



January 2020

VA ACQUISITION MANAGEMENT

Steps Needed to Ensure Healthcare Federal Supply Schedules Remain Useful

Why GAO Did This Study

Through the FSS program, VA manages nine healthcare-related schedules—groups of contracts used to order medical supplies and services—under authority delegated by GSA. VA’s FSS program management, including the speed with which it adds new contracts, affects VA medical centers’ ability to use it to easily obtain goods and services. Further, recent changes in VA’s medical procurement have also raised questions about the future role of the program.

GAO was asked to examine VA’s management and use of its FSS program. This report assesses (1) what is known about VA use of its FSS program for fiscal years 2014-2018; (2) program management challenges faced by NAC; (3) the extent to which NAC awarded FSS contracts to vendors in a timely manner from fiscal years 2014-2018; and (4) the extent to which the FSS and MSPV-NG programs provide overlapping or duplicative offerings.

GAO reviewed eight VA schedules, excluding pharmaceutical due to the use of a prime vendor, among other things. GAO also analyzed three of these schedules representing about two-thirds of VA’s FSS contracts; analyzed policies, guidance, and processes; and interviewed senior VA procurement, contracting, and supply chain logistics staff at NAC and two medical centers.

What GAO Recommends

GAO is making 11 recommendations: nine to VA and two to GSA; including that VA provide comprehensive guidance and FSS-specific training, improve NAC and GSA collaboration, evaluate timeliness goals and barriers, and assess FSS and MSPV-NG program duplication. VA and GSA agreed with GAO’s recommendations.

View [GAO-20-132](#). For more information contact Shelby S. Oakley at (202) 512-4841 or oakleys@gao.gov.

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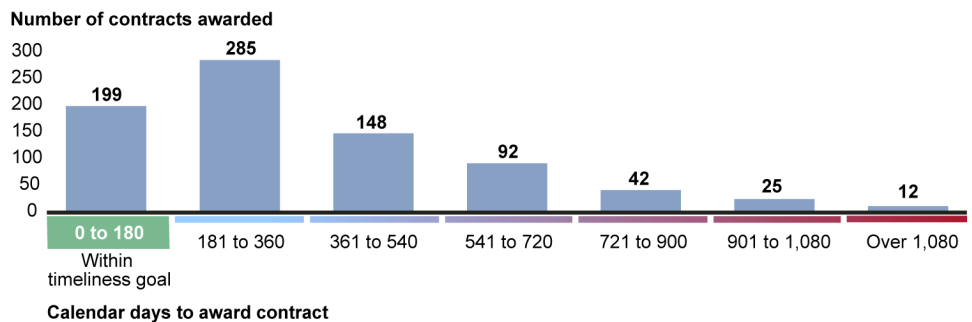
What GAO Found

Over the past 5 years, Department of Veterans Affairs (VA) medical spending increased, but spending on its eight non-pharmaceutical Federal Supply Schedules (FSS) was flat. GAO found the vendor-submitted sales reports to be sufficiently reliable for describing these trends. However, GAO found that VA’s National Acquisition Center (NAC)—the VA-wide contracting organization responsible for FSS—lacks controls to ensure the completeness of vendor sales data, which is used to calculate fees that finance the program.

The FSS program faces numerous challenges. For instance, NAC FSS guidance and training are not comprehensive, posing a risk of inefficiency and uneven application of requirements by contracting staff. Limited collaboration between FSS leadership at both NAC and the General Services Administration (GSA) also resulted in missed opportunities to share tools and practices. A 3-year FSS leadership gap further exacerbated challenges; these positions are now filled.

NAC also failed to meet its 180-day timeliness goal for 75 percent of the non-pharmaceutical FSS contracts it awarded from fiscal years 2014 through 2018 (see figure), though NAC met its goal for contract modifications 80 percent of the time.

Timeliness of Awarded Non-Pharmaceutical FSS Contracts for Fiscal Years 2014-2018



Source: GAO analysis of National Acquisition Center Contract Management timeliness data. | GAO-20-132

By assessing timeliness goals and identifying barriers to achieving them, NAC leadership can take steps to better enable its contracting workforce to provide an efficient and reliable means to obtain needed goods and services through FSS.

Moreover, VA’s procurement leaders have not assessed, and communicated to program managers, whether the duplication between FSS and the Medical Surgical Prime Vendor-Next Generation (MSPV-NG) program is a necessary and effective use of resources. These two programs feature many of the same items, and different contracting staff manage different contracts for the provision of the same or similar medical supplies for VA medical centers. Without assessing duplication between these two programs, VA is at risk of inefficient use of its contracting workforce, and may be unable to fully leverage its buying power.

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Abbreviations

| | |
|---------|---|
| FAR | Federal Acquisition Regulation |
| FPDS-NG | Federal Procurement Data System-Next Generation |
| FSS | Federal Supply Schedules |
| GSA | General Services Administration |
| IFF | Industrial Funding Fee |
| MSPV | Medical-Surgical Prime Vendor |
| MSPV-NG | Medical-Surgical Prime Vendor-Next Generation |
| NAC | National Acquisition Center |
| NCO | Network Contracting Office |
| SAC | Strategic Acquisition Center |
| VA | Department of Veterans Affairs |
| VHA | Veterans Health Administration |
| VISN | Veterans Integrated Service Network |

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January 9, 2020

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

The Honorable Chris Pappas
Chairman
The Honorable Jack Bergman
Ranking Member
Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
House of Representatives

In fiscal year 2018, the Department of Veterans Affairs (VA) spent nearly \$27 billion to procure a wide range of goods and services, including medical supplies and equipment, to meet the needs of veterans. During the same timeframe, VA purchased \$2.3 billion in medical supplies and services through eight non-pharmaceutical Federal Supply Schedules (FSS) managed by VA's National Acquisition Center (NAC). These schedules, which are groups of contracts, are designed to provide VA and other government agencies with a simplified procurement method.¹

Recent changes to VA's procurement system through its Medical-Surgical Prime Vendor-Next Generation (MSPV-NG) program have raised questions about the future role of certain schedules in the FSS program.² Further, FSS users and vendors have also raised questions about the program's utility and efficiency. In light of these issues, you requested that we examine VA's management and use of its FSS program. This report assesses: (1) what is known about VA's use of its FSS program for fiscal years 2014 through 2018; (2) challenges NAC faces in effectively managing the FSS program; (3) the extent to which NAC awarded FSS contracts in a timely manner from fiscal years 2014 through 2018; and (4)

¹ VA's FSS are also used by other federal agencies; sales to all other agencies were \$5 billion in fiscal year 2018. The largest customers are the Department of Defense and the Department of Health and Human Services.

² GAO, *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).

the extent to which the FSS and MSPV-NG programs provide overlapping or duplicative offerings.

To assess what is known about VA organizations' use of the FSS program from fiscal years 2014 to 2018, we analyzed vendor sales report data and compared them to FSS contract obligations data reported in Federal Procurement Data System-Next Generation (FPDS-NG). We found these data sufficiently reliable for the purposes of describing trends in usage, based on our review of documentation and interviews with NAC staff. (We discuss issues with the internal controls for this data source in our report.) We reviewed eight schedules in VA's FSS program, excluding the pharmaceutical schedule due to its use of a prime vendor, among other things. We further selected the FSS Medical Equipment and Supplies, Patient Mobility Devices, and Healthcare Staffing schedules as the focus of our review. We did this because, when we began our review, the contracts under these three schedules collectively represented around two-thirds of active NAC FSS contracts. We also used information obtained from a prior GAO review of VA's Veterans First Program when discussing FSS use and used *Standards for Internal Control in the Federal Government* as criteria to assess this use.³

To determine challenges NAC faces in effectively managing the FSS program, we reviewed VA procurement and internal NAC FSS policy, guidance, and contracting staff training materials. We interviewed VA FSS leadership, contracting staff, and other personnel during a site visit to NAC; we also interviewed contracting and logistics staff at two Veterans Health Administration (VHA) Veterans Integrated Service Networks about their use of FSS. Further, we reviewed documentation regarding General Services Administration (GSA) practices for managing its FSS program, and delegation documents, and interviewed cognizant GSA officials.

To assess the extent to which NAC awarded FSS contracts in a timely manner, we analyzed NAC data on how long it took to process contract offers and modifications for fiscal years 2014 through 2018. From the three selected NAC schedules, we also reviewed 26 NAC FSS contracts awarded from fiscal years 2014 to 2019, selected in part from those

³ 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); and *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

contracts that did not meet timeliness goals. We conducted this review of selected contracts to gain a better understanding of why the timeliness goals were not being met. Furthermore, we reviewed systems and processes used to award contracts, and interviewed VA FSS leadership, contracting staff, and other personnel.

To assess the extent to which the FSS and MSPV-NG programs provide overlapping or duplicative offerings, we reviewed relevant policies, guidance, and documents, such as VA's 2018-2024 Strategic Plan.⁴ We interviewed MSPV program office officials, VHA and Strategic Acquisition Center procurement officials, and VA and VHA procurement leadership. We also used information obtained from an ongoing GAO review as well as published GAO reports on VA's MSPV-NG program.⁵

We conducted this performance audit from November 2018 to January 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The FSS program is directed and managed by GSA and provides federal agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying. Schedules are catalogs of related products and services, from pre-approved vendors, with established pricing that can be used by federal agencies to obtain goods and services, ranging from office furniture to medical equipment and supplies. Since 1960, GSA has delegated authority to VA to manage health care related schedules, currently totaling nine schedules. (Throughout this report, we use the term "FSS" to refer to VA's FSS program, unless otherwise noted.) These nine VA schedules, as shown in figure 1, are designed to provide FSS users at VA and other agencies with a menu of items—including medical equipment, supplies, and services—they can order from in a streamlined manner.

⁴ Department of Veterans Affairs Fiscal Years 2018 – 2024 Strategic Plan (Feb. 12, 2018).

⁵ See [GAO-18-34](#) and *Veterans Affairs Contracting: Improvements in Policies and Processes Could Yield Cost Savings and Efficiency*, [GAO-16-810](#) (Washington, D.C.: Sept. 16, 2016).

Figure 1: Federal Supply Schedules Managed by the Department of Veterans Affairs (VA)



Source: VA National Acquisition Center. | GAO-20-132

Sales to VA on the pharmaceutical schedule were \$33.5 billion from fiscal years 2014 through 2018. We omitted the pharmaceutical schedule from our review because it differs substantially from the other eight schedules, particularly in its use of a prime vendor.

How the VA's FSS Program Is Managed

VA's FSS program is managed by the National Acquisition Center (NAC), a VA-wide contracting organization which is also responsible for procuring items like high-tech medical equipment for medical centers. NAC is part of VA's Office of Procurement, Acquisition and Logistics, which is overseen by VA's Office of Acquisition, Logistics, and Construction. Within NAC, the FSS Service, which is comprised of about 80 staff, is divided into teams of contracting staff who are responsible for individual schedules.⁶ Another team, NAC's Program Management and Resource

⁶ Throughout this report, we use the term "contracting staff" to refer collectively to NAC FSS staff in the 1102 job series holding the title of contract specialist or contracting officer.

Support, manages functions such as issuing guidance and providing training. In 2016, NAC issued a Procedural Guideline that generally sets a goal for its contracting staff to complete their review of and award decision for vendor-submitted FSS offers within 180 calendar days.⁷

Like GSA's FSS program, users of the VA FSS program are charged a fee on the price of their FSS purchases, called the Industrial Funding Fee (IFF). VA's FSS fee is 1 percent for services and 0.5 percent for goods.⁸ Fees generated by VA FSS fund its operations and other VA procurement operations. NAC facilitates collection of the IFF from vendors that sell products or services under VA FSS contracts, and vendors remit the IFF to VA's Supply Fund, a self-supporting revolving fund. The Supply Fund, in turn, is used to provide funding to NAC for the operation of the FSS Service, the office that manages VA's FSS program.

VA FSS Users

VA's schedules are used by organizations across the federal government, including the Department of Defense, Department of Health and Human Services, and the Department of Homeland Security. In this review, we focus on how the Veterans Health Administration (VHA) uses VA's schedules. VHA, the only VA administration that uses the VA schedules, provides medical care to about 9 million veterans at 170 medical centers.⁹ These medical centers are organized into 18 Veterans Integrated Service Networks (VISN), organizations that manage medical centers and associated clinics across a given geographic area. Each VISN is served by a corresponding Network Contracting Office (NCO), which is responsible for awarding contracts for medical goods and services that the medical centers need.

⁷ In July 2019, NAC revised the procedural guideline to increase the timeliness goal for FSS offers for services to 240 days. VA currently manages two schedules for services, Professional and Allied Healthcare Staffing Services, referred to as Healthcare Staffing, and Medical Laboratory Testing and Analysis Services, referred to as Laboratory Testing. The timeliness goal remained 180 days for the other seven product-based schedules. Additionally, in some instances an organization within the VA Office of Inspector General performs a pre-award review of FSS offers. Under NAC's procedural guideline, the time for these pre-award reviews—60 business days, subject to the vendor's cooperation—is excluded from measurement of the 180 calendar day timeliness goal.

⁸ GSA's IFF for most of its schedules is 0.75 percent.

⁹ VA is organized into three operational administrations—VHA, Veterans Benefits Administration, and National Cemetery Administration.

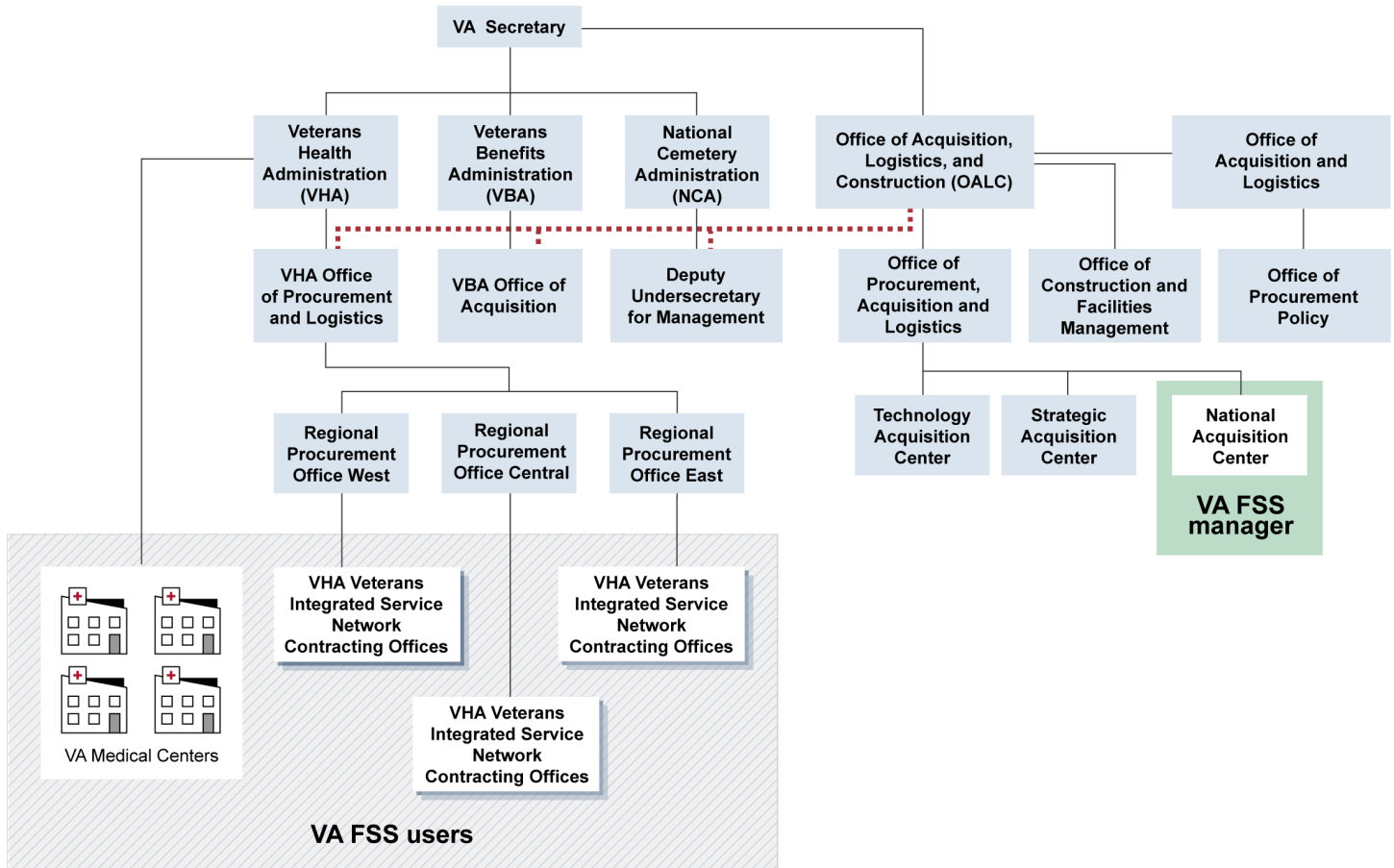
Two primary groups of VHA staff place FSS orders:

1. VHA **contracting officers**, who are authorized to enter into contracts on behalf of the government, may place orders against the schedules. They handle purchases over the micro-purchase threshold, which is generally \$10,000.¹⁰
2. Certain VHA **medical center logistics staff** are authorized to make smaller purchases at or below the micro-purchase threshold, including placing FSS orders. Many of these staff are in the medical centers' logistics offices, which are responsible for managing the supply chain for VHA's medical centers.

Figure 2 provides an overview of VA's procurement structure and FSS users.

¹⁰ Section 806 of the National Defense Authorization Act for Fiscal Year 2018 increased the micro-purchase threshold to generally be \$10,000; previously, it had been \$3,500 for agencies such as VA. VA implemented the increase in March 2018. VA, Memorandum from Acting Deputy Senior Procurement Executive, *Class Deviation from the Federal Acquisition Regulation (FAR) increasing the micro-purchase threshold and the simplified acquisition threshold (FAR Case 2018-004)* (Mar. 22, 2018).

Figure 2: Overview of How VA Procurement Activities Are Organized and Their Roles in the VA Federal Supply Schedule (FSS) Program



..... OALC's oversight of the acquisition function in each Administration.

Source: GAO analysis of Veterans Affairs (VA) organizational charts and policies. | GAO-20-132

VA's Medical-Surgical Prime Vendor Program

In addition to purchasing goods and services through FSS, VHA logistics staff at VA's medical centers can also buy them through the MSPV-NG program. In this program, VA medical centers use contractors called medical-surgical prime vendors to obtain many of the supplies they use on a daily basis, such as bandages and scalpels. These prime vendors operate local warehouses and deliver supplies ordered by medical centers. The prices for these medical supplies are established by separate contracts or agreements that are awarded by contracting officers within VA's Strategic Acquisition Center (SAC). The MSPV-NG

program is managed by SAC and VHA. As we reported in 2018, for over a decade, each medical center used VHA's legacy MSPV program to order medical supplies. Many of those items were purchased using VA's FSS, which provided medical centers with a great deal of flexibility to order from a catalog containing hundreds of thousands of items. However, this flexibility prevented VHA from standardizing the items used across its medical centers and also affected its ability to leverage its buying power to achieve greater cost avoidance.¹¹ In December 2016, VHA transitioned to a new iteration of this program called MSPV-NG, which has a narrower catalog of medical supplies than the legacy program, which offered hundreds of thousands of items. As of September 2019, the catalog offers about 22,000 supply items to medical centers.

Veterans First Contracting Program Requirements

In June 2016, a Supreme Court decision clarified that VA must apply the Veterans First Contracting Program preference before contracting with a non-veteran-owned business, including purchases made through FSS.¹² This program, referred to in this report as Veterans First, provides preference within VA for contracting with veteran-owned small businesses. Specifically, VA contracting officers must apply the "VA Rule of Two," meaning they must conduct market research 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.

¹¹ See [GAO-18-34](#) for our prior findings on VA's implementation of its MSPV-NG program.

¹² The 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). For our prior findings on VA's implementation of the Veterans First program, see [GAO-18-648](#). The Supreme Court's decision addressed a VA purchase made through a GSA-managed FSS.

Use of VA's FSS Was Flat While Overall VHA Spending Rose, but NAC Lacks Controls to Verify Sales Data and Visibility into Small Business Participation and User Experience

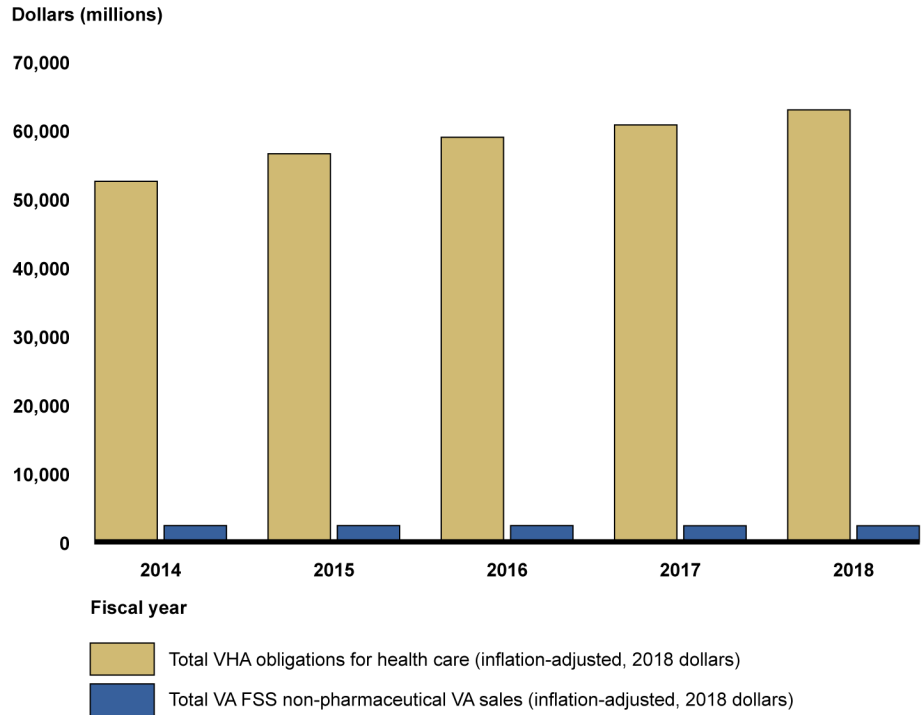
VHA used NAC's FSS to purchase billions of dollars in medical supplies and services over the past 5 years. Sales for the eight non-pharmaceutical schedules, however, have been largely flat, as compared to the rise in VHA's total health care spending. Though we found vendor-submitted sales reports to be sufficiently reliable for describing overall trends, we found that NAC does not have controls in place to ensure that vendors are providing complete data—used to calculate fees that finance the program. In an attempt to assess data completeness, NAC recently began comparing vendor data to Federal Procurement Data System-Next Generation (FPDS-NG) data for verification. However, because agencies do not report micro-purchases made via purchase card in FPDS-NG, this approach alone is not effective.¹³ We also found that NAC does not analyze existing data on the number of veteran-owned small businesses that hold FSS contracts, the types of goods and services they offer, or which schedules have the most or least participation by these businesses. This information is important because VHA contracting officers must apply the Veterans First preference to contracts. The existence or lack of veteran-owned small businesses on FSS affects whether these staff can use FSS to fulfill their needs. Finally, we found that NAC has limited visibility into the FSS user experience. Those insights could help NAC identify potential areas for improvement.

Billions of Dollars in Medical Supplies and Services Are Purchased through VA FSS, but Sales Are Flat amid a Rise in Overall VHA Medical Spending

VHA obligated \$291 billion from fiscal years 2014 to 2018 for health care services provided at its medical facilities—\$12 billion of which was for medical supplies and services obligated using the eight non-pharmaceutical VA schedules. In contrast to VHA obligations for health care at its medical centers, which increased nearly 20 percent during this 5-year period, VA FSS purchases on these schedules were flat. See figure 3.

¹³ FPDS-NG is the central repository for U.S. government procurement data. For 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.

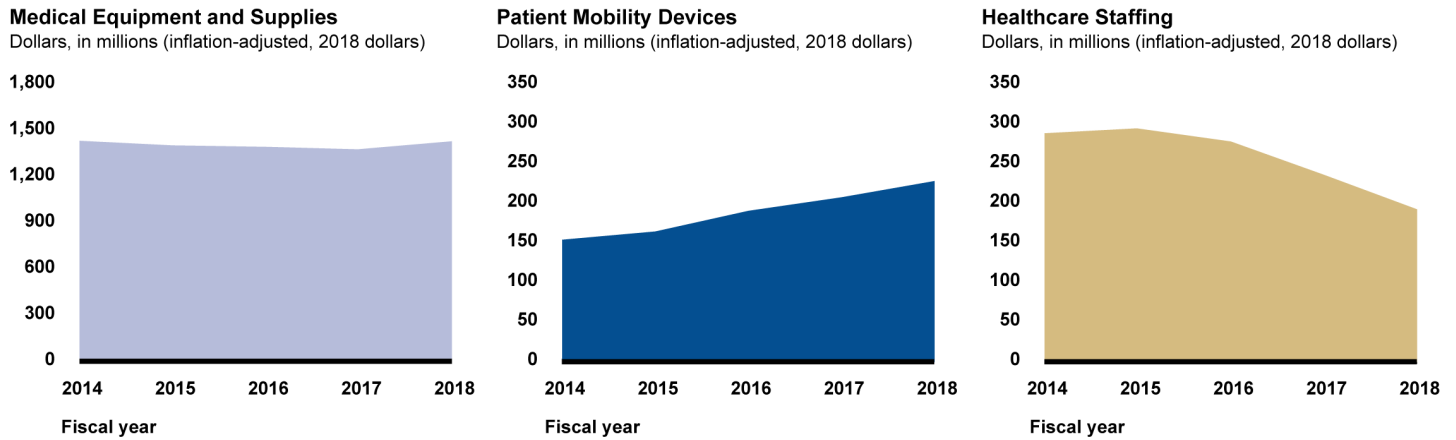
Figure 3: Total Obligations for Health Care Provided at Veterans Health Administration (VHA) Medical Centers, and Department of Veterans Affairs (VA) FSS Non-Pharmaceutical Sales, Fiscal Years 2014 through 2018



Source: GAO analysis of Veterans Affairs (VA) Federal Supply Schedule (FSS) vendor sales data and Veterans Health Administration (VHA) obligation data. | GAO-20-132

We found that the VHA sales trends varied among our three selected schedules during this period, as shown in figure 4. Specifically, VHA sales on the FSS for Medical Equipment and Supplies, the largest of the three, were generally flat. VHA sales on the FSS for Patient Mobility Devices, which includes items such as wheelchairs, increased nearly 50 percent, while sales on the Healthcare Staffing schedule fell by more than 30 percent.

Figure 4: Total Veterans Health Administration (VHA) Sales for Three Medical Goods and Services Federal Supply Schedules (FSS), Fiscal Years 2014 through 2018



Source: GAO analysis of vendor-reported VA FSS sales data. | GAO-20-132

VA Lacks Controls to Ensure That Vendors Provide Complete Data

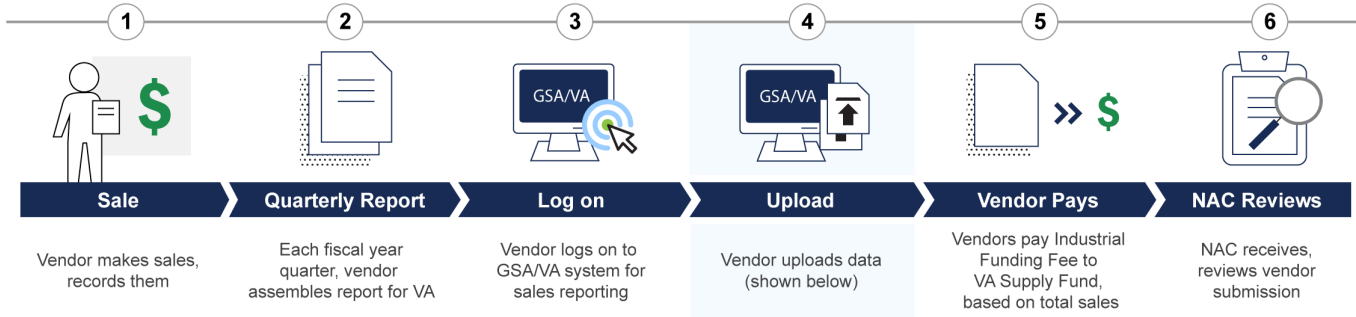
NAC does not have controls in place to ensure that vendors provide complete data in their sales reports. These sales reports—required per an FSS contract clause—are NAC’s only means of tracking FSS sales and related fees that finance the FSS program.¹⁴ In fiscal year 2018, vendors on VA’s nine schedules remitted \$82 million in IFF from customers to VA’s Supply Fund.¹⁵ Figure 5 provides an overview of key steps in VA’s FSS vendor sales report and IFF collection process.

¹⁴ See General Services Acquisition Regulation § 552.238-80, Industrial Funding Fee and Sales Reporting. The clause also requires vendors to submit IFF payments, stating that if the vendor fails to submit sales reports, falsifies them, or does not remit the IFF, the government may terminate the contract.

¹⁵ The Supply Fund provides the operating budget for NAC; the operating budget for the portion of NAC that includes the VA FSS program was about \$26 million in fiscal year 2018. This also includes the budgets of other NAC operating divisions. The portion directly attributable to payroll costs for FSS staff was \$5.5 million in fiscal year 2018. Further, we included all nine VA schedules to show the total IFF collected for fiscal year 2018.

Figure 5: Overview of National Acquisition Center (NAC) Process for Vendor Federal Supply Schedule (FSS) Sales Reporting and Industrial Funding Fee (IFF) Payment Collection

Sales Data Process



uploading....

FSS Vendor, Inc. — 2018 Quarter 1

| ContractNumber | SpecialItemNumber | SpecialItemNumberDescription | VASales | AllOtherSales | TotalSales |
|----------------|-------------------|--|--------------|---------------|--------------|
| V797P-00000 | A-33C | Impervious Disposables | \$27,706.00 | \$- | \$27,706.00 |
| V797P-00000 | A-15A | Needles, Hypodermic | \$2,913.00 | \$1,388.00 | \$4,301.00 |
| V797P-00000 | A-32 | Hospitalware, Plastic/Stainless - Medical use only, such as bedpans, urinals, sponge bowls and water | \$- | \$- | \$- |
| V797P-00000 | A-52 | Respiratory Monitors | \$- | \$- | \$- |
| V797P-00000 | F-6B | Oxygen Tank Holders | \$262.00 | \$- | \$262.00 |
| V797P-00000 | A-3D | Elastic Bandages/Gauzes | \$314.00 | \$- | \$314.00 |
| V797P-00000 | A-13C | Non-Sterile Latex Gloves | \$- | \$- | \$- |
| V797P-00000 | A-59 | Defibrillators | \$- | \$11,973.00 | \$11,973.00 |
| V797P-00000 | A-23A | Hot Water Bags | \$10,209.00 | \$- | \$10,209.00 |
| V797P-00000 | A-6 | Sponges/Surgical | \$572.00 | \$1,237.00 | \$1,809.00 |
| V797P-00000 | A-20A | Joints, Hip, Knee and Accessories | \$457,498.00 | \$- | \$457,498.00 |

GSA = General Services Administration, NAC = National Acquisition Center, FSS = Federal Supply Schedules

Source: GAO analysis of National Acquisition Center (NAC) documents and NAC Contract Management sales data. | GAO-20-132

Note: Data displayed on monitor is a visual representation, not actual data.

Like NAC, GSA also depends on vendor-reported data to track its FSS sales. However, we found that GSA takes additional steps for its FSS program to ensure the completeness of vendor-reported data. GSA has internal controls to ensure data completeness, including a staff of 43 Industrial Operations Analysts who implement GSA procedures to ensure that, among other things, vendors have sound sales data reporting processes. We did not evaluate GSA's use of these analysts, but, according to GSA FSS officials, these analysts review vendor sales data, educate vendors about GSA's requirements, and conduct checks on vendor internal controls and compliance with GSA policies.

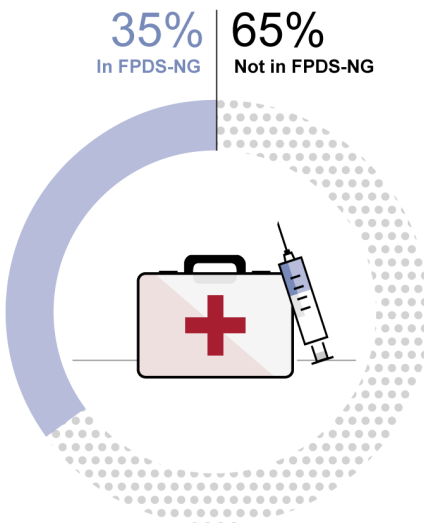
Having internal controls in place is essential to ensure completeness of vendor-reported sales data. In February 2019, NAC officials told us they had tried to use obligation data reported in FPDS-NG to verify the completeness of vendor sales data. However, they found that FPDS-NG did not contain a substantial portion of vendor sales. These officials stated that the difference between the vendor sales data and the obligations in FPDS-NG was likely due in large part to purchases under the micro-purchase threshold (currently \$10,000) that agencies do not report to FPDS-NG. Because agencies do not report micro-purchases made via purchase cards to FPDS-NG, per the Federal Acquisition Regulation, this approach alone is not effective to ensure data completeness.¹⁶

To estimate what portion of vendor-reported sales were below the micro-purchase threshold, we compared sales data that vendors reported to VA to the obligations included in FPDS-NG data for fiscal year 2018 for the eight schedules we reviewed. We found that 54 percent of VA FSS sales as reported in vendor data were not included in FPDS-NG. VA procurement officials we interviewed told us that the 54 percent were likely micro-purchases made by medical center logistics staff using their government purchase cards. For a more detailed view, we also reviewed the percentage of fiscal year 2018 sales included in FPDS-NG for our three selected VA schedules, and found that 65 percent and 71 percent of FSS sales for the Medical Equipment and Supplies and the Patient Mobility Devices schedules, respectively, were not included in FPDS-NG, as shown in figure 6.

¹⁶Federal Acquisition Regulation § 4.606(a), permits agencies to report micro-purchases only if they are able to be segregated from Federal Acquisition Regulation-based actions and the agency has prior written approval from the FPDS program office.

Figure 6: Percentage of Total Department of Veterans Affairs (VA) Sales for Three Federal Supply Schedules (FSS) Traceable to Federal Procurement Data System-Next Generation (FPDS-NG) for Fiscal Year 2018

Medical Equipment and Supplies



Patient Mobility Devices



Healthcare Staffing



FPDS-NG = Federal Procurement Data System-Next Generation

Source: GAO analysis of FPDS-NG data and vendor-reported Veterans Affairs FSS sales data. | GAO-20-132

Finally, we compared FPDS-NG data to FSS sales reports for non-VA agencies. We found instances where obligations in FPDS-NG reported by these agencies exceeded those reported by vendors in FSS sales reports—sometimes significantly. Specifically, from fiscal years 2014 to 2018, FPDS-NG reflected a cumulative \$533 million more than the sales that vendors reported to NAC for non-VA agencies for the Healthcare Staffing schedule. This difference between reported sales and obligations indicates a risk that vendors are under-reporting VA FSS sales to other agencies.

Standards for Internal Control in the Federal Government require that management have adequate controls for ensuring the quality of data.¹⁷ NAC FSS officials told us that they would like to do more to mitigate the risk that vendors may not be reporting complete VA FSS sales data, given the differences we found and that NAC also found between

¹⁷ See [GAO-14-704G](#).

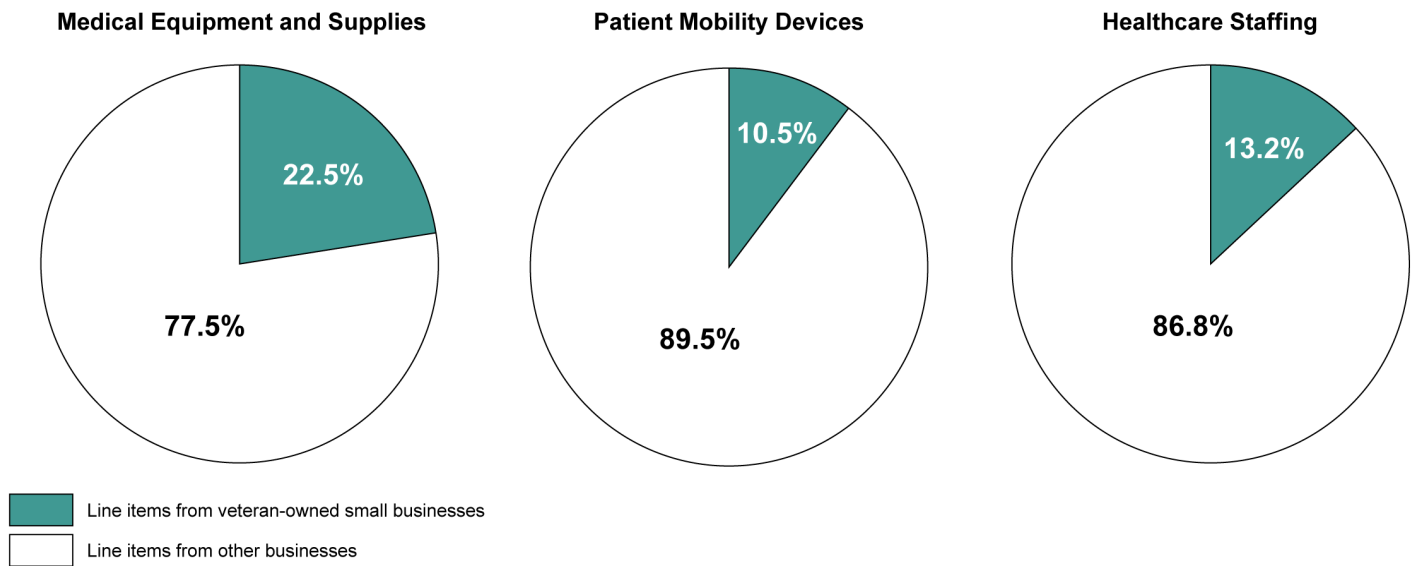
reported sales and obligations. Additional internal controls, similar to the process used by GSA, would help NAC to ensure vendor-reported sales are complete, and that the appropriate IFF sales fees that finance the FSS program are collected.

NAC Lacks Visibility into the Extent of Veteran-Owned Small Business Participation in the VA FSS Program

We found that NAC does not assess data on the participation of, and items and services offered by, veteran-owned small businesses in NAC's FSS program. This information is important because VHA contracting staff must apply the "VA Rule of Two" preference before contracting with a non-veteran-owned business. This preference for veteran-owned small businesses under the Veterans First program—which VA implemented more expansively after the 2016 Supreme Court decision—has had a major impact on VA procurement, as we reported in 2018.¹⁸ Thus, the availability of information about goods and services offered by veteran-owned small businesses on FSS affects whether contracting officers can use FSS as a simplified means of making purchases. However, NAC officials do not track the types of goods and services offered by veteran-owned small businesses holding FSS contracts, or which schedules have the most or least participation by these businesses. In interviews for this review and from our prior work, 10 contracting officers told us they use FSS less often than in the past. They cited the Veterans First requirement and instances where their market research showed a lack of veteran-owned small businesses holding FSS contracts. Instead, these contracting officers said, they found the goods and services they needed from veteran-owned small businesses on the open market. In addition, officials with VA's Office of Small and Disadvantaged Business Utilization told us that they do not analyze existing data on veteran-owned small businesses to assess these businesses' participation in the FSS program. To conduct our own analysis, we looked at March 2019 data for the three selected VA schedules and found that goods and services provided by veteran-owned small businesses ranged from 11 to 23 percent of all the line items offered on these schedules, as shown in figure 7.

¹⁸ See [GAO-18-648](#).

Figure 7: Percentage of Line Items Offered by Veteran-Owned Small Business Contractors on Three Selected Veterans Affairs Federal Supply Schedules (FSS), March 2019



Source: GAO analysis of National Acquisition Center data on items and services offered by FSS vendors. | GAO-20-132

According to the *Standards for Internal Control in the Federal Government*, program officials need quality information on how well their programs are serving end users—in this case, VHA contracting officers. Without analyzing veteran-owned small business participation in its FSS program, NAC cannot assess whether its program is meeting the needs of its users in light of the Veterans First preference, which requires contracting officers to apply the VA Rule of Two before purchasing through a non-veteran-owned business. Because the number of veteran-owned small businesses available on FSS directly affects how often contracting officers are able to use FSS, taking steps to better understand these data would enable NAC to, if necessary, make adjustments to its program to ensure contracting officers can use FSS as a regular, reliable, and simplified source for obtaining goods and services.

NAC Has Limited Visibility into User Experience with the FSS Program

NAC is not consistently obtaining and analyzing feedback from FSS users on their experience with the FSS program, despite having some tools in place to gather such information. To provide support to users, NAC’s website provides links to the FSS Help Desk and to a customer survey, among other contact information. However, while these tools could be used to gather feedback on whether the products and services offered on

VA's schedules meet user needs, NAC has received minimal user feedback via these tools. FSS leadership acknowledged the importance of user feedback, and stated they would like to develop a more comprehensive feedback mechanism, such as email surveys sent to users on a periodic basis with questions specific to their FSS program experience. Without such a feedback mechanism, NAC officials lack information on users' experience with the program that could provide insights on areas for improvement. These insights, including whether program improvements are needed, are especially important given that FSS sales did not keep pace with the increased VHA spending over the past 5 years. *Standards for Internal Control in the Federal Government* state that, in order to formulate a strategy and achieve program objectives, management needs quality information to make informed decisions and evaluate performance.¹⁹

NAC Faces Numerous Challenges Managing Its FSS Program

The NAC FSS program office faces numerous challenges—some of which are VA-wide issues we have identified in prior reports—including inadequate training and leadership instability. For example, NAC FSS guidance and training for contracting staff is not comprehensive, which poses a risk of inefficient use of contracting staff. Further, limited collaboration between FSS leadership at both NAC and GSA has resulted in missed opportunities to share tools and practices. These and other challenges faced by NAC were further exacerbated by a 3-year leadership gap in the FSS program; these positions have since been filled.

NAC FSS Program Guidance and Training for Contracting Staff Is Not Comprehensive

NAC FSS Guidance Is Not Comprehensive

The Federal Acquisition Regulation, along with GSA and VA's FSS regulations and policies, form the basis for NAC's management of the VA FSS program. NAC issues additional guidance to operationalize these higher-level policies into NAC's FSS work processes. This internal guidance takes several forms, including Procedural Guidelines, FSS

¹⁹ See [GAO-14-704G](#).

Bulletins, and Standard Operating Procedures. We found that NAC's internal guidance does not provide contracting staff with a comprehensive overview of key aspects of their jobs, creating confusion for the staff that implements the guidance. For example, NAC contracting staff members we interviewed stated that, for offers from resellers and distributors without significant commercial sales, assessing price reasonableness was a challenge. They said NAC's standard processes assume that commercial sales data would be available to form the foundation of price analysis, but no NAC guidance outlines how to approach this analysis for distributors and resellers that lack significant commercial sales.²⁰

Additionally, several contracting staff we interviewed told us that FSS team chiefs and supervisors provide them guidance informally, which can create confusion and variation in applying requirements across the VA FSS teams. For example, one member of the contracting staff told us that some teams require vendors to submit new commercial sales data when exercising an option to extend an FSS contract. But he told us this is not the case across all of VA's FSS teams.

Standards for Internal Control in the Federal Government state that management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving objectives or addressing related risks.²¹ Reviewing NAC FSS policies and procedures, including those given informally, will allow NAC FSS leadership to provide more comprehensive guidance to all FSS contracting staff on these basic, but critical, steps to help ensure an even application of the FSS offer review process.

NAC FSS Training Is Not Comprehensive

We found that training for NAC FSS contracting staff is not comprehensive, posing another challenge to NAC's management of its FSS program; we also cited inadequate training when adding VA Acquisition Management to GAO's High Risk list.²² NAC contracting staff attend training at VA's Acquisition Academy, and several staff members we interviewed said they found it helpful. However, according to NAC

²⁰ GSA's acquisition regulation includes a provision that addresses the submission of information from dealers/resellers without significant sales to the general public. See General Services Acquisition Regulation § 515.408.

²¹ See [GAO-14-704G](#).

²² GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

officials, and based on our review of course materials and VA-wide training, the Academy does not provide FSS-specific training. There are differences between awarding and managing FSS contracts and other types of federal contracts. For instance, before awarding an FSS contract, NAC FSS contracting staff must take steps that in some cases are specific to the evaluation of FSS contract offers, such as seeking to obtain discounts from a vendor's commercial pricelist that are equal to or greater than the discounts offered to the vendor's most favored customer. In addition, while NAC has provided some FSS-specific training to its contracting staff, such training is not offered on a regular basis, and no overall FSS training program or curriculum exists to guide NAC training for contracting staff.

According to the NAC FSS official responsible for training, the last comprehensive office-wide FSS training provided to staff was about 3 years ago (since then, 16 new contracting staff have joined NAC FSS). We interviewed 16 other NAC contracting staff, and six of them expressed the need for more extensive training on FSS-specific contracting. In mid-2018, the NAC FSS Director created Team Lead positions to help train and mentor FSS contracting staff. This effort is still in development. The NAC official responsible for training, among other things, stated that other training and mentoring efforts are underway since he joined NAC in November 2018, specifically among individual NAC schedule teams, which sometimes provide informal training to their contracting staff. However, some of these informal training efforts are not offered on a consistent basis. For example, a senior member from the contracting staff on the Medical Equipment and Supplies schedule team provided a series of training sessions to his team on evaluating offers from distributors and resellers without significant commercial sales to the general public. However, this training was not provided to all NAC FSS contracting staff, even though contracting staff working on most of the eight schedules must review offers from distributors and resellers.

NAC officials are in the early stages of exploring ways to improve training for their contracting staff. In the summer of 2019, NAC officials told us they plan to post materials from all prior training on NAC's intranet. They also developed new orientation training for the nine new contracting staff who joined NAC in July 2019, covering topics such as FSS policies and where to find them, as well as an introduction to contract systems. The NAC FSS official responsible for training emphasized that these topics were covered at a basic level and said he would like to develop more comprehensive training that would be offered on a consistent basis.

Standards for Internal Controls in the Federal Government state that well-trained staff, among other things, are essential to effective program execution. In addition, GAO's guide for assessing federal government training states that in order to ensure training is effective, training programs should be guided by an overall strategy, informed by assessing priorities and evaluating results.²³ While NAC has taken some steps to improve training for FSS contracting staff, NAC has yet to implement a comprehensive and consistently offered FSS training curriculum. Doing so could enable NAC to provide its staff with the tools and clarity needed to perform their roles and increase efficiency.

Collaboration between NAC and GSA Is Limited, and GSA Does Not Have Current Documentation of Its Delegation of Authority to VA

We found that NAC faces challenges effectively collaborating with GSA, the agency that oversees all FSS for the federal government. GSA has longstanding processes and established tools—such as its use of analysts to review vendors' internal controls, as well as its automated offer-intake system—stemming from its decades of experience running an FSS program that is larger than VA's program. However, collaboration and knowledge-sharing between NAC and GSA is limited. For example, in the past, NAC and GSA held meetings quarterly, but since 2015, these meetings have been held on an ad hoc basis. Neither organization took action until recently to ensure that meetings continued at regular intervals. GSA officials told us that during 2016 through 2018, they met with NAC a number of times in response to questions from NAC FSS officials. However, these meetings covered general policy questions, and according to NAC, did not focus on discussing cross-agency roles and responsibilities or on sharing practices for managing the FSS program. Separately, VA Office of the Inspector General's Office of Contract Review officials told us of a 2010 working group formed to collaboratively discuss revisions to GSA's regulations, which included representatives from GSA, NAC, the VA Office of the Inspector General, and others. According to these VA Inspector General officials, this group was disbanded about a year after it began due to disagreements among the participants.

Upon NAC's FSS Director's request, in February 2019, NAC and GSA resumed quarterly meetings. However, NAC officials noted instances where collaboration is still limited. For example, GSA did not provide NAC

²³ GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, [GAO-04-546G](#) (Washington, D.C.: Mar. 1, 2004).

officials with advance notice about the publication of a final rule establishing changes to GSA's FSS regulations that were relevant to NAC's administration of its FSS program. NAC discovered the final rule had gone into effect after it was published, independent of any communication from GSA. NAC officials stated they would like to have additional opportunities for input on GSA regulations that affect the VA FSS program.

Our prior work has found that clearly defining roles and responsibilities is a key practice for cross-agency collaboration.²⁴ Without a clear and shared understanding of their respective responsibilities, and processes to ensure they share tools and practices, NAC will not have the opportunity to learn from GSA's experience or have timely input on GSA actions that affect the VA FSS program.

GSA and VA are also missing a document—namely, GSA's updated delegation of authority to VA—that could guide their collaboration efforts. This delegation should state what authority is granted to VA, and cite the limitations on that authority. We found a January 2008 Federal Register notice mentioned a 2004 update to the delegation, but the GSA Director of Policy for the Federal Acquisition Service was unable to locate or provide this update.²⁵ VA was also unable to locate a copy of the 2004 update. Instead, GSA and VA gave us a number of documents, including memorandums and other communications that spanned from the 1960s to the 1990s. The documents were fragmented and outdated. Further, many of these older documents referred to outdated laws, regulations, or organizations, raising questions about their current applicability.

Standards for Internal Control in the Federal Government state that the roles of those responsible for carrying out programs should be clearly outlined in policy, and GAO has also reported that written guidance and agreements on collaboration are key features of successful cross-agency collaboration.²⁶ The lack of current documentation related to GSA's delegation to VA, alongside the limitations in NAC and GSA communication, undermine a firm foundation on which to build collaboration. Without a clear delineation of roles and responsibilities—

²⁴ GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

²⁵ 73 Fed. Reg. 2712, 2714 (Jan. 15, 2008).

²⁶ See [GAO-12-1022](#).

and effective overall coordination—NAC and GSA risk misunderstandings and missed opportunities to share information and tools that could improve NAC’s management of the VA FSS program.

Key FSS Leadership Vacancies Spanned 3 Years

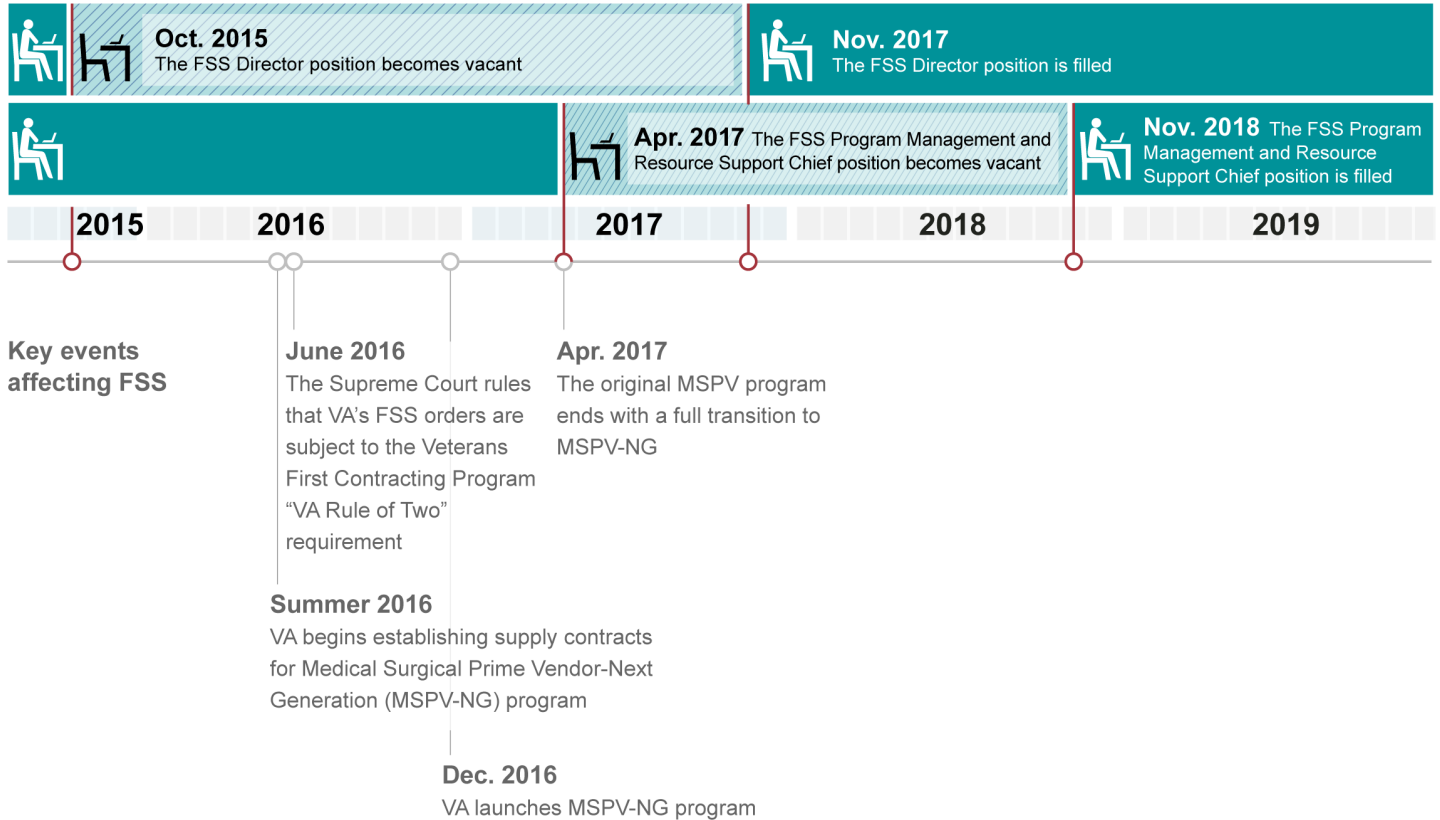
From 2015 until 2018, senior VA FSS leadership positions were vacant, which affected VA’s FSS program management and directly contributed to many of the challenges we identified above. Namely, the FSS program director position was vacant for over 2 years and the role of FSS Program Management and Resource Support team chief was vacant for about 19 months.

During that time, chiefs of individual VA schedules held the Director or Chief positions on an acting and rotational basis. During these rotations, these chiefs were dual-hatted as they maintained responsibility for their primary job role. The Associate Executive Director of the NAC stated that he was reluctant to make long-term, strategic policy decisions while the FSS Director position was vacant.

In late 2017 and late 2018, respectively, NAC permanently filled these two FSS program positions. However, by then, broader changes had taken place within VA contracting that affected the VA FSS program: namely, the Supreme Court ruled in 2016 that before VA may contract with a non-veteran-owned business, VA must apply the “VA Rule of Two,” including instances when VA makes purchases through FSS. Also in late 2016, VA launched the MSPV-NG program, which offers items similar to those items offered on two VA schedules. Figure 8 provides a timeline of these FSS leadership vacancies and events.

Figure 8: Key Department of Veterans Affairs (VA) Federal Supply Schedule (FSS) Leadership Vacancies and Key Events

Position status



Occupied position Vacant position

Source: GAO analysis of National Acquisition Center documents. | GAO-20-132

Although both of these leadership positions have since been filled, the effect of the gaps is still evident in some cases. According to NAC FSS officials, hiring to fill open FSS contracting staff positions was slowed by the leadership gaps, which added to workload pressures; more contract offers were received than completed in fiscal years 2015 and 2016, creating a backlog. Contracting staff workload is a VA-wide issue we previously identified, and is one of the areas of concern we cited in

adding VA Acquisition Management to GAO's High Risk List in 2019.²⁷ In late 2018, the FSS Director sought approval for 10 additional contracting staff; 9 of these positions were filled in July 2019. NAC leadership stated that these positions should help address some of the backlog faced by FSS contracting staff.

NAC Rarely Meets Its Timeliness Goals for FSS Contract Awards

NAC has experienced major delays in awarding vendor contracts and missed its timeliness goal for contract award 75 percent of the time from fiscal years 2014 through 2018. NAC's inefficient offer intake system and fragmented vendor guidance likely contributed to these delays. NAC FSS leadership has acknowledged these challenges and is working to address some of them. Assessing the appropriateness of these timeliness goals and taking steps to comprehensively identify and address barriers to achieving them will better position NAC's contracting workforce to improve contract award timeliness.

NAC Has Not Awarded FSS Contracts in a Timely Manner

Our analysis shows that from fiscal years 2014 through 2018, NAC did not meet its timeliness goals for 75 percent of its FSS contract awards.²⁸ To do this analysis, we compared NAC FSS contract award data for the eight non-pharmaceutical schedules against the timeliness goal of 180 calendar days for contracting staff reviews and decisions on vendor contract awards, as set forth in a NAC Procedural Guideline.²⁹ Specifically, we found that 319 of the 803 FSS contract awards took at least double the 180-day goal. In addition, 12 of them exceeded the goal

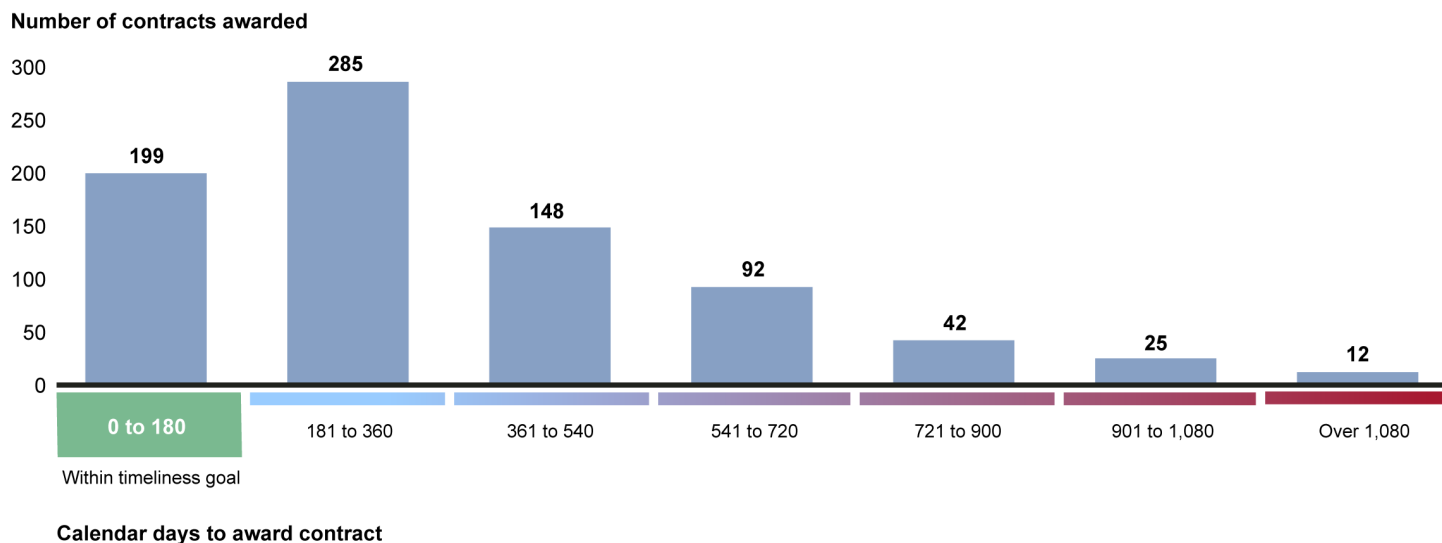
²⁷ [GAO-19-157SP](#), and *Veterans Affairs: Sustained Leadership Needed to Address High-Risk Issues* [GAO-19-571T](#) (Washington, D.C.: May 22, 2019).

²⁸ For VA's pharmaceutical schedule, which was not included in our review, NAC still exceeded the 180-day timeliness goal for 58 percent of contract awards in fiscal years 2014 through 2018, but that was 17 percentage points better than NAC's timeliness performance for the other eight VA schedules. NAC awarded 255 pharmaceutical contracts during that period.

²⁹ We omitted 71 offers reviewed by the VA Inspector General's Office for Contract Review for completeness and accuracy of pricing data from this analysis because NAC's timeliness policy excludes time spent in this review from its timeliness calculation. NAC Procedural Guideline 005, May 10, 2016. NAC Procedural Guideline 22, June 16, 2015. During fiscal year 2019, NAC established a new timeliness goal of 240 days for services schedules.

by more than 1,080 days—six times the goal.³⁰ During fiscal years 2015 and 2016, the program accumulated a backlog of FSS offers, which coincided with a vacancy in the FSS Director position starting in October 2015. While NAC staff made some progress on mitigating this backlog, timeliness remains an issue. For example, during fiscal year 2018, NAC missed its timeliness goal 73 percent of the time. Figure 9 portrays NAC’s timeliness of FSS contract awards over this 5-year period.

Figure 9: Timeliness of Federal Supply Schedule (FSS) Contract Awards for Eight VA Schedules, Fiscal Years 2014-2018

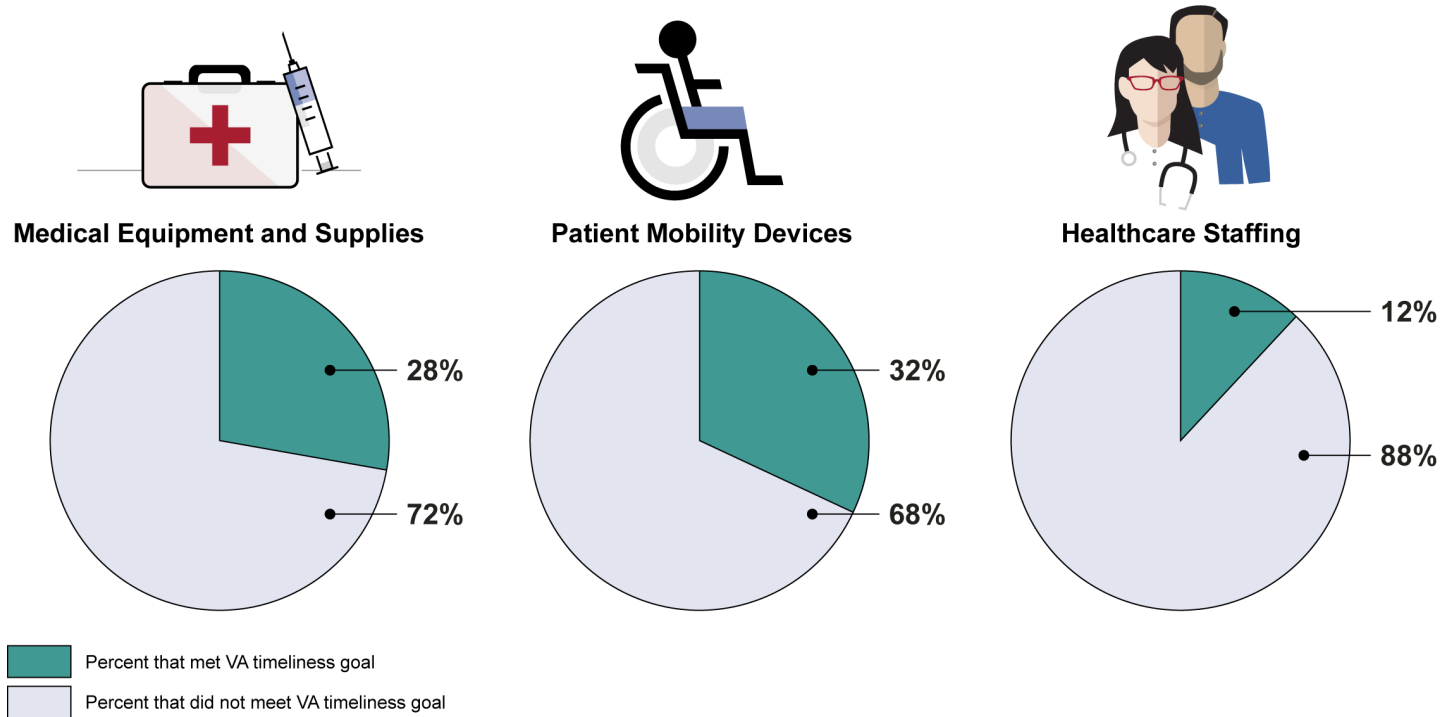


Source: GAO analysis of National Acquisition Center Contract Management timeliness data. | GAO-20-132

We also analyzed the timeliness of awards for the three selected VA schedules from fiscal years 2014 through 2018, as shown in figure 10. This analysis shows that NAC consistently missed its timeliness goals across the three different schedules.

³⁰ This analysis includes only offers resulting in award. In some cases, the assigned member of the contracting staff decides not to make an award, or the vendor withdraws the offer. For instance, among the eight non-pharmaceutical schedules in fiscal year 2018, NAC awarded 170 offers, chose not to make an award for 86 offers, and vendors withdrew 58 offers. NAC completed processing offers that did not result in an award faster, on average, than offers that resulted in awards. For the eight non-pharmaceutical schedules, over the fiscal year 2014 through 2018 period, NAC completed processing of 39 percent of offers within 180 days when all outcomes are included.

Figure 10: Percentage of Contracts That Met and Did Not Meet National Acquisition Center (NAC) Federal Supply Schedule (FSS) Contract Award Timeliness Goal for Three VA Schedules, Fiscal Years 2014-2018



Source: GAO analysis of VA National Acquisition Center contract data. | GAO-20-132

However, for contract modifications—typically changes to contract items or prices—NAC met its timeliness goal—set at 60 calendar days—80 percent of the time over this 5-year period. We reviewed data on about 14,000 modifications executed by NAC for the eight non-pharmaceutical schedules from fiscal years 2014 to 2018.³¹ About 2,300 of these modifications were executed to add new items to existing contracts. For these, NAC met the timeliness goal only 54 percent of the time.³² The

³¹ Although excluded from our analysis here, NAC processed an additional 11,000 modifications for the pharmaceutical schedule over the fiscal year 2014 through 2018 period.

³² As with FSS proposals, in some instances the Office of Contract Review within VA’s Office of Inspector General reviews FSS modifications. Under NAC’s procedural guideline, the time for these reviews is excluded from NAC’s timeliness goal for modifications. Our analysis does not account for this time, as modifications reviewed by the Office of Contract Review were not identifiable in the data provided by NAC.

ability to quickly add new items to FSS contracts is important to ensure that agency users have access to up-to-date medical supplies and services through the VA FSS program.

These timeliness goals apply across all of NAC's eight non-pharmaceutical schedules, regardless of how complex a contract award or modification might be. Various factors can affect contracting staff's ability to meet these goals, including the complexity of the award, staff's workload, and whether or not vendor documentation is complete.

NAC FSS leadership has acknowledged these challenges and is working to address some of them. However, NAC has not assessed if the current timeliness goals are appropriate, or performed a comprehensive assessment of the barriers that prevent FSS contracting staff from achieving timeliness goals. *Standards for Internal Control in the Federal Government* state the importance of management making well-informed decisions and conducting meaningful evaluations of their organization's performance. Assessing the appropriateness of current timeliness goals and taking steps to comprehensively identify and address barriers to achieving them will better position NAC contracting staff to meet these goals. Moreover, timelier contract awards enable medical centers to obtain needed goods and services and, as a result, help FSS to remain useful to medical centers.

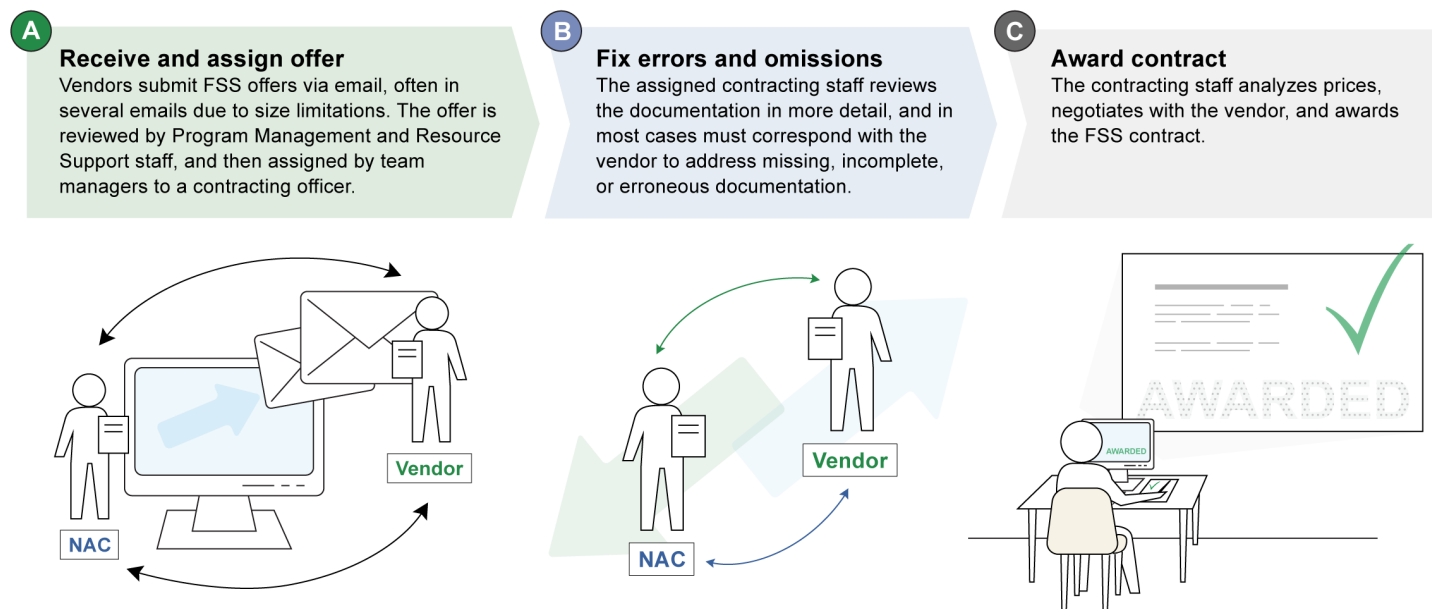
Inefficient Offer-Intake Process and Fragmented Vendor Guidance Likely Contributed to Delays

When seeking a VA schedule contract award, NAC processes require vendors to submit an offer and required documents. Because NAC's offer intake system is not automated, NAC officials must manually check a general FSS email inbox for vendor submissions and manually review the vendor's offer and required documents to determine if all information is included.

Further, there are no automated checks for completeness of vendor documentation. We analyzed a non-generalizable sample of 26 selected FSS contracts awarded beginning in fiscal year 2014 through January 2019 on three schedules—Medical Equipment and Supplies, Patient Mobility, and Healthcare Staffing—and found that in 14 instances, VA contracting staff identified incomplete documentation and had to follow up with the vendors to receive revisions. NAC officials told us that tracking vendor offers and associated documents from email is cumbersome and time consuming because they have to sort through several separate vendor email messages to splice together vendor offer submissions, due to file size limitations.

The inefficient offer intake process also led to delays in assigning offers to contracting staff. NAC did not always assign offers to contracting staff immediately after vendor submission, delaying the start of work. Our review of 26 selected VA FSS contract files identified 10 instances where NAC took more than 20 days after receipt to assign the offer to contracting staff. NAC officials told us that these delays were caused by both the non-automated offer-intake process as well as the team chiefs' lack of time to assign these offers to contracting staff for their review. According to the FSS Director, in mid-2018 he created a team lead for each NAC schedule team to assign offers to contracting staff and monitor these offers to better ensure timeliness. Figure 11 summarizes key steps in NAC's FSS manual offer intake and award process, as described by FSS contracting officials.

Figure 11: National Acquisition Center (NAC) Federal Supply Schedule (FSS) Offer-Intake and Award Process Steps



Source: GAO analysis of National Acquisition Center policies and selected contract files. | GAO-20-132

In contrast to VA's manual system, since 2004, GSA has used an online system called eOffer to manage its FSS offer intake process. This system includes automated system checks to ensure documentation is complete before it is submitted by vendors. Once offers are submitted, supervisors in GSA FSS offices review offers in the system and assign them to contracting staff for review. We have not evaluated whether the eOffer system increases efficiency or reduces errors in submitted offers, but,

according to GSA officials, eOffer achieves efficiency and accuracy due to the automated checks that will not let vendors submit an incomplete offer package.

NAC contracting staff told us that they could benefit from a more efficient system to accept offers from vendors. In late 2018, NAC and GSA discussed the possibility of adopting GSA's eOffer online system, as well as its companion eMod, which is used to process modifications. In November 2018, GSA's estimate to add VA to the system was about \$9 million for the first year, and nearly \$8 million annually thereafter, which, according to NAC's FSS Director, is cost-prohibitive. GSA officials told us that to determine this cost, they compared the number of NAC FSS contracts to the number of GSA FSS contracts, and apportioned 10 percent of the overall system development and operation cost to VA.³³ Despite the cost of GSA's systems, if VA does not address limitations in its own manual offer-intake process, such as implementing a system that can provide automated checks for completeness, delays in assigning offers to contracting staff will continue. Further, FSS contracting staff will continue to spend additional resources and time to gather and complete offer documentation before they can determine whether to award the contract.

We also reviewed NAC's website and found that guidance for vendors was fragmented. Pieces of guidance were spread out among a number of documents as opposed to being located in one document or section of the website for vendors to easily locate. This also contributes to vendors submitting incomplete offer documentation, which, in turn, contributes to delays in contract awards. Incomplete documentation for pricing and sales data is particularly common—namely, information that enables contracting staff to compare the prices vendors offer the government and commercial customers for the same goods. As stated in *Standards for Internal Control in the Federal Government*, clear communication with outside parties, like vendors, is essential to ensuring that NAC is able to help achieve its program objectives.³⁴ Clearer guidance would provide vendors with a reminder of program requirements that could reduce VA FSS contracting staff review time and improve their efficiency in reviewing contract offers.

³³ GSA documents provided to NAC state that GSA's annual cost to operate the eOffer and eMod systems is about \$60 million.

³⁴ See [GAO-14-704G](#).

VA Has Not Assessed Whether FSS and MSPV-NG Program Duplication Is Necessary or Efficient

Over the past few years, the FSS and MSPV programs have transitioned from functioning together to existing as separate programs serving similar VA medical center needs. However, VA leaders have not assessed if the overlapping offerings are a necessary and effective use of resources, or allow VA to fully leverage its buying power—a stated goal of both the MSPV-NG and FSS programs. As we reported in November 2017, for over a decade, VA’s medical centers used VHA’s legacy MSPV program to order medical supplies—many of which were purchased using NAC’s FSS program. When VHA transitioned to its MSPV-NG program in late 2016, it significantly narrowed the catalog to 6,000 items, and VHA contracting officials told us that they modified the contracting approach in March 2018 to have the prime vendor supply the items directly, separate from FSS. At the outset, VHA set goals for the MSPV-NG program, including standardization of requirements for supply items and cost avoidance by leveraging VA’s substantial buying power. However, the MSPV-NG program recently revised its goals from focusing on standardization to increasing the number of catalog items available for medical centers’ use—the catalog contains more than 20,000 items as of September 2019.

We compared the MSPV-NG catalog to the VA Medical Equipment and Supplies schedule to determine whether they offered similar products, and found overlap. For example, we found that as of June 2019, about two-thirds (139 of 206) of the MSPV-NG catalog suppliers also offered items on the Medical Equipment and Supplies schedule. Also, in March 2019, NAC FSS leadership provided analysis to the MSPV-NG program office showing that 41 percent of items that the MSPV-NG program planned to include in an update of the MSPV catalog were already available under VA FSS contracts.³⁵ This duplication could result in inefficiencies whereby different sets of contracting staff within the FSS and MSPV-NG programs award, modify, and manage contracts for the same or similar medical supplies for VA medical center use.

³⁵ According to VA policy, VA strategic sourcing contracts—including MSPV-NG and VA FSS—have priority over other existing contracting vehicles. A class deviation to VA’s acquisition regulation requires contracting officers to consider the MSPV and VA FSS contract vehicles before using other existing contracts. A class deviation is a deviation from the Federal Acquisition Regulation (FAR) or agency acquisition regulation, such as the VA Acquisition Regulation, that revises how the regulations are applied to specified categories of contract actions. See FAR § 1.404. VA’s Acting Deputy Senior Procurement Executive issued the class deviation at issue here on July 25, 2016.

The MSPV-NG program office is currently developing the next iteration of the program, called MSPV 2.0, which it plans to roll out in February 2021. In April of 2019, a senior VHA procurement official announced at a vendor forum that the VA FSS program would be used as a source for its MSPV 2.0 supply catalog. However, in June of 2019, MSPV-NG program officials and VHA procurement leadership told us they decided against using FSS for this purpose and provided several reasons for this decision. First, these officials stated that FSS was not comprehensive enough to fulfill the MSPV 2.0 catalog; as noted above, FSS could provide about 40 percent of needed items. These officials also stated that the effort needed to create new FSS contracts or add new items to existing VA FSS contracts to fulfill the remaining 60 percent of the required MSPV 2.0 catalog would be too time consuming. Further, these officials also stated that there were not enough veteran-owned small businesses that offer items on VA FSS to support the MSPV 2.0 requirements. They stated this could result in extra time and resources to solicit both within FSS and the open market to ensure that they meet the VA Rule of Two. NAC FSS leaders told us that they communicated their willingness to support the MSPV 2.0 program by offering to work with vendors to quickly add the needed items; however, the MSPV-NG program office did not involve them in their final decision not to use FSS as a source for the MSPV 2.0 program.

VA procurement leaders have informally discussed the future of the FSS program, according to a senior VHA procurement official. According to this official, VA has not determined whether it will change the strategy for FSS, or if the duplication between the FSS and MSPV-NG programs is a necessary and efficient use of resources.

VA's Strategic Plan for Fiscal Years 2018-2024 calls for related efforts to be coordinated with each other to achieve cross-organizational unity of purpose.³⁶ When adding VA Acquisition Management to our High Risk List in March of 2019, we reported that VA lacks an effective medical supplies procurement strategy. While this finding stemmed from our review of VA's MSPV-NG program and was related to the recommendation that VA develop an overarching strategy for this program, the same applies for VA's FSS program in that VA does not have a strategic approach for its procurement of medical supplies through

³⁶ Department of Veterans Affairs Fiscal Years 2018 – 2024 Strategic Plan (Feb. 12, 2018).

these two programs. Further, we reviewed VHA's Modernization Campaign Plan, dated March 2019, and VHA's Modernization Plan briefing slides, dated October 2019, which describe several modernization initiatives.³⁷ One of these initiatives is to transform the supply chain through modernization. This modernization plan includes the planned MSPV 2.0 program and VA's planned changes to its supply chain management system; however, it does not include FSS.

As VA is undertaking these efforts, it is unclear how and whether FSS fits into VA's vision of a modernized supply chain. Taking steps to assess VA FSS and MSPV program duplication will allow VA to determine if it is efficiently using its contracting staff. Moreover, communicating its decision to managers of these two programs will allow these managers to focus and coordinate their resources accordingly. This assessment will also help VA determine if it is leveraging its buying power to improve the effectiveness and efficiency of services for veterans and their families.

Conclusions

The continued utility of parts of VA's FSS program is in question amid flat sales in recent years and competing programs available to medical center staff for supplies, such as MSPV-NG. VA has the opportunity to improve its FSS program by ensuring that it has complete vendor sales data and better information on participation by veteran-owned small business and user experiences. Obtaining such information would enable NAC to ensure it is collecting all fees it is owed which support program operations, and ensure that FSS can remain a regular, reliable and simplified source for contracting officers to obtain goods and services on behalf of the medical centers. Other steps are necessary, however, to address challenges VA faces with its FSS program. Specifically, the FSS program needs to provide comprehensive guidance and training to its contracting officers, and assess timeliness goals and barriers to achieving these goals to ensure the program remains useful to customers—namely medical centers that rely on the goods and services provided by FSS. In working to improve its FSS program, NAC has the opportunity to gain insights and experience from GSA on how it manages its much larger schedules program. However, lack of collaboration between GSA and NAC has resulted in missing opportunities for such information sharing. Finally, both VA's FSS and MSPV-NG programs support VA's overall

³⁷ VHA Modernization Campaign Plan, dated March 2019, and VHA Plan for Modernization, Monthly Co-Leads Meeting (Oct. 28, 2019).

medical supply chain, yet VA has not assessed whether duplication between them is a necessary and effective use of resources. Without this assessment, VA could be missing opportunities to leverage buying power and improve efficiency in procuring goods and supplies for its medical centers.

Recommendations for Executive Action

We are making a total of 11 recommendations, including nine to VA and two to GSA:

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC puts controls in place to better ensure the completeness of vendor FSS sales reporting. (Recommendation 1)

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC assesses data on the participation of and items and services offered by veteran-owned small businesses in NAC's FSS program, in order to determine whether their program is meeting the needs of VHA contracting officers who use it given the Veterans First requirements they must meet. (Recommendation 2)

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC directs the FSS Director to develop a mechanism to consistently obtain and analyze VHA user feedback on the FSS program. (Recommendation 3)

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC provides FSS contracting staff with comprehensive FSS guidance. (Recommendation 4)

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC develops an FSS-specific training program to include essential skills and processes to meet ongoing training needs for new and existing contracting staff. (Recommendation 5)

The Administrator of GSA should work with the Secretary of VA to develop a memorandum of understanding outlining the roles and responsibilities of GSA and NAC for collaborating under GSA's delegation of authority to VA for the healthcare-related Federal Supply Schedules, including the processes through which the two organizations will coordinate and share useful tools and practices. (Recommendation 6)

The Secretary of Veterans Affairs should work with the Administrator of GSA to develop a memorandum of understanding outlining the roles and responsibilities of GSA and NAC in collaborating under GSA's delegation of authority to VA for the healthcare-related Federal Supply Schedules, including the processes through which the two organizations will coordinate and share useful tools and practices. (Recommendation 7)

The Administrator of GSA should take steps to document its delegation of authority for the healthcare-related Federal Supply Schedules to VA. (Recommendation 8)

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC assesses the appropriateness of NAC's current timeliness goals for FSS contract awards and takes steps to comprehensively identify and address barriers to achieving them. (Recommendation 9)

The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's National Acquisition Center takes measures to ensure greater efficiency in the offer-intake process, such as providing additional guidance for vendors or by adopting a system that includes checks for completeness of required vendor documentation. (Recommendation 10)

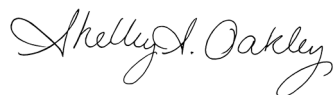
The Secretary of Veterans Affairs should take steps to assess duplication between VA's FSS and MSPV programs, to determine if this duplication is necessary or if efficiencies can be gained. (Recommendation 11)

Agency Comments

We provided a draft of this report to the Department of Veterans Affairs and to the General Services Administration for review and comment. In VA's comments, reproduced in appendix II, it concurred with all of our nine recommendations. In GSA's comments, reproduced in appendix III, it concurred with our two recommendations.

We are sending copies of this report to the appropriate congressional committees. As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Secretary of the Department of Veterans Affairs and the Administrator of the General Services Administration. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

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



Shelby S. Oakley
Director, Contracting and National Security Acquisitions

Appendix I: Objectives, Scope, and Methodology

This report assesses: (1) what is known about the Department of Veterans Affairs' (VA) use of its Federal Supply Schedule (FSS) program for fiscal years 2014 through 2018; (2) challenges the National Acquisition Center (NAC) faces in effectively managing the FSS program, (3) the extent to which NAC awarded FSS contracts in a timely manner from fiscal years 2014 through 2018, and (4) the extent to which FSS and the Medical-Surgical Prime Vendor-Next Generation (MSPV-NG) programs provide overlapping or duplicative offerings.

To assess what is known about VA's use of its FSS program from fiscal years 2014 through 2018, we analyzed quarterly vendor sales report data provided by NAC. To assess the reliability of these data, we reviewed documentation and other information on the internal controls of the data systems used by NAC to collect and verify VA FSS sales reports. We found these data to be sufficiently reliable for analyzing overall trends in sales on VA's FSS for this time period. We also obtained contracting data from the Federal Procurement Data System-Next Generation (FPDS-NG) for fiscal years 2014 through 2018, as well as a listing of VA FSS contracts active during that period from NAC. We used these data to analyze contract obligations on VA FSS contracts over this time period. Further, we compared total obligations based on FPDS-NG data to vendor-reported sales data provided by NAC by schedule and fiscal year. We found the FPDS-NG data sufficiently reliable for our purpose of comparing reported obligations to vendor sales data. We also used information obtained from a prior GAO review of VA's Veterans First Program when discussing FSS use and used *Standards for Internal Control in the Federal Government* as criteria to assess this use.¹

We selected the Medical Equipment and Supply (65IIA), Patient Mobility (65IIF), and Healthcare Staffing (621I) schedules as the focus of our review, based on total number of active contracts; they collectively represented about two-thirds of the approximately 1,700 active VA FSS contracts at the time we began our review. We excluded the pharmaceutical schedule from our review because, unlike the other schedules, orders are placed almost exclusively through the pharmaceutical prime vendor, and participation is a statutory requirement. We also reviewed and compared VA, Veterans Health Administration

¹ 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); and *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#), (Washington, D.C.: Sept. 10, 2014).

(VHA), and General Services Administration (GSA) policies, guidance, and memorandums related to the program and interviewed VHA- and VA-wide procurement officials regarding factors that affect use of the VA schedules, including the Veterans First program. We also analyzed data on items offered by vendors on the three selected schedules to determine the percent of items offered by veteran-owned small businesses.

We interviewed VHA contracting staff and supply chain logistics staff at VA medical centers—users of the program—on factors that affect their use of FSS. We conducted site visits at a non-generalizable selection of two Veterans Integrated Service Networks (VISNs), visiting one medical center within each. Additionally, we interviewed Network Contracting Office (NCO) officials within each selected VISN, either in person or via telephone:

- VISN 12: VA Great Lakes Health Care System
 - Clement J. Zablocki VA Medical Center (Milwaukee, Wisc.)
 - Great Lakes Acquisition Center, NCO 12 (Milwaukee, Wisc.)
- VISN 10: VA Healthcare System
 - Cincinnati, Ohio VA Medical Center
 - NCO 10 (via telephone)

We selected VISNs and medical centers primarily based on geographical proximity to NAC and GAO offices, as well for higher total obligations in fiscal year 2018. At each selected medical center, we interviewed the Facility Chief Supply Chain Officer and other members of the logistics staff. At each selected NCO, we interviewed leadership, branch chiefs, and contracting officers on teams that cover goods and services included on the three VA schedules we selected. Separately, we also spoke with representatives of the Coalition for Government Procurement, a group representing a number of FSS vendors, and attended a conference for vendors organized by NAC.

To assess challenges NAC faces in effectively managing the FSS program, we reviewed GSA and VA procurement regulations, policies, and guidance as well as NAC FSS guidance. We analyzed the content of training offered by the Veterans Affairs Acquisition Academy and by NAC FSS. We also reviewed systems and processes used by NAC FSS staff to accept and review FSS offers and award contracts. We also interviewed NAC FSS leadership, contracting staff, and other staff

regarding management of the FSS program during a site visit to NAC. We obtained and analyzed information on NAC FSS staffing, including leadership vacancies. We obtained documentation on analogous GSA practices for managing its FSS program, as well as documents delegating management of healthcare-related schedules to VA. We also interviewed officials in GSA's Federal Acquisition Service who are responsible for overseeing its FSS program.

To determine the extent to which NAC met its timeliness goal for processing FSS offers and modifications, we analyzed timeliness data collected by NAC for fiscal years 2014 through 2018, for the eight non-pharmaceutical schedules; we also performed limited analysis of timeliness for the pharmaceutical schedule, and additional analysis for our three selected schedules. We focused our analysis of timeliness on offers resulting in a contract award, because these are the cases that are relevant to users of the FSS program. To provide context for overall workload, we also analyzed timeliness for offers that were withdrawn, or where contracting staff decided not to make an award. We excluded offers that were reviewed by the VA Inspector General, Office of Contract Review, from our overall timeliness analysis because NAC policy does not count the time required for these reviews against its timeliness goal. To assess the reliability of timeliness data, we collected information on the system and processes used to maintain the data, performed electronic testing, and compared reported dates to source documents for selected contracts. We found these data sufficiently reliable for the purpose of assessing overall performance and trends in NAC FSS timeliness.

From the three selected schedules, we selected a non-generalizable sample of 26 NAC FSS contracts awarded in fiscal years 2014 through January 2019. Eight of the contracts were randomly selected from all active contracts on the three schedules as of January 2019, while the remaining 18 contracts were selected by stratified random sample of contracts awarded in fiscal year 2018, focusing on those which exceeded the 180-day timeliness goal and omitting those with few or no sales. Thirteen of the contracts were under the Medical Equipment and Supplies schedule, seven of the contracts were under the Healthcare Staffing schedule, and the remaining six were under the Patient Mobility schedule. For each selected contract, we reviewed documents in the contract file; we also interviewed cognizant members of the contracting staff for 16 of the contracts. We selected this non-generalizable sample to provide illustrative examples of process steps and factors affecting timeliness; it was not the sole source of our findings on factors contributing to

timeliness, which also included analysis of policies, guidance, and data, and interviews with NAC officials.

To assess the extent to which the FSS and MSPV-NG programs provide overlapping or duplicative offerings, we reviewed policy and guidance related to both programs and interviewed VHA- and VA-wide procurement leaders. To assess the extent of overlap between the MSPV-NG and VA FSS catalogs, we also analyzed data on the items available through MSPV-NG and VA FSS, as well as the vendors participating in each, to assess extent of duplication. We interviewed VA officials from NAC, the Office of Acquisition and Logistics, the Strategic Acquisition Center, and VHA regarding the relationship between MSPV-NG and the FSS program. We analyzed policies related to these programs that affect management and use of VA FSS, and interviewed VA officials about their impact. We also reviewed documents and interviews with MSPV program office staff from an ongoing GAO review of the MSPV program. We used information obtained from an ongoing GAO review as well as published GAO reports on VA's MSPV-NG program.² Finally, we reviewed documents, including VA's 2018-2024 Strategic Plan and VHA supply chain modernization plans.

We conducted this performance audit from November 2018 to January 2020 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.

² See [GAO-18-34](#) and [GAO-16-810](#).

Appendix II: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
Washington DC 20420

December 13, 2019

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

Dear Ms. Oakley:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report, ***VA ACQUISITION MANAGEMENT: Steps Needed to Ensure Healthcare Federal Supply Schedules Remain Useful*** (GAO-20-132).

The enclosure sets forth the actions to be taken to address the draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Pamela Powers".

Pamela Powers
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
**VA ACQUISITION MANAGEMENT: Steps Needed to Ensure
Healthcare Federal Supply Schedules Remain Useful**
(GAO-20-132)

Recommendation 1: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC puts controls in place to better ensure the completeness of vendor FSS sales reporting.

VA Response: Concur. Currently, there is no single system that tracks and reports sales of Federal Supply Schedules (FSS) from the Government side, not even for the General Services Administration (GSA). VA's lack of a financial system restricts our ability to monitor without reliance on contractor reporting mechanisms. FSS runs regular Missing Sales Reports and directs Contracting Chiefs to include Missing Sales Reports in contract administration efforts instead of relying solely on centralized management analyst support.

Recommendation 2: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC assesses data on the participation of and items and services offered by veteran-owned small businesses in NAC's FSS program, in order to determine whether their program is meeting the needs of VHA contracting officers who use it given the Veterans First requirements they must meet.

VA Response: Concur. VA's National Acquisition Center's (NAC) FSS Service tracks statistics on service-disabled Veteran-owned small business (SDVOSB) participation in the program for vendors who have FSS contracts. Improvements were made to the offer intake process in October 2019, to include recording of business category and size. By the end of January 2020, FSS will provide 90 days of data for SDVOSB analysis of offers to be reviewed by the FSS Director and the NAC Associate Executive Director.

Recommendation 3: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC directs the FSS Director to develop a mechanism to consistently obtain and analyze VHA user feedback on the FSS program.

VA Response: Concur. This requires reach beyond contracting personnel in the Veterans Health Administration (VHA) due to the fragmented access points to collect and gather data. By the end of March 2020, the NAC Associate Executive Director will have exploratory discussions with VHA.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
**VA ACQUISITION MANAGEMENT: Steps Needed to Ensure
Healthcare Federal Supply Schedules Remain Useful**
(GAO-20-132)

Recommendation 4: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC provides contracting staff with comprehensive FSS guidance.

VA Response: Concur. The NAC maintains a shared network drive for all employees to access, but this is an area that can always be improved by ensuring FSS guidance is added. By the end of January 2020, FSS will establish a process improvement team and hold its first meeting to determine what comprehensive guidance will be useful to employees and managers to be placed on the shared drive.

Recommendation 5: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC develops an FSS-specific training program to include essential skills and processes to meet ongoing training needs for new and existing contracting staff.

VA Response: Concur. Knowledge, skills, policies, and regulations are constantly changing, and improvements are already underway. In 2018, FSS started quarterly "Improve Contracting Business Meetings" to identify training gaps and implemented Team Lead positions who identify and develop training that can be leveraged across the organization as a whole.

Recommendation 7: The Secretary of Veterans Affairs should work with the Administrator of GSA to develop a memorandum of understanding outlining the roles and responsibilities of GSA and NAC in collaborating under GSA's delegation of authority to VA for the healthcare-related Federal Supply Schedules, including the processes through which the two organizations will coordinate and share useful tools and practices.

VA Response: Concur. NAC looks forward to working with GSA at all levels.

Recommendation 9: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's NAC assesses the appropriateness of NAC's current timeliness goals for FSS contract awards and takes steps to comprehensively identify and address barriers to achieving them.

VA Response: Concur. VA's Office of Procurement, Acquisition and Logistics' (OPAL) Procurement Acquisition Lead Team (PALT) workgroup used a collaborative effort to develop PALT timelines for the NAC, the Strategic Acquisition Center, and the Technology Acquisition Center in July 2019. NAC's FSS was determined to be exempt from the National Defense Acquisition Act and the OPAL PALT policy, given the open and continuous solicitation, which falls under the purview of GSA. NAC has already

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
**VA ACQUISITION MANAGEMENT: Steps Needed to Ensure
Healthcare Federal Supply Schedules Remain Useful**
(GAO-20-132)

been tasked with developing an individualized PALT for FSS and will also seek to improve automated tracking of PALT that removes non-NAC processes from cycle time calculations.

Recommendation 10: The Secretary of Veterans Affairs should ensure that the Associate Executive Director of VA's National Acquisition Center takes measures to ensure greater efficiency in the offer-intake process, such as providing additional guidance for vendors or by adopting a system that includes checks for completeness of required vendor documentation.

VA Response: Concur. Throughout Fiscal Year 2019, we made improvements to the process, and the initial offer intake process now occurs within 2 workdays, which consists of several high-level checks to include verifying required documents have been submitted. The potential adoption of a system such as GSA eOffer and eMod is under review as we assess the Department's development of a financially compliant system.

Recommendation 11: The Secretary of Veterans Affairs should take steps to assess duplication between VA's FSS and MSPV programs, to determine if this duplication is necessary or if efficiencies can be gained.

VA Response: Concur. VA has begun formalizing a structured Category Management Program Office to support the intent and goals of Office of Management and Budget category management policies, reduce duplication of contracting efforts, gain efficiencies relating to use of manpower, and reduce total lifecycle costs for all acquisitions. Data analysis regarding duplication of contracting efforts is currently underway with an anticipated VA-wide report due June 1, 2020. This report will be shared with appropriate VA stakeholders within the VA FSS and Medical Surgical Prime Vendor programs.

Appendix III: Comments from the General Services Administration



The Administrator

December 6, 2019

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the draft report, *VA [Department of Veterans Affairs] Acquisition Management: Steps Needed to Ensure Healthcare Federal Supply Schedules Remain Useful (GAO-20-132)*. To improve cross-agency collaboration, the U.S. Government Accountability Office (GAO) draft report includes the following two recommendations to GSA:

- The Administrator of GSA should work with the Secretary of VA to develop a memorandum of understanding (MOU) outlining the roles and responsibilities of GSA and the VA's National Acquisition Center for collaborating under GSA's delegation of authority to VA for the healthcare-related Federal Supply Schedules, including the processes through which the two organizations will coordinate and share useful tools and practices.
- The Administrator of GSA should take steps to document its delegation of authority for the healthcare-related Federal Supply Schedules to the VA.

GSA has reviewed this draft report, agrees with the recommendations to GSA, and is developing a plan to address the recommendations.

If you have any questions, please contact me at (202) 969-7277 or Mr. Jeffrey A. Post, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

A handwritten signature in blue ink that reads "Emily W. Murphy".

Emily W. Murphy
Administrator

cc: Shelby S. Oakley, Director, Contracting and National Security Acquisitions, GAO

1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Shelby S. Oakley, 202-512-4841 or oakleys@gao.gov.

Staff Acknowledgments

In addition to the individual named above, Lisa Gardner, Assistant Director; Teague Lyons, Analyst-in-Charge; Erin Stockdale; Sarah Amer; Maurice Robinson; Emily Bond; Rashmi Agarwal; Andrew Burton; Virginia Chanley; Matthew T. Crosby; Susan Ditto; Lori Fields; Gina Flacco; Suellen Foth; and Alyssa Weir made key contributions to this report.

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