this report. In addition, SECVA will direct the Chief Acquisition Officer to ensure connectivity of systems is completed so complete transparency of contracting activities may be tracked and monitored, including financial payment systems, inventory reporting systems, and contract writing systems.

Target Completion Date: Quarter 1, FY 2026

Recommendation 5: The Secretary of Veterans Affairs should ensure that category managers assess the availability of, or feasibility of making available, item-level data on prices paid, utilization, and cost avoidance to facilitate use of such data to track cost avoidance within the department's common spending categories.

VA Response: Concur. VA is reviewing and monitoring pricing at the Contract Line Item Number level. Further enhancements in processes and technology will increase

Enclosure

Department of Veterans Affairs (VA) Comments to the
Government Accountability Office (GAO) Draft Report
***VA ACQUISITIONS: Leadership Accountability and Savings Goals Needed to
Improve Purchasing Efficiency***
(GAO-25-107398)

the original capture of data in the acquisition process while improving analytics and data sharing throughout VA. The Senior Procurement Executive and CMSO are responsible.

Target Completion Date: Quarter 2, FY 2026

Recommendation 6: The Secretary of Veterans Affairs should ensure that the Deputy Secretary, as the category management senior accountable official, ensures that category managers, in conjunction with heads of contracting activities, develop and maintain vendor management plans for their respective categories, that identify mission-critical functions and associated contractors and include strategies to address supply base risks.

VA Response: Concur. SECVA will ensure the appropriate council identified in Recommendation 2 of this report reviews the Vendor Management Plans for the Agency and by Category. Plans will include reviews of vendors by common metrics such as the Fair Isaac Corporation (also known as FICO) scores and other metrics. VA will ensure supply chain diversity while adhering to best practices for efficiency and pricing. CMSO will support by providing data analytics showing vendors in terms of contract counts and contract spend. SECVA, HCAs, CMs, and CMSO are responsible.

The Office of Construction and Facilities Management developed and currently maintains vendor management plans for the Facilities and Construction Category as noted in the GAO draft report.

Target Completion Date: Quarter 2, FY 2026

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Mona Sehgal, SehgalM@gao.gov

Staff Acknowledgments

In addition to the contact named above, Robert Bullock (Assistant Director), Zachary Sivo (Analyst-in-Charge), Peter Anderson, Aliza (Lisa) Brown, Matthew T. Crosby, Gina Flacco, Suellen Foth, Shelby Oakley, Karen Vasquez-Romero, Alexandra Wilk, and Adam Wolfe made key contributions to this report.

Cassandra Ardern, Stella Chiang, Sara Daleski, Marcus Ferguson, Jean McSween, Nadine Raidbard, Justin Snover, Jennifer Stavros-Turner, Anne Louise Taylor, Alyssa Weir and Lauren Wright also contributed to this report.

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