

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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VA ACQUISITION MANAGEMENT

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.

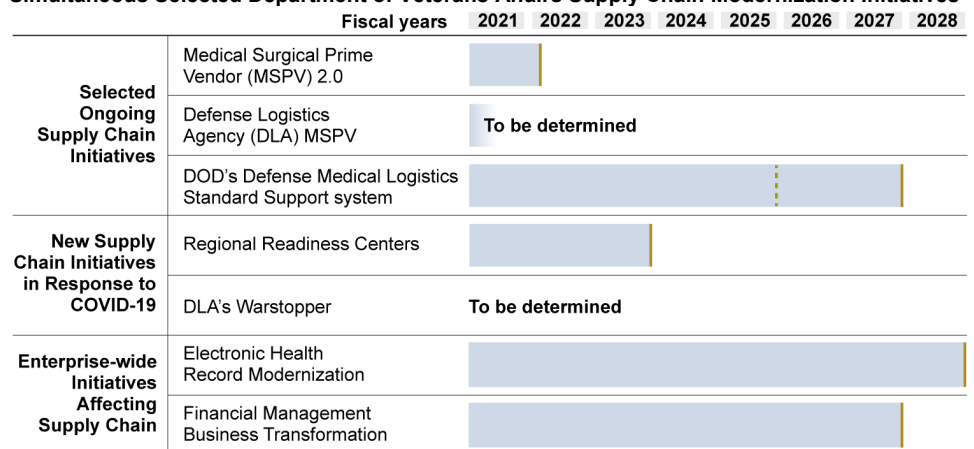
GAO's observations from its ongoing work show that VA is taking steps intended to help it better respond to future health emergencies through standing up Regional Readiness Centers (RRC) to act as central sources for critical medical supplies. VA also seeks to participate in the Defense Logistics Agency's (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