

GAO@100 Highlights

Highlights of [GAO-21-280](#), a report to congressional committees

Why GAO Did This Study

In March 2020 and March 2021, Congress appropriated \$19.6 billion and \$17 billion in supplemental funds, respectively, for VA's COVID-19 response effort. VA also authorized use of emergency flexibilities and automated aspects of its inventory system.

In accordance with Congress's direction in the CARES Act to monitor the exercise of authorities and use of funds provided to prepare for, respond to, and recover from the pandemic, relevant committees requested our sustained focus on VA. GAO was asked to assess VA's acquisition management during its COVID-19 pandemic response. This report examines VA's efforts to obtain and track COVID-19-related products and services amid its ongoing struggle to improve its inventory and supply chain management.

GAO reviewed federal procurement data, analyzed selected VA contract documents, reviewed selected interagency agreements, assessed VA documents on modernization and other initiatives, and interviewed VA officials and staff.

What GAO Recommends

GAO has made 49 recommendations since 2015 to improve acquisition management at VA. VA agreed with those recommendations and has implemented 22 of them. In March 2021, GAO recommended, and VA concurred, that VA develop a comprehensive supply chain management strategy that, among other things, outlines how its various supply chain initiatives relate to each other.

View [GAO-21-280](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or oakleys@gao.gov.

June 2021

VA COVID-19 PROCUREMENTS

Pandemic Underscores Urgent Need to Modernize Supply Chain

What GAO Found

Like most medical institutions nationwide, the Department of Veterans Affairs (VA) faced difficulties obtaining medical supplies, including personal protective equipment for its medical workforce, particularly in the early stages of the COVID-19 pandemic. Long-standing problems with its antiquated inventory management system exacerbated VA's challenges. GAO found VA obligated over \$4 billion for COVID-19-related products, such as ventilators, and services, such as information technology to support VA's telework environment, as of May 2021. GAO also found that some vendors were unable to deliver personal protective equipment, which resulted in VA terminating some contracts, particularly early in the pandemic. VA also took additional steps to screen vendors.

VA has several initiatives underway to modernize its supply chain and prepare for future public health emergencies, but each faces delays and is in early stages (see figure). For example:

- **Inventory management.** VA intended to replace its system with the Defense Medical Logistics Standard Support (DMLSS), with initial implementation in October 2019, and enterprise-wide implementation by 2027. Prior to the pandemic, however, this schedule was at significant risk. VA hopes to accelerate full implementation to 2025, and has received COVID-19 supplemental funds to help, but it is too soon to tell if this will occur.
- **Regional Readiness Centers.** VA planned to establish four centers—as central sources of critical medical supplies—by December 2020. As of March 2021, VA has not completed a concept of operations or implementation plan for the project. VA faces an additional year delay in achieving full operational capability, which is now expected in 2023. According to VA officials, the pandemic, among other things, contributed to delays.
- **Warstopper program.** VA seeks participation in this Defense Logistics Agency program, which would allow VA emergency access to critical supplies. Legislation recently was introduced to require VA participation. However, as GAO reported in March 2021, several questions remain, such as the range of products the program will cover, the amount of funding needed, and the way the program links to Regional Readiness Centers.

Department of Veterans Affairs' Selected Ongoing and New Supply Chain Initiatives, Fiscal Years 2021 through 2028

		Fiscal years	2021	2022	2023	2024	2025	2026	2027	2028
Selected Ongoing Supply Chain Initiatives	Department of Defense's Defense Medical Logistics Standard Support system		[Timeline bar from 2021 to 2027 with a dashed line at 2025]							
	Regional Readiness Centers		[Timeline bar from 2021 to 2023]							
New Supply Chain Initiatives in Response to COVID-19	Defense Logistics Agency's Warstopper		To be determined							

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

Source: GAO analysis of VA documentation and prior GAO work. | GAO-21-280