



Testimony

Before the Subcommittee on Oversight
and Investigations, Committee on
Veterans' Affairs, House of
Representatives

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VA ACQUISITION MANAGEMENT

Comprehensive Supply Chain Management Strategy Key to Address Existing Challenges

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

GAO@100 Highlights

Highlights of [GAO-21-445T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

In fiscal year 2020, VA received about \$19.6 billion in supplemental appropriations for COVID-19-related needs and through February 2021 has spent about \$1.1 billion on medical supplies and equipment. GAO testified in June 2020 and September 2020 that VA faced supply chain challenges, particularly in the early stages of the pandemic. Due in part to long-standing supply chain management issues that predated the pandemic, GAO added VA acquisition management to its High-Risk List in 2019. GAO's March 2021 High-Risk Update reported that VA has made limited progress in addressing its acquisition management challenges.

This statement discusses VA's progress toward modernizing its supply chain. This statement is largely based on information from six reports issued from 2017-2020 and observations from an ongoing review of VA's COVID-19 procurements.

To perform this work, GAO reviewed VA documentation and interviewed VA officials and medical center staff.

What GAO Recommends

GAO has made 48 recommendations since 2015 to improve acquisition management at VA. VA agreed with those recommendations and has implemented 22 of them. In this statement, GAO is recommending that VA develop a comprehensive supply chain management strategy that, among other things, outlines how its various supply chain initiatives relate to each other.

View [GAO-21-445T](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or OakleyS@gao.gov.

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Comprehensive Supply Chain Management Strategy Key to Address Existing Challenges

What GAO Found

The Department of Veterans Affairs (VA) experienced challenges tracking and obtaining medical supplies in response to COVID-19, particularly in the early stages of the pandemic—underscoring the need for supply chain improvements and acquisition management efficiencies.

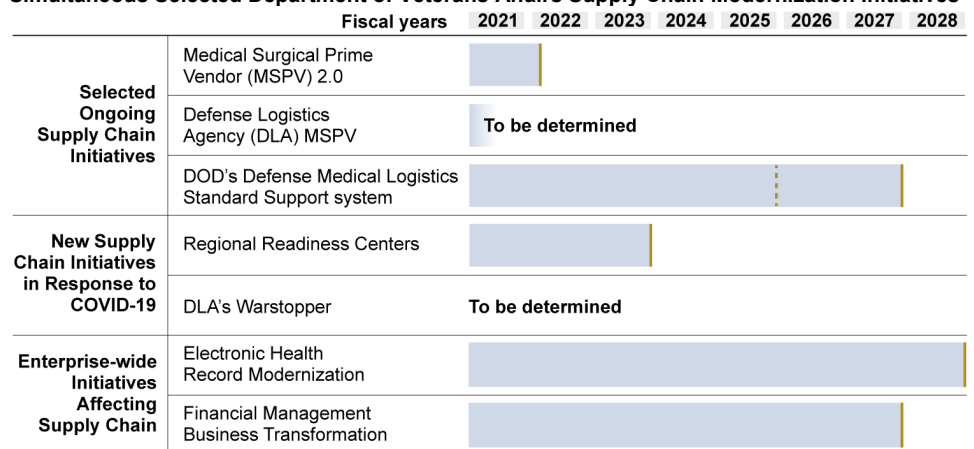
GAO's observations from its ongoing work show that VA is taking steps intended to help it better respond to future health emergencies through standing up Regional Readiness Centers (RRC) to act as central sources for critical medical supplies. VA also seeks to participate in the Defense Logistics Agency's (DLA) Warstopper program, which allows DLA to access critical supplies during an emergency. GAO's observations suggest VA has yet to address key questions about these new COVID-19 supply chain initiatives, such as:

- **RRCs:** What range of supplies will they stock? Will VA use its Medical Surgical Prime Vendor program or other contracting mechanisms to supply the RRCs? How much funding will be needed?
- **Warstopper:** How does DLA's Warstopper program link to RRCs? What range of supplies will Warstopper cover? How much funding will be needed?

The new initiatives and VA's ongoing modernization initiatives do not exist in isolation and are highly interrelated, with overlapping timelines (see figure). Delays and other changes in one initiative can affect the others. For example, VA plans to replace more than half of its supply chain management systems with the Defense Medical Logistics Standard Support system but the initial rollout was delayed due to challenges integrating the system with VA's financial systems.

VA lacks a comprehensive supply chain strategy for its various and interrelated supply chain management initiatives. Until it develops an overarching supply chain strategy and answers key questions, VA will not be able to fully address its high-risk acquisition management and ultimately better meet veterans' needs.

Simultaneous Selected Department of Veterans Affairs Supply Chain Modernization Initiatives



— Planned full implementation date — — — Potential accelerated full implementation date

Source: GAO analysis of VA documentation and prior GAO work. | GAO-21-445T

Chairman Pappas, Ranking Member Mann, and Members of the Subcommittee:

Thank you for having me here today to discuss our ongoing work on the Department of Veterans Affairs' (VA) procurement response to Coronavirus Disease 2019 (COVID-19) and other recent work on VA's progress toward addressing its acquisition management challenges. GAO added VA Acquisition Management to the High-Risk list in 2019 due to long-standing supply chain management issues that predated the pandemic. Since then, GAO has reported that VA continues to face challenges in achieving efficient acquisitions, including delayed rollout of key acquisition initiatives like Medical Surgical Prime Vendor (MSPV) 2.0 and the Defense Medical Logistics Standard Support (DMLSS) system, as well as other enterprise-wide initiatives, all of which are related to VA's efforts to modernize its supply chain.

As we have discussed in previous statements about VA's COVID-19 response, the pandemic presented unprecedented medical supply chain challenges, which the contracting and logistics employees at VA took steps to address with the resources available to them. As I noted in my September 2020 testimony on VA's procurement response to COVID-19, VA used a number of short-term approaches early in the pandemic to meet immediate supply needs, such as developing a new tool to track personal protective equipment (PPE), using contracting flexibilities, and expanding a partnership with the Federal Emergency Management Agency. Our forthcoming report on VA's COVID-19 procurement response will provide additional details about these approaches and other topics. That report will also provide additional details on the \$3.5 billion in contract obligations VA made as of February 28, 2021, for its COVID-19 response, including \$1.1 billion for medical supplies and equipment.¹ While I will briefly describe some of the initiatives undertaken by VA to respond to COVID-19, my statement focuses on how the pandemic response has underscored VA's challenges with its various and related supply chain management modernization initiatives, some of which led us to identify VA Acquisition Management as high risk in 2019, and the potential implications going forward.

¹In fiscal year 2020, VA received about \$19.6 billion in supplemental appropriations for COVID-19 response.

My remarks today are based on our key findings from six issued reports and testimonies on VA Acquisition Management and its COVID-19 response, as well observations from our ongoing review of VA's COVID-19-related procurements.² For that work, we reviewed VA policies, communications, briefings, key practices for organizational transformations based on prior work, and relevant legislation.³ We conducted interviews with VA officials responsible for Veterans Health Administration (VHA) and VA-wide procurement and logistics, program office managers, and supply chain managers, as well as other VA officials involved in acquisition management. As part of our ongoing work on VA's COVID-19-related procurements, we reviewed the Federal Procurement Data System-Next Generation (FPDS-NG) procurement data through February 28, 2021.⁴ We identified contract obligations related to COVID-19 using the National Interest Action code and related keyword searches and found the data sufficiently reliable for describing total VA obligations. We also reviewed VA memorandums and briefings, and we met with key VA personnel responsible for the agency's response to COVID-19. We expect to issue a report on this ongoing review by summer 2021. We met

²See GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021); *VA Acquisition Management: Actions Needed to Improve Management of Medical-Surgical Prime Vendor Program and Inform Future Decisions*, [GAO-20-487](#) (Washington, D.C.: Sep. 30, 2020); *VA Acquisition Management: COVID-19 Response Strains Supply Chain While Modernization Delays Continue*, [GAO-20-716T](#) (Washington, D.C.: Sept. 16, 2020); *High-Risk Series: VA Acquisition Management: Supply Chain Management and COVID-19 Response*, [GAO-20-638T](#) (Washington, D.C.: June 9, 2020); *Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019); and *Veterans Affairs Contracting: Improvements in Buying Medical and Surgical Supplies Could Yield Cost Savings and Efficiency*, [GAO-18-34](#) (Washington, D.C.: Nov. 9, 2017).

³See [GAO-21-119SP](#), [GAO-20-487](#), [GAO-20-716T](#), [GAO-20-638T](#), [GAO-19-157SP](#), and [GAO-18-34](#). More detailed information on the scope and methodology is contained within these reports. For more information about GAO's prior work on organizational transformations, see GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018) and *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

⁴FPDS-NG is the central repository for U.S. government procurement data. For unclassified contract actions over the micro-purchase threshold, agencies must submit detailed contract information to FPDS-NG. The database includes the product or service, agency and vendor information, contract start and estimated completion dates, and location of performance, among other elements.

with senior VA officials on March 18, 2021, to obtain agency views on the new observations discussed in this statement.

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

VA's Lack of Comprehensive Supply Chain Management Strategy Raises Questions about Its Major Modernization and COVID-19 Efforts

VA is pursuing multiple, ongoing initiatives to modernize its supply chain, including two begun in response to challenges presented by COVID-19, but questions remain about each of these initiatives. Our body of work has found that VA has experienced delays and faces challenges in achieving efficient acquisitions, which led us to elevate VA acquisition management to our High-Risk List in 2019. In our March 2021 High-Risk Update, we reported that VA has made limited progress in addressing its acquisition management challenges.⁵ For example, VA has not developed an action plan that describes corrective actions VA will take in the near term and many of VA's actions to improve acquisition management remain incomplete. We also expressed concern about VA's lack of a strategy for its MSPV program, its preferred program to purchase medical supplies. We recommended that VA address these areas of concern in order to use its resources in the most efficient manner possible to meet the needs of those who served our country.

Key Questions Remain Regarding VA's Ongoing and COVID-19-Related Modernization Initiatives

VA is pursuing multiple major initiatives to modernize its supply chain, but it faces challenges in implementing these efforts, raising questions about how challenges faced by one will affect the others. These initiatives involve both department-wide organizations and organizations within VHA. How and whether each of these initiatives will work in concert to result in a modern and efficient supply chain for VA remains uncertain (see table 1).

⁵[GAO-21-119SP](#).

Table 1: Selected Department of Veterans Affairs (VA) System Modernization Initiatives That Affect VA’s Supply Chain Management

Initiatives	Description	Selected questions about VA’s supply chain management modernization initiatives
Selected Ongoing Supply Chain Initiatives		
Medical Surgical Prime Vendor (MSPV) 2.0	The next iteration of the Veterans Health Administration’s (VHA) current preferred program to purchase medical and surgical supplies.	Will MSPV 2.0 address issues with its predecessor, MSPV-Next Generation? What is the future of MSPV 2.0 if VHA is transitioning to the Defense Logistics Agency’s (DLA) MSPV? Is there unnecessary duplication between the MSPV and VA Federal Supply Schedule programs? ^a
DLA’s MSPV	A Department of Defense (DOD) program similar to VHA’s MSPV program, intended to provide VA medical centers with access to over 200,000 supplies on DLA’s formulary. Though started as a pilot, VHA now intends to implement this program in lieu of its own MSPV 2.0 program in the future.	Will DLA MSPV meet VHA’s needs? Will DLA incorporate items identified by VHA into its MSPV catalog? Without assessing the outcomes of a pilot, as GAO recommended, how will VHA decide whether to proceed with broad-scale implementation? How, if at all, will VA’s Veterans First preferences be applied by medical center staff placing orders? ^b
DOD’s Defense Medical Logistics Standard Support system (DMLSS)	A system adopted from DOD and to be managed by VHA to place orders through DLA’s MSPV, as well as other capabilities such as supporting inventory management, at an estimated cost of \$2.8 billion. VA’s new electronic health record and financial systems (see below) also rely upon successful implementation of DMLSS.	Will VHA be able to expedite implementation of DMLSS, as planned, to address inventory management challenges highlighted by the pandemic? Has VHA developed key program documentation, such as realistic cost and schedule baselines, for this accelerated effort?
New Supply Chain Initiatives in Response to Coronavirus Disease 19 (COVID-19)		
Regional Readiness Centers (RRC)	Four geographically-dispersed facilities managed by VHA that will act as a central source of supply for VA medical centers for personal protective equipment and other critical items.	Will RRCs supplant VHA’s just-in-time supply chain? Will VA use MSPV or other contracting mechanisms to supply the RRCs? What types of emergency response will RRCs support, and what range of items will they stock? How much total funding is required for RRCs initially and annually?
DLA’s Warstopper	A DOD program that makes investments in industry to guarantee access to certain materials and enables industry to increase production when needed. DLA is using this program to support the nation’s COVID-19 response.	Does VA plan to use DLA’s Warstopper program in concert with its RRCs? What range of supplies will Warstopper cover? How much funding will VA need to participate in Warstopper? Is DLA onboard with VA’s participation in Warstopper?
Enterprise-wide Initiatives Affecting Supply Chain		
Electronic Health Record Modernization	A \$16.1 billion program to implement a configuration of the same commercially available electronic health record system as DOD. Once implemented, this system will interface with the supply chain through DMLSS, which VA identified as a key dependency for successful deployment of the system.	Will VA address critical and high severity test findings before deploying the system at additional locations, as GAO recently recommended? ^c

Initiatives	Description	Selected questions about VA's supply chain management modernization initiatives
Financial Management Business Transformation	A program to replace VA's aging financial and acquisition systems with one integrated system at an estimated cost of \$2.98 billion as of September 2020. However, acquisition capabilities of the system are currently being implemented on a separate, later schedule from the financial capabilities. This new financial system will connect with the supply chain through DMLSS.	Will delays or other challenges affect the schedule for DMLSS implementation?

Source: GAO analysis of VA initiatives. | GAO-21-445T

^aThrough its Federal Supply Schedule program, VA manages nine healthcare-related schedules—groups of contracts used to order medical supplies and services—under authority delegated by the General Services Administration. See GAO, *VA Acquisition Management: Steps Needed to Ensure Healthcare Federal Supply Schedules Remain Useful*, [GAO-20-132](#) (Washington, D.C.: Jan. 9, 2020).

^bThe Veterans First Program implements VA's statutorily-required preference for contracting with veteran-owned small businesses. See The Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 502(a) (2016) (codified as amended at 38 U.S.C. § 8127).

^cSee GAO, *Electronic Health Records: VA Has Made Progress in Preparing for New System, but Subsequent Test Findings Will Need to Be Addressed*, [GAO-21-224](#) (Washington, D.C.: Feb. 11, 2021).

Key Supply Chain Management Modernization Initiatives

Our recent body of work has covered a range of VA's acquisition management challenges. I will highlight two key existing modernization initiatives because VHA's challenges with these efforts will affect VA's ability to improve in the area of acquisition management.

- MSPV program.** VA has frequently changed its approach to replacing its MSPV program. Since MSPV's inception in 2005, VA has created several iterations of the program. Under this program, contractors—called prime vendors—deliver a wide range of supplies to VA medical centers on a near-daily basis. MSPV is intended to be the medical centers' primary source for medical supplies.

During 2019 and 2020, while VHA was preparing to launch the next version of the program—MSPV 2.0—VHA also began a pilot of the Defense Logistics Agency's (DLA) MSPV program to determine whether it provided a more economical and efficient means for obtaining medical and surgical supplies. In September 2020, we reported that VHA had not identified criteria for evaluating the pilot, including whether it would be scalable to other medical centers.⁶ Nevertheless, in September 2020, senior VHA officials said that they had decided to implement DLA's MSPV program across VHA before

⁶[GAO-20-487](#).

completing the pilot and assessing its results. In the interim and as DLA's MSPV program is rolled out at VA medical centers, MSPV 2.0 will be needed to meet medical center needs. However, due to delays in establishing agreements with suppliers for the tens of thousands of items VHA plans to include in MSPV 2.0, its implementation is now delayed until October 2021. As a result, medical centers will have to continue to deal with issues in the current version of MSPV that have led to challenges obtaining medical supplies, even before the pandemic, such as frequent backorders.

- **Defense Medical Logistics Standard Support.** VHA plans to modernize its antiquated inventory system through the use of Defense Medical Logistics Standard Support (DMLSS) system. DMLSS is intended to fully or partially replace more than half of VHA's current supply chain management systems. It will also interface with two enterprise-wide modernization efforts: the Electronic Health Record Modernization and Financial Management Business Transformation programs. VA has reported that DMLSS is a key dependency for the successful deployment of the Electronic Health Record Modernization program. However, VHA delayed its initial rollout of the DMLSS system from October 2019 to August 2020 due to challenges integrating it with VA's legacy financial system and other factors. VA had planned to complete implementation of DMLSS across all medical centers by 2027 but is exploring whether it can accelerate full implementation to 2025. VA received \$100 million in the American Rescue Plan Act of 2021 for supply chain modernization and VA officials said that they intend to use the funds for this purpose.⁷

New COVID-19 Supply Chain Management Initiatives

In response to weaknesses in the supply chain that were exposed during the early phases of the COVID-19 pandemic, VA has taken steps to develop or participate in new supply chain programs. Each is in the early stages of planning or implementation and questions remain about their implementation, including how they will work in concert with VA's existing modernization initiatives.

- **Establishing Regional Readiness Centers.** VHA has begun standing up Regional Readiness Centers (RRC), which will act as central sources for the management and resupply of VA medical center PPE and other critical items. However, our observations from our ongoing work indicate VHA has experienced delays in setting up the four permanent RRCs. As of January 2021, VA faces an almost 1-year delay in achieving full operational capability—originally planned

⁷American Rescue Plan Act of 2021, Pub. L. No. 117-2, § 8003, 135 Stat. 4, 112 (2021).

for fall of 2022 and now expected in 2023. According to VA officials, VHA experienced multiple challenges setting up the RRCs, such as creating the capability while responding to the pandemic, supply chain constraints due to the pandemic, VA's lack of a supply chain management system, and budgetary issues.

VHA has yet to determine the total annual cost to retain four fully operational locations, which would include costs related to transportation, automated systems, staffing, and stock rotation and management. In VHA's January 2021 RRC update, VHA estimated the cost of the current interim sites' warehouse spaces as \$45 million for fiscal year 2021. VA has also yet to determine how the RRCs will be funded once Coronavirus Aid, Relief, and Economic Security Act (CARES Act) supplemental funds expire at the end of fiscal year 2021. As of March 2021, VA officials stated that the RRC Implementation Strategy is in final development.

- **Exploring participation in the DLA's Warstopper program.** VA is also pursuing participation in the DLA's Warstopper program. According to DLA, Warstopper supported DOD's COVID-19 response through contracts that commit manufacturers to provide quick-response production of critical supplies, such as ventilators. In addition, DLA officials stated that Warstopper gave DLA access to over 14,000 medical items whose availability was limited in the open market due to production limitations. DLA states that participating vendors are contractually obligated to maintain shelf life of the material by rotating stock.

VHA's October 2020 COVID-19 Response Report stated that the lack of a similar program left VA subject to market conditions when attempting to obtain critical supplies early in the pandemic. In a February 2021 letter to the House Veterans' Affairs Committee, VA communicated that while VA's appropriations structure does not impede VA from partnering with DLA on Warstopper, VA likely would need additional appropriations to fund VA participation in the program. In March 2021, VA officials did not state how much it would cost or how they would fund their participation in the program, aside from potentially using supplemental funds from the CARES Act as a short-term source. While VA officials noted that they wanted to leverage DLA's capabilities, they did not explain how they would incorporate the program into ongoing supply chain initiatives.

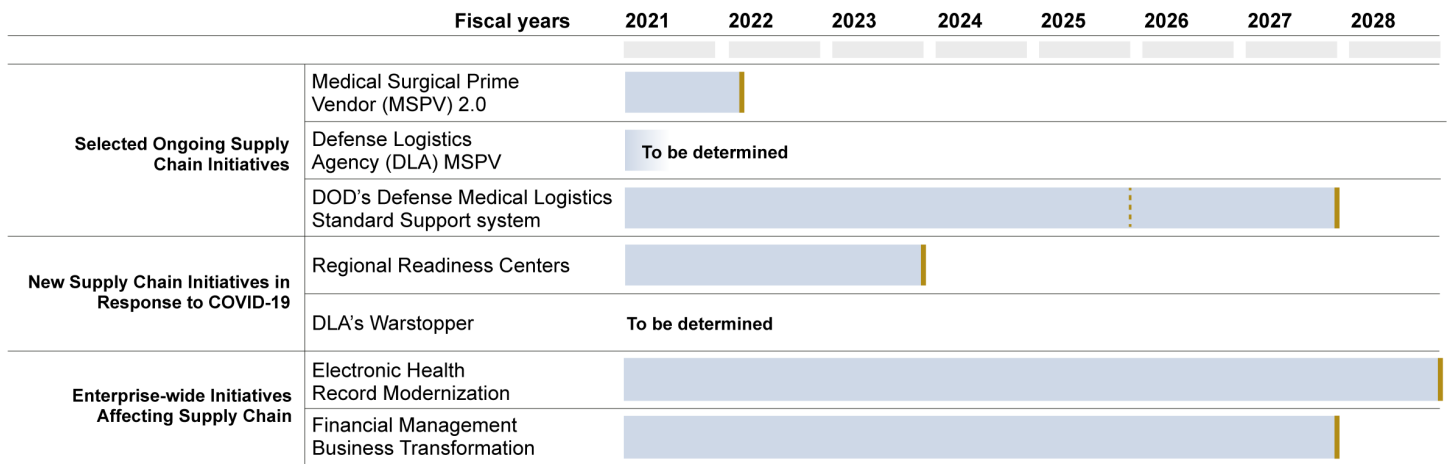
Key questions remain about these two VA COVID-19 programs, such as how the programs will be funded in the long term. In March 2021, VHA acknowledged that it has yet to determine what the connection should be between these programs, which serve closely-related purposes. In

addition, VHA has not articulated how these programs, which are meant to meet VA's medical supply needs in times of emergency, will be integrated into VA's ongoing supply chain modernization efforts. See table 1, above, for other questions about VA's COVID-19 programs.

VA Lacks Comprehensive Supply Chain Management Strategy to Address High-Risk Acquisition Management and Meet Veteran Needs

VA does not have a comprehensive strategy for its supply chain management modernization efforts, hindering efficient acquisition management and its mission to meet veterans' needs. As summarized in table 1 above, VA has many ongoing initiatives related to supply chain management modernization. VA has developed plans of varying maturity and completeness for all of these initiatives. However, these initiatives do not exist in isolation from one another and are highly interrelated. Along with their extensive interdependencies, these initiatives are also being developed and implemented concurrently, as illustrated by figure 1.

Figure 1: Planned Time Frames for Selected Department of Veterans Affairs (VA) System Modernization Initiatives That Affect Supply Chain Management



█ Planned full implementation date - - - - Potential accelerated full implementation date

Source: GAO analysis of VA documentation and prior GAO work. | GAO-21-445T

Delays and other changes in one initiative can affect the others. For instance, delays in the DMLSS rollout have already affected the schedule

for the pilot of the DLA MSPV program.⁸ Further, implementing DLA MSPV, the Electronic Health Record Modernization, and other initiatives requires VA to collaborate closely with DOD, which could lead to further delays given the complexity that can accompany interagency collaboration. We have previously noted that interagency collaboration can be hindered by incompatible procedures, processes, and information systems.⁹

VA must also take into account other considerations that affect multiple initiatives. VHA has been working for several years to create its Clinician-Driven Strategic Sourcing program, through which selected clinicians will help develop VHA's requirements for clinical products. As this effort matures, it will affect several initiatives, including MSPV and RRCs. Additionally, VA must determine how all its supply chain modernization initiatives will be implemented in a way that is consistent with the statutory requirement that VA give preference to veteran-owned small businesses when contracting.¹⁰ Small businesses represent a significant part of VA's supply chain. According to our analysis of the \$3.5 billion in contract obligations for COVID-19 response alone, about \$1.7 billion in contract obligations were made to veteran-owned small businesses as of February 28, 2021.

⁸In addition to VA Acquisition Management, VA Health Care also remains on the High Risk list as of March 2021, in part, due to its information technology challenges. See [GAO-21-119SP](#). For more information about VA's information technology systems, see GAO, *Electronic Health Records: VA Has Made Progress in Preparing for New System, but Subsequent Test Findings Will Need to Be Addressed*, [GAO-21-224](#) (Washington, D.C.: Feb. 11, 2021) and GAO, *Electronic Health Records: Ongoing Stakeholder Involvement Needed in the Department of Veterans Affairs' Modernization Effort*, [GAO-20-473](#) (Washington, D.C.: June 5, 2020). GAO also plans to issue a report about VA's Financial Management Business Transformation program in spring 2021.

⁹GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

¹⁰The Veterans First program implements The Veterans Benefits, Health Care, and Information Technology Act of 2006, Pub. L. No. 109-461, § 502(a) (2016) (codified as amended at 38 U.S.C. § 8127). The Act requires VA contracting officers to determine whether there is a reasonable expectation that two or more veteran-owned small businesses will submit offers for a particular good or service at a fair and reasonable price that offers best value to the government. If two or more such businesses are found, contracting officers must set aside the procurement for the veteran-owned small businesses. VA refers to this determination as the "VA Rule of Two." For our prior findings on VA's implementation of the Veterans First program, see GAO, *Veterans First Program: VA Needs to Address Implementation Challenges and Strengthen Oversight of Subcontracting Limitations*, [GAO-18-648](#) (Washington, D.C.: Sept. 24, 2018).

VA does not have a comprehensive supply chain management strategy in place for these various and interrelated supply chain management initiatives. In its March 2019 Modernization Campaign Plan, VHA outlined a number of in-progress modernization initiatives across the full scope of its operations, including most of the supply chain modernization initiatives mentioned in table 1 above. The plan outlined broad goals for supply chain modernization and acknowledged that these initiatives are interrelated. However, the plan did not address how the various initiatives will affect each other throughout their development and implementation. In VHA's October 2020 COVID-19 Response Report, assessing its response to the pandemic up to that point, VHA found that its Modernization Plan needed to be updated to account for new issues surfaced by the pandemic.

Our prior work on organizational transformations and reforms states that agreement on specific goals can help decision makers determine what problems genuinely need to be fixed, how to balance differing objectives, and what steps need to be taken to create long-term gains, not just short-term advantages. Further, one of the key practices of organizational transformation is that agencies should develop an implementation plan with key milestones and deliverables to track implementation progress.¹¹ While VA has created plans for some individual initiatives, it does not address how those initiatives can affect one another. For example, the DMLSS plan focuses on information technology systems and does not mention MSPV 2.0 or DLA's MSPV program. Without a comprehensive supply chain management strategy for the various and interrelated initiatives, VA risks pursuing multiple, costly initiatives that do not ultimately result in significant improvements in VA acquisition management.

Conclusions

VA has multiple interrelated supply chain modernization initiatives under way that are intended to improve its acquisition management. However, without a comprehensive strategy that communicates how each interrelated initiative will move VA forward, VA risks wasting resources and missing opportunities to address its high-risk acquisition management. An effective medical supply chain—delivering the right item or service, at the right time, to the right place, at the right cost—would help ensure that VA is prepared for future public health emergencies, and

¹¹[GAO-18-427](#).

that it is positioned to provide quality care to the veterans it serves every day.

Recommendation for Executive Action

We are making the following recommendation to the Department of Veterans Affairs:

The Secretary of Veterans Affairs should ensure the Veterans Health Administration (VHA) Assistant Under Secretary for Health for Support develops a comprehensive supply chain management strategy that outlines how VHA's various supply chain initiatives are related to each other and to VA-wide initiatives. This strategy should link to VA's overall plans to address its broader acquisition management challenges and reflect key practices of organizational transformations, including an implementation plan with key milestones. (Recommendation 1)

Chairman Pappas, Ranking Member Mann, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Shelby S. Oakley at 202-512-4841 or OakleyS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Teague Lyons, Assistant Director; Lisa Gardner, Assistant Director; Jocelyn Yin, Analyst-in-Charge; and Joy Kim. Also contributing were Mark Bird, Rose Brister, Matthew T. Crosby, Lori Fields, Suellen Foth, Gina Hoover, Ann Tynan, and Sarah Veale.

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