



## Testimony

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

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# VETERANS AFFAIRS

## Observations for Proposed Legislation

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

# GAO Highlights

Highlights of [GAO-23-106765](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives.

## Why GAO Did This Study

The House Committee on Veterans' Affairs, Subcommittee on Oversight and Investigations is considering five bills related to improving VA management and key modernization programs, such as the EHRM program. GAO's High-Risk List includes (1) managing risks and improving VA health care—added in 2015, and (2) VA acquisition management—added in 2019. Among other reasons, GAO added these areas to the list due to information technology, policy, and leadership challenges.

Since GAO added these issues to the list, VA has made important progress in addressing them such as by developing corrective action plans to document its approach and implementing GAO recommendations. However, VA continues to face numerous challenges that show that there is much work that remains ahead to drive significant transformation within the department.

This statement highlights findings from prior GAO work that the Subcommittee may find useful as it considers potential legislation. To do this work, GAO reviewed five pieces of proposed legislation that the Subcommittee is considering. GAO identified relevant prior work on current or recent VA modernization efforts, as well as on leading practices and strategies related to relevant topics. Prior GAO reports include [GAO-08-34](#), [GAO-11-581](#), and [GAO-16-438](#). Detailed information on the objectives, scope, and methodology for that work can be found in the issued reports.

View [GAO-23-106765](#). For more information, contact Shelby S. Oakley at (202) 512-4841 or [oakleys@gao.gov](mailto:oakleys@gao.gov).

April 19, 2023

## VETERANS AFFAIRS

### Observations for Proposed Legislation

## What GAO Found

The Department of Veterans Affairs (VA) provides health care and benefits to about 9.2 million veterans through a number of major programs. Over the last 10 years, VA contract obligations climbed 147 percent, to more than \$56 billion in fiscal year 2022—second only to the Department of Defense. This increase in VA contract obligations has been driven in part by programs directly connected to serving veterans, such as those related to community care, electronic health records, and medical supply chain.

#### Department of Veterans Affairs Medical Center, Washington, D.C.



Source: GAO photo. | GAO-23-106765

GAO's prior work could inform Congress as it seeks to help VA address management challenges and improve key modernization efforts. For example:

**Leadership and management.** One proposed bill would establish a VA Under Secretary of Management position—who would also serve as the Chief Management Officer—to oversee VA's management integration and transformation efforts. [GAO-08-34](#) identified key strategies for implementing these positions in federal agencies.

**Contracting to inform program oversight.** Another bill would direct VA to enter into a contract for independent verification and validation (IV&V) of certain modernization efforts. IV&V can reduce risk by having a knowledgeable, independent party determine that a system meets users' needs and fulfills its intended purpose. [GAO-11-581](#) includes key elements for effective IV&V plans.

**Electronic health record modernization (EHRM).** Two bills present different options for the future of EHRM—VA's effort to replace its aging electronic health records system. GAO and VA's Office of the Inspector General have made numerous recommendations to improve EHRM over the years. GAO testified in March 2023 that its rollout at VA medical centers continues to be challenging.

**VA supply chain.** Another bill would direct VA to acquire a supply chain management system within 3 years, and require the system to be piloted prior to VA-wide use. [GAO-16-438](#) found that a well-developed pilot program can help ensure agencies make informed decisions.

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Chairwoman Kiggans, Ranking Member Mrvan, and Members of the Subcommittee:

I am pleased to be here today to assist the Subcommittee in its consideration of legislative proposals to improve Department of Veterans Affairs' (VA) management and key modernization programs.

VA's acquisition function is large, and essential to its mission. VA is not typically the first agency that comes to mind when considering major acquisitions, but VA's contract obligations for goods and services have increased significantly. Over the last 10 years, VA contract obligations climbed 147 percent to more than \$56 billion in fiscal year 2022—the second-largest in the federal government, second only to the Department of Defense. The recent increase in VA contract obligations has been driven in part by programs that are directly connected to serving veterans, such as community care, electronic health records, and medical supply chain.

As obligations have grown in the last decade, we have added VA health care and acquisition management to GAO's High-Risk List, alongside VA's disability compensation program, which has been on the High-Risk List since 2003.<sup>1</sup> We, along with VA's Inspector General, continue to identify significant deficiencies in VA's leadership oversight and operations—all of which can affect health care and benefit programs for the nation's veterans.<sup>2</sup> We added VA health care to the list in 2015 due to challenges we documented over time related to VA's management and oversight of its health care system, which serves about 9.2 million veterans as of 2022. We identified five specific areas of concern related to VA health care, including inadequate oversight and accountability, ambiguous policies and inconsistent processes, as well as information technology challenges.

Similarly, we added VA acquisition management to our High-Risk List in 2019 due to numerous issues we identified in our body of work since 2015, including a lack of reliable data, challenges managing its acquisition workforce, leadership instability, and inadequate strategies and policies. Since that time, VA has developed a corrective action plan

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<sup>1</sup>GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

<sup>2</sup>GAO, *Veterans Affairs: Addressing Longstanding Management Challenges Requires Sustained Leadership*, [GAO-23-106636](#) (Washington, D.C.: Feb. 28, 2023).

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to address these issues, and has implemented 38 of the 60 recommendations we have made in this area. These steps represent important progress, but the challenges VA continues to face in a number of its key acquisition programs show that there is much work to do to address the agency's fundamental acquisition management challenges. It is clear from the several pieces of proposed legislation on the agenda at today's hearing that there is concern that change is needed to put VA on the right track for transformation. As our High-Risk designations for VA indicate, we agree.

In this statement, I will highlight findings from prior GAO work that the Subcommittee may find useful as it considers potential legislation related to (1) VA leadership and management, (2) contracting to inform program oversight, (3) the Electronic Health Record Modernization (EHRM) program, and (4) VA supply chain efforts.

To do this work, we reviewed the five pieces of proposed legislation that the Subcommittee provided to us, including H.R. 1658, *Manage VA Act*; H.R. 1659, *Department of Veterans Affairs IT Modernization Improvement Act*; H.R. 592, *Department of Veterans Affairs Electronic Health Record Modernization Improvement Act*; H.R. 608, *To terminate the Electronic Health Record Modernization Program of the Department of Veterans Affairs*; and a draft bill, *VA Supply Chain Management System Authorization Act*. We then identified relevant work that we published on current or recent VA modernization efforts, leading practices related to independent verification and validation (IV&V)<sup>3</sup>, establishing Chief Management Officer (CMO) positions, designing effective pilot programs, and other related topics. Prior GAO work used to develop this statement is noted throughout the text. Detailed information on our objectives, scope, and methodology for that work can be found in the issued reports.

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

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<sup>3</sup>IV&V is a process whereby organizations can reduce the risks inherent in system development and acquisition efforts by having a knowledgeable party who is independent of the developer determine that the system or product meets the users' needs and fulfills its intended purpose. IV&V involves proactively determining early in a program's life cycle what its risks are likely to be and then identifying those that could be mitigated or lessened by performing additional reviews and quality assessments.

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provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Leadership and Management

H.R. 1658, *Manage VA Act*, would establish a VA Under Secretary of Management position—who would also serve as the CMO. The Act also identifies the position’s responsibilities, which would include serving as the principal advisor to the Secretary of Veterans Affairs on matters related to management integration and transformation. GAO has recommended this type of position in other agencies to provide sustained focus on transformation efforts.

In related work, we identified six key strategies for agencies that can be useful when implementing CMO or Chief Operating Officer (COO) positions in federal agencies:<sup>4</sup>

1. Define the specific roles and responsibilities of the CMO/COO position.
2. Ensure that the CMO/COO has a high level of authority and clearly delineated reporting relationships.
3. Foster good executive-level working relationships for maximum effectiveness.
4. Establish integration and transformation structures and processes in addition to the CMO/COO position.
5. Promote individual accountability and performance through specific job qualifications and effective performance management.
6. Provide for continuity of leadership in the CMO/COO position.

These would be key factors for Congress and VA to consider in any effort to implement a CMO position through legislation and agency policy. The proposed legislation includes elements of some of these key strategies, including defining the role of the CMO position, establishing high-level authority, and providing a mechanism for continuity of leadership. Additional consideration—in legislation or as part of VA’s implementation of a CMO position—would be necessary to fully satisfy these key strategies. For example, VA would need to clearly identify how the CMO would exercise its authorities and delineate its responsibilities as they

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<sup>4</sup>GAO, *Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies*, [GAO-08-34](#) (Washington, D.C.: Nov. 1, 2007).

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relate to those of other senior officials who currently oversee department information technology, acquisitions, and finances.

Other prior GAO reporting on similar senior management positions at other federal agencies could also be instructive to this Subcommittee and VA as the proposal in H.R. 1658 is considered. For example, the Department of Homeland Security's (DHS) Under Secretary for Management is the acquisition decision authority for the department's largest acquisition programs and has, over the years, established policies, roles, and responsibilities for decision makers in the acquisition management, resource allocation, and requirements processes.<sup>5</sup> The Under Secretary has also established cross-functional teams to support those decision makers. Specifically, to fulfill the role of acquisition decision authority, the Under Secretary of Management is supported by the Acquisition Review Board, which consists of key DHS senior leaders responsible for managing the department's finances, contracts, and testing, among other things.

Establishing a CMO position is not a solution on its own—it must be accompanied by other supporting organizational changes. Efforts to establish a CMO at the Department of Defense (DOD) provide a cautionary example. In 2005, we identified the need for a CMO position with significant authority and experience to provide focused and sustained leadership over efforts to improve DOD's business operations.<sup>6</sup> Congress and DOD took steps in successive years to establish this position with responsibilities that included managing DOD's enterprise business operations and shared services, as well as business systems or management that are overseen by the DOD Chief Information Officer.<sup>7</sup> In 2019, we found that, while DOD tried to establish and then restructure the

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<sup>5</sup>GAO, *Homeland Security Acquisitions: Leveraging Programs' Results Could Further DHS's Progress to Improve Portfolio Management*, [GAO-18-339SP](#) (Washington, D.C.: May 17, 2018); *Homeland Security Acquisitions: Joint Requirements Council's Initial Approach Is Generally Sound and It Is Developing a Process to Inform Investment Priorities*, [GAO-17-171](#) (Washington, D.C.: Oct. 24, 2016).

<sup>6</sup>GAO, *Defense Business Transformation: Achieving Success Requires a Chief Management Officer to Provide Focus and Sustained Leadership*, [GAO-07-1072](#) (Washington, D.C.: Sept. 5, 2007); *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: Jan. 1, 2005).

<sup>7</sup>The Department of Defense, Deputy Chief Management Officer, was established in 10 U.S.C. § 132a, but was subsequently disestablished when the section was repealed by the *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*, Pub. L. No. 116-283, § 901(b) (2021).

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Office of the CMO, it had yet to fully address issues, such as how the CMO would exercise authorities and responsibilities over the military departments and determine which responsibilities, if any, would transfer from the Chief Information Officer to the CMO.<sup>8</sup> We also reported that DOD did not commit funding to many of the cross-functional teams that were charged with leading reform initiatives, hindering their ability to achieve their goals and support the CMO's efforts.<sup>9</sup> In 2021, DOD disestablished the CMO position after Congress repealed the underlying statutory requirement.<sup>10</sup>

Our work has shown that leadership challenges, including instability in key positions and a lack of accountability for decisions and oversight, are at the root of why VA is on GAO's High-Risk List. For example, leadership instability was one of the factors that led us to add VA acquisition management to our High-Risk List in 2019. Since then, VA has taken important steps to address this issue.<sup>11</sup> In particular, the Secretary of Veterans Affairs appointed a permanent Chief Acquisition Officer in August 2018, as we had recommended in November 2017. Likewise, the current Senior Procurement Executive—the Chief Acquisition Officer's top deputy—has been in that role since 2018. Despite filling these positions, we found in 2022 that almost none of VA's most costly and mission-critical acquisition programs followed a VA policy guiding major acquisitions.<sup>12</sup> VA itself identified a lack of accountability for key decision makers, including authorities and other senior officials as a cause of this lack of policy compliance. In one example, the Chief Acquisition Officer—serving as the program decision authority for a supply chain modernization program—did not ensure the program complied with major acquisition policy.

The proposed CMO position would be responsible for aspects of VA human capital, information technology, and financial management—in

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<sup>8</sup>GAO, *Defense Business Operations: DOD Should Take Steps to Fully Institutionalize the Chief Management Officer Position*, [GAO-19-199](#) (Washington, D.C.: Mar. 14, 2019).

<sup>9</sup>GAO, *Defense Management: DOD Needs to Implement Statutory Requirements and Identify Resources for Its Cross-Functional Reform Teams*, [GAO-19-165](#) (Washington, D.C.: Jan. 17, 2019).

<sup>10</sup>Pub. L. No. 116-283, §901(b) (2021).

<sup>11</sup>[GAO-21-119SP](#).

<sup>12</sup>[GAO-22-105195](#).



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addition to acquisition management. However, these examples from our prior work illustrate potential challenges that efforts to establish a VA CMO may face and that Congress should consider as a part of any legislative direction to VA.

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## Contracting to Inform Program Oversight

H.R. 1659, *Department of Veterans Affairs IT Modernization Improvement Act*, directs VA's Chief Acquisition Officer to enter into a contract for IV&V for certain modernization efforts.<sup>13</sup> IV&V can help organizations reduce the risks inherent in system development and acquisition efforts by having a knowledgeable party, who is independent of the developer determine that the system or product meets the users' needs and fulfills its intended purpose. We have previously identified IV&V as a leading practice for large and complex system development and acquisition programs. Our work has shown that IV&V can provide agencies with information to better manage their IT investments.<sup>14</sup>

We have previously assessed how VA has used IV&V to provide additional information to department leaders about the readiness of key technology systems, including VA's Patient Self-Scheduling System.<sup>15</sup> IV&V includes attributes that are comparable to the independent operational assessment that we recently recommended for the EHRM program.<sup>16</sup> In March 2023, we recommended that the Secretary of Veterans Affairs reinstitute plans to conduct an independent operational assessment to evaluate the suitability and effectiveness of the new electronic health record system for users in the operational

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<sup>13</sup>The bill would require the following current or future VA efforts to use IV&V: (1) EHRM or any successor program, (2) Financial Management Business Transformation or any successor program, (3) any supply chain modernization program, (4) any human resources IT modernization program, and (5) any Veterans Benefits Management System program.

<sup>14</sup>GAO, *Information Technology: Actions Needed to Fully Establish Program Management Capability for VA's Financial and Logistics Initiative*, [GAO-10-40](#) (Washington, D.C.: Oct. 26, 2009).

<sup>15</sup>GAO, *VA Health Care: Independent Verification and Validation of Patient Self-Scheduling Systems Was Consistent with the Faster Care for Veterans Act of 2016*, [GAO-18-442R](#) (Washington, D.C.: June 13, 2018).

<sup>16</sup>GAO, *Electronic Health Record Modernization: VA Needs to Address Change Management Challenges, User Satisfaction, and System Issues*, [GAO-23-106685](#) (Washington, D.C.: Mar. 15, 2023).



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environment.<sup>17</sup> We found that VA's EHRM program will be limited in its ability to validate that the system is operationally suitable and effective, and to identify, track, and resolve key operational issues until an independent operational assessment of the new information system is conducted. An operational assessment, particularly if conducted by an independent entity, would enable the department to systematically catalog, report, and track resolution of assessment findings with greater rigor, transparency, and accountability.

Effective IV&V plans should reflect the five key elements that we previously identified based on leading practices across industry and the federal government:<sup>18</sup>

1. **Decision criteria.** Risk-based criteria should be used to determine which programs or aspects of programs should be subject to review. The determination to conduct IV&V and its extent should be made on the basis of the relative mission criticality of the program and its components, as well as on the potential impacts of to the program from undetected system errors, immaturity of the technology to be used, and unreliability of program schedule and cost estimates, among other program risks.
2. **Standards for independence.** Organizations should also include standards that describe the degree of technical, managerial, and financial independence for those performing IV&V.
3. **Defined scope of the effort.** The effort should document which program development or acquisition activities will be subject to IV&V as well as establish compliance criteria to assess each activity.
4. **Required program resources.** Plans should identify the required personnel, funding, facilities, tools, and methods that will be required to perform the activities necessary for the defined scope of the IV&V.
5. **Management and oversight.** Organizations should conduct proper management and oversight of their IV&V efforts and provide the means for senior management to obtain timely information regarding the progress of their IV&V investments in terms of cost, capability, timeliness, and quality.

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<sup>17</sup>These recommendations were conveyed in a March 10, 2023 GAO briefing to Congressional committees and members and will be published in a forthcoming report.

<sup>18</sup>GAO, *Information Technology: DHS Needs to Improve Its Independent Acquisition Reviews*, [GAO-11-581](#) (Washington, D.C.: July 28, 2011).

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The proposed legislation contains elements that generally align with these key elements. For instance, the bill identifies programs subject to IV&V and a mechanism to fund this work. Congress may want to consider whether to include all of these elements in its legislation, including identifying additional VA programs that might benefit from IV&V and allowing for VA to tailor the scope of such activities using risk-based criteria.

Conducting IV&V alone does not produce better program outcomes. However, federal decision-makers can bolster their ability to make more informed programmatic decisions at critical junctures by developing and executing IV&V plans that reflect these key elements.

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## EHRM Program

H.R. 592, *Department of Veterans Affairs Electronic Health Record Modernization Improvement Act*, and H.R. 608, *To terminate the Electronic Health Record Modernization Program of the Department of Veterans Affairs*, present different options for the future of the EHRM program. The former directs VA to pause the expansion of the effort to additional VA facilities until it meets certain performance and preparation milestones, while the latter terminates the program. Both pieces of legislation reflect concern with VA's management of the program and the performance of the system to date.

In 2017, VA started the EHRM program—its fourth attempt in 20 years to replace its aging health information system. VA's current 30-year old system is technically complex, costly to maintain, and does not fully support the need to exchange health data with other organizations, such as DOD. VA has reported obligating more than \$9.4 billion for the EHRM program from fiscal year 2018 through the first quarter of fiscal year 2023. It expects to make significant continued investments for system implementation and sustainment. According to a 2022 life-cycle cost estimate, the program will cost about \$49.8 billion over a projected 28-year period.

The rollout of the EHRM system has faced challenges, and users are dissatisfied. VA planned to deploy the new electronic health record system nationwide in phases over a 10 year span, concluding in 2028. However, following the deployment of EHRM at the initial operating site in October 2020, VA identified issues during the first 6 months of use, leading to a strategic review of the program. This review identified eight challenge areas for the program, as well as plans and progress toward

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addressing those challenges.<sup>19</sup> GAO and VA's Office of Inspector General have continued to report on the EHRM program's challenges, including those related to migrating data, addressing user requests for assistance, and care coordination.<sup>20</sup> We testified in March 2023 that some of the challenges facing the EHRM program remain acute.<sup>21</sup> For instance, most EHRM users VA surveyed in 2021 and 2022 expressed dissatisfaction with the new system. About 6 percent of the electronic health record system users who responded to a VA survey agreed that the system enabled quality care, and about 4 percent of survey respondents agreed that the system made them as efficient as possible.

Additional steps are needed to ensure that VA avoids previous challenges during future EHRM site deployments, such as by ensuring the system is reliable, staff and infrastructure are prepared, and that the system aids—and does not hinder—VA's provision of care and service to veterans. Overall, successful implementation of the EHRM system across VA will require a level of program management, adaptability to change, and sustained system performance that the department and its contractor have yet to demonstrate. Whether Congress chooses to allow VA to continue with the current program or requires it to move in a different direction, VA should take steps to build upon past investments and lessons learned from the current effort. Applying a more disciplined management approach that takes into account recommendations GAO and the Inspector General have made to the program over the years can help VA meet its goals for this program.

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<sup>19</sup>VA summarized the results of its strategic review in *the Electronic Health Record Comprehensive Lessons Learned* report. Department of Veterans Affairs, *Electronic Health Record Comprehensive Lessons Learned* (Washington, D.C.: July 2021). The eight challenge areas described in the report are improving the veteran experience, ensuring patient safety, providing extended training to the frontline employees, building confidence at VA sites, implementing organizational and program improvements, making governance effective, improving operational efficiencies, and centralizing data management for workers and veterans.

<sup>20</sup>[GAO-23-106685](#); GAO, *Electronic Health Records: VA Needs to Address Data Management Challenges for New System*, [GAO-22-103718](#) (Washington, D.C.: Feb. 1, 2022); Department of Veterans Affairs, Office of the Inspector General, *Care Coordination Deficiencies after the New Electronic Health Record Go-Live at the Mann-Grandstaff VA Medical Center in Spokane* (Washington, D.C.: Mar. 17, 2022); and *Ticket Process Concerns and Underlying Factors Contributing to Deficiencies after the New Electronic Health Record Go-Live at the Mann-Grandstaff VA Medical Center in Spokane*, (Washington, D.C.: Mar. 17, 2022).

<sup>21</sup> [GAO-23-106685](#).

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## VA Supply Chain

The draft bill, VA Supply Chain Management System Authorization Act, would authorize the Secretary of Veterans Affairs to implement an information technology system to manage supply chains for VA medical facilities within 3 years. It would also require VA to pilot the system at one location prior to full deployment. This system would include functions such as management of inventory, receipt of items, storage, distribution, tracking, and capital assets, among others. In June 2022, VA released a pre-solicitation notice for a new enterprise supply chain modernization software platform intended to meet many of these same needs.

VA struggled during its most recent effort to update its antiquated supply chain management systems, recently abandoning the new platform it had been working to implement, Defense Medical Logistics Standard Support (DMLSS). DMLSS was to fully or partially replace many of VHA's supply chain management systems across VA medical centers by 2027, at an estimated cost of \$2.2 billion. VA delayed its initial rollout of the DMLSS system from October 2019 to August 2020 due to challenges integrating it with VA's legacy financial system and other factors. The VA's Office of the Inspector General reported in November 2021 that DMLSS did not meet nearly half of all high-priority needs at the initial deployment site, among other deficiencies.<sup>22</sup>

A recurring theme from our findings has been that VA often puts action ahead of planning.<sup>23</sup> This draft bill would require VA to pilot this new supply chain platform's functions prior to wider deployment, which could help identify problems while they can still be fixed. Our prior work has shown that a well-developed and documented pilot program can help ensure that agency assessments produce information needed to make effective program and policy decisions.<sup>24</sup> To achieve an effective supply chain system pilot program, Congress may wish to consider taking steps

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<sup>22</sup>Department of Veterans Affairs, Office of Inspector General, *DMLSS Supply Chain Management System Deployed with Operational Gaps That Risk National Delays*, (Washington, D.C.: Nov. 10, 2021).

<sup>23</sup>GAO, *VA Acquisition Management: Actions Needed to Improve Program Oversight and Acquisition Outcomes*, [GAO-22-106220](#) (Washington, D.C.: Sept. 20, 2022); [GAO-22-105195](#); *VA Acquisition Management: Comprehensive Supply Chain Management Strategy Key to Address Existing Challenges*, [GAO-21-445T](#) (Washington, D.C.: Mar. 24, 2021); *VA Acquisition Management: Actions Needed to Improve Management of Medical-Surgical Prime Vendor Program and Inform Future Decisions*, [GAO-20-487](#) (Washington, D.C.: Sept. 30, 2020).

<sup>24</sup>GAO, *Data Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, [GAO-16-438](#) (Washington, D.C.: Apr. 19, 2016).

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to ensure VA's approach reflects our five leading practices for effective pilot design:

1. Establish well-defined, appropriate, clear, and measurable objectives.
2. Clearly articulate assessment methodology and data gathering strategy that addresses all components of the pilot program and includes key features of a sound plan.
3. Identify criteria or standards for identifying lessons about the pilot to inform decisions about scalability and whether, how, and when to integrate pilot activities into overall efforts.
4. Develop a detailed data-analysis plan to track the pilot program's implementation and performance and evaluate the final results of the project and draw conclusions on whether, how, and when to integrate pilot activities into overall efforts.
5. Ensure appropriate two-way stakeholder communication and input at all stages of the pilot project, including design, implementation, data gathering, and assessment.

In addition to an effective pilot, to ensure success, the decision making process leading up to the choice of a system must be sound. In March 2021, we reported that VA was pursuing several major supply chain initiatives that were highly interrelated and had overlapping timelines—potentially leading to cascading effects in the event of changes to initiatives or delays.<sup>25</sup> We recommended that VA develop a comprehensive supply chain strategy to address this complexity and create an implementation plan with key milestones. VA concurred with the recommendation and continues work to develop this strategy. This planned comprehensive supply chain management strategy should drive its acquisition of a new supply chain IT platform—not vice versa.

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In conclusion, VA's current major acquisition efforts deserve sustained attention from senior VA officials and this Subcommittee, as they are essential to meeting VA's mission of serving veterans. Congress has provided significant resources to VA to execute the department-wide efforts, and in many cases, the capabilities that VA has expected—and needs—to deliver have been delayed or remain elusive. Your continued oversight will be essential to holding VA accountable and ensuring that it can deliver what it has promised our veterans. These are complex programs and there are no easy fixes. However, consistently applying the

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<sup>25</sup> [GAO-21-445T](#).

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leading practices and strategies summarized here—developed across our long-standing body of work, and applicable to similar management challenges across the federal government—can help achieve better results for the department and for veterans.

Chairwoman Kiggans, Ranking Member Mrvan, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have.

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## GAO Contact and Staff Acknowledgements

If you or your staff have any questions about this testimony, please contact Shelby S. Oakley at (202) 512-4841 or [OakleyS@gao.gov](mailto:OakleyS@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony include Teague Lyons (Assistant Director), Zachary Sivo (Analyst in Charge), Mark Bird, Laura Greifner, Tonya Humiston and Christine Pecora.

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# Related GAO Products

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*Electronic Health Record Modernization: VA Needs to Address Change Management Challenges, User Satisfaction, and System Issues*, [GAO-23-106685](#) (Washington, D.C.: Mar. 15, 2023).

*Veterans Affairs: Addressing Longstanding Management Challenges Requires Sustained Leadership*, [GAO-23-106636](#) (Washington, D.C.: Feb. 28, 2023).

*VA Acquisition Management: Action Needed to Ensure Success of New Oversight Framework*, [GAO-22-105195](#) (Washington, D.C.: Aug. 11, 2022).

*VA Acquisition Management: Actions Needed to Improve Program Oversight and Acquisition Outcomes*, [GAO-22-106220](#) (Washington, D.C.: Sept. 20, 2022).

*Electronic Health Records: VA Needs to Address Data Management Challenges for New System*, [GAO-22-103718](#) (Washington, D.C.: Feb. 1, 2022).

*VA Acquisition Management: Comprehensive Supply Chain Management Strategy Key to Address Existing Challenges*, [GAO-21-445T](#) (Washington, D.C.: Mar. 24, 2021).

*High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

*VA Acquisition Management: Actions Needed to Improve Management of Medical-Surgical Prime Vendor Program and Inform Future Decisions*, [GAO-20-487](#) (Washington, D.C.: Sept. 30, 2020).

*Defense Business Operations: DOD Should Take Steps to Fully Institutionalize the Chief Management Officer Position*, [GAO-19-199](#) (Washington, D.C.: Mar. 14, 2019).

*VA Health Care: Independent Verification and Validation of Patient Self-Scheduling Systems Was Consistent with the Faster Care for Veterans Act of 2016*, [GAO-18-442R](#) (Washington, D.C.: June 13, 2018).

*Homeland Security Acquisitions: Leveraging Programs' Results Could Further DHS's Progress to Improve Portfolio Management*, [GAO-18-339SP](#) (Washington, D.C.: May 17, 2018).



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*Homeland Security Acquisitions: Joint Requirements Council's Initial Approach Is Generally Sound and It Is Developing a Process to Inform Investment Priorities*, [GAO-17-171](#) (Washington, D.C.: Oct. 24, 2016).

*Data Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, [GAO-16-438](#) (Washington, D.C.: Apr. 19, 2016).

*Information Technology: DHS Needs to Improve Its Independent Acquisition Reviews*, [GAO-11-581](#) (Washington, D.C.: July 28, 2011).

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